

NORTHWESTERN Banker Newsletter

Vol. 5 No. 16

Des Moines, Iowa

August 16, 1976

Fed May Drop IRA Rate Differential

The Federal Reserve Board has postponed until next year a decision on whether to permit commercial banks to pay the same rates as thrift institutions for Individual Retirement Accounts, but it has also indicated that its decision at that time will be affirmative.

"The Board believes that in enacting the IRA provisions it was the intent of Congress that individuals whose employers do not have private retirement plans should be encouraged to provide for their retirement needs through the establishment of IRAs," the Board said in a statement.

"In order to accomplish Congress's intent, as a matter of public policy the Board believes that IRA participants should be permitted to obtain the highest rates of interest permissible on their retirement savings regardless of where the deposits are maintained.

"In the Board's estimation, a differential on IRA deposits may be viewed as inconsistent with the objective of providing IRA depositors with a means of obtaining the highest earnings possible on funds saved for retirement purposes."

The Board also noted there "is some evidence, as yet inconclusive, which indicates member banks may be at a disadvantage vis-a-vis thrift

institutions in competing for IRA deposits because of the existence of the differential in present interest ceilings." It said it would continue monitoring the situation for several months before drawing a final conclusion.

This statement was based on a survey conducted this year by the Board, the FDIC, and the Federal Home Loan Bank Board of IRA accounts at banks, savings associations and mutual savings banks which showed generally that thrifts hold more IRA deposits than do commercial banks.

"If the present trend in the competitive structure for IRA deposits continues, the Board will then consider taking appropriate steps to restore competitive balance between commercial banks and thrift institutions in the offering of IRAs."

However, the Board said it felt a final decision would be more appropriate in early 1977 when Congress is considering an extension of interest rates ceilings for financial institutions.

In this regard, it noted that Public Law 94-200, enacted last December, makes any action by it to eliminate or reduce an interest rate differential for any category of deposit in effect on December 10,

1975, subject to approval by Congress before it becomes effective.

Commercial banks may pay up to 7¼% on IRAs if they are made as four-year time deposits or up to 7½% if they are made as time deposits of six years or more. Thrift institutions can pay one quarter of one percent more.

MAPEX Clearing Center Operational in St. Louis

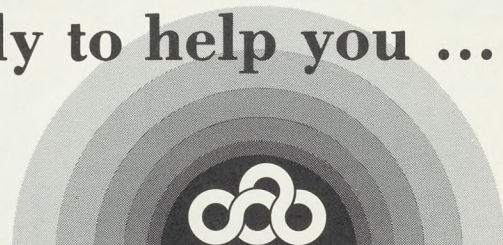
Mid-America Payment Exchange (MAPEX), which became operational July 1, is expected to handle 90,000 transactions in August, all of them direct deposit of payroll checks. Debit functions are expected to be added at a later date.

The MAPEX region is the same as the Eighth Federal Reserve District's St. Louis zone, which includes eastern Missouri, southern Illinois and a tip of southwestern Indiana. MAPEX currently has 195 member banks in the three states, most of them in the St. Louis Regional Check Processing Center, which serves all commercial banks in about a 50-mile radius of St. Louis. MAPEX member banks hold about 85% of total bank assets in the RCPC and represent 99.7% of assets of all commercial banks in St. Louis.

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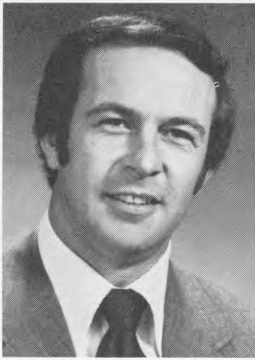


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First of St. Louis Asks Review of Court Decision

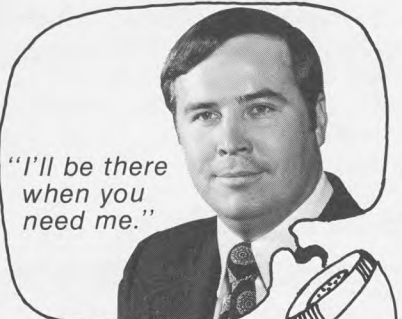
First National Bank in St. Louis has announced that it will request the United States Supreme Court to review the decision of the United States Court of Appeals for the Eighth Circuit, holding that First National's use of customer communication terminals at two locations in St. Louis County constitutes branch banking under federal and Missouri law.

First National Bank of Chicago and Continental Bank of Chicago have filed similar petitions with the United States Supreme Court seeking a review of an adverse decision of the United States Court of Appeals for the Seventh Circuit. Other related cases are pending in several district courts.

Iowa News

AMES: Frances Robinson has been promoted to assistant cashier of

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First National Bank.

