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Push FDIC to Regulate Holding Companies

A compromise plan that would vest the regulatory authority over bank holding companies — both one-bank and multi-bank — in the Federal Deposit Insurance Corporation may be advanced by some banking interests if a jurisdictional deadlock develops in the House Banking Committee.

Such a plan is now receiving serious consideration after recent hearings before the committee revealed growing opposition to the Nixon Administration's scheme of splitting the jurisdiction among the three regulatory agencies with respect to the financially related acquisitions of holding companies.

But even if there is no deadlock in the committee, the proposal to give FDIC jurisdiction over holding company congeneric acquisitions still may emerge as preferable to the Administration's plan.

Many bank observers in Washington view the Administration's "troika" approach, with each banking agency having a veto power over the others, as an administrative nightmare.

In addition, there is little support among bankers for the Federal Reserve Board retaining jurisdiction over bank holding companies. They point out that

the Fed has been too restrictive in its interpretation of the Bank Holding Company Act of 1956 with respect to multi-bank holding companies and also has been too slow in rendering decisions.

The American Bankers Association's proposed solution to the jurisdiction question is a majority vote of the three banking agencies in determining permissible activities. House committee members, however, are skeptical of this plan, feeling that the Comptroller of the Currency and the FDIC would combine in many cases to overrule the Fed.

It is still unclear how the Treasury would view the plan to grant jurisdiction to the FDIC. In attacking provisions of Chairman Wright Patman's bill (H.R. 6778, which retains jurisdiction in the Fed), Administration witnesses have charged that it would create a "gigantic supervisory conglomerate."

The Fed, however, would be in a weak position to oppose the granting of administrative control to the FDIC. Chairman William McCh. Martin testified that the Board believes it would be most effective for one agency to administer the act.

In addition, Mr. Martin said he does not insist that the agency

be the Federal Reserve. "In terms of efficiency, the FDIC could do just as good a job, perhaps," he said.

Mr. Martin was supported by Fed Vice Chairman J. L. Robertson. "I really don't care what agency it is," he said. "It doesn't make a bit of difference. I merely say for the purpose of efficiency and equity you need to have decisions made by one agency."

Chairman Patman continued his opposition to the Administration's jurisdiction provision. He charged that the Comptroller of the Currency "wouldn't hesitate to go ahead with approvals" of holding company acquisitions even if the acquisitions involved activities not agreed on by the three agencies. He said, if such a case developed, the other two agencies and aggrieved parties would have no recourse.

According to Horace R. Hansen, counsel for the Independent Bankers Association, the IBAA favors delegating control over bank holding companies to the Fed. He said the IBAA would also like to see an outside limit placed on the activities of a bank holding company other than owning a bank or banks. "We suggest that the total net worth of all other activities should not exceed 50% of the net worth of the bank or banks."

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IOWA NEWS

CORALVILLE: Gordon C. Hall, 50, resigned last week as president of Coralville Bank & Trust. He had been president since January, 1966. Frank Eicher, board chairman, who recently purchased controlling interest in the bank, said the board was to meet later to discuss a successor. Mr. Hall did not announce his future plans.

SHENANDOAH: Mrs. Esther Fishbaugh has been named a director at the Security Trust and Savings Bank, succeeding her late husband, Earl C. Fishbaugh, Jr.

NEBRASKA NEWS

LINCOLN: The second of two holding company bills has been killed in the Nebraska Legislature. LB 689, which would have changed the definition of a holding company and permitted as many as 10 banks to be held, was killed in committee last week. Earlier, LB 819, which would have repealed the entire holding company law, was similarly shelved by the committee.

OMAHA: The Iowa-Nebraska Investment Bankers Field Day will be held May 22-23, beginning with a cocktail

party and dinner at the New Tower Motel at 5:30 on May 22. Activities the following day, May 23, will be held at the Omaha Country Club, with luncheon at 11 a.m. and dinner at 7:30. Registration fee is \$32.50.

MINNESOTA NEWS

BUTTERFIELD: An extensive remodeling project recently got underway at the State Bank of Butterfield. The project includes renovation of the interior of the bank and construction of a new bank front. The project is expected to be completed by August 1.

CALEDONIA: The Comptroller of the Currency has approved conversion of the Sprague National Bank to the Sprague State Bank. Gus W. Carlson, Jr., is bank president.

MINNEAPOLIS: Donald R. Grangaard has been elected a director of First National Bank of Minneapolis. Mr. Grangaard was recently named president and chief executive officer of First Bank System, Inc.

PEQUOT LAKES: The name of the Farmers State Bank of Pequot Lakes has been changed to the Lakeland State Bank.

ILLINOIS NEWS

CHICAGO: The Comptroller of the Currency has approved the application of the Lincoln National Bank to establish a drive-in facility at 3940 North Damen Avenue here.



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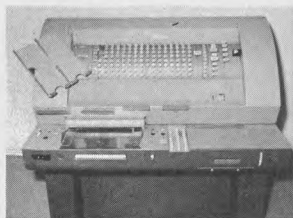
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CHICAGO: John B. Diezel has been promoted from comptroller to vice president and comptroller at the Chicago City Bank and Trust Company, Norine Herbert, Eugene David and Charles Hockins have been promoted from assistant cashiers to assistant vice presidents at the bank. Eleanora Bird has been named administrative assistant; Florence Anderson, vault department manager; Davis L. Camplin, personnel director, Joseph Doyle, assistant cashier; Frank Browne, assistant trust officer; Jetta Gallacher, administrative assistant to the chairman and secretary of the board of directors, and Charles Ross, assistant vice president, have been given the additional title of security officer.

