

NORTHWESTERN Banker Newsletter

Vol. 2, No. 32

Des Moines, Iowa

December 11, 1972

Fed Proposal May Aid Small Banks

Small banks will be able to more easily meet seasonal borrowing needs of their communities if a proposed revision of the lending rules governing the Federal Reserve System goes into effect.

The proposal is a further step in a program by the Fed to implement recommendations for revision of the Board's Regulation A — governing lending by Federal Reserve Banks. Comments on the proposed change will be accepted through February 28, 1973.

The new lending arrangement would be available to member banks that lack reasonably reliable access to national money markets. It is intended to assist them in meeting seasonal needs for funds arising from a recurring pattern of anticipated movements in deposits and loans that persists for at least 8 weeks.

This requirement will automatically eliminate all larger banks and even some of the smaller ones. This is being done so the Fed's "discount window" borrowing does not become a substitute for the Federal funds market when such funds are available to a bank.

An eligible bank would be required under the proposed arrangement to provide part of its own seasonal needs — up to 5% of its average total deposits in the preceding calendar year. It could obtain its additional seasonal needs by borrowing from the Federal Reserve. The bank would be required to arrange in advance with its Reserve Bank for seasonal borrowing.

Credit under this arrangement would be extended to member banks for periods up to 90 days at a time. Under ordinary circumstances, a Federal Reserve Bank will be prepared to grant renewals extending the borrowing for the duration of the demonstrated seasonal need.

Another major part of the proposal involves the eligibility of paper that can be accepted by the Federal Reserve Banks as collateral for advances at the discount rate. For example, the new rules would eliminate the present prohibition against lending on paper drawn for the purchase of permanent or fixed investments. Consequently, the note of a home mortgage lender would be eligible as a basis for a Federal Reserve loan to a member bank if that note has a maturity of not more than 90 days.

In addition, the revised Regulation A would make it clear that a note given for the purchase of services is drawn for a commercial purpose, thus making such a note eligible as collateral for Federal Reserve credit to member banks and permitting increased assistance to consumer lenders.

Under the revised regulation, a Reserve bank would continue — as at present — to extend credit to a member bank to assist in adjusting to temporary requirements for funds, or to cushion more persistent outflows, pending an orderly adjustment of the member bank's assets and liabilities. Examples are



PICTURE OF THE WEEK — The Rocky Mountain Chapter of Robert Morris Associates is one of two new RMA Chapters officially announced at the recent national convention. The other new chapter is in Indiana. They bring RMA Chapters to 28 and are the first new ones since 1965. Rocky Mountain Chapter includes 34 member banks represented by 93 individuals from Colorado and portions of Wyoming, Kansas and Nebraska. Officers (all from Colorado) are pictured above, left to right: Seated — Gary L. Bradley, v.p., 1st Nat'l., Colorado Springs, secy.; James B. Osbourn, v.p., Central B&T, Denver, director, and Darlton G. Hobson, a.v.p., Central B&T, Denver, pres. Standing — William A. Maltby, a.v.p., Colorado Nat'l., Denver, treas., and Leo A. Giles, commercial lender, 1st Nat'l., Englewood, v.p.

where individual banks must meet unexpected loan demands, or adjust to a drain of deposits, or other circumstances that temporarily outstrip a bank's internal resources. There is no change in the principle that Federal Reserve lending to

(Continued on Back Page)

When you choose a city correspondent,
do what over half of the banks in Iowa do
— bank at MNB.

John Mangold
Senior Vice President



**M
NB**

MERCHANTS NATIONAL BANK

CEDAR RAPIDS, IOWA 52401



1^{st.} First National Bank
in Sioux City

Get things done.

GARY STEVENSON
Assistant Vice President

MEMBER FDIC

MIKE BRODERICK
Assistant Vice President

Alert To All Banks!

Some of the \$1 million ransom paid last summer for the release of Mrs. Virginia Piper recently was exchanged at banks in southeastern Minnesota, according to law enforcement officers. Exchanges were made at three Owatonna banks.

Mrs. Piper, wife of Harry C. Piper, Jr., chairman of the board of the Minneapolis investment firm of Piper, Jaffray & Hopwood, Inc., was kidnapped from their home July 27. She was found unharmed after her husband paid the ransom in \$20 bills.

The man, believed to be one of Mrs. Piper's kidnapers, was described as about 6 feet tall, white, about 45, with a husky build, dark hair and a square jaw.

