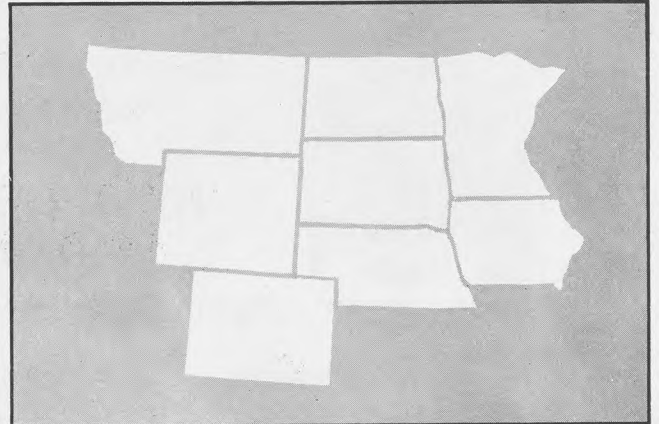


NORTHWESTERN Banker

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Des Moines, Iowa

October 23, 1967

ABA Opposes New Banking Legislation

The American Bankers Association on October 16 strongly opposed legislation which would permit state-chartered mutual savings banks and Federal and state-chartered savings and loan associations to convert to a new system of Federal savings associations and expressed concern over the haste with which the Committee is pursuing its consideration of the bill.

In testimony before the House Banking and Currency Committee, Lewellyn A. Jennings, chairman of the Association's Federal Legislative Committee, pointed out that the creation of a \$200 billion banking system deserves more than one day of hearings followed by an Executive Session and proposed that a thorough study should be made covering the tax, structural, monetary policy and social impacts of the bill before any legislative action is taken.

Mr. Jennings expressed particular concern over the bill's effect on the present financial institution structure. He pointed out that the measure would undoubtedly put an end to Federal savings and loan associations, force the states to conform their laws to meet the more liberal provisions of the legislation or risk the prospect of wholesale conversions by most of

their state-chartered savings and loan associations, and force upon 32 states a new system which, to date, they have neither needed nor wanted. "In essence," he said, "the proposed legislation strikes directly at the competitive balance among competing financial institutions and would force radical changes in intra-state financial structures without the prior approval or guidance of state law."

Mr. Jennings emphasized that the provision, which would afford the new associations with the most liberal branching privileges applicable in any given state, would directly contradict the basic principles of the dual banking system. Noting that one of the essential tenets of the system is that state and Federally chartered institutions have comparable branching privileges, he pointed out that in a number of situations institutions converting under the measure would be permitted to establish branches throughout the state. "The Federal Government," he concluded, "would thereby force many states to permit state-wide branch banking for commercial banks no matter how much they objected to it."

Mr. Jennings, who is chairman of the board of The Riggs National Bank of Washington, D.C., listed a

number of anomalies which would be present in the new system. In particular, he pointed to the plight of the "depositors" of the proposed associations who, unlike ordinary stockholders, would have no claim to the capital accounts of an association upon its voluntary dissolution. "This means," he emphasized, "that depositors in converting mutual savings banks would lose rights to some \$5 billion of capital accounts and shareholders in converting savings and loan associations would lose rights to some \$9 billion of assets."

Mr. Jennings expressed concern over the tax implications of the bill. He noted that the measure contains no provisions which would require the new associations to pay a more adequate and equitable share of Federal income taxes. Furthermore, in light of the current shortage of housing funds, he found it "strange for savings and loan associations and savings banks to seek authority to divert funds from the vital housing area to nonhousing loans and other investments." In addition, he pointed out that "since the principal basis for the preferential tax treatment given these institutions is the fact that they have channeled most of their funds into housing, the

Banking Legislation ...

(Continued to back page)



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IOWA NEWS

The 81st Annual Convention of the Iowa Bankers Association began on schedule Sunday evening, October 22 at Hotel Fort Des Moines and continues through Wednesday noon, October 25. Following Sunday evening's entertainment, the first official part of the program is the 19th Annual Agricultural Breakfast meeting at 8:00 a.m. in the hotel ballroom.

The first general session Monday afternoon has Beryl Sprinkel, vice president of Harris Trust & Savings Bank, Chicago, and Dr. Lewis E. Davids, professor of banking at the University of Missouri, as speakers. The Monday night buffet dinner at Val Air Ballroom in West Des Moines will be followed by dancing to the music of Jan Garber's orchestra.

