

NORTHWESTERN Banker Newsletter

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Fed to Study Bank Purchase of S&L's

ANOTHER controversy within the financial industry has been touched off by the Federal Reserve Board's announcement last week that it will hear arguments as to whether bank holding companies should be permitted to buy savings and loan associations.

As soon as the FRB's announcement came out requesting comments on the proposal, Thomas R. Bomar, chairman of the Federal Home Loan Bank Board, opposed the entire concept. "It is a limitation on competition and isn't in the best interest of the savings and loan industry or the public," he stated. The FHLBB has long opposed such authority or legislation permitting S&L ownership by banks.

Triggering the Federal Reserve Board's action at this time is the application on file by American Fletcher Corp., an Indianapolis bank holding company, to purchase controlling interest in Southwest Savings & Loan Association of Phoenix, Ariz. The Fed has scheduled a hearing October 30 on this application.

The Fed Board will have to decide whether it should add the ownership or management of a savings & loan association to its present list of approved activities closely related to banking. This is the governing rule for any acquisitions by bank holding companies under the 1970 Act. However, approval of such activity by the Fed doesn't mean that such S&L acquisitions would be automatic since the FHLBB must give its approval before a federally insured S&L is acquired.

Previously, in August, 1972, the Federal Reserve Board had said it would not approve acquisition of savings and loans "at this time." Two savings and loans in Rhode Island were allowed to purchase or retain



control of banks in that state with Federal Reserve Board approval, but over the objections of the FHLBB.

Meanwhile, the American Bankers Association is preparing its position on the matter after consultation with the membership.

Included in the Fed Board's plans for a hearing is its intention to consider placing limitations upon holding companies planning to get into the S&L business. Such limitations possibly could prevent a bank holding company from owning an S&L in the same geographic market, and possibly preventing it from acquiring more than one S&L. Requests to testify at the Fed hearing are to be submitted to the FRB by October 1 and comments may be received as late as November 30.

Prime Rate to 9 1/2 %

The First National Bank of Chicago led the way to a new all-time high in the prime rate when it boosted the rate to 9 1/2 % on Monday, August 20. The rate previously had been 9 1/4 % for only a matter of days and the increase was the 14th this year, starting out at the 6% mark. Previously, the record high in the prime rate was 8 1/2 % during the 1969-70 money crunch.

Chauncey E. Schmidt, vice chairman of the First National Bank of Chicago, said his bank's guidelines presently call for a 10 3/4 % prime rate. Analysts nationwide have said they expect a rate of 10% or more before leveling off as it becomes even more costly for banks to obtain money to make loans.

The Federal Reserve rediscount rate recently was raised to 7 1/2 %. Some commercial banks are paying almost 11% interest on 90-day CD's in order to compete for funds on the open market. The demand by corporations for loans is generated by heavy consumer demand for goods and services.

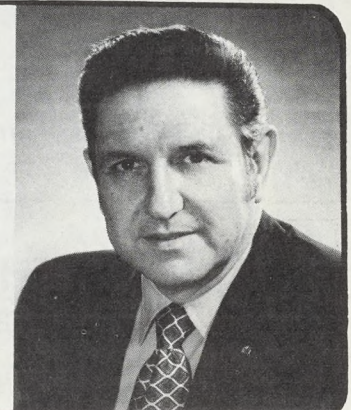
Mr. Schmidt said, "At some point the inflationary psychology which is driving market rates upward week by week is bound to break. The sooner we can narrow the gap between bank rates and open market rates, the sooner we can expect these record credit demands and interest rates to level off and return to more reasonable levels."

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IOWA NEWS

CLEAR LAKE: Ray V. Hewitt has recently joined the Clear Lake Bank and Trust Company as executive vice president, according to M. A. Arneson, president. Mr. Hewitt has previously been president and chief executive officer of the Marine National Bank of Waukesha, Wisc.

DAVENPORT: Associated Bank Corporation has applied to the Federal Reserve Board for permission to acquire 80% of the voting shares of Iowa County Savings Bank, Marengo, and also to acquire all of the outstanding voting shares of Leasing, Inc., Des Moines.

DUBUQUE: The application of Northwest Bancorporation to acquire 90% or more of the voting shares of First National Bank has been reactivated, according to the Federal Reserve Board.

ESTHERVILLE: David W. Wood has joined the staff of the Iowa Trust & Savings Bank of Estherville, according to George H. Shadle, president. Mr. Wood was named vice president and agricultural representative.

