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May Restrict One-Bank Holding Company

"While one-bank holding companies may be a good and useful device to extend the area of banking activities in the financial community, there are some features in the present trend toward this organizational change which are disturbing."

This is the recent comment made by K. A. Randall, chairman of the Federal Deposit Insurance Corporation, who is scheduled to appear before the 82nd Annual Convention of the Iowa Bankers Association in Des Moines, this Wednesday, October 30.

Chairman Randall explained his views on the formation of one-bank holding companies as follows:

"Until their proper sphere of activities has been clearly delineated, one has the nagging fear that some one-bank holding companies are being established with insufficient thought and planning as to the need for, and appropriateness of, this type of organization for the particular institution concerned. In that event, subsequent pressures and problems may force the enterprise into poorly conceived or

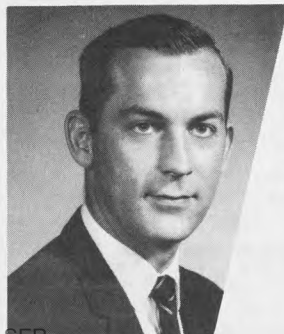
inappropriate banking activities. Another cause for concern has been the possibility that the one-bank holding company route is being followed because it is one that is currently free of inhibiting regulation.

"Up to now, even the staunchest proponents of one-bank holding companies have not publicly or explicitly stated what their organizational and operational advantages are. Greater flexibility has been mentioned—but greater flexibility for what? Are there tax and cost advantages? Tax and cost advantages could lead to abuses and open up opportunities for self-dealing that could endanger the bank itself. If the holding company is permitted to acquire various types of businesses, it could constitute a vehicle for ever-increasing concentration of economic power. In the current economic and financial structure, large diversified units may well be necessary to satisfy efficiently the economy's financial requirements, but there may also be a point beyond which overconcentration may occur—to the detriment of the

public interest. On the other hand, progress in transportation and communications has telescoped distances and enlarged markets. As a consequence, there is an obvious need for banks and financial institutions to operate nationally and internationally—as well as locally. The one-bank holding company perhaps can make an important contribution in accomplishing this objective within the existing framework of banking structure.

"If the one-bank holding company form of organization is considered advantageous for banking in today's environment, limits to the kind of permissible activities may be needed to safeguard the public as well as the bank's customers. In general, I believe that banks should be oriented to supplying services to the nation of a financial nature that are consistent with—and properly related to—the business of banking.

"One of the thorniest problems confronting the bank supervisory authorities has long been a workable definition of appropriate banking activities—
(Continued on Page 6)



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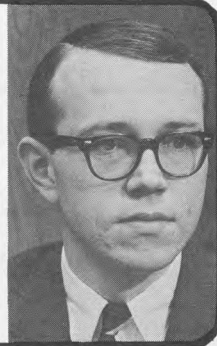
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IOWA NEWS

The 82nd Annual Convention of the Iowa Bankers Association is currently in progress at the Hotel Fort Des Moines in Des Moines. Two of the featured speakers at the convention are Willis W. Alex-

ander, Jr., president of the American Bankers Association, and K. A. Randall, chairman of the Federal Deposit Insurance Corporation, Washington, D. C.

BETTENDORF: The Security State Trust and Savings Bank has joined the Foundation for Commercial Banks.

BETTENDORF: The first lectroteller in Iowa and the quad-cities has been installed at the Duck Creek Plaza motor bank facility of the Bettendorf Bank and Trust Company. A grand opening also was held at the facility recently. Another of the automated deposit service machines will soon be in operation at the bank's main office.

CEDAR RAPIDS: The Comptroller of Currency has approved the application of the City National Bank of Cedar Rapids to establish a facility at the Lindale Plaza here.

COLESBURG: The Farmers Savings Bank has moved into its new \$50,000 building. An open house

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was held October 25 and 26. F. C. Grimes has resigned as president and director of the bank. Paul Livingston of Edgewood, Iowa, has been named to the board to replace Mr. Grimes. John J. Juergens has been promoted from executive vice president and cashier to president. Chance Brown has been named vice president, and Lawson Waterman has been named cashier.

