

# NORTHWESTERN Banker Newsletter

Vol. 3. No. 8

Des Moines, Iowa

June 25, 1973

## Fed Threat To Dual Banking System

"The banking industry is now caught in the throes of a trend bringing greater and greater bank regulation from our centralized and proliferating bureaucracies in Washington."

This was the charge made by Donald E. Pearson, superintendent of banks for California, who spoke to an Executive Management Conference sponsored by the Iowa Bankers Association in Tan-Tar-A Resort in Missouri early this month. Here are Mr. Pearson's comments on one phase of the problem as it relates to the continuing demands of the Federal Reserve Board:

"The Federal Reserve Board continues to assert its historic position of seeking mandatory membership for all banks. A recent variation on this theme is an alternative proposal that the Federal Reserve Board simply be empowered to set reserves for all banks with such reserves held by the Fed.

"It appears that the Federal Reserve System has launched a major offensive in this regard. During the past six months, members of the Board of Governors and others representing the Fed have made a great number of speeches, given testimony, written articles and prepared press releases. The overriding dominant theme is clear — they want greater authority in controlling bank reserves.

"Not only has the Fed done this, but also the Fed now directly contacts banks not under the jurisdiction of the Federal Reserve System, asking such non-member banks to submit to Fed control of reserves with such

reserves placed in a Federal Reserve Bank through the intermediary services of member banks.

"In seeking greater authority, they cite two propositions; first, that equal reserves are needed to provide fair competition among banks and second, the Fed control over reserves is needed for monetary policy.

"As to the first point, it would seem that the Fed is saying that their members are at a disadvantage because of having non-earning assets in the form of reserve deposits at the Federal Reserve Banks. While this is undoubtedly true in some individual cases, the Fed ignores the point that their member banks are often strengthened through correspondent bank balances from non-member banks. This may relate to the fact that in the aggregate, member and non-member banks have essentially the same ratio of non-earning bank assets to total assets. In short, the competition is now essentially fair and adoption of the Fed's proposal would create rather than solve inequities.

"As to the second point, the effect of reserve setting authority as a tool of monetary policy is minor compared with the effect of open market operations. This fact was recognized by the Hunt Commission when it stated on page 66 of its report that reserve requirements are unnecessary for open market operations to control the monetary base effectively.

"In this recent offensive of the Fed, it is disturbing to realize that no comment is offered by the Fed in support of the dual banking system, and it appears there may



**PICTURE OF THE WEEK** — New officers of Minnesota Bankers Association learn from **John F. Nash** that banking does not always have to have a serious tone. Shown from left are: **Dick Gandrud**, new MBA treas. and exec. v.p., Pope Co. St. Bk., Glenwood; **B. P. Pete Allen, Jr.**, new MBA pres. and pres., First Natl. Bk., Milaca; **John F. Nash**, outgoing MBA pres., and pres., American Natl. Bk. and Tr. Co., St. Paul, and **G. M. Pleschel**, new MBA v.p. and exec. v.p., Farmers and Merchants St. Bk., Springfield.

be some of the Board who either disapprove of the dual banking system entirely or regard it as expendable in the interest of achieving greater power for the Board and supposed greater symmetry in financial structure.

"While there undoubtedly are benefits for some banks in remaining outside the Federal Reserve System, strangely absent from the pronouncement of Board members is the concept that there are any disadvantages in remaining outside the Fed, or that the Fed offers any advantage to any of its members.

"Up to this point, I have discussed only

(Turn to back page, please)



Helpful Homer's Hopin' To See You at the  
Second Annual Convention of the  
**IOWA INDEPENDENT BANKERS ASSN.**

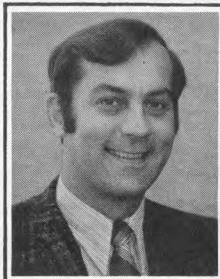
**LAKE OKOBOJI - JULY 19, 20, 21**



**CAPITAL CITY BANK**

Your INDEPENDENT Correspondent Bank with the PERSONAL TOUCH!

MAIN BANK: East Fifth and Locust • Phone 515/244-5111 • Des Moines, Iowa 50309



GARY STEVENSON

**1<sup>st.</sup>** First National Bank  
in Sioux City

Get things done.



MIKE BRODERICK

MEMBER FDIC

### IOWA NEWS

**BALDWIN:** Funeral services were held recently for Charles A. Harding, banker for 60 years. Mr. Harding retired in 1971 as cashier and chief executive officer of the Baldwin Savings Bank.