FOREST CITY: John A. Witmer of Des Moines has purchased controlling interest in the Forest City Bk. & Tr. Co. from Mr. and Mrs. Gordon Wold, Mr. and Mrs. John Martin, and Herb Cleophas.

Mr. Witmer will succeed Mr. Martin as president of the bank, and Mr. Martin moves up to chmn. and chief exec. officer. Mr. Cleophas retires as chairman but continues as a director. Mr. Wold, exec. v.p., will leave the bank in the next few months. His future plans have not been announced. No other changes are contemplated.

Mr. Witmer also serves as pres. of the Hill-Dodge Banking Company, Warsaw, Illinois. He offices with Goodwin & Associates, 506 Hubbell Bldg., Des Moines.

LAKOTA: Carl Gerzema, who retired two years ago as manager of the office here for farmers Trust & Savings Bank of Buffalo Center, died recently.

RED OAK: Gary Turner has resigned as installment loan manager and vice president of Houghton State Bank in order to accept a position with First National Bank, Maitland, Fla.

WEST DES MOINES: O. Lee Minear has been elected vice president of the West Des Moines State Bank. Mr. Minear is the former president of Mohawk State Bank, Utica, N. Y., and also served as vice president of City National Bank, Cedar Rapids, and Capital City State Bank, Des Moines.

NEBRASKA NEWS

ALLIANCE: The Guardian State Bank has recently appointed Jerry Beagle, assistant vice president and James E. Abbott, assistant cashier.

BELLEVUE: Lt. Col. (USAF, Ret.) Robert A. Grashoff has been named president of the Southroads Bank. He was formerly vice president of the Bank of Bellevue and manager of its Offutt Air

Force Base office which he joined after his retirement from the Air Force in 1968.

COLUMBUS: The Citizens Bank & Trust Company has announced the appointment of James C. Arlt as assistant cashier.

COLUMBUS: George Prochaska, president of First National Bank and Trust Company, announced that Gerald B. Micek will join the bank staff on September 1 as assistant vice president.

FAIRMONT: Thomas P. Boyer has recently been appointed assistant cashier at the Farmers State Bank.

HOLDREGE: William Richards, president, First Security Bank, announced that Norris R. Pearson, livestock feeder and grower, has been elected to the board of directors.

NORTH PLATTE: Kenneth N. Langford, vice president of the First National Bank and Trust Company of North Platte, has been appointed to the board of directors.

OMAHA: The First National Bank of Omaha has recently announced the appointments of Thomas E. Wolf, marketing officer, and Joseph E. Rerucha, loan officer.

OMAHA: Arthur Anderson, who retired from the United States National Bank in 1965 as vice president and cashier, died recently of an apparent heart attack at his home. Mr. Anderson started his banking career with U. S. National in 1919 as a bookkeeper.

OMAHA: Keith O. Lytle, vice president of The Omaha National Bank, has resigned that position to accept appointment as president of the First National Bank in Fort Morgan, Colo. He will assume his new duties in October.

WILBER: The Bank of Wilber has announced the appointment of Michael M. Hroch as vice president and counsel.

MINNESOTA NEWS

FARMINGTON: Michael Dicklich has recently joined the staff of the First National Bank of Farmington. He will succeed Bernice Whittier as cashier on December 31, when Mrs. Whittier will retire.

MINNEAPOLIS: Henry T. Rutledge, chairman, Northwest Bancorporation, has announced the acquisition of T. G. Evensen & Associates, Inc., Minneapolis. The firm which engages in the activity of providing

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MINNETONKA: The Federal Reserve Board reports withdrawal of applications by Archer-Daniels-Midland Company, Decatur, Ill., and Independent Bancorporation, Minneapolis, to acquire 100% of the voting shares of Ridgedale National Bank, a proposed new bank.

ST. PAUL: Mowry Stilp has been promoted to marketing officer at the First National Bank of St. Paul, according to Arnold N. Niemeyer, vice president. Mr. Stilp had been serving as a correspondent bank officer.

ST. PAUL: Terry Pratt has been promoted to assistant vice president at the First Merchants State Bank. Mr. Pratt joined the bank in 1958 as a proof clerk.

ILLINOIS NEWS

CHICAGO: John C. Erwin was elected vice president and head of National Bank's real estate department.

CHICAGO: The Chase Manhattan Bank announced that its board of directors has authorized filing of applications with the Federal Reserve Board to open offices in Chicago under the provisions of the Edge Act.

