

# NORTHWESTERN Banker Newsletter

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February 2, 1976

## Burns, Duwe Respond to News Charges

Recent newspaper headlines and articles, based on information obtained from confidential regulatory files, have revealed confidential notes taken from limited portions of bank examination reports made one and one-half years ago, according to regulatory authorities.

Two major banks, First National City Bank and Chase Manhattan Bank, both of New York, initially were "accused" by these press reports. In response to the specific news story on Chase Manhattan, Federal Reserve Board Chairman Arthur F. Burns issued the following statement:

"A memorandum dated March 5, 1975, concerning Chase Manhattan Bank from Mr. Brenton C. Leavitt to the Board of Governors was printed in today's *Washington Post* (Jan. 15). That memorandum, which was obtained by the *Post* without authorization, summarized for the Board the findings and conclusions contained in an examination report as of July, 1974.

### Responsibly Managed

"I wish to observe that in the year and a half since July, 1974, the Chase Manhattan Bank has taken numerous steps to improve all aspects of the bank's operations that were criticized. As a result of these efforts, significant improve-

ments in the bank's operations have been realized.

"It is my judgment, based on analyses of the Comptroller of the Currency and the Federal Reserve's Division of Banking Supervision and Regulation, that the Chase Manhattan Bank is a responsibly managed and financially sound institution."

J. Rex Duwe, president of the American Bankers Association, and president of The Farmers State Bank, Lucas, Kan., also issue the following statement on behalf of the ABA:

"Banks are chartered to serve public and private financial needs. Unquestionably the public has the right to know about their performance.

"But, in preserving that right, it is essential to the public interest that two dangers, now threatened, be avoided.

"One is the danger of invading the privacy of bank customers. Their right to privacy is the fundamental issue in the current discussion of bank examination reports. To reveal the facts and opinions in these reports, even to a congressional committee, would destroy the promise of confidentiality which the customer expects from his or her bank.

"The second danger is unwarranted damage to public confidence

in banks. Avoiding this danger requires accuracy and perspective in public assessments. A balanced view is necessary to the public interest.

### Financial Balance Wheel

"During the past three difficult years, banks have competently fulfilled their role of financing all facets of the American economy. They have served as a financial balance wheel, lending with confidence when required, showing patience and forbearance in collections when necessary. Otherwise, unemployment would have been greater, the economy weaker, and the recession deeper.

"With capital markets effectively closed to many businesses, banks assumed an increasing burden of term financing. It is not surprising that the economic downturn is reflected in their loan losses. Recession is a time for trial for the nation's businesses, large and small. And, in doing their job, banks share that trial.

"Occasionally, despite heroic measures, businesses fail. Then, banks must share their loss. American banks prepare for this in time of recession. Loan loss reserves are increased, and other preparations are made. As a result, we are emerging from this point of adversity with a banking system currently sound, and prepared to finance the future."

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### IBAA Sues FHLBB Over EFT

The Independent Bankers Association of America has filed suit against the Federal Home Loan Bank Board to prohibit the board from permitting s&ls to continue using remote service electronic funds transfer units. IBAA President Kenneth J. Benda said these units violate federal laws by permitting s&ls to engage in third party payment activities, and Congress, he said, "never intended thrift institutions to have checking account powers." Mr. Benda said the FHLBB also should be directed to wait for the findings of the National Electronic Funds Transfer Commission.

### Prime Rate Drops

The prime rate drifted lower again in recent days, with First National Bank in St. Louis the first to announce a 6½% rate. Earlier, many major banks dropped from 7% to 6¾%.

Also, directors of practically all

12 Federal Reserve Banks reduced the discount rate from 6% to 5½%, effective January 19, to be more in line with other short-term interest rates which have recently declined.

### Iowa News

**ALTOONA:** Ray B. Nielsen, v.p. & cash. and L. Max Wright, v.p. & p.r. have been named directors of Altoona State Bank.

**CEDAR RAPIDS:** Jerry N. Trudo, a.v.p.-internat. div., Merchants Natl., has rejoined the correspondent bank division of his bank.

**CLEAR LAKE:** Ray V. Hewitt, e.v.p., has been elected pres. of the Clear Lake Bank & Trust Co. He replaces M. A. Arneson who was named chmn.

**CLINTON:** Thomas E. Fullerton has been named v.p. in charge of instalment loans at Clinton Nat'l Bank.

**CORYDON:** Raymond D. Hartley, formerly a.c., has been promoted to cash. of the Citizens State Bank.

**DONAHUE:** Dorothy Henzen is the new pres. of the Donahue Savings Bank. Marjorie McDowall has been named e.v.p.

**ELDORA:** James R. Brown has been promoted from officer trainee to v.p. of the Hardin County Savings Bank.

**EMMETSBURG:** Ruth Clausen has been named v.p. at Iowa Trust and Savings Bank. She formerly served as a.v.p.

**FARNHAMVILLE:** J. C. Madson has been elected pres. of Security Savings Bank succeeding O. W. Madson who recently retired. Other officers elected include: Gordon L. Madson, v.p.; Dewey C. Madson, cash.; Steve Lane, a.c., & O. W. Madson, chmn.