**CRESCO:** Tom Masey has joined the Cresco State Bank as vice president and cashier. Previously he was a bank examiner with the FDIC in Mason City.

**NEWTON:** Dennis Essing, cashier at the Graettinger State Bank, has accepted a position as assistant vice president of the Newton National Bank.

**OSAGE:** Harold McWilliams has joined the Home Trust and Savings Bank as loan officer and assistant cashier, replacing John Euard. Mr. McWilliams has sold Lutheran Brotherhood Insurance in Osage for the last 11 years.

**OSCEOLA:** Controlling interest in Banco, Inc., holding company for the Osceola State Bank and Trust Company has been purchased from Al B. Wissink by Don Wubbena and Jack Schuck. Mr. Wubbena, who has been with the bank, will be pres. and Mr. Schuck, prominent real estate man from Parkersburg, will be chairman. W. E. Emary and Dr. George Lewis, directors, will serve as vice presidents.

**OTTUMWA:** Three officers have been promoted by the Union Bank and Trust Company, according to Max von Schrader,

Jr., president. Bernard K. Huston was promoted to vice president, Gerald G. Retzlaff was named assistant vice president and LeLoie Frost assistant cashier.

**PISGAH:** Jerry Vance of the Pisgah Savings Bank has announced that Ronald Bycroft of Gibben, Nebr., has sold controlling interest in the bank to local stockholders.

### NEBRASKA NEWS

**LINCOLN:** The board of directors of Lincoln Bank South has approved a resolution to call a special stockholders meeting for the purpose of voting on increasing the bank's capital from \$200,000 to \$500,000. A special stockholders meeting will be held June 27 at 3:30 p.m. at the bank, according to President Roger Gohde.

**LINCOLN:** An application for a charter for the Bethany Bank, 1600 Cotner Boulevard, has been filed. Hearing has been set for August 14 at 9:30 a.m. in room 2414, State Capitol, Lincoln.

**OMAHA:** Richard L. Eastman has been named a commercial loan officer with the First National Bank of Omaha. He formerly was a loan officer with the Small Business Administration.

**OMAHA:** Morris F. Miller, board chairman and chief executive officer of the Omaha National Corp., has been elected to the board of Travel and Transport, Inc. The Omaha National Corp. owns Travel and Transport.

**OMAHA:** Three men have been named assistant vice presidents and regional managers of the Federal Land Bank of Omaha, according to Wilbur Erickson, president. Richard Gogan, Omaha, an appraisal specialist, will work with bank

associations in northwestern Iowa and southeastern South Dakota. Donald Bunkers, Omaha, field service officer for the Farm Credit Administration office, will work in eastern and central Nebraska. Kenneth Jaspersen of Cedar Falls, Ia., manager of the association there, will take over the southeastern Iowa region.

### ILLINOIS NEWS

**ASHKUM:** An application for a permit to organize the Central Bank has been filed. Total capitalization of the bank would be \$400,000, consisting of \$160,000 in capital, \$160,000 in surplus and \$80,000 in reserve for operating expense. Applicants are: B. H. Whitsitt, Kankakee; Tobe C. Schroeder, Jr., Wayne H. Meier, Milton Widholm, all of Ashkum; J. D. Whitsitt, Chicago, and G. W. Crazow, Clifton.

**CHICAGO:** American National Bank and Trust Co. has announced the promotions of Ronald J. Grayheck to administrative vice president and Jack P. Katz to senior vice president.

**CHICAGO:** Leslie Rosenthal, managing partner of Rosenthal & Co., was named a governor of the Chicago Mercantile Exchange and a director of the International Monetary Market. He fills the unexpired terms of William C. Muno, secretary-treasurer of Barnes Brokerage Co., who resigned.

**CHICAGO:** USLIFE Corporation has reached an agreement in principle to acquire All American Life & Financial Corp. of Chicago. As a part of the transaction, the stock of O'Hare International Bank, a subsidiary of All American, would be distributed to All American stockholders.

**ELMHURST:** On Thursday, June 28, at 4 p.m. officers of the Elmhurst National Bank, directors, the press and other prominent people will inaugurate the western suburb's first 24-hour automatic teller, named Genie 365.

**PERU:** An application for a permit to organize the First Security Bank in The Peru Mall Shopping Center has been filed. Total capitalization would be \$625,000, consisting of: \$250,000 in capital, \$250,000 in surplus and \$125,000 in reserve. Applicants are: Casimir J. Chamlin, Calvin A. Koehler, Earle S. Nelson, Jr., Alfred C.