State banking associations are alerting their members to be on the watch for a man answering the description, and passing \$20 bills. The FBI has circulated a list of the serial numbers from the \$20 bills.

ABA National Workshop

Senator Vance Hartke (D-Ind.) will be a featured speaker at the American Bankers Association's National Workshop on state banking laws.

The workshop, December 13-14, in New Orleans, will include sessions on state legislation issues, banking code revision, state banking departments, and banking structure and the marketplace.



Call
Howard Nielsen
for

**Personal Attention
to All Your
Correspondent Needs**

CALL
402
AREA CODE

536-2000



Member Federal Deposit
Insurance Corporation

Invitations have been extended to state association executives, bankers, and federal and state banking supervisors. Former ABA president Nat S. Rogers will give the keynote address. He is president, First National City Bank in Houston, Tex.

A panel session on "Strengthening State Banking Departments" moderated by J. Rex Duwe, president of The Farmers State Bank in Lucas, Kansas, will follow.

IOWA NEWS

DUBUQUE: Northwest Bancorporation of Minneapolis has announced that it will acquire the First National Bank of Dubuque in a \$9,660,000 stock transaction. It also announced that agreement in principle has been reached to acquire the Security State Bank of Keokuk for stock valued at about \$2.5 million. Northwest owns the majority of stock in 78 affiliated banks in a seven-state area and a mortgage servicing company.

FORT DODGE: Richard L. Smith, president of The State Bank, has been named a member of the Iowa Business Development Credit Corporation board of directors.

GUTHRIE CENTER: The November 27 issue of the Newsletter stated that J. I. Vandevanter, vice president of the Guthrie County State Bank, had completed 41 years of service and is retiring. Mr. Vandevanter has been with the bank for that period of time, but is not retiring.

OSCEOLA: The board of directors of the Clarke County State Bank has announced that Keith W. Richard, present president of the bank, will continue as consultant and director as of January 1, 1973. He joined the bank November 15, 1967 as executive vice president and has served as president the past two years.

**Christy
Armstrong** **Leo
Kane** **Bob
Scott**

*'WE HAVE WHAT YOU WANT
in a correspondent bank'*

**American Trust
and Savings Bank**
9TH AND MAIN, DUBUQUE, IOWA
MEMBER FDIC - FRS

SHELDON: Security State Bank's new drive-up banking facility was officially opened recently in a ribbon cutting ceremony and the drawing of door prizes.

NEBRASKA NEWS

LINCOLN: Funeral services for Carl G. Swanson, 78, who served as secretary of the Nebraska Bankers Association from November, 1945 to November, 1953, were held last week. Mr. Swanson was elected treasurer of the State of Nebraska in 1942, reelected in 1944 and resigned that job to join the NBA. He was an unsuccessful candidate for the Republican nomination for lieutenant governor in 1955. He was a native of Aurora.

OMAHA: Three Omaha-area banks have filed suit in Lancaster District Court in Lincoln challenging the granting of a charter to the Cornhusker Bank of Omaha. The State Banking Department granted the charter November 2 for the bank to be located at 90th and Bedford. The Douglas County Bank, First Westroads Bank and First West Side Bank are asking that the order be reviewed and reversed.

OMAHA: Raymond I. Howell, former vice president of the international department at the Omaha National Bank, has been named to a new position, vice president of commercial banking administration. Mr. Howell has been with the bank since 1968. Lawrence F. Uebner, who has been with Omaha National since 1970, replaced Mr. Howell as head of the international department.



Greg Schamberg

*Service innovations are our
business. Why not
make them yours?*

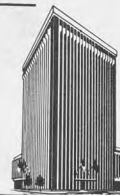
**IOWA-DES MOINES
NATIONAL BANK**

Member Federal Deposit Insurance Corporation

Call on the "Performance Team"...

where common transactions are handled uncommonly well.

FIRST NATIONAL BANK & TRUST COMPANY OF LINCOLN
13th and M Street • Lincoln, Nebraska 68501 • Member, F.D.I.C.



MINNESOTA NEWS

MINNEAPOLIS: Named vice presidents of Northwestern National Bank of Minneapolis were Walter J. Burke, Jr., Thomas M. Hinnenthal, Karl H. Kiisa, Edward W. Libby, Joseph E. Murphy, Jr., Donn E. Sjolander, Glen H. Steinke, Thomas D. Linhares and Charles R. Lloyd.

ROCHESTER: Frank Silkman, general manager of IBM Rochester, was elected to the board of directors of the Olmsted County Bank and Trust Co.