BELLE PLAINE: Citizens State Bank has increased its capital from \$200,000 to \$400,000.

BURLINGTON: The Southeast Iowa Group of NABW will meet here Thursday, August 19, at the Pzazzitorium. An EFT seminar will be the feature of the afternoon program. Officers of the Southeast Iowa Group for the coming year are: chairman—Betty S. Lepic, assistant trust officer, First National, Iowa City; vice chairman—Linda Sebolt, cashier, Central Trust & Savings, Eldridge; secretary—Leota Holland, assistant vice president, Fort Madison Bank & Trust, and treasurer—Vivian Knebel, assistant cashier, Hills Bank & Trust.

CYLINDER: Paul F. Freeman, 61, president of Cylinder State Bank, died August 4 after suffering a coronary occlusion while working at the county fair. Survivors include two sons working with him at the bank—Paul W. Freeman, executive vice president, and Robert F. Freeman, cashier.

DES MOINES: Glen G. Reynolds has been promoted from first vice president to executive vice president of East Des Moines National Bank. Richard A. Keene has been promoted from assistant vice president to vice president.

EARLHAM: Paul Helten has joined the Earlham Savings Bank

Valley National Bank
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JOHN RODGERS WELCH
Vice President

as loan officer. He formerly was with the Corwith State Bank for the past 23 years.

FONDA: J. W. Cusack, vice president, First National Bank, Fonda, has been named president of the Pocahontas County Bankers Association. Other officers named are Joe E. Hutchinson, cashier of the Laurens State Bank, vice president, and Arlene H. Swendsen, administrative officer, Commercial State Bank, Pocahontas, secretary-treasurer.

HILLS: Hills Bank & Trust Co. has increased its capital from \$350,000 to \$700,000.

WATERLOO: The National Bank of Waterloo will host its annual Correspondent Bank Party at Sunnyside Country Club Monday, September 20. Golf will be available during the day, according to Bill Rickert, senior vice president, who will emcee the evening dinner.

Nebraska News

COOK: The Federal Reserve Bank of Kansas City has announced its approval of the application by Bancook Corporation here for approval of action to become a bank holding company through the acquisition of 80% or more of the

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NEW ISSUE

MOODY'S: "A"

\$610,000 PRAIRIE du CHIEN, WISCONSIN

General Obligation
Corporate Purpose Bonds

Dated: September 1, 1976

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1, first coupon due June 1, 1977) payable at a bank to be designated.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES.

MATURITIES

<u>5.00%</u>			<u>5.00%</u>		
\$15,000	December 1, 1977	3.75	\$50,000	December 1, 1986	5.10
60,000	December 1, 1978	4.00		<u>5.25%</u>	
50,000	December 1, 1979	4.20	50,000	December 1, 1987*	5.25
50,000	December 1, 1980	4.35		<u>5.40%</u>	
60,000	December 1, 1981	4.50	50,000	December 1, 1988*	5.40
50,000	December 1, 1982	4.65		<u>5.50%</u>	
25,000	December 1, 1983	4.80	50,000	December 1, 1989*	5.50
25,000	December 1, 1984	4.90		<u>5.60%</u>	
25,000	December 1, 1985	5.00	50,000	December 1, 1990*	5.60

*Optional December 1, 1986 at 100%.

LEGALITY TO BE APPROVED BY QUARLES & BRADY, ATTORNEYS, MILWAUKEE, WISCONSIN.

Prairie du Chien is located in southwestern Wisconsin, 100 miles west of Madison and 240 miles northwest of Chicago. Prairie du Chien is the county seat of Crawford County and is situated on the Mississippi River just north of the point where the Mississippi and the Wisconsin Rivers flow together. Prairie du Chien is the second oldest city in Wisconsin and the area, often referred to as the "Land of the Voyageurs", abounds with historic lore and scenic beauty. Today, the City is a modern industrial and commercial center and serves as a retail center for more than 25,000 persons living within 75 miles of the City. The current population of the City is estimated to be 5,726 persons. The largest employer in the City is Minnesota Mining and Manufacturing, who employs 300 people in the manufacture of "Scotch-Brite" cleaning products. There are two banks in Prairie du Chien with total deposits in excess of \$43,000,000.

The proceeds of this issue will be used as follows: \$370,000 for street improvements, \$45,000 for storm sewers, \$165,000 for water system improvements, \$20,000 for sanitary sewers and \$10,000 for park improvements. In the opinion of counsel, these bonds are legal and binding general obligations of Prairie du Chien, Wisconsin and all taxable property located therein is subject to the levy of sufficient taxes to pay the principal of and interest on the bonds without limit as to rate or amount.

