

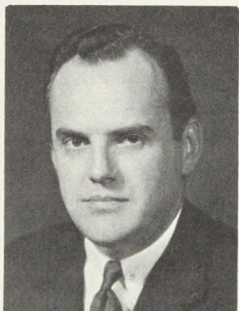
NORTHWESTERN Banker Newsletter

Vol. 3 No. 97

Des Moines, Iowa

March 10, 1975

Urges Regulation Q Phase Out



F. WILLE

Recent experiences with market interest rates substantially above Regulation Q ceiling rates and consequent disintermediation indicate that "the time has come to phase out Regulation Q in an orderly manner," FDIC Chairman Frank Wille told bankers participating in the American Bankers Association's (ABA) 1975 Bank Investments Conference in San Francisco recently.

"The money market lends on a short-term basis only," Mr. Wille observed. "Thus, Regulation Q serves to draw away normally stable deposits which can fund long-term loans and to allocate them to other uses."

Reg Q limits the amount of interest which federally-regulated banks are allowed to pay to savers.

Discrimination

"The havoc Regulation Q wreaks on housing and the instability it perpetrates on banking activities, not to mention the discrimination it

exercises against small savers, are now abundantly clear," he asserted.

Therefore, Mr. Wille said, the Hunt Commission, the Administration and "many others, myself included, believe the time has come to phase out Regulation Q in an orderly manner."

Housing goals and viable thrift institutions "can surely be achieved in better ways than Q, and the sooner we get on with that effort, the better," Mr. Wille told more than 850 bankers attending the conference.

Lengthen Maturities

Mr. Wille added that whether Regulation Q remains in effect or not, the nation's banks "must seek to lengthen deposit maturities and to reduce their reliance on the volatile money that courses through our financial system."

Digressing from his prepared text, Mr. Wille commented on the current Congressional debate on the Credit Allocation Act of 1975, which would require the President to allocate credit away from so-called inflationary uses and to national priority uses.

Even if this bill does not become law, he commented, "bankers

should realize what a substantial portion of the Congress thinks bankers should be doing."

The FDIC chairman also urged the bankers to resist "overly conservative inclinations" and to move aggressively to "respond to the needs of credit-worthy borrowers."

Pointing to last year's liquidity squeeze, Mr. Wille said that there is "evidence that bankers, smarting from the experiences of 1974, may have overreacted in the other direction by stressing more retrenchment and greater liquidity than may actually be required to pursue prudent and sound bank management policies."

The Bank Investments Conference is sponsored annually by the ABA's Bank Investments Division.

The ABA is the national trade association of the banking industry. Its membership comprises nearly 14,000 banks—96 per cent of the nation's total.

South Dakota News

WILMOT: Marlyn Lindahl has joined the Wilmot State Bank as cashier. He formerly was cashier at the Stockholm State Bank for over 11 years.

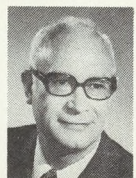
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Iowa News

ALGONA: Iowa State Bank has elected Loren A. Johnson and Ted Hoover, Jr., to its board of directors. Both are area farmers. The bank has increased its capital stock to \$500,000 by declaring a 100% stock dividend.

BOONE: The Citizens National Bank has announced the election of Helen McGehee to assistant cashier.

CENTERVILLE: Robert Malmberg, president of the Centerville National Bank, has announced four promotions. Elected assistant vice presidents are Sara Tait, operations; Joyce Bowen, savings, and Alan Haney. Mr. Haney also was promoted to auditor. Cathy Couchman was named assistant cashier.

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DES MOINES: Gordon James has been appointed commercial loan and leasing officer for the National Bank of Des Moines. He previously was vice president and sales manager for the six regional offices of Leasing, Inc., Des Moines.

EAGLE GROVE: Larry Moser, local farmer, has been elected a director of Eagle Grove State Bank.

