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Approve Controversial Bill-Paying Measure

Controversial authority for savings and loan associations to pay bills from savings accounts on behalf of savers has been formally granted by the Federal Home Loan Bank Board.

The authority, which had come under criticism in commercial banking circles after the idea was proposed by the FHLBB in August 1969, is granted Federal S&L's only, effective September 14.

Technically, the rules adopted implement a provision of the Housing and Urban Development Act of 1968 that empowered the FHLBB to allow "withdrawal or transfer of savings accounts upon nontransferable order or authorization" at Federal S&L's.

Former Federal Deposit Insurance Corp. Chairman K. A. Randall was one who leveled criticism at the proposed rules. In a speech last November, Mr. Randall branded the authority as enabling Federal S&L's to offer customers a "demand account... that in essence pays interest."

Apparently trying to rebut such analogies, the FHLBB said in announcing the new rules that "unlike checks drawn on bank accounts, the nontransferable order authorized under the regula-

tions is not a check and cannot be used as one, being neither transferable nor negotiable." In contrast, the FHLBB said, commercial bank checks are both transferable and negotiable.

Under the adopted rules, the S&L's are barred from allowing withdrawals or transfers of savings "on negotiable or transferable order or authorization."

But the S&L's are permitted to pay bills to third parties out of savings accounts, if authorized by the saver on a "nontransferable" basis. These payments could be made "periodically or otherwise."

The adopted rules do not contain a proviso in the proposed version that the S&L's may offer bill paying for "such periodic obligations as utility bills" on "specification of the nature of the obligation to be paid without specification of the amount."

Removal of this provision from the final rules was intended to make the bill paying authority "less restrictive," an agency spokesman explained. In addition, even when the rules were proposed, it was believed that they contained sufficient authority for a saver to authorize the S&L's to pay department store charge ac-

count bills and other similar bills where the amount due to be paid would vary from month to month.

Another change incorporated in the final rules permits Federal S&L's offering bill paying services to savers to charge a fee for doing so. The rules set no limit on the amount of the fee.

The new FHLBB rules also allow transfer payments by savers to third parties directly to savings accounts of a third party if requested.

And the final rules also permit Federal S&L's to sell travelers checks and money orders not only to their members, but to the public at large.

Postpones Action on 'Safe Banking' Bill...

House Banking Committee Chairman Wright Patman (D., Tex.) has decided to postpone action until next year on a bill he is sponsoring to prohibit brokered deposits, giveaways to attract deposits and equity participations by lenders.

Chairman Patman told his House colleagues that hearings on the bill (H.R. 18676) would be held by the House Banking Committee "early in the 92nd Congress," which convenes next January.

"The legislation is being put over until the next Congress to

(Continued on back page)

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IOWA NEWS

CEDAR RAPIDS: Grant Williams, a well-known local businessman, has been named resident manager of the Iowa branch of Allison Williams Company, investment banking and municipal bond firm.

CLINTON: Myron Weil, First National Bank president, has announced the promotion of Howard K. Knutson to vice president in charge of the loan department. Charles E. Ertzinger and Raymond G. Tiedje were named assistant vice presidents. Mr. Ertzinger is a farm services representative and Mr. Tiedje is a loan officer.

DENISON: William Adams, former Denison banker, died recently in Montebello, California. Mr. Adams was president of the First National Bank for 22 years until his retirement in 1947.

FORT DODGE: Wallace B. Lundberg, former vice president of the now defunct Hawkeye Loan Co., Humboldt, has pleaded innocent to a 10-count federal indictment charging him with mail fraud and devising a scheme to obtain money by false pretenses. Maurice Thompson, former president of the firm, was charged in the same indictment, but was unable to appear due to health reasons.

The indictment charges — Mr. Lundberg and Mr. Thompson with negotiating the purchase of the Security State Bank of Algona, making the down payment with borrowed funds and paying the first installment by checks drawn on insufficient-fund accounts.

MANLY: Controlling interest of the

Manly State Bank has been sold to R. H. Isensee and Associates, Mason City. Under the new ownership two long time bank executives are retiring. Perry T. Webb, executive vice president, retires after 36 years with the bank. Robert C. Bride leaves the bank after 24 years.

MARION: Jim Follon, formerly with CIT in Des Moines, has joined the installment loan department of the First National Bank, according to Phil Morris, president. Mr. Follon will have the title of assistant cashier, and he will work with George Humphrey, assistant vice president.

NORA SPRINGS: Roger Smith has been named vice president and cashier of the First State Bank, effective September 1. Mr. Smith has been with the Union Trust and Savings Bank, Stanwood, for the past 12 years and is currently cashier.

OSCEOLA: The Iowa State Banking Department has approved a charter application for a new state-chartered bank for Al Wissink and four others. Mr. Wissink is president of the Andrew Savings Bank and the First State Bank, Diagonal. The name of the new bank will be Osceola State Bank & Trust Company.

SIGOURNEY: The FDIC has approved an application by the Keokuk County State Bank to change the location of its main office from 101 South Jefferson to 201 South Jefferson.

NEBRASKA NEWS

BLUE HILL: The Commercial Bank will hold a 65th anniversary open house this Saturday in their newly

remodeled quarters, followed by a dinner at the Ash Hollow Country Club. E. J. McBride is president of the bank.

