

# NORTHWESTERN Banker Newsletter

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July 9, 1973

## Overturn Fed Ruling On Bank Stock

A decision of considerable importance to banks and bank stock owners has been handed down by the U.S. 10th Circuit Court of Appeals. The Court reversed a ruling by the Federal Reserve Board that a bank holding corporation must pay equal prices to all shareholders when it buys bank stock.

The decision was in connection with the case involving purchase of the Rooks County State Bank, Woodston, Kan. Jack Berkley, president of the Stockton national Bank, Stockton, Kan., and his associates in that bank, purchased 77% of the stock in Rooks County State, paying \$521.51 a share for 383½ shares. They purchased another 6% later for \$400 per share and formed Western Bancshares, Inc., a holding company.

The holding company then offered remaining shareholders \$160 per share, eventually holding 414 of the 500 shares outstanding.

The Federal Reserve Board held a hearing on the matter, and ordered Western Bancshares to divest itself of the stock in the Rooks County State Bank. That ruling was appealed to the Circuit Court. In their decision, judges in the Circuit Court stated:

"The Board has been granted neither express nor implied authority to regulate, control, fix, supervise or otherwise interfere with the price or consideration which a bank holding company proposes to pay to shareholders for stock in a bank. Had Congress intended stock acquisition price offers to be a relevant factor for considera-

tion by the Federal Reserve Board in its deliberations relative to applications for approval of bank holding company acquisitions, it was fully capable and able to so declare.

"The Board of Governors of the Federal Reserve System lacked statutory authority to deny the application of the petitioner because substantially equivalent purchase price offers to all of the Rooks County State Bank stockholders had not been made."

### Foresee 8¾ Prime Rate

Key banks in major money centers last week increased their prime rates from 7¾ per cent to 8 per cent.

Early last year, the rate was as low as 4½ per cent. It has been changed eight times this year. The current rate is at its highest level since it hit 8½ per cent during the 1969-70 credit crunch.

Looking ahead, some authorities feel that the prime could move to 8¾ per cent or higher before going into an expected retreat.

The First National Bank of Chicago which adjusts its prime rate according to a formula based on rates for commercial paper said that formula is already calling for a prime of 8½ to 8¾ per cent.

Because of government pressure to keep loan charges for consumers and small businesses steady, the prime rate increase will not immediately affect those customers.

The newer prime rate boost was started

by Girard National Bank of Philadelphia after the Federal Reserve Board raised the interest rate it charges on loans to member banks from 6½ per cent to 7 per cent, the highest level since 1921.

The Fed also announced an \$800 million increase in the amount of reserves that the nation's banks must hold against the claims of depositors, thus reducing the amount of money available for loans.

### COLORADO NEWS

**CRAIG:** An application has been filed to establish the First National Bank in Craig. The proposed full-service bank would have an initial capitalization of \$500,000 and be located in the 500 block of Pershing Street. The group of applicants, active in the First National Banks in Aspen, Glenwood Springs and Grand Junction, include: George B. McKinley, Richard J. Witsken, James W. Mackley, Joseph C. Prinster and L. T. Prinster.

Negotiations are under way between the three banks in Aspen, Glenwood Springs and Grand Junction for their acquisition by the D. H. Baldwin Co., a New York-based firm which already owns Empire Savings & Loan Association and Central Bank & Trust Co. in Denver. Baldwin is negotiating for acquisition of a total of ten Colorado banks.

**MONTBELLO:** Montbello State Bank has appointed William C. Brinkworth as director of business development and assistant cashier. Mr. Brinkworth was with Aurora National Bank as head teller and assistant cashier for the past four years.

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## IOWA NEWS

**AMES:** Funeral services were held July 3 for T. A. LaVelle, 50-year banker from University Bk. & Tr. Co., Ames. Mr. LaVelle, 77, served as a v.p. and dir. up until his retirement four years ago.

**ATLANTIC:** Richard D. Jones, president of the First Whitney Bank and Trust for the past seven years, has resigned. Gordon Nicholas, who purchased the bank in April, became president on July 1. Mr. Nicholas acquired the bank through the purchase of the Whitney Corporation of Iowa, a one-bank holding company which has owned the First Whitney since 1964.