**FAYETTE:** Larry Behl has joined the State Bank of Fayette as a.v.p. He previously was credit mgr. at Union Bank & Trust in Sioux Falls, S.D.

**FORT MADISON:** Fort Madison Bank & Trust Co. has announced the following staff changes: Charles J. Walker, e.v.p.; Robert G. Oatley, v.p. & cash.; Louis W. Fowler, v.p., named auditor; Larry L. Humphries, v.p. & mgr., instalment loan dept.; Dale W. Krogmeier, a.v.p., mgr., River Hills office.

**KELLOGG:** Sylvia Gromm has been named a.t.o. with internal trust responsibilities & Stanley W. Straate loan officer in charge of advertising of the Kellogg Savings Bank, according to Chuck Fritz, pres.

**MASON CITY:** Associated Bank Corp. recently moved from Iowa City to 5 W. State here. Associated Bank Corp. is a multi-bank holding company.

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# MBA Plans Management Conference

The Minnesota Bankers Association will hold its 1976 Bank Management Conference Feb. 4-5 at the Radisson Hotel, Minneapolis. MBA Pres. John D. Chisholm, pres., Marquette B&T, Rochester, gives this outline of the program:

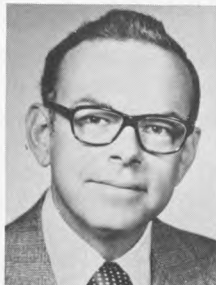
Feb. 4—Registration at 1 p.m. Opening session at 2:30 p.m.—state legislation, usury, EFT, FINE Study, federal legislation. Evening dinner and entertainment.

Feb. 5—Address on decision-making for bank managers, seminar and panel on determining EFT needs and implementation. Russell Browne, advisor for payments systems, office of the Comptroller

of the Currency, Washington, D.C., will speak on EFT. Luncheon address by Clinton Morrison, pres., U.S. Chamber of Commerce, and chmn., trust committee, 1st Natl., Minneapolis, on "The Outlook for Business in Banking." Lee Gunderson, chmn. of ABA communications council, will discuss Bankers Area-Wide Advertising Program. David H. Abramson, pres.-elect, Minnesota Society of CPAs, will talk on bank audits. Richard Carlander, pres., State Bank of Faribault, will preside as chmn. of the MBA bank management committee.



R. CARLANDER



R. BROWNE



C. MORRISON



D. ABRAMSON

## IOWA NEWS .....

**KEOKUK:** The State Central Savings Bank has announced the following 4 promotions: D. L. Von Seggen, v.p. & mgr., Farmington office; J. W. Joy, a.v.p. & mgr., Keosippi Plaza office & Fran Hederich & Phil O'Hara, a.c.

**MOUNT VERNON:** E. J. Fordyce has been named e.v.p. and M. R. Ryan cash. of the Mount Vernon Bank & Trust Co.

**OELWEIN:** Louis H. Mulder has been named pres. of The First Nat'l Bank. He formerly served as chmn.

Other promotions include: Harry E. Young, chmn., & Robert J. Arthaud e.v.p. & cash.

**SIOUX CITY:** Three new a.v.p.s & an asst. investments officer have been named at Toy Nat'l Bank. New a.v.p.s are James L. Pesek, Jr., James V. Clausen & Thomas W. Van Dyke. Jean M. Rentel is asst. investments off.

**SWISHER:** Daryl Hynek has been promoted to cash. of the Swisher Trust & Savings Bank. He takes over the duties of Eugene Robison, who will continue as e.v.p.

**WEST LIBERTY:** Ronald E. Matthews has been elected v.p. of

the West Liberty State Bank. He formerly served as a.v.p. of the First Nat'l Bank of Iowa City.

**SPIRIT LAKE:** First Bank and Trust has announced the promotions of Sherry Jorgensen & Jean Gilbert to a.c.

**WEST DES MOINES:** The West Des Moines State Bank has announced the following promotions: O. Lee Minear, sr. v.p.; Joyce A. Chapman, from cash. to v.p. & cash.; Archie G. Overby from trust off. to a.v.p., trust off.; Marlene S. Cox to a.v.p. & Henry Kime to a.c.

## Nebraska News

Nebraska's unicameral legislature voted 31 to 16 this week to kill a hotly debated bill which would have allowed branch banking in Omaha.

The measure had the backing of the 61-member Modern Banking Association led by The Omaha National Bank, United States National Bank, Omaha, and the National Bank of Commerce, Lincoln.

**HASTINGS:** Melvin D. Bunde has been named v.p. & cash. of City Nat'l Bank here. Richard Thornberry has been promoted to ag rep.