Valley Bank and Trust Company

A Banks of Iowa Bank Member FRS • Member FDIC  
Des Moines, Iowa 50304 515/288-9711



**JOHN RODGERS WELCH**  
Correspondent Banking Officer

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

**Ed Kadera**  
Assistant Vice President



**MERCHANTS NATIONAL BANK**  
so many ways we can help you

CEDAR RAPIDS, IOWA 52401



# Call on the "Performance Team"...

Uniquely prepared to handle uncommon transactions uncommonly well.

**FIRST NATIONAL BANK & TRUST COMPANY OF LINCOLN**

13th and M Street • Lincoln, Nebraska 68501 • Member, F.D.I.C.



Slatner, all of Peru; Eugene R. Mischke, Spring Valley, and Harold E. Miller, LaSalle.

## MINNESOTA NEWS

**EVELETH:** George Bodovinitz, vice president of the Miners National Bank, has been named president. Raymond G. Hoel has been named chairman of the board. Directors named include Dante Paciotti, Russell Aust, William Chapman and Mr. Bodovinitz.

**NORTHFIELD:** The eighth session of the Minnesota School of Banking, sponsored by the Minnesota Bankers Association, is now in session on the campus of St. Olaf College. The five-day meeting began on June 24.

**SHAKOPEE:** The first National Bank recently held an open house to celebrate the opening of its new addition. The addition doubled the size of the bank.

**WINONA:** Richard D. Gillen, vice president and manager, installment loan department at the Merchants National Bank, has been named commercial loan vice president. Dennis Cleveland, assistant vice president, assumes the position of manager of the installment loan department. James R. Chester has been appointed an installment loan officer. J. F. Muras has retired after 46 years service to the bank.

## COLORADO NEWS

**COLORADO SPRINGS:** Russell L. Truitt has been named president of the First National Bank, according to Joel A. H. Webb, chairman. Resigning the position of president was Thomas S. Moon. He said he would devote full time to his new post as president of Affiliated Bankshares of Colorado, Inc., Boulder.

**DENVER:** Stoddard White, vice president and trust officer, Mountain States Bank, has been named to the bank's board of directors. He joined the bank in 1970 as a trust officer.

**GREELEY:** Greeley National Bank has named Kenneth S. Kinkel vice president and director of marketing. He has been with the bank for one year having previously worked with National Bank of Detroit in marketing.

## FOR SALE

One NCR Postronic posting machine, \$1,000. Baehler Business Supply, Omaha, Nebr. Telephone (area code 402) 344-4543.

Digitized by FRASER  
<https://fraser.stlouisfed.org>  
 Federal Reserve Bank of St. Louis



**Greg Scharnberg**

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

## IOWA-DES MOINES NATIONAL BANK

Member Federal Deposit Insurance Corporation

**LAKESWOOD:** Three appointments have been announced by United Bank of Lakeswood. Jean Naylor was named vice president and cashier, heading administrative, bookkeeping and teller operations. Ed Rhodus, assistant vice president, was placed in charge of marketing. James Montgomery was named operations officer.

**LITTLETON:** Construction has begun on the new Chatfield Bank, located in an unincorporated area southwest of Littleton. Alan Kris, president of Mid-States Bank and the Chatfield Bank said the bank will be open in temporary quarters by July.

## WYOMING NEWS

**ROCK SPRINGS:** An application for a charter for the Bank of Wyoming, N. A., has been filed with the U. S. Comptroller of the Currency. The organizers, all of whom are directors of Wyoming Bancorporation, Cheyenne-based registered multi-bank holding company, include: Arthur R. Abbey, president, Wyoming Blue Cross-Blue Shield; Sol W. Bernstein, investments; Paul L. Howes, president, Wyoming Banco; K. L. McShane, M. D., and F. A. Rummel, Jr., chairman, First National Bank of Rawlins. All but Mr. Rummel are Cheyenne residents.

Mr. Howes, who is serving as agent for the organizers, said if the charter is granted,

Wyoming Banco. will submit an application to the Board of Governors of the Fed seeking membership for the new bank in the holding company.

Additionally, Wyoming Banco. has an application pending to include Security Bank & Trust Company, Casper, as a member bank; a charter application pending for a new national bank in Sheridan, and two applications on file with the Wyoming State Examiner for new state banks in Casper and Hanna.

## NORTH DAKOTA NEWS

**BOTTINEAU:** Dennis L. Burud has been appointed a new officer of the First National Bank. Previously he was associated with banks in Morris, Minn., and Bottineau. A. S. Benson, states attorney, has been elected a director to fill the vacancy created by the death of J. E. Johnson.