CHICAGO: James W. Beutel, manager of the computer center at the National Boulevard Bank, has been named assistant vice president. Louis E. Avery, William A. Mulvihill and Richard T. Schroeder have been named assistant cashiers. Edward G. Griffiths has been elected electronic services officer.

CHICAGO: Roy H. Brolin, Robert L. Oseland, Henry H. Klein and John M. Schmidt have been named second vice presidents at the Exchange National Bank. Gerald E. Frazier and Milton A. Harvey have been named assistant cashiers.

PEORIA: The Comptroller of the Currency has approved the application for a charter for the Commercial Bank of Peoria, National Association to be located here.

ROCKFORD: Harry H. Nelson, formerly in the installment loan department of First Granite City (Ill.) National Bank, has been appointed assistant cashier.

SPRINGFIELD: The Illinois Legislature has defeated two measures to allow multi-office banking in the

state. The House Banking Committee recently rejected a proposed branch banking bill by a 15 to 3 vote, and a bill to legalize registered holding companies has been voted down by a Senate committee, 10 to 5. The Illinois Bankers Association had strongly opposed both bills.

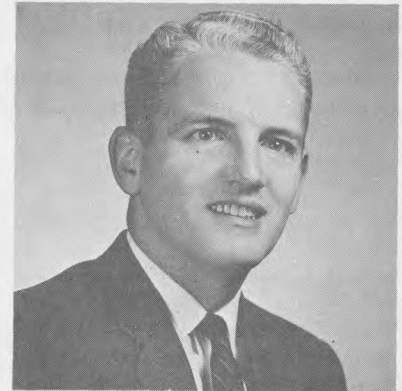
NORTH DAKOTA NEWS

ASHLEY: Clayton Schmidt, executive vice president of the McIntosh County Bank, has resigned to assume the position of president of the Liberty National Bank at Dickinson. Mr. Schmidt had been with the Ashley bank since 1964, when he came to the bank from Wahpeton where he had served as vice president of the Wahpeton National Bank.

MUNICH: The following changes have been announced at the First State Bank: J. J. Hillman, formerly president, has been named chairman of the board of directors. D. P. Wold, vice president, has been elected president; M. I. Hoffmann, cashier, has been named executive vice president; Tim A. Dawley, assistant cashier, has been promoted to cashier, and Richard Retter has been named assistant cashier.

SOUTH DAKOTA NEWS

PARKER: The Parker State Bank recently held an open house for area bankers and correspondent banks in



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its new banking quarters. The open house was followed by a social hour at the Par Mar Country Club. About 100 area bankers and correspondent representatives attended the celebration.

WATERTOWN: Douglas A. Peterson, head basketball coach and economics instructor in the Watertown school system, has announced his plans to join the installment loan department of the First National Bank of Watertown on July 1.

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WYOMING NEWS

CASPER: The Wyoming National Bank of Casper recently awarded its \$350 bank scholarship to Ronald F. Larson, University of Wyoming student from Rock Springs, Wyo., according to Robert Miracle, bank president.

CHEYENNE: Robert J. Sorensen, president of American National Bank, has officially announced the opening of the bank's Golden Anniversary Party Contest to celebrate the bank's 50 years of service. Bank

customers can register in the bank lobby or at American National's Francis E. Warren Air Force Base branch for six prizes to be given away monthly. Prizes valued at \$1,500 will be given away during the nine-month contest, which extends through December—the bank's anniversary month.

GILLETTE: J. L. Bennick, cashier of the Stockmens Bank, has been promoted to vice president. E. W. Record, livestock inspector and loan officer, and James M. Woods, assistant cashier, also have been named vice presidents. Andrew Semsey, auditor, has been promoted to cashier, and D. E. Brown, teller, has been named auditor. Mrs. Jessie Braley has been named assistant cashier, and Mrs. Evelyn Young has been named head teller.

RAWLINS: Construction work has begun on the new underground facilities at the Rawlins National Bank, according to John France, president. Construction, to be completed by July 1, calls for the addition of a new basement to give the bank 1,600 square feet of additional storage and research space.

ROCK SPRINGS: Van M. Whetzell, 34, died recently in University Hos-

pital, Salt Lake City, Utah, following a lengthy illness. Mr. Whetzell was formerly employed as teller at the First Security Bank here for 11 years.

COLORADO NEWS

AURORA: Two Aurora banks, Peoples Bank and Trust Company and First Bank of Aurora, have just completed installation of new drive-up banking facilities.

BOULDER: The 19th annual Colorado School of Banking will be held August 3-15 at the University of Colorado here. Nearly 250 bankers and banking officials from more than 15 states are expected to attend the school.

EVERGREEN: Hurley Swartz has joined the staff of the Evergreen State Bank as installment loan officer, according to Jack L. Moore, vice president. Mr. Swartz was formerly with the First National Bank of Bartlesville, Okla.

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