CHICAGO: Barclays Bank International plans to file an application immediately to open a Chicago branch according to Louis F. E. Morel, chief executive vice president.

CHICAGO: The South Shore National Bank was purchased recently for \$3,000,000 in behalf of a group of investors including the Wieboldt Foundation, Episcopal Church, Stern Foundation, United Church of Christ, and several other prominent financial leaders. The acquisi-

tion has been approved by the Federal Comptroller of the Currency.

FRANKFORT: An application for a permit to organize the Union Bank of Frankfort has been filed. Total capitalization would be \$750,000 consisting of \$300,000 in capital stock, \$300,000 in surplus, and \$150,000 in reserve for operating expense. Applicants include: Harold F. McGrath, Calvin K. Bouma, Palos Heights; Robert B. Rew, Flossmor; Terrence O'Brien, Hazel Crest; David L. Rauen, Hickory Hills; Alex J. Buividas, Chicago; and Robert P. Meany, Frankfort.

HINSDALE: The Bank of Hinsdale has announced the promotion of Gerald P. Czuba to vice president. Mr. Czuba has been with the bank since 1968.

WYOMING NEWS

SHERIDAN: Wyoming Bancorporation filed a petition for review and relief against state examiner Dwight D. Bonham and the Wyoming Security Bank, its organizers and proposed officers. The petition seeks judicial review of an order issued July 31 by Mr. Bonham which approved a certificate of incorporation for the bank and issued a charter subject to certain requirements. A major allegation of Wyoming Bancorporation is that Sheridan cannot support a fourth bank.

SOUTH DAKOTA NEWS

SIoux FALLS: Ground-breaking ceremonies were held recently for the new Northwestern Bank Building six-story

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INDEPENDENT BANKERS, NOTICE

The dates March 21-23, 1974 are important: the Independent Bankers Association of America will hold its 44th annual convention in Dallas.

The Marquette National Bank of Minneapolis, in keeping with a practice originated over 25 years ago, has arranged several tours in connection with the convention . . .

Tour No. 1—A pre-convention Caribbean cruise for 10 days aboard the grandest ship afloat, the Queen Elizabeth, II, leaving Port Everglades March 4, visiting St. Thomas, St. Lucia, Barbados, LaGuavia, Curacao and Nassau; returning to Port Everglades March 14. We have received a number of requests for reservations, and these will be filled first-come-first-served. There are numerous places of interest to visit during the next few days awaiting the convention. We will gladly assist anyone in such arrangements and furnish quotations upon request.

Tour No. 2—A post-convention trip to the Orient, visiting Tokyo, Bangkok, Singapore, Hong Kong and numerous other places of interest (this will be similar to the trip offered last year following the San Francisco convention). Several persons who were obliged to cancel their reservations last year have requested this trip.

Tour No. 3—A post-convention trip to Mexico City and Acapulco. Plans are progressing for a very interesting fishing contest (with fine prizes) while in Acapulco, where they catch the big ones.

Brochures and additional information will be furnished upon receipt of request. Write:

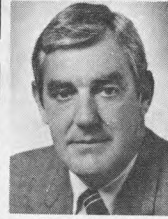
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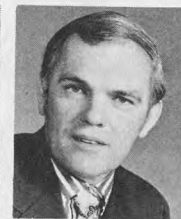
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tower in the middle of downtown Sioux Falls. Northwestern National Bank will occupy three floors and the basement. The building will be owned and developed by the David H. Murdock Development Company of Los Angeles, which has developed a number of bank building properties in the midwest, southwest and western states. Complete details about the building are in the August *Northwestern Banker*.

SISSETON: The Comptroller of the Currency has given preliminary approval for formation of the American Indian National Bank. Organizers of the bank, expected to open October 15, anticipated serving Indians across the country, working closely with the Bureau of Indian Affairs. Organizers include Bein Reifel, a former Republican Congressman from South Dakota; William W. Keeler, executive director of Phillips Petroleum; Barney Old Coyote, director of American Indian Studies at Montana State University; Peter MacDonald, Navaho tribal chairman, and Solomon McCombs of Arlington, Vt., a State Department audi visual officer and Indian artist.

NORTH DAKOTA NEWS

WILLISTON: Douglas W. Crosby has been named trust officer of the First

National Bank and Trust Company of Williston. Prior to his new position, Mr. Crosby was with the Red River National Bank and Trust Co. of Grand Forks for two years as trust operations officer.

WANT ADS

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