SHAKOPEE: The Shakopee State Bank has recently opened. J. W. Black is bank president. Other officers are: A. H. Nieter, vice president; O. E. Sahr, cashier; and E. N. Bosch, assistant cashier.

ST. PAUL: Affiliation of Hillcrest State Bank of St. Paul with Mid America Bancorporation, Twin Cities-based publicly held registered bank holding company, has been approved by the Federal Reserve Board.

The announcement, made jointly by David A. Shern, president of Mid America, and Roland L. Nordlund, president of Hillcrest State, noted that no changes in management or staff are contemplated. The affiliation is expected to become effective before December 31.

ILLINOIS NEWS

CHICAGO: Continental Illinois Corp. has announced plans for a \$100 million public offering of eight-year notes. Continental, which owns Continental Illinois National Bank & Trust Co., said its public sale is expected in January through underwriters led by Halsey, Stuart & Co. and Goldman, Sachs & Co. The proposed offering has been registered with the Securities and Exchange Commission.

CHICAGO: Donald C. Henderson, senior vice president of Oak Park Trust and

Savings Bank, has been elected president of the Western Cook County Bankers Association.

PEORIA HEIGHTS: A charter has been issued for the organization of the following state bank: The Heights Bank, Intersection of Samuel Avenue and 4700 N. Prospect Road, Peoria Heights. Total capitalization of the new bank is \$750,000, consisting of: \$300,000 in both capital stock and surplus and \$150,000 in reserve for operating expense. The 30,000 shares will have a par value of \$10 each.

The officers of the new bank are: Gerald T. Law, chairman of the board and acting president; James P. Kellstedt, cashier, Peoria; Frank Kreigel, executive vice president, Mt. Prospect, and James Turner, vice president, Greenfield.

WHEATON: Patrick J. Lynn has been named director of marketing of the Wheaton National Bank.

NORTH DAKOTA NEWS

BISMARCK: The Bank of North Dakota has appointed John W. (Wally) Fay as agricultural finance representative. He joined the bank on January 3, 1972, and has been working primarily in the loan department.

LANGDON: The application of First Bank of Langdon to increase its capital stock from \$250,000 to \$500,000 by stock dividend has been approved.

NAPOLEON: The Stock Growers Bank's application to increase its capital stock by stock dividend has been approved. The stock will be increased from \$100,000 to \$200,000.

COLORADO NEWS

DENVER: Proposed acquisition of the Republic National Bank of Pueblo by the First National Bancorporation, Inc., of

Denver recently was announced. The announcement was made jointly by Andy Sackman, chairman of the board of the bank in Pueblo, and Bruce D. Alexander, president of Bancorporation. Deposits of Republic National Bank at October 31, 1972, were \$16,529,916.

DENVER: The board of directors of the United Bank of Denver has approved the appointments of two vice presidents. Named vice president in the commercial banking division is William H. Stolz who was assistant vice president and manager of the petroleum department at the Union Bank in Los Angeles before joining United of Denver in 1970.

John T. Kennedy has been promoted to vice president and trust officer in the trust banking division. He has been with the bank for nine years and is group officer in charge of pension, profit sharing and securities services.

SOUTH DAKOTA NEWS

RAPID CITY: Reynold Klay has been named executive vice president of the Western Division of the National Bank of South Dakota and has been elected to the board of directors of the bank, according to Don W. Westbee, chairman. Headquarters of the bank are located in Sioux Falls. Mr. Klay succeeds Walter Pailing who is retiring.

WEBSTER: The board of directors of the Security Bank and Trust Company has announced the promotion of Gary Knebel, manager of the Roslyn branch to vice president from assistant vice president. Mr. Knebel has been with the bank since 1966.

WESSINGTON: Arnold Domke has been appointed manager and cashier of the Bank of Wessington. He has been in the banking field for 14 years, most recently as manager of the United National Bank in Canistota, S. D.



Get to know our Correspondent Bankers.

Get to know: (left to right) Leon Winters, Harold Kinney, Lolita Hansen, Bill Fleming and Norm Burkepille. And let them get to know you. Then, when you need help with any of our services, you'll get the help you need. Quickly and efficiently.

COLORADO NATIONAL BANK

17th and Champa • Denver, Colorado 80202 • (303) 893-1862





you're in first national territory first national bank of omaha

FED PROPOSAL (Continued from Page 1)

a member bank is not a substitute for capital.