**HASTINGS:** First Nat'l Bank has announced the following promotions: John Farrell, sr. v.p.; Bob Zaback, v.p. of administration & planning; Ralph Phelps, first v.p.; Lyle Knudson, v.p.; Dave DeRosear, mgr., real estate dept.; John Mitchell, a.v.p.; & Sandra Frerichs, Mike Leininger & Gary Willmes, loan off.

**KENESAW:** Harlen Nolte has been appointed a.c. and Dale Norris ag rep. of the Adams County Bank.

**LINCOLN:** John E. Dean, 57, pres. of the First Federal Savings & Loan Association, died Jan. 15.

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Mr. Dean developed and put into operation the nation's first electronic funds transfer system, named Transmatic Money Service, which now operates in numerous cities in Nebraska and Iowa. The TMS procedure has been followed in many parts of the nation by banks and thrift groups in their EFT efforts.

**LODGEPOLE:** The First State Bank has announced the following staff changes: Thelma Michelman, from v.p. & cash. to v.p.; John Schneider, from a.c. to a.v.p., & Clara Kay Bond from a.c. to a.v.p. & cash.

**STRATTON:** Bob Kehr has joined the Commercial Bank as e.v.p. He formerly was with the Gordon State Bank.

**WINSIDE:** Winside State Bank has announced the following changes in its staff: David Warnemunde, promoted to e.v.p.; Nancy C. Warnemunde, named dir., & Greta Grubbs, promoted to a.c. Lynn Lessmann has joined the staff.

## Minnesota News

**ANOKA:** Lawrence P. Keillor, sr. v.p., has been elected pres. of the First Nat'l Bank & Lee Carlson, v.p. of Main Motor Sales and Service, has been elected to the bank's board.

**BEMIDJI:** Douglas C. Mattson

has been named v.p. & a dir. of the Northern Nat'l Bank.

**FARIBAULT:** Joseph J. Byron has been promoted from a.c. to a.v.p. of the First Northwestern Nat'l Bank.

**JASPER:** Paul M. Hoyme was promoted to a.v.p. & David G. Smith to cash. of the Jasper State Bank.

**MINNEAPOLIS:** Northwest Bancorporation has announced the following elections & promotions: Ronald D. McLellan, to sr. v.p. & controller; Thomas E. Dolan, former group v.p., marketing and consumer banking at Northwestern Nat'l Bank of St. Paul, elected v.p. of marketing, consumer services; Jackson L. Schutte to v.p. & treas. & James H. Treanor to a.v.p.

**MINNEAPOLIS:** First Bank System, Inc., has announced the following officer elections: Eugene R. Mason, a.v.p., tax mgr. & asst. treas.; Vernon P. Fischbach, acct. off. & mgr. of parent company acct.; Gerald F. Hanna, acct. off. & mgr. of bank acct. services; Richard C. Gross, tax off. & asst. tax mgr., & Linda J. Witte, acct. off.

**RED WING:** First Northwestern Bank has announced the promotions of Ron Walm to v.p. & cash. & Jerry Sibert to a.v.p.

**SHAKOPEE:** Mark E. Gould has joined the First National Bank as

instalment lending officer. He formerly was with The First National Bank of Wayzata.

**THIEF RIVER FALLS:** Roger Reuter has been elected sr. v.p. of the First Northwestern Bank. James Rogalla has been named instalment loan officer.

## Illinois News

**ELMHURST:** A charter has been issued to the Suburban Bank of Elmhurst. The state bank's total capitalization of \$1,250,000 will consist of \$500,000 in both capital and surplus and \$250,000 in reserve. Officers are Walter R. Frank, chmn.; Alfred C. Nowaczyk, pres.; Daniel M. Bash, v.p.; Carl Lofgren, v.p. & cash.

**FOREST PARK:** A permit to organize the First Security Bank has been issued. Total authorized capital is \$1,500,000 which will consist of \$600,000 in both capital and surplus and \$300,000 in reserve.

## Montana News

**GREAT FALLS:** Vern E. Hendershott has been elected chmn. & c.e.o. of Montana Bank and Charles E. (Chuck) Pedersen has been elected pres. & dir. Mr. Hendershott formerly was pres., and Mr. Pedersen e.v.p.

## Don Carmody,



**Assistant  
Vice President**

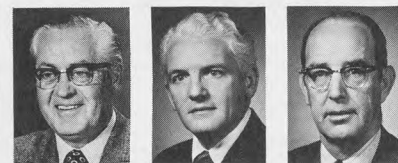
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## South Dakota News

**SIOUX FALLS:** Northwestern National Bank has announced several officer promotions: Larry J. Cornell, v.p. & mgr., Westwood office; John S. Fiddes, v.p., main office; Howard F. Marquardt, Edith Reetz, Betty M. Anderson & Janet A. Skyberg, operations off.; Douglas G. Meyer & Patricia R. Waring, personal banking off., & Jean M. Cavanaugh, personal loan officer.

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