On Tuesday morning, speakers are: J. Howard Laeri, president of the ABA and vice chairman, First National City Bank, New York, and Dr. John Gillespie of Boston. Tuesday afternoon speakers are: Hans Tabor, foreign minister of Denmark; Alexander Gabriel, news analyst at United Nations, and Pham Khac Rau, Vietnam's former ambassador to the United States. "Sweet Charity" is the stage presentation slated for 8:15 p.m. at KRNT Theatre.

The final session Wednesday morning will have four Iowa officials for speakers: Superintendent of Banking John Chrystal, U. S. Senators Bourke B. Hickenlooper and Jack Miller, and Governor Harold Hughes. An address by "Red" Auerbach, executive vice president and general manager of the Boston Celtics pro basketball team, will be the final item on the 81st convention agenda.

BOONE: Citizens National Bank

plans to open its new motor bank at the edge of the business district on October 30th, the bank's 34th anniversary date. The new facility has two drive-up and two walk-up windows. Capital stock has been increased for the bank from \$200,000 to \$400,000 through a stock dividend.

DES MOINES: Applicants for a new state bank to be located in the Roosevelt Shopping Center in the 800 block on 42nd Street have appealed the denial of their charter application to the State Executive Council. The Council has set a hearing for December 13. State Banking Superintendent John Chrystal rejected the application (reported in October 2 issue) after his department conducted "a pretty exhaustive survey." Representing the applicants is Attorney A. Arthur Davis.

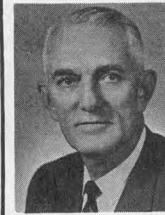
HOSPERS: Controlling interest in the Hospers Savings Bank has been purchased from C. F. Sheel by Kermit Wagner and Wayne Woodbury of Schuyler, Nebr.; Herman Wragge and Wayne Thorndyke of Tekamah, Nebr., and Andy L. Jurriaans of Hospers.

Mr. Wagner operates Wagner Mills in Schuyler and owns interests in several Nebraska banks. Mr. Woodbury is comptroller of Wagner Mills.

Mr. Wragge and Mr. Thorndyke are president and executive vice president respectively of First National Bank, Tekamah.

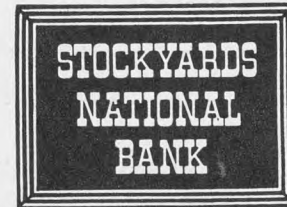
Mr. Jurriaans is vice president and cashier of the Hospers Savings Bank and no changes will be made in personnel. Mr. Sheel will continue as president.

MINGO: Miss Florence Frey, assistant cashier of Mingo Trust and Savings Bank, has announced plans to retire from the bank Dec-



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ember 31. She began her duties at the bank February 1, 1918 when her father, the late A. W. Frey, served as cashier and executive officer. Miss Frey lives with her mother in Mingo.

SIOUX CITY: The merger of Live Stock National Bank and Morningside Savings Bank was announced October 13 with an effective date of November 1 for the merger. The announcement was made by Stanley Evans, president of Live Stock National, and Kermit Scheibe, president of Morningside Savings. The Comptroller of the Currency also approved a change in name for the merged bank and it will be known after November 1 as Northwestern National Bank of Sioux City. Live Stock National Bank has been a member for many years of Northwest Bancorporation.

Officers and employees of both banks will be retained in their present status. The Morningside bank will be operated as an office of the new bank. Morningside Savings also has an office at Bronson, which will also be retained. Headquarters bank will continue to be located in the Stock Yards office building.

SIOUX CITY: The Security National Bank has been granted approval by the Comptroller of the Currency for a second detached teller facility within Sioux City. The new facility will be located at the corner of Lakeport and Morningside Ave. in the suburban area of Morningside.

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The first facility is located in suburban Leeds. The new building will have at least two windows, providing both drive-up and walk-up service. Construction is expected to start this fall.

MINNESOTA NEWS

BLUE EARTH: The Blue Earth State Bank has requested a downtown area to be redesignated from residential to commercial for the construction of a new bank building. Paul Lindholm, bank vice president, said the new bank will have drive-in facilities, plus a parking lot. A hearing on the application has been set for October 24.

GREENBUSH: I. S. Folland, president of the Greenbush State Bank, has announced the appointment of Sander Tureson to the bank staff and his election as assistant vice president.

LAKEVILLE: Joseph W. Graeve has been named to the staff of the First National Bank of Lakeville. He is a graduate of Drake University, Des Moines, Ia., and has worked in several Iowa banks.

MINNEAPOLIS: Noel Maanum has been named assistant vice president of Marquette National Bank.

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He joined the bank in 1964 and is in charge of the bank check processing division.

PROCTOR: Charles E. Russell has been elected cashier of the First National Bank of Proctor. He has been in charge of collections and the purchase and sale of bonds at the bank.

