

NORTHWESTERN Banker Newsletter

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September 17, 1979

House OKs Automatic Transfers, NOWs

THE United States House of Representatives approved on Thursday morning, September 11, by a vote of 367-39, the NOW account bill proposed by Rep. Fernand St. Germain. It would legalize NOW accounts nationwide September 1, 1980, and in the interim would legalize between January 1, 1980, and September 1, 1980, the Automatic Transfer Accounts now offered by banks and other financial institutions.



Automatic Transfer Accounts had been declared illegal last March by three judges of the United States Court of Appeals in Washington, D.C. The unanimous opinion of Judges Carl McGowan, Edward A. Tamm and Malcolm R. Wilkey ruled that although illegal, such service need not be stopped until January 1, 1980, in order to give Congress time to update laws or make the practice legal.

The House action would legalize such accounts. The bill goes to the

Senate where the Banking Committee is slated to meet September 20 to look at it. The House bill also would set the same 5% interest rate ceiling on these accounts for all financial institutions.

The Senate's own bill, which the American Bankers Association favors, would address the question of Reg Q, which the House bill ignores. The Senate version would raise all Reg Q ceilings one-half percentage point in each of the next 10 years; thus, the interest rate gap would disappear because the maximum would be high enough to allow competitive pricing under it, instead of becoming the ceiling as present law does. An ABA spokesman said that organization favors the Senate version because it identifies more closely with ABA objectives in protecting the interests of smaller savers.

The Administration's bill also is closely aligned to the one proposed by the Senate.

The ABA feels that Reg Q revisions should be dealt with earlier than a 10-year phase-out period and will seek amendments in the Senate to step up that timetable.

It was also learned last week that the Senate Banking Committee has scheduled hearings September 26-27 on the Fed membership bill, which was tabled earlier when former Federal Reserve Board Chairman William Miller was named by Presi-

dent Carter as Secretary of the Treasury. New Fed Chairman Paul A. Volcker, formerly president of the New York Federal Reserve Bank, is expected to be the star witness at the coming hearings. ABA President John Perkins, president of Continental Bank, Chicago, also is expected to testify on the controversial legislation. □

Iowa News

BEDFORD: State Savings Bank here has increased its common capital from \$250,000 to \$500,000 by stock dividend.

DES MOINES: The Iowa-Des Moines National Bank has opened a CBCT unit at 29th and University here.

IRETON: Security Savings Bank here has increased its common capital from \$125,000 to \$250,000 by stock dividend.

MAQUOKETA: Maquoketa State Bank has applied to the state department of banking for permission to open an in-town bank office at 112 McKinsey Ave. here.

RAKE: Retired Rake banker Johnny Rake, 89, died August 26 in a Blue Earth hospital. He joined the Rake Savings Bank at the age of 17 and continued as an employe, cashier and director for 47 years.

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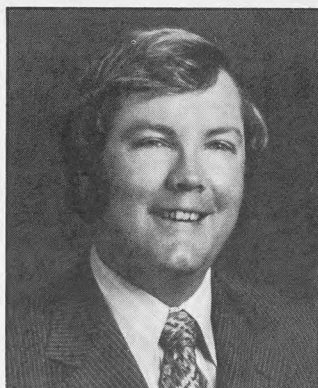
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SERGEANT BLUFF: Harlan W. Smith has been named president of the Pioneer Valley Savings Bank here. Formerly executive vice president, he succeeds Neal C. Tennis who was named chairman of the board. Richard L. Aadland, cashier, was promoted to vice president and cashier.

SIOUX CITY: Interest in the Valley State Bank here formerly held by John W. Van Dyke of Sioux City has been purchased by Bruce M. Kolbe, president and chief executive officer of the bank; Al Maser, chairman of the Valley board, and president of the First National Bank in Le Mars, and James J. Sheehan, president of the Farmers Savings Bank, Pierson.

SIOUX CITY: Morningside State



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Bank here has received consent from the state department of banking to establish an in-town bank office at Lincolnshire Road and Hickory Lane.

WALL LAKE: Goodenow Bancorporation here has received consent from the Board of Governors of the Federal Reserve System to become a bank holding company by acquiring the Wall Lake Savings Bank.