**CEDAR RAPIDS:** James E. Coquillette, president of The Merchants National Bank, recently announced the promotion of Charles B. Hamilton to cashier. Mr. Hamilton has been with the bank for nine years.

**DES MOINES:** Clifford DePuy, 86, chairman emeritus and former publisher of the *Northwestern Banker*, died June 30 of a heart attack at his home. Mr. DePuy became publisher of the magazine in 1912, continuing in that position until August, 1962, when he was appointed chairman. Mr. DePuy was well-known nationwide for

his "Across the Desk from the Publisher" editorials addressed to various bankers, politicians and national and international governmental leaders.

He is survived by his wife, Mrs. Margaret Green DePuy; a daughter, Mrs. Talbot (Evelyn) Peterson, Appleton, Wis., and a son, Emerson DePuy, Menlo Park, Calif.

A detailed story of his publishing career will appear in the August issue of the *Northwestern Banker* magazine.

**GREENE:** Controlling interest in the First State Bank has been purchased by F. D. Wullbrandt and R. J. Barkmeier, prominent grocers from Hampton, from William Bramwell and Mr. and Mrs. W. S. Norton. The purchasers also have an interest in the State Bk. of Allison. V. K. Barth will continue as pres. The two purchasers will serve as v.p.'s and members of the board.

**HEDRICK:** Funeral services were held for Ralph N. Baker, 77, president, Hedrick Savings Bank, on June 30. Mr. Baker served as sheriff of Wapello County before entering the banking business.

**OKOBOJI:** Two special events planned by Des Moines banks during the 2nd annual convention of the Iowa Independent

Bankers, July 19-21, at the New Inn, will take place on Friday, July 20. Capital City State Bank will host a breakfast from 7:00 to 8:30 A.M., and Bankers Trust Co. will host a social hour from 6:00 to 7:30 P.M.

## NEBRASKA NEWS

**AINSWORTH:** Hazel L. Kern was elected asst. cashier of the First National Bank.

**GOTHENBURG:** Funeral services were held recently for Robert M. Williams, president of The Gothenburg State Bank and Trust Company.

**OMAHA:** Lancaster County District Court Judge Dale Fahrbruch has upheld a decision by the State Banking Department that granted a charter to the Cornhusker Bank of Omaha.

Cornhusker, on the northeast corner of Ninetieth Street and Bedford Avenue, received a charter last November. Five other Omaha banks challenged the Banking Department decision and asked the court to reverse the department.

Attorneys for the challenging banks — First Westroads, Douglas County, First West Side, West Omaha, and Ames Plaza — said no decision has been made on whether to appeal the decision.

The bank has been operating in a modular building since January.

**YORK:** Leonard (Casey) Vavrina, vice president, First National Bank, died recently.

## MINNESOTA NEWS

**LE ROY:** A complete remodeling of the First National Bank is planned for this summer, according to Russell Noble, bank president.

**LE SUEUR:** State banking commissioners have granted a charter to four applicants who plan to open a new state bank. Application for the charter was made by

# Please Join Us . . .

. . . on Friday evening, July 20  
at the New Inn.

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for all those attending the  
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**MINNEAPOLIS:** Violet Shanley, assistant cashier for Midland National Bank, has been installed as president of the Pilot Club of Minneapolis, Inc., a women's service group.

**MINNEAPOLIS:** First National Bank of Minneapolis will broaden its management team's responsibilities with a number of executive changes effective August 6, it was announced by George H. Dixon, chairman and president.

Clinton Morrison will be vice chairman of the Board of Directors and will actively share some of Mr. Dixon's responsibilities, principally in the area of First Minneapolis' planning and policy formation. He will continue as chairman of the trust committee of the board of directors.

Donald R. Koessel, senior vice president, will become executive head of the Trusts and Investment Management Group, succeeding Mr. Morrison in this responsibility.

Dennis E. Evans, presently vice president in charge of Equity Research, is to be vice president and senior investment officer and head of the Trust Investment Department.