DES MOINES: Robert J. Burns, formerly vice president at the California Savings Bank in Los Angeles, has joined the Des Moines Savings and Loan Association as a loan officer.

GLENWOOD: A specially designed trailer will be the temporary home of the new Mills County State Bank, which expects to open here soon. A new permanent building for the bank should be completed by April, 1969, according to Don Roberts, bank president. Bob Bendinger, formerly owner and operator of Bob's Super Valu in Rock Rapids, Iowa, for 20 years, has joined the staff of the bank.

PERSIA: John D. Willard, 69, president of the Home Savings Bank of Persia, died recently in Jennie Edmundson Hospital, Council Bluffs, where he had been a patient for three days. He had been employed by the bank since 1934 and had been bank president since the early 1950's.

WASHINGTON: The University of Northern Iowa will present its fourth seminar for small town bankers on November 21 here. Speakers for the seminar will be Robert Nichols of the American National Bank in St. Paul, Carl Kent of the Illinois National Bank in Rockford and Wesley C. Sampson, assistant professor for accounting and data processing at the University of Northern Iowa.

NEBRASKA NEWS

The Agricultural Committee of the Nebraska Bankers Association will hold its 1968 Agricultural Seminars on Tuesday, November 5, beginning with registration at 10 a.m. at the Holiday Inn in North Platte and on Wednesday, November 6, with registration starting at 9 a.m. at the Hotel Lincoln in Lincoln. Identical programs will be presented at each meeting, with the morning sessions featuring a panel discussion of the "Changing Scene of Agriculture" by six professors from the University of

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Nebraska College of Agriculture. Afternoon programs will feature the following speakers: James Keast, general counsel, Doane Agricultural Service, Inc., St. Louis, Mo., "Tax and Estate Problems for the Family Farm;" William O. Kurtz, Jr., senior vice president, and William B. Aldrich, assistant vice president, both of the American National Bank and Trust Company, Chicago, Ill., "Financing Agri-Business;" Theodore D. Brown, president, Security State Bank, Sterling, Colo., "Who's Driving This Tractor? - A Look at Political Impacts on Agriculture." The afternoon's program will begin at 1:45 in North Platte and at 1:15 in Lincoln.

LOUISVILLE: The Home State Bank was robbed at noon on October 23. An undetermined amount of money was taken from the bank, according to H. A. Koop, president. No bank employees were injured.

OMAHA: Edward J. Wagner has been promoted to assistant vice president of the First West Side Bank. He will continue as manager of the bank's facility at the Crossroads Shopping Center.

YORK: Victor L. Michel has been promoted to vice president and cashier at the York State Bank. Mr. Michel and Rae Beins, vice president, have been elected to the bank's board of directors. To commemorate its 25th anniversary, the bank has produced a color-sound film entitled "A Salute to the York Community."

MINNESOTA NEWS

CROOKSTON: Roger Haugen, formerly employed at the Stearns County National Bank of Albany, Minn., has joined the Crookston National Bank as a loan officer.

DULUTH: Raymond L. Galazen has joined the installment loan department of First American National Bank. He previously was manager of a Superior industrial loan business.

HALLOCK: The Northwestern State Bank recently observed its 25th anniversary with an open house.

MADISON: The State Bank of Madison recently observed its 30th anniversary with an open house in the bank's newly remodeled facilities.

MINNEAPOLIS: William J. Bohnhoff has been elected an assistant vice president in the commercial loan department at the First Hennepin State Bank. Since September, 1966, he has been assistant vice president of Southside National Bank in Missoula, Mont.

MINNEAPOLIS: Angus T. Morrison of the Minneapolis office of Paine, Webber, Jackson and Curtis has been appointed a special partner in the New York-based investment banking firm. Named a general partner was John Florence, who was with the Minneapolis office for four years prior to being transferred to New York last year.

