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Fed Ruling Aids Role of State Banks

The ability of state member banks of the Federal Reserve System to compete with national banks was enhanced considerably when the Federal Reserve Board of Governors voted 5-2 to allow state member banks to invest directly in subsidiary corporations performing bank-related business, or to set up within the bank a separate division for the same functions. This practically unprecedented reversal of a previous position (taken in 1966) by the Fed signals the intention of the majority of Governors to help state banks to compete on an equitable basis with national banks.

This would help stem the growing number of conversions from state to national charters to take advantage of the more liberal provisions allowed national banks by Comptroller of the Currency rulings in regard to ownership of related subsidiaries such as mortgage companies, travel agencies, leasing firms and credit card operations.

Voting in favor of the reversal of the Board's previous position were: Chairman William McChesney Martin and Governors J. Dew-

ey Daane, Sherman J. Maisel, George W. Mitchell and William W. Sherrill.

Opposed to the motion were Board Vice Chairman J. L. Robertson and Governor Andrew F. Brimmer.

The Fed Board's new ruling will permit state member banks to acquire out-of-state mortgage companies and perform other functions through subsidiary corporations.

Various banking authorities, including FDIC Chairman K. A. Randall, hailed the Fed's new stand as positive action toward greater equality between national and state banks.

The Board approval means that national and state member banks now may acquire "loan production offices" at "any location in the United States" and it is to this aspect of the ruling that Governors Robertson and Brimmer addressed their principal objection. Such offices, according to the Board, had previously been construed by that body (in 1967) as constituting branch banks. Now, the new interpretation states that where such an office solicits

loans on behalf of a bank or branch, assembles credit information, makes property inspections and appraisals, secures title information, prepares applications for loans, solicits investors to purchase loans from the bank, or other similar agent-type activities, this does not constitute branching.

Governors Robertson and Brimmer disagree. They say this action by the Board takes "a long step toward a fundamental change in our banking structure as to call for legislative consideration—even if its legality were unquestionable, which is not the case." They say Congress should decide whether such nationwide offices should be operated, not supervisors.

House Banking and Currency Chairman Wright Patman immediately agreed and said his committee was not notified such action was under consideration by the Fed Board and that his committee would immediately review it after reconvening September 4.

Basically, ABA leaders and supporters of the dual banking system have called the Fed's action very timely.

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IOWA NEWS

AVOCA: Frank C. Vierhus, long-time Avoca banker, has died in a Council Bluffs hospital, following a brief illness. Mr. Vierhus joined the staff of the Avoca State Bank in 1918 and was named bank president in 1939.

DES MOINES: The annual Field Day of the Iowa-Nebraska Investment Bankers will be held September 12 at the Hyperion Field Club here. A cocktail party and dinner will be held Wednesday, September 11, starting at 5 p.m. at Johnny and Kay's Restaurant.

FAIRFIELD: The First National Bank will hold an open house in its new banking facilities on September 5.

GREENE: The La Salle National Bank of Chicago is the successful bidder for \$550,000 in school building bonds for the Greene Community School District. Average net interest cost is 4.18341%.

HEDRICK: Application of the Hed-



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6TH AND PIERCE STREETS • SIOUX CITY

rick Savings Bank to change its location from 200 Main Street to 119 Main Street has been approved by the Federal Deposit Insurance Corporation.

SIOUX CITY: Four new directors have been named at the Northwestern National Bank. They are William Amsler, George Davis, A. C. Dohrmann and Royal Lohry.

SIOUX CITY: James Needham, president of the Needham Packing Company, has been elected to the board of the First National Bank.

NEBRASKA NEWS

BELLEVUE: Gary Parker has been named comptroller of the Bank of Bellevue. He recently returned to the bank from a tour in Okinawa, where he served as a captain in the Air Force.

BROKEN BOW: P. G. Richardson, chairman of the board at the Security State Bank, held an open house at the Arrow Hotel on August 24 to celebrate his 50 years with the bank.

