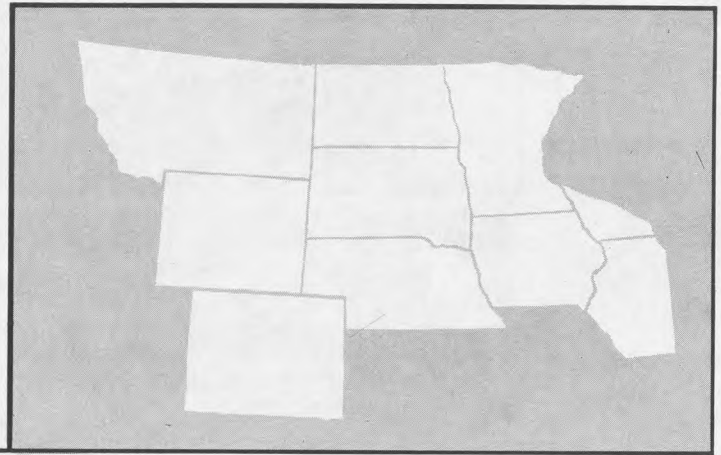


NORTHWESTERN Banker

Oldest Financial Journal Serving
The Central and Western States



No. 1135

Des Moines, Iowa

December 16, 1968

Fed Considers Restricting Congenerics

Several important matters relating to new legislation or regulations for financial institutions occupy the limelight in Washington, D.C., as the Administration and new Congress get set to take over.

If a one-bank holding company bill under consideration by the Federal Reserve Board should be adopted by Congress, there would be no "grandfather" clause in it to protect existing one-bank holding companies or "congenerics." It was learned last week that such a proposal is being studied seriously by the Board, although it may also be studying alternate control bills.

Under the above proposal, all bank holding companies, including the congenerics, would have greater freedom to operate financially related activities than now permitted by the Fed under the 1956 Bank Holding Company Act. These activities would include equipment leasing, data processing, credit-related insurance, factoring and mortgage servicing.

The Act applies to organizations which own or control 25% or more of the stock of two or more banks.

However, nonfinancial activities would not be permitted by the new proposal under study by any holding company—and presently the congenerics may engage in nonfinancial pursuits. Under the Fed's proposed bill, the one-bank holding companies would thus have to divest themselves of nonfinancial activities.

It is understood that the proposal would exempt from provisions of any such amendment to the Bank Holding Company Act those holding companies with total bank assets of \$30 million or less and total nonbank assets of \$10 million or less. One estimate says the exemption based on financial and nonfinancial assets would result in all but about 100 of some 600 small one-bank holding companies being free from restrictions under an amended statute.

Considerable pressure has been placed on the Fed Board to do something about congenerics, especially in view of the great rush to this device during 1968 and particularly the last half of 1968. The Association of Registered Bank Holding Companies,

whose members are subject to the 1956 statute, has stated the need for competitive equality between the two types of holding companies, asking that congenerics either be restricted from nonfinancial enterprises or that the law be amended to permit similar activity by the older bank holding companies.

Sales and Use Tax Accord

The National and State Bank Divisions reached a decision at ABA headquarters in Washington recently to support a measure that would provide sales and use tax equality between the two banking systems. Since the Supreme Court ruling of several months ago that national banks are not subject to state sales and use taxes there has been great concern in all 50 states about this disparity.

The Court ruled that states could tax national banks in only four ways and sales and use taxes were not included when that law was drawn.

The National Bank Division of ABA gave unanimous support to proposed federal legislation which would make national banks subject to such taxes if state banks in their state were required to pay
(Continued on Page 4)

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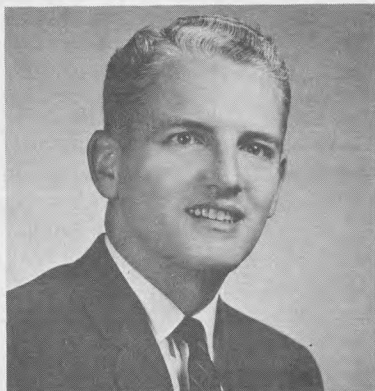
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IOWA NEWS

BLOOMFIELD: The Davis County Savings Bank has completed the sale of 600 shares of new capital stock. The sale increases the capital stock of the bank to 3,000 shares or \$300,000. The bank also has increased its surplus to \$300,000.