REDWOOD FALLS: Henry Peters, cashier, has been named vice president of the State Bank of Redwood Falls, and Ralph Holstine, assistant cashier, has been promoted to vice president. Jerry Evers has joined the bank as assistant cashier and insurance manager. He was formerly manager of the Thorp Loan office here.

ST. PAUL: Nearly 700 registrants attended the Minnesota Bankers Association's Junior Bank Officers and Staff Conference held at the St. Paul Hilton on October 16-17. Registration broke all previous attendance records in the 19-year history of the conference.

WILLMAR: Errol Bluhm has joined the installment loan department at the Bank of Willmar. He was formerly employed at the Household Finance Corporation office in Davenport, Iowa.

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WINONA: Dennis L. Nelson, formerly employed by Drivers State Bank, St. Paul, Minn., has been named assistant cashier in the installment loan department at the Winona National and Savings Bank.

ILLINOIS NEWS

CHICAGO: The Federal Reserve Bank of Chicago has approved the following staff changes, effective December 1, in anticipation of the retirement at that time of Paul C. Hodge, vice president, general counsel and secretary, and Leland M. Ross, vice president in charge of the bank examination department: Ward J. Larson, assistant general counsel and assistant secretary, to vice president, general counsel and secretary; William H. Gram, an attorney in the legal



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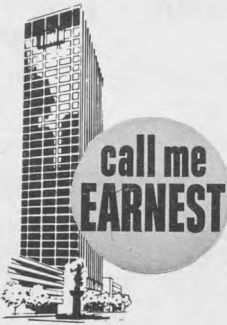
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department, to assistant general counsel and assistant secretary; James R. Morrison, chief examiner, to vice president in charge of the bank examination department; Elbert O. Fults, assistant vice president, to vice president in the bank examination department; Harris Buell, assistant chief examiner, to chief examiner.

CHICAGO: George E. Jacobsmeier, vice president, American National Bank and Trust Company of Chicago, has been appointed head of the bank's correspondent bank division.

METAMORA: The Comptroller of Currency has approved application of the Metamora National Bank to change its name to the First National Bank of Metamora.

NAPERVILLE: The Comptroller of Currency has approved application of the Naperville National Bank to change its name to the Naperville National Bank and Trust Company.

ROCKFORD: Federal deposit insurance has been approved for the

State Bank of Rockford by the FDIC.

NORTH DAKOTA NEWS

BISMARCK: The Comptroller of the Currency has approved application to change the name of the First National Bank of Bismarck to the First National Bank and Trust Company of Bismarck.

WAHPETON: The Comptroller of Currency has approved application to change the name of the Citizens First National Bank of Wahpeton to the First National Bank of Wahpeton.

SOUTH DAKOTA NEWS

BURKE: Raymond C. Schaefer, assistant vice president at the Burke State Bank, has been elected vice president and manager of the Bone-steel facility of the bank. Larry E. Roggow, assistant vice president, has been elected vice president, and L. Thomas Harlan, assistant vice president, has been elected cashier.

CARTHAGE: The Farmers State Bank held an open house on October 26 to celebrate bank President D. P. Amsberry's 50th year with the bank.

SIOUX FALLS: The South Dakota Bankers Association annual Bank Management Conference will be

held at the Ramada Inn here November 7. Keynote speaker for the conference is Professor J. Philip Wernette from the University of Michigan.

Holding Companies...

(Continued from Page 1)

even in the conventional situation. The problem has been exacerbated by the recent proliferation of one-bank holding companies that have announced their intention to move into "new fields." New fields, in addition, have already been added to the one-bank holding company in those instances where the acquiring firm is a nonbank conglomerate. The definition of "appropriate banking services" is not immutable, and the Corporation must remain open-minded at this critical stage of banking development until the implications of recent events are more fully understood. Banks need to diversify to compete today; the limits to this diversification, however, have yet to be determined."

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