BRUNING: Harlan W. Smith of Sioux City will join the Bruning State Bank on September 1. He was formerly associated with the Pioneer Valley Savings Bank at Sergeant Bluff, Iowa.

COZAD: Tom Cummings, president of the First National Bank, has announced that Juhl Smith and Allan Armbruster of Cozad have

purchased the bank stock which was formerly held by Bob Walker and associates of Kearney, Nebr. Archie Smith, Tom Brownfield and Darrell Sheets, all of Cozad, are the other bank stockholders and will remain on the board of directors.

FREMONT: Rupert Dunklau has been elected a director of Fremont National Bank. He is also a member of the board of the Nebraska State Savings and Loan Association.

FULLERTON: Edmund Balasa, vice president of the Fullerton National Bank resigned his position, effective August 24. He has been associated with the bank for 29 years.

GOTHENBURG: The Gothenburg State Bank has purchased the building next to the bank, and demolition of the building is now underway to make room for future bank expansion.

OMAHA: According to incorporators of Packers Management Company, Inc., who have filed articles of incorporation with the Secretary of State, the company will initially be the principle stockholder of Packers National Bank in Omaha. The firm, with operating office in Omaha, will act as a holding and management company for financial investments. J. L. Dunlap of Milford is the register agent. Donald Bowman, Lincoln attorney, and Richard Peterson are the incorporators. The firm's authorized capital is \$1.5 million, with 1,500 shares of common stock at \$100 per share.

OMAHA: On August 9, all Nebraska Bankers Association members received a ballot on the following question: "Are you for or against branch banking in any form?" Of the member banks, 393 returned ballots. The results are as follows: 340 against; 49 for; 3 not



George Harnage

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properly marked; 1 not marked. This vote determines the position the association will pursue in the area of branch banking.

MINNESOTA NEWS

AUSTIN: John F. Beckel of Pipestone has been elected assistant vice president and agricultural representative at the Austin State Bank, effective September 1. He is now agricultural representative at the Pipestone National Bank. Dennis L. Hackman of Billings, Mont., has been elected assistant cashier. He was formerly employed in the installment loan department of the Security Trust and Savings Bank of Billings.

HAWLEY: Application of the State Bank of Hawley to change its location from 226 Sixth Street to 416 Sixth Street has been approved by the Federal Deposit Insurance Corporation.

LAKEFIELD: The name of the Farmers State Bank of Lakefield has been changed to the First State Bank of Lakefield, according to an announcement by the Federal Deposit Insurance Corporation.

MINNEAPOLIS: The Independent Bankers of Minnesota will hold their annual convention September 11-12 at the Radisson Hotel here.

MINTO: L. I. Campbell, formerly with the State Bank of Warren and president of the Bank of Minto for the past 10 years, has been elected vice president of the National Bank of Melbourne and Trust Company at Melbourne, Fla.

RED WING: Jerry C. Zible has been named cashier at the First National Bank of Red Wing. He began his banking career with the bank in 1964 and was appointed auditor in 1965 and assistant cashier in January of this year.

NORTH DAKOTA NEWS

FARGO: Owen J. Boyle, 67, a vice president of Dakota National Bank, died recently. He had been affiliated with the bank for 45 years and was named vice president and director in 1948.

SOUTH DAKOTA NEWS

LENNOX: Oscar C. Burke, 70, died recently at his home in Sioux Falls, following a heart attack. He was president of the Exchange Bank of Lennox for nearly 20



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years, until disposing of his interest and retiring in 1960. He organized the Security State Bank in Canistota, S. D.

ILLINOIS NEWS

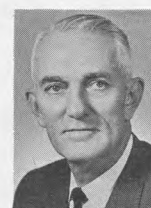
CHICAGO: Harold Meidell, chairman, and Milton F. Darr, Jr., president, La Salle National Bank, have announced that the bank's board of directors appointed James L. Hamilton and Raymond E. Nelson, vice presidents in the metropolitan group, and Eugene T. Maylott, vice president and assistant secretary in the bank's trust department.