FARLEY: J. F. Kleeman, president of Farley State Bank, has announced the following promotions: Don E. Moran to acting vice president, Joseph D. Daly to cashier and Daniel Willenbring to assistant cashier.

IOWA CITY: The Board of Governors of the Federal Reserve System has announced its approval of the application of Associated Bank Corporation to acquire Community State Bank of Clear Lake.

MASON CITY: John E. Pauley, president of Ray E. Pauley Co., and Marlen J. Torgerson, treasurer of Tyler-Ryan Furniture Co., have been elected directors of American State Bank.

SHENANDOAH: Six promotions have been announced by City National Bank. They are: H. E. (Gene) Chambers and D. B. Mullins to vice presidents, D. C. (Don) Stephens to assistant vice president and cashier, Thomas E. Beavers to assistant vice president,

K. Benjamin Bredensteiner to assistant cashier and Doris Swank to head of the bookkeeping department.

STORY CITY: James C. Anderson has joined the Randall-Story State Bank as farm operations manager.

WATERLOO: "The New Pension Law and You" is the topic of a one-day special seminar scheduled Thursday, March 13, 8 a.m. to 8 p.m. at the Ramada Inn here. The event is co-sponsored by the Iowa Insurance Department, the Small Business Administration, Iowa Association of Life Underwriters, Internal Revenue Service, Hawkeye Institute of Technology and the Waterloo-Cedar Falls chapter of National Association of Accountants. The program should be of special interest to employers, attorneys, accountants, bankers, insurance agents and brokers.

There is a \$40 registration fee after March 7—\$35 advance registration fee. The fee includes luncheon, coffee breaks and dinner. For more information or to register, contact the Adult Education Dept., Hawkeye Institute of Technology, Box 8015, Waterloo, Ia. 50704 Phone 319/296-2320.

WAYLAND: Robert Meyer has joined the Wayland State Bank as agricultural representative.

WOODBINE: The Board of Governors of the Federal Reserve System has announced approval of

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John Mangold
Senior Vice President

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the application of Woodbine Bancorp., Inc., to become a bank holding company through acquisition of The First National Bank here.

Nebraska News

GRAND ISLAND: S. N. Wolbach has been promoted to chairman and chief executive officer of the First National Bank. Richard E. Spelts, Jr., has been named president and chief administrative officer. Mr. Wolbach has been with the bank since 1946 and has served as president and chief executive officer since 1955. Mr. Spelts has served as a director of the bank since 1953 and has been an active officer since 1968.

LINCOLN: Dennis Kugler has been elected executive vice president of Citizens State Bank. Mr. Kugler was formerly vice president of the First State Bank of Gothenburg.

OMAHA: Herb Echtermeyer, 69, died February 28, following an extended illness. Mr. Echtermeyer had retired four years ago as vice president of The Omaha National Bank. Mr. Echtermeyer was widely known throughout the middle west as a member of The Omaha National's correspondent bank team. His son, Don, is vice president, Central Bank & Trust Co., Denver, and his son, Jim, is executive vice president, American State Bank, Yankton, S. D.

OMAHA: First Federal S&L of Lincoln announced March 2 that Nebraska Federal S&L of Omaha and Nebraska State S&L of Fremont will install 1st Federal's TMS in 14 Hinky Dinky supermarkets in Omaha, Fremont and Wahoo. Starting date was not set at press time but is expected momentarily. John Dean, executive vice president of 1st Federal told the Northwestern Banker he expects to have the first switching-center opened in Omaha in six months, at which time S&Ls in Council Bluffs and other Iowa points can join the TMS system. A large bank reportedly will be on the

1st Federal system within the near future.

Minnesota News

The Minnesota Bankers Association will conduct six Farm Management Workshops on the Farmers Home Administration Guaranteed Loan program. They will be: March 11—Kahler Hotel, Rochester; March 12—Orchid Inn, Sleepy Eye; March 13—Holiday Inn, Willmar; March 18—Germain Hotel, St. Cloud; March 19—Erie Jr. Club, Detroit Lakes; March 20—Holiday Inn, Grand Rapids. They will feature speakers familiar with the FHA program, as well as workshops.

