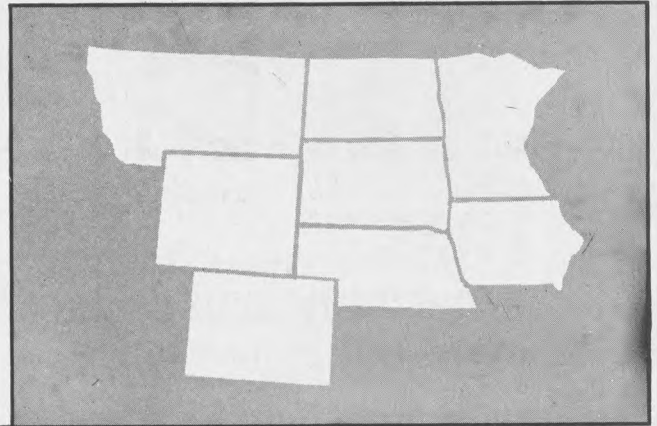


NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



No. 1044

Des Moines, Iowa

July 17, 1967

Bank Stock Sales Reported by Patman

WASHINGTON, D.C. -- Chairman Wright Patman of the House Banking and Currency Committee released on July 9 a 120-page study, detailing the acquisition and the changes of control of 900 commercial banks between September 12, 1964 and December 31, 1966.

In a letter of transmittal to the members of the Domestic Finance Subcommittee, Mr. Patman noted that almost half of the changes of control were accomplished through bank loans.

"The analysis shows that 424 banks, with assets of \$3.4 billion, were taken over by persons who borrowed 90% of the total purchase price from other banks," Mr. Patman said. "In fact, the purchasers of the 424 banks borrowed all but \$30 million of the total purchase price -- less than 1% of the assets of the acquired banks."

The study details the changes of control in 41 states and Puerto Rico.

The Banking and Currency Committee Chairman said the "wide-spread borrowing from one bank to finance the take-over of other banks obviously increases the danger of super concentration and monopoly." He said such practices provided a "huge loophole" through which the banking industry is able to circumvent laws which limit and

regulate branch banking and bank holding company operations.

The study reached these recommendations and conclusions:

1. Chain banking operations are at a very high level, raising serious questions about concentration and monopoly. The study concludes that these operations are free of effective State and Federal regulations -- a fact which seriously jeopardizes the dual banking system and free competition.

2. The Federal Reserve Board has apparently failed to give due regard to control changes as required by law since September 12, 1964, in terms of fully meeting the specific congressional mandate to the Board to administer and recommend improvements in the Bank Holding Company Act of 1956.

3. The rigid definition of "company" and the 25% stock ownership standard contained in the act should be discarded in favor of any entity controlling the management policies of the requisite number of banks, including individuals and partnerships. The study shows that these weaknesses are utilized to an alarming degree in evading registration and regulation under the act.

4. The "two bank" definition of bank holding company, along

with the flagrant abuse of bank credit to effect "take-overs" of independent banks, demand further study by the Congress.

5. The Federal banking agencies lack the authority to prevent take-overs of existing banks by well-financed and, oftentimes, unsavory elements.

Up Loan Privileges

WASHINGTON, D.C.: President Johnson has signed into law a bill which liberalizes lending privileges for officers of Federal Reserve member banks who borrow from their own institutions.

The new law also relaxes similar requirements for officials of Federal credit unions.

The statute increased to \$5,000 from \$2,500 the amount which a bank officer may borrow from his own institution. On mortgage loans, he would be allowed up to \$30,000.

The American Bankers Association and the Fed both favored the new law on grounds that the previous loan limits were unrealistic.

NATIONAL NEWS

CHICAGO: The 20th annual session of the School of Bank Public Relations and Marketing concludes next Saturday, July 22. The school is being conducted on the Chicago campus of Northwestern University.

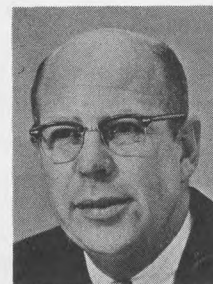
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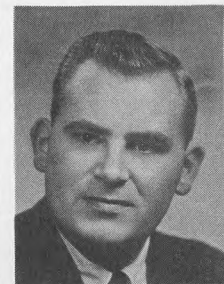
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IOWA NEWS

CLINTON: The First National Bank has announced its purchase of two lots adjoining either side of its drive-in property. There are no immediate plans for building on the sites.