CHICAGO: Robert E. Lindquist has been appointed profit improvement officer at the Beverly Bank. He comes to the bank from Northwest Bancorporation, Minneapolis-based bank holding company, and holds a bachelor's degree in business administration, specializing in finance and accounting, from the University of Montana.

CHICAGO: Northern Trust Company has announced the election of three senior vice presidents in the banking department. They are Charles H. Barrow, James D. Hinchliff and Lynn H. Miller.

Named as a second vice president was John N. Fix, who travels in the Ninth Federal Reserve District for the National Division of the bank.

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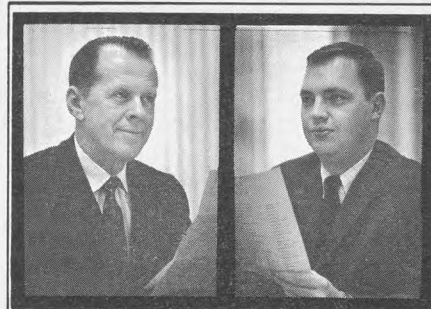
CONVENTIONS

September 22-26—53rd Annual Convention, BPRMA, Palmer House, Chicago, Ill.

September 29-October 2—ABA 94th Annual Convention, Chicago.

October 27-30—82nd Annual Convention, Iowa Bankers Association, Hotel Fort Des Moines, Des Moines.

November 10-12—ABA 17th National Ag Credit Conference, Sheraton-Oklahoma and The Skirvin Hotels, Oklahoma City, Okla.



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ILLINOIS NEWS

ROBERTS: The Roberts State Bank has received approval from the State Commissioner of Banks to issue a five for one stock split, followed by a dividend of four new shares for each new share held, through a transfer of \$100,000 from undivided profits to capital. The move will increase the bank's legal lending limit for any one customer from \$5,000 to \$60,000. The Federal Deposit Insurance Corporation has approved the bank's application to change its location from lot 28, block 4, Green Street to lots 18, 19 and 20, block 1, Green Street here.

COLORADO NEWS

DENVER: A second suit within a year has been filed against the Colorado Bank Board in an attempt to force the board to disclose its sources of information in determining authorization of new state bank charters. The latest action

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was filed by the University Hills Bank against Colorado Banking Commissioner Harry Bloom, attacking his approval of the new Columbine State Bank.

DENVER: The First National Bank of Denver, Denver U. S. National Bank and the American National Bank are sponsoring a study to determine the feasibility of starting a joint credit card venture. Membership in the association would be available to any bank in the Rocky Mountain region.

MONTANA NEWS

JORDAN: Application to change the main office location of the Garfield County Bank from lot 8, block 1, Main Street to lots 10 and 11, block 8, Main Street here has been approved by the Federal Deposit Insurance Corporation.

NATIONAL NEWS

KANSAS CITY, MO.: Six candidates for director of the Federal Reserve Bank of Kansas City have been announced by Dolph Simons, chairman of the Kansas City Fed board. The men are: V. E. Holman, president, First National Bank of Guthrie, Okla.; W. H. Kahler, cashier, East Cheyenne National Bank, Cheyenne, Wyo.; Charles Kendall, chairman, First National Bank, Lamar, Colo.; Charles M. Miller, president, Farmers and Merchants State Bank, Colby, Kan.; Dr. Walter R. Peterson, Kansas City surgeon and chairman of the board, Swope Parkway National Bank, Kansas City, Mo.; and George R. Pulley, president, Northwest National Bank,

Oklahoma City, Okla. The candidates are seeking to fill the unexpired term of the late Kenneth H. Peters, former president of the First State Bank of Larned, Kan., who died in June.

TOPEKA, KAN.: Former Governor Frank B. Morrison has been appointed public interest director on the board of the Federal Home Loan Bank here, to serve the remainder of a term ending December 31.

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