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Patman Loses Holding Company Battle

Banking interests have chalked up a sweeping victory on one-bank holding company legislation with the decision of the House Banking Committee to provide a grandfather clause of February 17, 1969, and to scrap a "laundry list" of activities in which holding companies may engage.

Five Democrats lined up with the 15 Republicans on the committee in the key vote that replaced the tough provisions of Chairman Wright Patman's bill (H.R. 6778) with a revised compromise plan of Rep. J. William Stanton (R., Ohio).

The vote represented a setback for Mr. Patman. However, the measure would bring one-bank holding companies under Federal regulation. They are not regulated at the present time.

Nevertheless, before the vote on the compromise plan, which was placed before the committee by Rep. William Widnall (R., N. J.), Mr. Patman charged that it would give bank holding companies "exactly what they want."

When the vote came on the Widnall amendment, Democrats Robert G. Stephens, Jr. (Ga.), Tom S. Gettys (S.C.), Nick Galifianakis (N.C.), Tom Beville (Ala.) and Charles H. Griffin (Miss.) joined the Republicans to approve the plan.

The committee later ordered the bill reported, 29-5. Mr. Patman, accepting defeat, voted to report the final bill so he can manage it on the House floor. He made it clear, however, that his vote did not mean his approval of the measure.

The Widnall amendment follows the outline on the Stanton compromise bill, with some key changes. As approved, it would:

Give the Federal Reserve Board jurisdiction over all holding companies—both one-bank and multibank.

Permit holding companies to perform any activity that the Board has determined is "functionally related to banking in such a way that its performance by an affiliate of a bank holding company can reasonably be expected to produce benefits to the public that outweigh possible adverse effects."

Prohibit bank holding companies and the subsidiaries from performing the functions of an insurance agent, except for credit life, health and accident insurance.

Forbid bank holding companies from engaging in the underwriting, public sale or distribution of mutual funds.

Require that the Fed grant or deny any application of a bank holding company within 90 days.

If no decision is made in that period, the application would be automatically approved.

Exempt from divestiture all bank holding company acquisitions made before last February 17.

Approval of the February 17 grandfather clause, Mr. Patman said, "is a disgrace that will haunt this committee forevermore." His bill contained no grandfather clause.

Supporters of the February 17 date contended that it was picked merely because on that date one-bank holding companies were put on notice that they would be the subject of legislation. Mr. Patman introduced his one-bank bill on that date.

It was not chosen to exempt specific acquisitions, supporters contend. It had been speculated that the February 17 date was picked to clear the merger of First National City Bank and Chubb Corp. However, this acquisition has been abandoned in the face of a threatened antitrust suit.

Banking interests did pay a price for getting a more moderate measure than the Patman bill out of the committee. The prohibition against getting into the general insurance business represented a concession on the part of banking lobbyists. Lobbying

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IOWA NEWS

ALTOONA: Jerry Hickok, manager and vice president of the Altoona State Bank, has resigned to accept a position as vice president of the First State Bank at Britt. He has been with the Altoona bank since 1961.

AUDUBON: Clark Arnold, Jr., 50, vice president of the First State Bank, has died in a local hospital here following a long illness.

BURLINGTON: Leonard W. Lane has joined the staff of the Farmers and Merchants Bank and Trust Company as auditor. He was formerly secretary-treasurer of Benner Tea Company here and head of the firm's finance and accounting division.

DES MOINES: Noel T. Robinson,

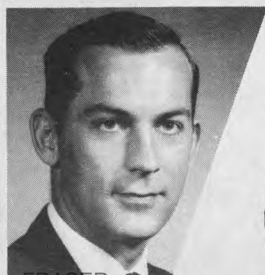
vice president and senior trust officer of Central National Bank and Trust Company, has retired as head of the bank's trust department. Joe D. Young, vice president and senior trust officer, has been named to succeed Mr. Robinson, who joined the bank in 1942 and has been in the trust department since that date.

DES MOINES: C. Robert Brenton, president of Brenton Banks, Inc., has been named to the board of governors of the Iowa State University Foundation. Mr. Brenton is a 1953 graduate of Iowa State.

GRINNELL: Harris Stafford, executive director of the Mayflower Home here, has been elected to the board of directors of the Grinnell State Bank.

LAKE PARK: E. F. McDowell, president of the Security State Bank since 1935, has retired. M. J. Kuehl has been advanced from vice pres-

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ident to president at the bank, and Mrs. JoAnn Kuehl has been elected vice president.

NEBRASKA NEWS

LINCOLN: The following promotions have been announced at the First National Bank and Trust Company: George Barlow and Les Curran, vice presidents; Fred Duda, trust investment officer; Richard Emery, vice president and trust officer; Ted Fulton, trust officer; Gerald Holscher and William Wilke, assistant vice presidents.