CEDAR RAPIDS: First Mid America Inc., of Lincoln, Nebr., has purchased the office of Hayden Stone, Inc. First Mid America will continue to operate its present Cedar Rapids office, as well as the Hayden Stone office. Milton Lewers, manager of the Hayden



Leo Kane

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Stone office, will assume managerial duties of the total First Mid America operation here.

DES MOINES: Verlon L. Britt has been elected assistant cashier at the Iowa Des-Moines National Bank. Mr. Britt joined the bank's computer sales training program in 1967.

JEWELL: Funeral services were held December 11 for G. C. Rorem, vice president and cashier at the Farmers State Bank.

MUSCATINE: Sidney Herzberg has been appointed installment loan manager of the First National Bank, succeeding Gerald D. Nelson. Mr. Nelson, bank vice president, will concentrate on commercial lending. Mr. Herzberg was formerly the American Finance Systems district manager at Davenport.

NEBRASKA NEWS

OMAHA: John P. Cermak has been named assistant research and planning officer at the Omaha National Bank. He has been with the bank since October of this year.

OMAHA: James W. Protzman has joined the municipal bonds department of Kirkpatrick, Pettis, Smith, Polian, Inc., and has been named an assistant vice president. Mr. Protzman has been in the investment banking business since 1966 and formerly had operated a wholesale business and farming operation in Fort Dodge, Iowa.

OMAHA: John B. Foley has resigned as first vice president at

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the Packers National Bank to pursue other business interests.

OMAHA: Air Force Lieutenant Colonel Robert A. Grashoff (ret.) has been elected vice president of the Bank of Bellevue. Colonel Grashoff, who has recently retired after 28 years of military service, will manage the bank's Offutt Air Force Base facility.

OMAHA: Eugene J. Zaloudek has been promoted from vice president and cashier to senior vice president at the Southwest Bank of Omaha. Donald V. Newberg has been promoted from assistant vice president to vice president; Joseph T. Sullivan, Jr., from assistant cashier to vice president; Lawrence F. Kinder from assistant cashier to cashier.

MINNESOTA NEWS

BLOOMINGTON: The American State Bank of Bloomington has been granted a charter by the Minnesota Department of Commerce. Application for the charter by a group of Bloomington businessmen was the subject of two court actions after it was once denied by the department.

HOPKINS: John J. Tarasar will retire January 1, 1969, as board chairman of the Northwestern National Bank of Hopkins. Richard Kligen, who succeeded Mr. Tarasar as bank president a year ago, will assume both president and chairman posts. Mr. Tarasar will continue on the bank's board of directors.

MINNEAPOLIS: John A. Deuchler has been named vice president in charge of the newly created investment department at the National City Bank. Mrs. Marie M. House, formerly real estate loan officer, has been named assistant vice president in the bank's real estate department. Mr. Deuchler was formerly with the Harris Trust and Savings Bank of Chicago.

MINNEAPOLIS: George H. Dixon, president of the First National Bank, has assumed duties as chief executive officer from Gordon Murray, board chairman, in preparation for Mr. Murray's retirement. Mr. Dixon has been president and

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chief administrative officer at the bank since March 1, 1968. Mr. Murray will remain active as chairman of the board. The bank has been reorganized into five groups and one department. Five newly elected senior vice presidents and the groups they head are: Philip M. Harder, commercial banking group; Joseph R. Kingman, III, retail banking group with Thomas M. Kulp as senior advisor; Donald R. Koessel, resources management group; Alan H. Moore, corporate staff services group. Hans L. Kopp has been elected assistant vice president in the international banking department. He was formerly with the American Express International Banking Corporation, New York, as a manager of international operations.

MINNEAPOLIS: Francis J. Beauchane has been elected assistant vice president at the Fifth Northwestern National Bank, and John R. Cochran has been elected cashier. Mr. Beauchane has been cashier at the bank since 1957. Mr. Cochran has been a Northwest Banco management trainee since 1967.

ILLINOIS NEWS

CHICAGO: Controlling interest in the Marina City Bank has been purchased by a local group headed by Harrison I. Steans and John Friend, president of the bank. The group includes a number of present officers and directors of the bank, as well as other Chicago businessmen. Mr. Steans has been elected chairman of the bank's board of directors, succeeding Colonel Jacob M. Arvey, who will continue as a member of the board. No other changes in personnel are anticipated.