HUTCHINSON: Charles (Chuck) Schmidt has joined the Citizens Bank & Trust Co. as an instalment loan officer, according to Irvin Burich, bank president.

MINNEAPOLIS: Funeral services were held recently in Naples, Fla., for John N. Peyton, 89, president of the Federal Reserve Bank here from 1936 to 1952 and chairman from 1933 to 1936. Mr. Peyton began his banking career in 1912 with the Pioneer National Bank of Duluth and subsequently became president. From 1931 to 1933 he served as Minnesota's commissioner of banks and chairman of the State Securities Commission.

MINNEAPOLIS: Don Judkins, chairman of the First Southdale National Bank, recently retired.

ST. PAUL: Joseph T. Peterson of Roseville has been elected vice

president of investments at Midway National Bank.

Illinois News

Two bills have been submitted to the Illinois Senate.

Senate Bill 25 allows a bank to open a limited number of additional banking offices in a limited area and on a limited timetable. A bank could open full-service banking offices within its home county or a radius of 25 miles from its main office, whichever is farther. Each bank would be limited to two offices the first year, two the second and four in each following year.

Additional geographical restrictions would prevent encroachment on the location of existing banks. In a community of 2,500 or less, no new banking office could be opened, and no new office would be permitted within a mile of the city limits for a bank headquartered outside that community. In a community of more than 2,500, no bank with its headquarters outside that community could establish an office closer than one mile from a home office of an established bank. A bank already in a community of 2,500 or more could not open an additional office closer than a quarter-mile from the headquarters office of an established bank.

In the Chicago Central Business District no new office could be closer than 600 feet from the home office of an established bank.

Senate Bill 26 authorizes multi-bank holding companies in Illinois. For this purpose the state is divided into five regions, of which the Greater Chicago area is one. A bank holding company would be

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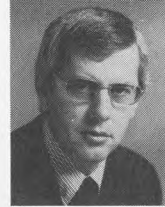
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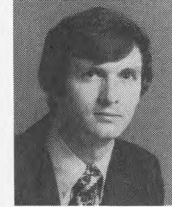
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permitted to establish or acquire, within its region only, two banking units for the first year, two the second year and four each year thereafter. Each banking unit as defined in Senate Bill 25 is counted as a separate unit.

A bank holding company could not acquire a bank if that would result in its having more than 10% of the deposits in its region of the state.

CHICAGO: Joseph P. Gaffigan, president of the Illinois State Bank has announced the following promotions: Eiji Nakano to vice president, commercial loans, and Joseph J. Kriese, Jr., to vice president, operations.

DeKALB: John R. Kuiken has been elected president of the First National Bank. Henry M. Meier, president and vice chairman, has become chairman.

ROCHELLE: Rochelle State Bank has announced the following changes in its staff: Dr. Lamar Fly and Larry Purkis, directors; Linda Reynolds, cashier; Stanley Elson, farm representative; Norma Cole, assistant cashier, and Jim May, public relations.

Colorado News

DENVER: The Board of Governors of the Federal Reserve System has announced its denial of the application of Stuarco Oil Com-

pany, Inc., here to acquire Alameda National Bank of Lakewood.

GREELEY: The appointment of Royce B. Clark as president of The First National Bank has been announced. Robert M. Gilbert will retain the position as chairman moving from president to chief executive officer.

Wyoming News

BUFFALO: Douglas L. Wagoner and Scott F. McBride have been named assistant cashiers at the First National Bank.

CHEYENNE: R. A. (Dick) Dixon has been promoted to assistant vice president in instalment loans at American National Bank. He joined the bank in January of 1974 as a loan officer.

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