Joseph R. Kingman III, senior vice president, will become head of an expanded Corporate Staff Services Group, which will include the Human Resources, Marketing Services and Legal Departments. He also will be responsible for Planning and Resources Management.

D. H. Ankeny, Jr., will become senior vice president and head of the Retail Banking Group. He currently is vice president and senior investment officer in charge of Trust Investments.

**MORRIS:** James F. Sherack has joined the Morris State Bank as assistant vice president. Previously he was cashier of the Karlstad State Bank.

**ROSEVILLE:** North Star State Bank has promoted two employees, according to W.

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P. Hall, assistant vice president. Penny Graves has been named cashier and Patricia Silkey has been named customer accounting officer.

**ST. JOSEPH:** Arthur C. Novak has been named cashier of the First State Bank, according to William Meinz, bank president. Formerly Mr. Novak was associated with the First American National Bank at St. Cloud.

**WADENA:** Funeral services were held recently for Martin Francis Ehlen, 75, president of the Wadena First National Bank. Mr. Ehlen had been associated with the bank for 57 years and was named its president on June 27, 1967.

### ILLINOIS NEWS

**CHICAGO:** Following a recent board meeting of the Aetna State Bank, Carl J. Calandra, president, announced that: August M. Girardi, head of the real estate department, has been promoted to vice president. John A. Lo Guidice has been elected assistant cashier.

**CHICAGO:** The First National Bank of Chicago has announced that it will enter the auto, light duty truck, and recreational vehicle leasing field in July through the formation of a new subsidiary, First Lease, Inc. James Davidow, former president of Lease Car of America, Detroit, will be president of the new subsidiary.

**CHICAGO:** The First National Bank of Chicago is planning a chain of 24 regional wholesale banking offices in cities across the country in the next three years.

Regional offices will be opened initially in Los Angeles, Houston, Atlanta and New York, according to bank officials.

**CHICAGO:** The Illinois General Assembly has approved and sent to Gov. Walker a bill which would give facility offices of state-chartered savings and loan associations all the powers of a full-fledged branch.

The bill permits the association to process new loans at its facility office. Previously, that was the only business which officials were not permitted to transact at the office.

**HOMWOOD:** Dedication ceremonies will be held today, Monday, July 9, at the Community Bank of Homewood-Flossmoor's new bank building.

**MELROSE PARK:** Robert W. Svendsen has been elected chairman of the Melrose Park National Bank succeeding Paul Abate who retired on June 30.

### NORTH DAKOTA NEWS

**LIDGERWOOD:** Gregory L. Palm has joined the First National Bank as a trainee in the audit and operations department. He recently graduated from Augustana college, Sioux Falls. He will assume the duties of Marvin A. Rockstad, auditor, who will join the staff of the First Bank System in the services division on July 15.



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The book actually is a practical "how-to" manual that provides the banker with workable "formulas" for organizing and conducting any type of bank opening. Based on hundreds of successful bank openings, the book presents a systematic planning approach, various checklists of opening-day problems for bankers to consider, as well as several detailed plans (including budget samples) used in actual bank openings and anniversary celebrations.

Profusely illustrated, the book contains 172 pages, size 8½" x 11", sells for \$13.50 and may be obtained from:

Northwestern Banker, Book Dept.  
306 - 15th Street,  
Des Moines, Iowa 50309.

### SOUTH DAKOTA NEWS

**PIERPONT:** The South Dakota State Banking Commission has approved the application of the First State Bank of Pierpont to move its main office from Pierpont to Webster. An office will be retained in Pierpont.

**SIOUX FALLS:** Directors of Western Bank have announced the election of Doyle J. Stern as loan officer. He previously was loan supervisor.

**SIOUX FALLS:** Union Bank and Trust opened its branch bank at 41st and Hawthorne Ave. on July 2, according to the South Dakota Dept. of Banking and Finance.

### WYOMING NEWS

**THERMOPOLIS:** The First National Bank at Thermopolis has announced that plans have been completed and contracts let to begin construction on a \$400,000 building to replace the old structure which burned several months ago.

### WANT ADS

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