The revised rules would reaffirm the system's readiness to extend credit to member banks in emergency or unusual circumstances and also to make credit available in emergency situations to other financial institutions, corporations, partnerships, and individuals on the security of government obligations.

Close to half of all member banks — more than 2,400 of the system's approximately 5,700 commercial banks — are estimated to have substantial seasonal calls for credit in their communities. Of these, over 2,000, or more than 90% of the seasonally impacted banks, are banks with no more than \$50 million total deposits.

The proposed regulatory revisions are an outgrowth of recommendations made in a report entitled "Reappraisal of the Federal Reserve Discount Mechanism." It was published in July of 1968 and was the work of a Fed task force headed by Federal Reserve Board Governor George W. Mitchell.

In the intervening time, the Federal Reserve has incorporated into its procedures the substance of the recommendations of the task force relating to emergency credit to member and nonmember deposit type institutions. The new proposals would establish a new seasonal borrowing privilege in line with the task force recommendations. The major remaining recommendation — for a short-term "basic" borrowing privilege — is still receiving study by the Fed. This proposed recommendation would enable a bank to borrow in any 13 weeks of a 26-week period without any questions asked.

WANT ADS

Rates 25 cents per word per insertion. Minimum: 12 words.
NORTHWESTERN BANKER
306 15th St., Des Moines, Iowa

LOWER YOUR FARM LOAN RISK

By sending him DOANE'S Farming For Profit, the hard-hitting, fact-filled monthly newsletter that provides help in management, production and marketing. Free sample subscription for 6 months. Write D. R. Gorr, DOANE Agricultural Service, Inc., Dept. 701, 8900 Manchester Road, St. Louis, Missouri 63144.

FOR SALE

Two Johnson Change Makers; one Coin-O-Meter; one Cummings Coupon Machine; two Burroughs Teller Machines. Brooklyn Center State Bank, 5620 Brooklyn Boulevard, Brooklyn Center, Minnesota 55429.

FOR SALE

Addressograph Model 1955-GG, number 353387 A 257. Citizens Savings Bank, Sac City, Iowa 50583.

POSITION AVAILABLE

Our Installment Loan Department is seeking an aggressive individual to assume full responsibility for its operation. Previous experience necessary with emphasis on direct and indirect financing. Contact: Winona National and Savings Bank, Winona, Minnesota 55987. Telephone (area code 507) 454-4320.

FOR SALE

One Diebold Walk-Up window, bullet proof, complete, and outdoor metal canopy complete with neon letters. York State Bank, Box 520, York, Nebraska. Telephone (area code 402) 362-4411.

Does the boom in International Trade have your customers asking you new questions?

If you want to know how to handle foreign collections... arrange export and import financing... where to obtain letters of credit... how to locate and develop new contacts overseas, the answers are as near as your phone. Call (312) 443-2650 and you'll find the International Banking Group at LaSalle National Bank, Chicago, ready to assist you.

FARM LOAN APPLICATIONS

Agricultural Financial Statements are available for rural banks at reasonable rates. Samples available—The Bankvertising Company, 1300 Hagan St., Champaign, Illinois 61820.

FOR SALE

NCR Postronic. Reconditioned. Under service contract. Priced for quick sale. Contact: Elgin State Bank, Elgin, Iowa 52141. Telephone (area code 319) 426-2721.



**For the
Banker
on the
Move**

To meet the dictation needs of the executive who travels or attends conventions, SONY has designed the Portable Dictating Unit BM-10 — the perfect complement to the Sony Transcriber BM-30.

Designed to use standard tape cassettes, available anywhere, the compact unit has a built-in electret condenser microphone — its own built-in speaker for on-the-spot review — an automatic electronic cue signal — plus automatic gain control.

For prices and descriptive literature write:
Fred Hutchinson 515/244-0114

Economy Service Company
SONY 1115 HIGH STREET
DES MOINES, IOWA 50309



**You don't need us.
We need
you!**

"C" Central National Bank & Trust Company
LOCUST AT SIXTH AVENUE, DOWNTOWN DES MOINES. PHONE 243-8181 MEMBER FDIC

Vol. 2. No. 32 Northwestern Banker Newsletter is published weekly by the Northwestern Banker Company, 306 Fifteenth Street,

Des Moines, Iowa 50309. Subscriptions 25¢ per copy, \$6 per year. Second class postage paid at Des Moines, Iowa. Address all mail subscriptions, changes of address (Form 3579), manuscripts, mail items to above address.
Federal Reserve Bank of St. Louis