

NORTHWESTERN Banker Newsletter

Vol. 3 No. 58

Des Moines, Iowa

June 10, 1974

Politics As Usual in Washington

Events in Washington continue to dominate the banking news. The Senate anticipates a change in the Banking Committee, the House votes to audit the Fed, and the Treasury says banks should pay interest on their tax and loan accounts.

Following the defeat in the Arkansas primary of Senator J.



William Fulbright, there will be a change in the chairmanship of the prestigious Senate Foreign Relations Committee. In line for the post is Sen. John Sparkman (Ala.), well-known for years to the banking industry as chairman of the Senate Committee on Banking, Housing, and Urban Affairs. Sen. Sparkman has stated that he will seek the position as chairman of the Foreign Relations Committee.

In line to succeed Sen. Sparkman as chairman of the Committee on Banking, Housing and Urban Affairs is Sen. William Proxmire (Wis.), who boldly announced on a recent CBS television news show

that he will probably take the chairmanship and that he would not be liked by the banking industry. He said he plans to do things to shake up and improve the

industry which banks won't like, but the public will.

Sen. Proxmire told his interviewer he thinks the industry needs a chairman who will be critical and lead it to greater things for the

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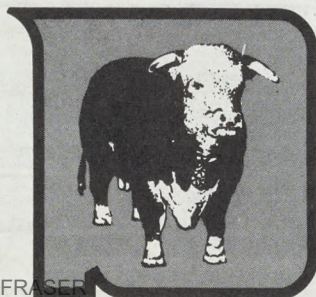


PICTURE OF THE WEEK—Bank officials at Plaza State Bank, Des Moines, Ia., display one million pennies collected in a whirlwind, 10-day appeal by the bank to meet penny needs of the bank's commercial accounts. The bank is paying a 10 cent premium for each 100 pennies turned in. The million pennies weighed in at 7,600 pounds and filled 200 cloth bags each containing \$50 and each weighing 38 pounds. At left is **James Ross**, cashier; **Cindy Merriman**, **Jackie Burger** and **Linda Chiesa**, tellers. By June 3 the bank had collected 1,350,000 pennies, and had paid \$1,350 in premium.

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Iowa News

Iowa's new consumer credit law, which takes effect July 1, allows banks to increase instalment loan rates from the present 12% limit to 15%.

AKRON: Harlan Klave has been elected vice president of the First National Bank. Mr. Klave has been with the bank for 14 years. Esther M. Gerdes was elected cashier, and Evelyn S. Small was appointed assistant cashier.

BRITT: J. A. Hickok has resigned as president of the First State Bank to enter the mortgage field.

CARROLL: Funeral services were held recently for George W. Marget, Sr., 73, owner of Marget Distributing Company and a director of the Keokuk County State Bank, Sigourney. George Marget was the father of J. J. Marget, executive vice president of the Iowa Trust and Savings Bank, Centerville; R. G. Marget, president, and George W. Marget, Jr., vice president, Keokuk County State Bank, Sigourney.

GRAETTINGER: Harris Mortenson has been named farm repre-

sentative at the Graettinger State Bank. Mr. Mortenson has spent 21 years in the area as a diversified farmer and has been assistant secretary-treasurer and field man for the Production Credit Association of Emmetsburg.

Nebraska News

ASHLAND: Funeral Services were held recently for Cloyd Newman Turner, chairman of the board of The Farmers and Merchants National Bank.

KIMBALL: Jim Prince has rejoined the First State Bank as vice president. He formerly was associated with the Nebraska State Bank in Roseland.

SHELBY: Jan Grossnicklaus, assistant cashier, has been elected vice president of The First National Bank.

Minnesota News

G. M. Pieschel was elected president of the Minnesota Bankers Association last week during the 84th annual convention of the association at the St. Paul Hilton Hotel. Mr. Pieschel is president of the Farmers & Merchants State Bank, Springfield. He succeeds B. P. Allen, Jr., president of the First National Bank, Milaca, as MBA president.

Other new officers are: vice president—John D. Chisholm, president, Marquette Bank & Trust Company of Rochester (name changed in May from Olmsted

County Bank & Trust Company), and treasurer—Elwood Thronrud, president, Northwestern State Bank, Ortonville.

Comptroller of the Currency James E. Smith announced to the MBA he will propose this week that "all national banks maintain a file of the financial holdings and any loans they have of their officers and directors. This will help eliminate self-dealing." This was prompted by the recent closing of the U. S. National Bank of San Diego, the largest failure of its kind in recent history. Mr. Smith said he is also having a study made of the Comptroller's entire operation by Haskins & Sells CPA firm.

The convention will be reported with pictures in the July Northwestern Banker by Publisher Malcolm Freeland.

AUSTIN: Shirley M. Terry has been promoted to assistant trust officer, operations in the trust department of The First National Bank.

PINE CITY: Sheldon Nascene, vice president, has been named president of the First National Bank.

WINONA: The First National Bank of Winona has changed its name to First Northwestern National Bank, according to A. E. Stoa, bank president.