WEST DES MOINES: The West Des Moines State Bank has received consent from the state department of banking to open a bank office at 809 Sixth Ave. in Des Moines.

Nebraska News

The Federal Home Loan Bank Board ruled August 31 that First Federal Lincoln's new MoneyNOW account is illegal.

MoneyNOW is the service that allowed the S&L's customers to write checks drawn on Chase Manhattan Bank, transferring funds in an interest-bearing savings account at First Federal to cover the checking transactions.

The FHLBB opinion said the service "is not authorized under current bank board regulations."

The opinion stated the arrange-

ment violated federal regulations "because the order which triggers the transfer from the customer's account is received by the association from a third party (Chase) and not from the account holder."

The service, which was started July 9, had attracted about 4,500 customers, according to FHLBB figures. Those accounts apparently would be allowed to remain open, but the ruling prohibits First Federal from opening new MoneyNOW accounts.

NBA and four member banks had filed a lawsuit earlier in federal court seeking to have the service declared illegal.

The lawsuit will proceed as planned, according to Roger Beverage, NBA executive vice president. The challenge is now focused upon the check-writing aspect of the MoneyNOW service on the 4,500 accounts apparently unaffected by the FHLBB opinion.

Minnesota News

BENSON: Swift County Financial Corporation here has received consent from the Federal Reserve Board to acquire the Swift County Agricultural Credit Association. The corporation also controls the Swift County Bank.

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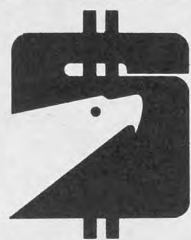
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\$470,000
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General Obligation Sanitary Sewer Improvement Bonds

Dated: September 1, 1979

Denomination: \$5,000

Both principal and semiannual interest (June 1 and December 1, first coupon due June 1, 1980) payable at the Office of the City Treasurer, Eagle Grove, Iowa.

IN THE OPINION OF COUNSEL INTEREST ON THESE BONDS IS EXEMPT FROM ALL PRESENT FEDERAL INCOME TAXES, IOWA FRANCHISE TAX AND ALL PROPERTY TAXATION IN THE STATE OF IOWA.

MATURITIES

	<u>6.00%</u>			<u>5.60%</u>	
\$25,000	June 1, 1982	5.40	\$35,000	June 1, 1990	5.55
25,000	June 1, 1983	5.40	35,000	June 1, 1991	5.60
30,000	June 1, 1984	5.40		<u>5.70%</u>	
30,000	June 1, 1985	5.40	40,000	June 1, 1992	5.65
30,000	June 1, 1986	5.45	40,000	June 1, 1993	5.70
30,000	June 1, 1987	5.45		<u>5.75%</u>	
	<u>5.50%</u>		40,000	June 1, 1994	5.75
35,000	June 1, 1988	5.50		<u>5.80%</u>	
35,000	June 1, 1989	5.50	40,000	June 1, 1995	5.80

LEGALITY TO BE APPROVED BY BELIN, HARRIS, HELMICK & LOVRIEN, ATTORNEYS, DES MOINES, IOWA

The City of Eagle Grove is located in Wright County in the north central part of the State of Iowa, about 25 miles northeast of Fort Dodge. The City serves as a trading center for the surrounding area, some of Iowa's most productive farmland. Agriculture is one of the largest contributors to the economic base of this area; however, the industrial and commercial activity within the City has grown rapidly during the past few years. Wright County was among the top Iowa counties in corn production, with an average yield of 126 bushels per acre in 1978. Major employers within the City include: Umphum Trucking Company (truckers, 300 employees); Ellsworth Trucking Company (truckers, 250 employees); Boone Valley Co-op Processing Association (feeds, soybean oil and soybean meal, 200 employees); Erickson Manufacturing Company, Inc. (farrowing houses, 40 employees); M & M Livestock Products Company (minerals and supplements, 40 employees); and Pro-Mico, Inc. (protein and mineral blocks, 40 employees). There are two banks in Eagle Grove with deposits in excess of \$43,331,000 at December 31, 1978.