FINANCIAL STATEMENT

Equalized valuation, 1975	\$60,773,980
Assessed valuation, 1975	45,276,860
Direct debt, including this issue	1,849,000
Total direct and overlapping debt	2,645,945
Population, 1976 estimate: 5,726	
	Direct debt per capita: \$322.91
	Total debt per capita: 462.09

Tax collections have approximated 100% of taxes levied because the County absorbs any delinquencies.

We own and offer subject to prior sale and change in price and subject to our attorney's approving opinion.

CALL ON THE "PERFORMANCE TEAM"

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voting shares of Farmers Bank of Cook.

DECATUR: Delores Hunter has been promoted to assistant cashier of the Citizens State Bank.

GRAND ISLAND: A Career Management Seminar will be sponsored by the Nebraska Group of the National Association of Bank Women on September 10-11 at the Holiday Inn Interstate here. This is a program of management skill development to help banks make the best use of their employee talent and experience. Additional information may be obtained from Janice Schenk at the Franklin State Bank, phone: 308/425-6225.

LINCOLN: First National Bank & Trust Company will host its 16th annual Correspondent Bank Conference September 24-25 at the Radisson Cornhusker Hotel, according to Charles Leffler, vice president and head of the correspondent bank division. The meeting opens with a Friday luncheon, followed by a business session and dinner. After conclusion of the Saturday morning business session and a buffet luncheon, guests will adjourn to nearby Memorial Stadium for the University of Nebraska's opening football game with Texas Christian University.

Minnesota News

BLOOMINGTON: Timothy J. Giuliana has been named assistant vice president of the real estate mortgage loan department of Northwestern Bank Southwest.

KENSINGTON: Pryce Score recently was elected assistant cashier of the First State Bank.

ST. PAUL: James Reagan, president of American National Bank and Trust Company, has announced that American is entering the bank credit card system through the Master Charge program by establishing an agency relationship with Town & Country Master Charge, a division of Continental Bank in Chicago, which provides all cardholder service functions. Mr.

Reagan said Commercial Bank in St. Paul, Lake City State Bank and Federal Reserve Bank of St. Louis

First Burnsville State Bank also will be in the program. In addition, correspondent banks will be invited to join.

Illinois News

CHICAGO: LaSalle National Bank has announced the following appointments: Henry D. Strunk, senior vice president, operations; William M. Bayuk, vice president and assistant secretary; Robert D. Holman, assistant vice president, operations; and M. Katherine Hayes-Thompson and Margaret M. Mattio, personal banking officers.

CHICAGO: Arthur J. Pedgrift has been named trust officer of the Chicago City Bank and Trust Company.

EMINGTON: The Taylor State Bank has received consent to exercise limited trust powers.

FOX VALLEY: An application by First Security Bank for Federal deposit insurance has been approved. The bank's capital accounts total \$1,600,000.

SHANNON: First State Bank has received consent to exercise limited trust powers.

North Dakota News

CANDO: James Howard has joined the Towner County State Bank as agricultural representative. He most recently was with the Farmers Home Administration in Griggs County at Cooperstown.

CARRINGTON: Foster County State Bank has changed its name to Foster County Bank and Trust Company.

South Dakota News

ABERDEEN: Anne Hall has been elected assistant cashier and assistant marketing officer of Aberdeen National Bank.

SPEARFISH: Marvin Smith has joined the Spearfish office of the Bank of Belle Fourche in installment lending and student loan administration. Mr. Smith, a recent graduate of Black Hills State College, was employed part-time with the National Bank of South Dakota, Sturgis branch, during his college years.

Colorado News

NORTHGLENN: The First National Bank has promoted James Gollhofer, formerly a loan officer, to assistant vice president in charge of consumer loans, and Beverly Chavez, formerly assistant operations officer, to new accounts and marketing officer.

BLLENDE: The application of Centennial Bank of Blende for Federal deposit insurance has been approved. The bank's capital accounts total \$500,000.

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Bob Bueneke

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MARKETING REPRESENTATIVE

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\$10MM or under. Replies held in confidence. Wyo., Mont., western Nebr. Write Box SRC, c/o NORTHWESTERN BANKER, 306 15th Street, Des Moines, Iowa 50309.

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WANTED

Western Nebraska banks want experienced commercial and installment credit loan officer, operations officer and insurance agent. Excellent opportunity for advancement. Send picture and resume to Box CVC, c/o NORTHWESTERN BANKER, 306 15th St., Des Moines, Iowa 50309.

POSITION AVAILABLE

Bank officer in lending and cashier area. Salary open. Central Iowa, medium size bank. Write Box TIB, c/o NORTHWESTERN BANKER, 306 15th Street, Des Moines, Iowa 50309.

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Several positions in Kansas City area for trust officers with bank experience and law degree. Prefer some employee benefit experience.to \$24,000
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OTHER AREAS

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