STILLWATER: The Stillwater First National Bank has recently completed installation of a TV auto teller.

WARROAD: Harold M. Heneman, 75, president of the Security State Bank since 1943, died October 12. He entered the field of banking in 1915 and joined the Security State Bank October 1 as cashier. He also became president of the Farmers State Bank of Stephen, January 1, 1948. He was active in many civic affairs and in the Independent Bankers Association of Minnesota. His son, John Heneman, is a vice president of Security State. He is also survived by his widow and two daughters.

SOUTH DAKOTA NEWS

SIoux FALLS: Adolph Lodmell, vice president and senior trust officer, Northwestern National Bank, retires November 1 after nearly 44 years with the bank. W. J. Heimerman, senior vice president, has also been named trust officer. Leland Rempel and Arthur R. Olson, Jr., were advanced to vice president and trust officer. Mr. Heimerman assumes trust department responsibilities in addition to his present duties as commercial loan officer.

NORTH DAKOTA NEWS

WEBSTER: The Bank of Webster

has received approval from FDIC to change the location of its main office from Webster to 413 Third Street in Devils Lake, N.D., and to establish a branch (paying and receiving station) in Webster in the offices of the present bank building.

MONTANA NEWS

BUTTE: Merger of the Daly National Bank of Anaconda and First National Bank of Butte became official on October 13. The consolidated institution is known as First National Bank and continues as a member of Northwest Bancorporation, which owned the Daly National Bank. E. Lowry Kunkel, Jr., president of Daly National, is president and chief executive officer of the new bank. Irving Bolitho, president of the First National, now is chairman of the board. All officers and employees continue with the merged bank.

The merger was fought unsuccessfully by the Montana superintendent of banks against federal officials because the merger application was made with the intention of operating the new bank in both cities, contrary to Montana branching law. However, a little-known section of the law still in force exempts merged institutions from the effects of the non-branching law.

A new bank building is contemplated for Anaconda, and remodeling for the building in Butte.

HELENA: Thomas O. Leigh, formerly assistant cashier at Union Bank & Trust Co., has been elected assistant vice president at Illinois National Bank in Springfield, Ill.



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Banking Legislation...

(Continued from page one)

broadened investment powers proposed would suggest elimination of the tax benefits."

Finally, Mr. Jennings questioned the necessity of imposing the new system upon the states. "There is no evidence whatever," he said, "that existing institutions are inadequate or unsatisfactory in providing a place for the savings of the public or that the creation of these new institutions would generate any additional savings or provide any services not presently available from existing institutions."

ABA Wants Non-Member Banks Exempt from Fed Requirements

Senate Banking Committee Chairman John Sparkman (D., Ala.) has introduced a bill (S. 2519) under which nonmember banks would not be required to meet the Federal Reserve Board's reserve requirements. Earlier, Sen. Sparkman had introduced, at the request of the Fed Board, S. 1298 with its graduated reserve requirements that would have brought all federally-insured banks, not just member banks, under Fed reserve requirements and made available to all banks the discount window.

Charles R. McNeill, director

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of ABA's Washington office, wrote Sen. Sparkman that nonmember banks are free to join the System if they wish but are not compelled to comply with the System's requirements.

The ABA bill (S. 2519) sets the range of reserve requirements on demand deposits for Fed member banks from 5% to 12%. The range on the first \$5 million of deposits would be between 5% and 8%. ABA says approximately two-thirds of member banks have demand deposits under \$5 million. That portion of deposits in excess of \$5 million would be subject to requirements of 8% to 12%.

The Fed bill (S. 1298) would set the reserve level between 7% and 14% for demand deposits under \$5 million; between 8% and 20% on the next \$95 million; and between 10% and 22% over \$100 million. It would also have the option of increasing the \$5 million to \$10 million and decreased to \$2.5 million, and the \$100 million amount could be increased to \$500 million or decreased to \$50 million.

ABA proposes reserves for time and savings deposits in a range from zero to 6%.

Both bills eliminate differences in reserve requirements between reserve city banks and country banks.

NATIONAL NEWS

COLUMBUS, OHIO: Edward Huwaldt, Jr., has been elected president of the Huntington National Bank. He is a native of Grand Island, Nebr., where his father,

Edward Huwaldt, Sr., is chairman of the board of Commercial National Bank and Trust Company. Mr. Huwaldt, Jr., was associated for a number of years with First National Bank of Kansas City.

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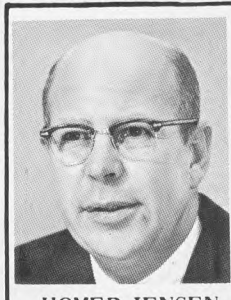
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