PERU: The Illinois Commissioner of Banks and Trust Companies has granted a charter to the Colonial Trust and Savings Bank to be located at 925 Shooting Park Road here. The bank is to be capitalized at \$750,000. Casimir J. Chamlin will serve as chairman of the bank's board of directors; Eugene R. Mischke as president; Earle S. Nelson, Jr., as acting cashier.

granted to the State Bank of Rockford by the Illinois Commissioner of Banks and Trust Companies. The bank will be located at 4048 East State Street. Construction of the new bank building will begin immediately, with bank opening planned for mid-summer 1969.

SOUTH DAKOTA NEWS

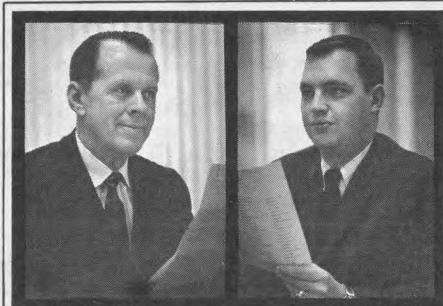
FLANDREAU: Thomas J. Hart of Wells, Minn., has joined the Farmers State Bank as vice president and cashier, succeeding Leo Pottratz, who is retiring. Mr. Hart was president of the Security State Bank of Wells.

RAPID CITY: The following men have been named vice presidents in the western division of the National Bank of South Dakota: Dave Clift, trust officer; Walter Linderman, head of the real estate mortgage department; Jerry Harder, manager of the Baken Park office; LeRoy Hofer, manager of the Hot Springs office. Promoted to assistant vice presidents were Robert Bock and Frank McCormick, both officers in the timepay department at the main office; Gideon Stroh, manager of the northeast office; Al Hill, assistant manager at the Hot Springs office; Walter Simons and Dan Meyer, both of the Sturgis office.

WHITE: Arthur Graslie, president of the First National Bank, has purchased the controlling bank stock interests of G. D. Hansen and B. E. Bork, both of Sioux Falls. Mrs. Florence M. Jessen, cashier, and Justin Anderson have been named to the board of directors, replacing Mr. Hansen and Mr. Bork.

NORTH DAKOTA NEWS

McVILLE: Lawrence Boelter, vice president of the McVillage State



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Bank, has died at the age of 60. **SHEYENNE:** Fred W. Grawe, manager of the Westland International Truck Sale and Service in Williston, N. D., has been named director, vice president and cashier of the Farmers and Merchants Bank here. He will assume his new duties January 6.



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WYOMING NEWS

CASPER: John O'Neil, president of Western National Bank, will be leaving the bank in late December to take a position with the Valley National Bank in Phoenix, Ariz. Mr. O'Neil has been with the bank since 1966.

CHEYENNE: Harold Walters has been named executive vice president and director of the East Cheyenne National Bank. He was formerly vice president at Metropolitan Bank, Denver.

CHEYENNE: C. B. Coolidge, Cheyenne accountant, has been elected to the board of directors of the First Cheyenne State Bank.

COLORADO NEWS

AURORA: A \$250,000 remodeling project has been announced by Peoples Bank and Trust Company to give the bank full occupancy of its building. The second floor of the structure was previously rented to other tenants.

BOULDER: R. Keith Radabah has joined the Mercantile Bank and Trust Company as a trust officer. Mr. Radabah came to the bank from

Great Falls, Mont., where he was assistant trust officer at the Great Falls National Bank.

LAKESWOOD: The completed sale of \$350,000 in subordinated capital notes by the First Westland National Bank has increased the bank's total capital funds from \$850,000 to \$1,200,000. The additional capital will make possible an increased loan limit on individual loans at the bank.

Fed Considers Taxes

(Continued from Page 1)

the taxes. The entire matter must go next to the ABA Federal Legislative Committee consisting of 50 men, then to the Administrative Committee and Executive Council for final approval before ABA could present it to Congress as a bill.

S&L's Expand Mobile Branching

The Federal Home Loan Bank Board has issued a new policy statement under which the FHLBB will consider approving applications of Federal S&L's to establish branches or have mobile facilities in their home states as far away as 100 miles from their home office. The previous distance restriction was 75 miles.

The Board also proposed a new

Federal Home Loan Bank System regulation that would require the reserves and surplus of an S&L to be at least 3% of savings accounts in order to obtain FHLBB approval of a branch or mobile facility application.

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