These bonds are being issued under the provisions of Chapter 384, Code of Iowa, 1979, as amended, to pay a part of the cost of constructing works and facilities useful for the collection and disposal of sewage and industrial wastes in a sanitary manner. In the opinion of counsel, these bonds are legal and binding general obligations of Eagle Grove, Iowa, 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

Actual value of taxable property, 1978	\$46,679,380
Assessed value of taxable property	43,090,052
Direct debt, including this issue	1,075,000
Total direct and overlapping debt	1,227,844
Population, 1979 estimate: 4,600	
	Direct debt per capita: \$233.70
	Total debt per capita: 266.92

Tax collections have approximated 100.6% of taxes levied for the last five years.

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MELROSE: Melrose Bancshares, Inc. has received consent from the Federal Reserve Bank of Minneapolis to become a bank holding company by acquiring the Melrose State Bank.

MINNEAPOLIS: First Bank Minneapolis has announced the completion of a broad reorganization of its corporate banking area. The corporate banking area is now divided into two groups—a national/international group headed by Joseph R. Kingman III, vice chairman, and a regional group headed by Robert J. Anderson, executive vice president.

MORRIS: Loren W. Carr has joined the Morris State Bank as vice president responsible for agricultural and commercial lending. He was formerly employed by the Small Business Administration in Fargo, N.D.

Illinois News

ANDALUSIA: An application by the Andalusia Community Bank for Federal deposit insurance has been approved by the FDIC. The bank's total capital accounts are \$800,000.

BLOOMINGDALE: Bloomington State Bank has received consent from the FDIC to establish a facility at 136 E. Lake St. here.

CHICAGO: Lawrence R. Maffia has been elected senior vice president and cashier of the Lake View Trust & Savings Bank and will serve as the bank's chief financial officer. He was formerly a manager in the Chicago office of Peat Marwick Mitchell & Co.

JACKSONVILLE: An application for a permit to organize the Morgan County Community Bank here has been filed with the state commissioner of banks and trust companies. The bank would be capitalized at \$1,250,000.

THOMSON: Thomson Investment Company, Inc., Savanna, has received consent from the Federal Reserve Board to retain certain shares of the Thomson State Bank.

North Dakota News

BISMARCK: Robert P. Hendrickson, chairman of the First Bank Bismarck, will retire from his post September 30 after over 40 years with First Bank System. He began his banking career in 1938 at Fairmont, Minn., and has held various positions with First Bank System affiliates in North Dakota and Minnesota. He joined First Bismarck, then the First National Bank & Trust Co., in 1959, was elected president in 1964 and chairman in 1975.

MINOT: First Western State Bank in Minot has increased its amount of capital stock from \$306,000 to \$612,000 by stock dividend.

RUGBY: Paul Stang has joined the Merchants Bank here and will assume the position of cashier replacing Yvonne Dolan. He was formerly a national bank examiner for the Comptroller of the Currency in the ninth federal reserve region.

South Dakota News

PIERRE: Anne M. Gormley, cashier of the American State Bank here, has been promoted to vice president. She will continue to serve as cashier. Judy Weisgram, who has eight years of banking and finance

experience, has joined the bank as operations officer.

PIERRE: A. A. "Pete" Ehrke has been appointed vice president in charge of the agricultural loan department at the First National Bank in Pierre. He most recently held the same position at the First National Bank in Aberdeen, where he worked for 27 years.

Wyoming News

CASPER: Richard A. Jay has been promoted to assistant vice president at the First National Bank of Casper. He joined the bank in 1975 and recently graduated from the Harvard Business School with an MBA degree.

JACKSON: Betty L. Jones retired September 1 as assistant vice president of the Jackson State Bank after 24 years of service. She was elected an officer in 1974 and had served as auditor since 1977.



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Where: location where loan made



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35 million North Central Iowa bank looking for trust officer to develop small department with emphasis on estate planning. Audit capabilities helpful, but not required. Salary open. Write file GBY, c/o Northwestern Banker. (PA)

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Position for senior vice-president with 3-5 years minimum experience in commercial and real estate loans. MBA preferred. Salary commensurate with experience. Position is open in \$165 million eastern Iowa bank. Send resume to file HBK, c/o Northwestern Banker. (PA)

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LENDING—Exp should include ag, installment, operations, reports. In short, this la bank needs a generalist. Salary Upper Teens.

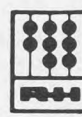
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