## MONTANA NEWS

**MISSOULA:** A symposium on the effects of national legislation on Montana's financial institutions will be held July 19-20. The conference will be centered around the recommendations of the President's Commission on Financial Institutions (the Hunt



Call  
**Everett P. Brown**  
 for

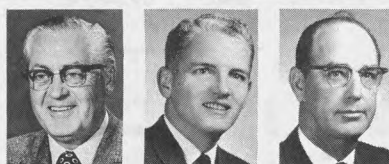
**Personal Attention  
 to All Your  
 Correspondent Needs**

**CALL**  
**402**  
AREA CODE

**536-2000**



Member Federal Deposit  
 Insurance Corporation



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

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

**American Trust  
 and Savings Bank**

9TH AND MAIN, DUBUQUE, IOWA  
 MEMBER FDIC - FRS



## Get to know our Correspondent Bankers.

Get to know: (left to right) Leon Winters, Harold Kinney, Lolita Hansen, Bill Fleming and Norm Burkepile. 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

Commission) and the legislation proposed by the Administration this spring. Featured speaker will be Rex J. Morthland, president-elect of ABA. He is a member of the Hunt Commission and chairman of the board, Peoples Bank and Trust, Selma, Ala.

## SPECIAL

### Annual Scandinavian Tour

Visiting Norway, Sweden, Denmark. Sponsored by Marquette National Bank of Minneapolis and arranged by our Marquette-Sedard Travel, Inc.

Departing U.S.A. September 5 by S.A.S. jet. Enjoy the beauty of these countries with sightseeing by train, bus and boat.

Informative and educational seminars featuring local bankers and officials have been scheduled.

For additional information write or phone Otto H. Preus, vice president, Marquette National Bank of Minneapolis (612/370-2167) or Marquette-Sedard Travel, Inc., 777 Marquette Ave., Minneapolis, Minn. 55480 (612/338-5667).

## DUAL BANKING . . .

(Continued from Page 1)

the activities of the Fed which constitute "jawboning". However, the Fed is using and threatening to use its existing powers under Bank Holding Company Act for achieving centralized control over banking. It has threatened to require that all banks owned by bank holding companies be Fed members. It has also begun to use its power over bank holding companies as a route toward direct bank supervision, such as imposing requirements on holding companies that capital in certain banks be increased.

"Already, the dual banking system has been severely strained by regulation on the part of Federal regulators over state chartered banking institutions. For some of our non-member state chartered institutions, this added burden is acceptable as the price to pay for being allowed to remain outside the Fed.

"Thus, when the Board proposes as to non-member banks a deletion of all their advantages without proposing any alleviation of their disadvantages, it proposes a direct threat to our present dual system.

"All bankers should resist this single minded approach of the Board in seeking monolithic power over reserves whether the attempt be in one stroke or whether by inches."

**SERVING PROFESSIONALLY**  
Banking, Financial & Business Personnel  
Iowa and Nationwide  
**CAPITAL PERSONNEL SERVICE**  
204 Securities Bldg. 515-283-2545  
Des Moines, Iowa 50309

## WANT ADS

Rates 25 cents per word per insertion. Minimum: 12 words.

**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.

**LA SALLE** can save you time during bank examinations. Call our Correspondent Banking Department, and we'll call the Fed or any other Correspondent Bank. We guarantee to have your safe-keeping list and statement out of our bank in one day! Call Cy Kirk or Max Roy at the LaSalle National Bank in Chicago today. Telephone (312) 443-2774.

### HELP WANTED

Immediate opening for employee in a suburban Minneapolis bank. Some experience helpful. Please send resume with photo. Write Box KMB, NORTHWESTERN BANKER, 306 - 15th St., Des Moines, Iowa 50309.

### POSITION WANTED

Banking School graduate with 15 years experience desires job in a Nebraska or Iowa bank. Write Box FNV, NORTHWESTERN BANKER, 306 Fifteenth Street, Des Moines, Iowa 50309.

### WANTED

Bank of \$8 million in town of 16,000 desires insurance man for agency. Located within 60 miles of Twin Cities. Equity position available. Write Box LTC, c/o NORTHWESTERN BANKER, 306 - 15th Street, Des Moines, Iowa 50309.

### IOWA INDEPENDENTS

Do not delay. Register now. 2nd Annual Convention at Lake Okoboji, July 19-21. Send your reservation to Richard Berglund, Exec. Secy., 400 Central Natl. Bldg., Des Moines, Ia.



**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