CRESCO: Three banks in the Cresco area -- Cresco State Bank, Cresco Union Savings Bank and Bohemian Savings Bank of Protiwin -- have changed their hours to 9 A.M. to 3 P.M. Monday through Friday and 7 to 9 P.M. Friday evenings. The banks are no longer open for business on Saturdays.

DALLAS CENTER: Wayne R. Haines was recently elected assistant cashier of the Brenton State Bank. Mr. Haines came to the bank from the First National Bank of Chicago in 1966.

MT. PLEASANT: Warren L. Fye has been promoted from assistant cashier to assistant vice president of Mt. Pleasant Bank and Trust Company. Mr. Fye, who has been with the bank since 1961, is head of the installment loan department.

SANBORN: James W. Cravens, president of the Sanborn Savings Bank has been selected by the administrator of the Small Business Administration to be chairman of the Iowa Small Business Advisory Council.

SPENCER: Robert H. Edge, assist-

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ant cashier and head teller of the Farmers Trust and Savings Bank, has resigned his position. Mr. Edge joined the bank in 1956 and assumed his present position five years ago. No successor to Mr. Edge has been appointed.

STORM LAKE: James A. Schall has joined Citizens First National Bank as a trust officer. Mr. Schall, who will head the trust department, graduated from the Drake University School of Law last month.

THORNTON: Tom Siskow was recently advanced from assistant cashier to assistant vice president of the First State Bank, rather than to cashier of the bank, as was incorrectly reported last week.

NEBRASKA NEWS

COZAD: Glen A. Young died recently at the age of 79. Mr. Young had been associated with the Cozad State Bank for many years.

FRIEND: Stanley H. Southwick has joined the staff of the First National Bank.

MINNESOTA NEWS

BLUE EARTH: Dean Willford has been promoted from assistant cashier to cashier of the First National Bank to succeed John Cashin, who resigned as vice president and cashier, as was previously announced. Otto Kitzmann has been elected assistant cashier.

HENDRUM: R. V. Leiseth of Detroit has purchased controlling interest in the Norman County State Bank at Hendrum from L. H. Ickler, pres-

ident of the bank. Mr. Leiseth, a former National Bank examiner, served as executive vice president and a director of the First National Bank of Detroit Lakes for several years.

KILKENNY: Lowell Pogatchnick, president of the First National Bank of Kilkenny, has assumed management of the First National Bank of Middle River.

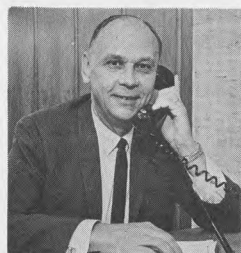
McINTOSH: George Hegland, vice president of the First National Bank, has retired after 48 years in banking.

MINNEAPOLIS: John S. Peterson, installment loan officer at the West Broadway office of First National Bank, has been named assistant manager of the office.

MORRIS: The first session of the Agricultural Banking School, sponsored by the Minnesota, North Dakota and South Dakota Bankers Associations, will be conducted on the Morris campus of the University of Minnesota July 23-28.

SPICER: H. Richard Schutte, executive vice president of the Prinsburg State Bank, has purchased the controlling interest in the Green Lake State Bank at Spicer from E. J. Rykken, chief executive officer of the bank for more than 40 years. Mr. Schutte, who will retain interest in the Prinsburg bank, will become president and cashier of the Green Lake State Bank. Mr. Rykken will continue with the bank for the present.

WADENA: Martin Ehlen has been advanced to president of the Wadena First National Bank to succeed the late H. E. Parker, who died suddenly in May. Mr. Ehlen



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has been with the bank since 1916. Anton Peterson was named cashier to succeed Mr. Ehlen in that position.

NORTH DAKOTA NEWS

VALLEY CITY: Willard E. Richman, farmer-businessman of Tower City, has been elected to the board of directors of the American National Bank of Valley City.

SOUTH DAKOTA NEWS

ESTELLINE: Walter K. Johnson, president of the Farmers State Bank, has purchased the stock in the bank held by the late Fred Beskow, who was chairman of the board at the time of his death. The bank had been owned in large part by Mr. Beskow and was purchased from his sons, F. W. Beskow of Watertown and E. E. Beskow of Summit. Mr. Johnson, a 40-year South Dakota banker, had 19 years of banking experience before joining Farmers State in 1944 as executive officer. He is a past president of the South Dakota Bankers Association. B. M. McKay of Estelline has been elected to the board of directors and will supervise the bank's public relations and advertising efforts. No other changes were made.