Illinois News

CHICAGO: Continental Illinois National Bank & Trust Company has announced the election of the following as vice presidents: Michael F. Foley, David G. Handy, Donald J. Howe, and Thomas A. Shambeau, all in the commercial banking department, and Edward D. Foulke, trust department.

CHICAGO: Harris Trust & Savings Bank has promoted the following to vice presidents: Dennis E. Le Jeune, Charles H. Davis, and

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Bruce F. Osborne, banking department; Robert O. Beavan, operations; and David S. Finch, personnel.

South Dakota News

More than 700 persons attended three teller training seminars held last week in Rapid City, Aberdeen and Sioux Falls by the South Dakota Bankers Association, according to Milt Schwartz, executive secretary. The Sioux Falls meeting drew an attendance of 340 people.

ABERDEEN: Donald G. Stewart has joined the Aberdeen National Bank as vice president and manager of the timepay department. Mr. Stewart previously was associated with the First National Bank of Bozeman, Mont., in a similar capacity. He had been affiliated with that bank since 1958.

JEFFERSON: Bank of Union County, Elk Point, has been issued a certificate of authority to operate a branch bank here. This was a branch A office converted to a branch bank by authority of the State Banking Commission.

Wyoming News

CHEYENNE: Brigadier General (Ret.) Robert R. Scott has been named a vice president at American National Bank. He is a former commander of the 90th Strategic Missile Wing at Francis W. Warren Air Force Base.

GREEN RIVER: Barton Z. Neville, 33, formerly with the American National Bank of Cheyenne, has been named president and executive officer of the State Bank of Green River. He succeeds Carl M. Morck, Jr., who retired

after 44 years service with the bank.

North Dakota News

MANDAN: L. F. (Bert) Gerhart has been appointed executive vice president of the Mandan Security Bank succeeding E. M. Dahlen who has retired. M. D. (Mike) Loken was appointed vice president, according to William R. Russell, chairman. Mr. Gerhart has been with the bank for six years most recently as vice president. Mr. Loken was previously an assistant vice president of Citizens State Bank, Rugby.

Colorado News

FORT COLLINS: Fae L. Toro has been elected loan officer at the Fort Collins National Bank.

FRISCO: Controlling interest in the Summit County Bank has been purchased by Joel H. Wiens and Associates. Mr. Wiens has been elected chairman and president; Ray Buchannan and Bud Rogers, vice presidents, and Dan Denver, cashier.

GREELEY: William Haines has been appointed vice president and cashier of the First National Bank. Formerly he held the same position at First National Bank of Northglenn.

LYONS: James Simdorn has been appointed vice president of the Centennial State Bank. He formerly was cashier of the Peoples State Bank of Wolbach, Nebr.

Politics
(Continued from Page 1)

public, whether the industry likes it

or not. He feels the industry is on too pleasant terms with Sen. Sparkman. Sen. Proxmire also stated that the ABA has been against many constructive developments that have taken place over ABA objections.

Limited Fed Audit

Sen. Proxmire would be the counterpart in the Senate of Rep. Wright Patman (D., Tex.), chairman of the House Banking and Currency Committee. Mr. Patman has long been noted for his adversary role with much of what the banking industry seeks and stands for. Late last month he got approval from the House on his long-pending bill to have the Federal Reserve System audited. However, the victory came with a struggle that saw a crippling amendment prevail. This amendment exempts the Federal Open Market Committee records from auditing by the General Accounting Office.

As passed, the bill provides for general housekeeping audits of the Fed, not what Mr. Patman was really seeking, although it does provide an audit of the Fed by a government office for the first time since 1933.

Chances of passage by the Senate are doubtful at this point due to a considerable amount of opposition in the Senate which leans to maintaining the independence of the Fed.

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Wants T & L Interest

Paul A. Volcker, Undersecretary of the Treasury for Monetary Affairs, told the House Ways and Means Committee last month that the Treasury will submit legislation to Congress in June requiring banks to pay interest on their tax and loan accounts. He testified:

"Under this system, which has been in effect since World War I, certain taxes are paid into Treasury tax and loan accounts in commercial banks. The Treasury then calls the money out of these accounts as it is needed for disbursements, thus avoiding disruptive effects on the money market that Treasury operations would otherwise cause.

"In view of the recent high levels of interest rates, the Treasury had become concerned that the imputed earnings value of these deposits had become considerably greater than the value of the services banks perform for the Government. Our study has revealed that this is so, and we are now in the process of deciding how the value can best be recouped, bearing in mind that it must be done without upsetting the money market or delaying tax collections.

"It is possible that we will need to propose that we be given limited authority to invest a portion of our operating balances to improve the efficiency of our cash management, an authority which we now lack."

Several banks contacted by the Northwestern Banker said their own analyses of the work performed by the Government to offset the tax and loan accounts show the banks coming up on the short end. One banker said the Treasury would "be opening a real can of worms" by pursuing this type of legislation for the Treasury, in exchange for being authorized to get interest on its T&L accounts, would then have to pay the going rate for all services performed by commercial banks, and this might be disturbing to officials after the true costs are known.

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