LYONS: Leon E. Langemeir, president of the First National Bank of Lyons, has sold controlling interest in the bank to the Farm and Home Insurance Company.

OMAHA: Bernard L. Engels has been named executive vice president of the Center Bank. He previously had been with the Northwestern National Bank of Hastings since 1961 and had been serving as president of the bank since July, 1967. Before that time, he was with the Northwestern National Bank of Rochester.

MINNESOTA NEWS

BLUE EARTH: Carl Bangert of Rapid City, S.D., has been elected executive vice president and director of the First National Bank of Blue Earth, effective July 15. Mr. Bangert was formerly vice president at the National Bank of South Dakota, Rapid City. Marvin Nicolai, assistant cashier at the Blue Earth bank, has been promoted to cashier, effective July 21. He will assume part of the duties formerly handled by Dean Willford, who recently resigned to accept a bank post in Tacoma, Washington, and will continue to head the bank's timepay department.

HAMPTON: Jerome Stotko, vice president and director of the First National Bank, has purchased control-

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ling interest in the bank from A. H. Muellerleile of St. Paul and assumed the presidency of the bank on July 1. Mr. Stotko joined the bank's staff in 1960 as cashier.

MINNEAPOLIS: John W. Greenman, executive vice president of L. J. Sheridan & Company, Chicago property management firm, has been named a vice president of the Northwestern National Bank and vice president and general manager of the Northwestern Bank Building Company. Victor K. Sandvig, who has been with the bank since 1949, has been named purchasing officer.

The bank also has announced the opening of a branch office in Nassau, Bahamas—the first overseas branch opened by a bank in the Ninth Federal Reserve District.

ST. PAUL: The dates for the National Association of Supervisors of State Banks District 2 meeting have been changed. New meeting dates are August 10–13 at the Hopkins House, Breezy Point, near Brainerd, Minn. District 2 is comprised of Illinois, Indiana, Iowa, Kentucky, Michigan, Missouri, Ohio, Wisconsin and Minnesota.

ILLINOIS NEWS

CHICAGO: John S. Shumway has joined the LaSalle National Bank as assistant vice president and investment officer in the bank's trust department. He comes to the bank from Brown Brothers Harriman & Com-

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pany, Chicago, where he had been portfolio manager.

CHICAGO: Applications of the following banks to withdraw from Federal Reserve membership have been approved: First State Bank of Campbell Hill; State Bank of Chrisman; State Bank of Keyesport.

HARVARD: Application of the Harvard State Bank to exercise trust powers has been approved by the FDIC.

NEWTON: The FDIC has approved the application of the Peoples State Bank of Newton to establish a facility at 217 Van Buren here.

SHAWNEETOWN: The Illinois House of Representatives has passed and sent to the governor a bill to make the First National Bank building of Shawneetown a state monument. The bank is known for its action of 125 years ago, when it turned down the city of Chicago for a loan, because the bank didn't think Chicago would ever amount to anything!

MONTANA NEWS

BILLINGS: The Citizens Bank of

Billings has been admitted to Federal Reserve membership.

NORTH DAKOTA NEWS

MINOT: Loren Corum, who previously farmed near Turtle Lake, N.D., and attended Minot State College, has joined the First National Bank in the installment and loan department.

SOUTH DAKOTA NEWS

CLARK: Both the First National Bank and the Citizens State Bank are completing new buildings. Occupancy is expected this month.

DESMET: The 50th anniversary of the

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Peoples State Bank was observed recently, according to S. Neal Meyer, president.

GARDEN CITY: Funeral services were held here recently for Joe Tur-

rill, 67, manager for Farmers & Merchants Bank and Trust of Watertown. Death was from a heart attack.

Seek Camp's Resignation...

President Nixon will seek the resignation of Comptroller of the Currency William B. Camp, according to White House sources.

The White House has already instructed Treasury Secretary David M. Kennedy to ask Mr. Camp to resign. However, Mr. Kennedy has postponed action on the White House request pending final Congressional action on the Administration's surtax package.

The major thrust behind the action to remove Mr. Camp from office is the desire of the White House to get more Republicans into top regulatory jobs.

Holding Company Battle...

(Continued from Page 1)

efforts by the insurance agents, which started well before hear-

ings began on the legislation, had convinced many committee members that bank entry into the general insurance field would drive local agents out of business.

However, banking lobbyists don't view the prohibition in the bill against the sale of mutual funds as terribly significant. They point out that amendments in the mutual fund reform bill would give banks the authority to operate mutual funds. The mutual fund reform measure is pending before the House Interstate and Foreign Commerce Committee. The one-bank bill's prohibition deals directly with bank holding companies.

The bill now goes to the House Rules Committee which will schedule it for a House floor vote. After that, it will be sent to the Senate.

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