COLORADO NEWS

DENVER: The Colorado National Bank has requested permission from the Federal Aviation Agency to establish a helicopter landing area on top of its bank building in downtown Denver. The helipad would be the first such facility in downtown Denver and would be

operated exclusively for the private use of the bank. FAA authorities will make no decision on the request until after August 4.

Announces New FDIC Rules

K. A. Randall, FDIC chairman, announced July 13 the awaited new rules and regulations clarifying and defining insurance coverage of bank deposits. The rules become effective September 1, 1967. Coverage for persons whose total deposits in a single insured bank do not exceed \$15,000 is unchanged.

Sections 330.9 changes include: (d) All joint deposit accounts owned by the same combination of individuals shall first be added together and insured up to \$15,000 in the aggregate. (e) The interests of each co-owner in all joint deposit accounts owned by different combinations of individuals shall then be added together and insured up to \$15,000 in the aggregate.

NATIONAL NEWS

(Continued from front page)

CHICAGO: Thomas G. Cobb, vice president; Albert Drozda, assistant vice president, and Walter W. Youngdahl, assistant comptroller, have retired from Harris Trust and Savings Bank.

LOS ANGELES: Norris N. Heinbuch has been elected vice president of Security First National Bank in the national and metropolitan banking department-western region. Mr. Heinbuch has been with the bank since 1961.

NEW YORK: William G. Stott, formerly senior vice president, has been elected executive vice president of Morgan Guaranty Trust

Company. David B. Dyche, Jr., vice president, succeeds Mr. Stott as head of the corporate research department.

NEW YORK: E. Frederic Morrow has been advanced from assistant vice president to vice president of Bank of America, New York, a subsidiary of California's Bank of America. He is in the foreign loan and business development field.

PARK RIDGE, ILL.: Edward T. Shipley, comptroller of Wachovia Bank and Trust Co., Winston-Salem, N.C., has been elected president of NABAC. He succeeds Walter Mercer, executive vice president of The Ohio National Bank, Columbus. New first vice president is Earl L. Bimson, executive vice president of Valley National Bank, Phoenix, Arizona, and the new second vice president is William B. Carr, executive vice president of the Provident National Bank, Philadelphia. Elected as treasurer is Warren P. Gray, senior vice president and cashier of the Third National Bank, Nashville, Tennessee.

SACUL, TEXAS: Chairman K. A. Randall of the FDIC announced July 5 that payment of insured claims of depositors of Sacul State Bank began June 30. The bank was closed June 23 by the state banking authorities, and the FDIC was named receiver on June 24. The board of directors of Sacul State Bank filed an action to enjoin the Banking Commissioner from liquidating the assets. A court hearing



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was held July 3, at which the closing of the bank was upheld.

ST. LOUIS: H. Duncan Edmiston and G. Wayne Thomas have been elected commercial banking officers in the correspondent banking department of the First National Bank.

ST. LOUIS: Mercantile Trust Company has approved a two-for-one split of its common stock, increasing the number of shares from 1,915,000 to 3,830,000 and halving the par value per share to \$6.25. The additional shares will be distributed July 28.

WASHINGTON, D.C.: "Truth-in-lending" legislation sailed through the Senate, 92 to 0. The Senate's unanimous approval gives a powerful push toward 1967 enactment of the measure, designed to provide full disclosure of financing charges for consumer credit. A House panel plans to begin work soon on the bill and may decide to toughen the Senate version.

WASHINGTON, D.C.: The Senate was expected to confirm speedily the President's nomination of Robert C. Moot as new administrator of the Small Business Administration. Mr. Moot, who has been SBA's deputy administrator, will replace Bernard L. Boutin, who resigned to return to private busi-

ness. Prior to joining SBA, Mr. Moot was deputy assistant secretary of defense for logistic services.

WASHINGTON, D.C.: The 50-year old postalsavings system officially ended July 1 still owing about \$60 million in unclaimed deposits held by over 600,000 depositors. The unclaimed deposits will be turned over to the Treasury and held in trust until liquidated. Postmasters will continue for at least a year to assist depositors in submitting their claims to the Treasury for payment.

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