COLUMBUS: Robert L. Gangel has joined the staff of the First National Bank and Trust Company as a vice president. Mr. Gangel had previously been general manager of the Nebraska operations of Becton-Dickinson and Company.

GIBBON: Stephen Adams has been elected chairman of the board of the Exchange Bank and Dean Hallock, formerly vice president at the First National of Kearney, has been elected president.

OMAHA: Donald E. Benson and Floyd D. Foreman have been advanced from second vice presidents to vice presidents at the Omaha National Bank. James L. Allen, a loan officer, has been named second vice president.

OMAHA: Harold R. Clements has joined the staff of First Mid-America Inc., Omaha-based investment banking firm with offices in nine mid-western cities. Mr. Clements will serve as an account executive in the company's Des Moines office.

MINNESOTA NEWS

BRAINERD: The Minnesota Bankers Association is currently holding its 1970 Summer Council of Administration meeting here to discuss the direction of the Association for the coming year. MBA President Marvin R. Campbell of Crookston is chairing the meeting. On the agenda are matters pertaining to state and federal legislation, education, public relations and advertising, and the Association budget.

BRAINERD: The Minnesota Flying Bankers Association will hold their third annual meeting on Gull Lake near here this weekend. A weekend



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of activities, seminars and discussions are planned.

MADLIA: The Citizens National Bank recently held an open house in their newly remodeled and redecorated quarters.

MINNEAPOLIS: The ninth annual convention of the Independent Bankers of Minnesota will be held on Wednesday and Thursday, September 2-3, at the Radisson Hotel. Among the major topics to be discussed is the Golembe Report, which endorsed the establishment of a regional system of limited branch banking.

MINNEAPOLIS: Dennis W. Dunne, vice president of Northwest Bancorporation, has been named general chairman for 1970 membership campaign of the Greater Minneapolis Chamber of Commerce. Mr. Dunne is first vice president of the Chamber.

MINNEAPOLIS: C. Bernard Jacobs, chairman of the National City Bank, has reported the promotion of two officers and the appointment of a third. Elaine Hartmann, formerly an investment officer, has been named assistant vice president in the operations department. Michael J. Kelley has been named investment officer. He was formerly a commercial loan officer. Daryl G. Bach, formerly with the First National Bank of St. Paul, will join the bank staff September 1 as assistant auditor.

PLAINVIEW: Walter A. Kurlawske, 62, a cashier at the People's State Bank for 40 years, died here recently. Mr. Kulawske was noted for his activity in civic and community affairs and was village treasurer at the time of his death.

PRINCETON: A bank charter application has been filed with the State Commerce Commission by a group proposing to establish the Rum River State Bank. Proposed capital structure is \$300,000.

ST. PAUL: Approval has been given by the Fed to the Falcon Heights State Bank, 1544 West Larpentour Avenue, to change the location of its main office to 1806 North Lexington Avenue.

SANBORN: Clyde Greutz recently joined the staff of the Sanborn State Bank. He was formerly with the First National Bank of Brewster.

ILLINOIS NEWS

ARLINGTON HEIGHTS: The North Point State Bank has received approval on their application for Federal Deposit Insurance. Total capital accounts of the bank total \$1 million. Richard D. Hughes is president.

BLOOMINGDALE: An application by the Bloomington State Bank for Federal Deposit Insurance has been given approval by the FDIC. Total capital accounts of the bank are \$750,000.

FINDLAY: Organizers of the proposed Bank of Findlay have received a permit to organize from the commissioner of banks and trusts. Capital stock of the proposed bank is listed at \$150,000.

MARION: The FDIC has approved an application by the Bank of Egypt to establish a motor facility at West Main and Van Buren Streets.

NORTH DAKOTA NEWS

BISMARCK: The State Bank of Burleigh County has received approval

from the FDIC to establish a branch office at Kirwood Plaza Shopping Center.

DICKINSON: The First National Bank recently held their 80th anniversary celebration. Special gifts were given to all visitors 80 years and over.

MONTANA NEWS

HELENA: Stephen Mandeville and Kris J. Kober have joined the staff of the Union Bank and Trust Company in the Northwest Bancorporation's management trainee program. Mr. Mandeville is a recent graduate of Montana State University and is a native of the Bozeman area. Mr. Kober graduated this spring from the University of South Dakota with a degree in business administration. He is from Belle Fourche, South Dakota.

Fed Cuts Reserve Requirements for Banks...

WASHINGTON-The Federal Reserve last week took partially offsetting actions on reserve requirements, which will have a net effect of reducing reserve requirements throughout the commercial banking system by about \$350 million.

It applied a 5% reserve requirement on funds obtained by banks through the issuance of commercial paper by their affiliates.

The Fed also reduced to 5% from 6% the reserves that member banks must hold against time deposits exceeding \$5 million.

Both actions are to become effective in the reserve computation starting October 1. They will be applicable on such deposits and commercial paper outstanding in the week beginning September 17.

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COLORADO NEWS

DENVER: Colorado CNB Bankshares President Melvin J. Roberts and Garret-Bromfield Mortgage Co. President Antone R. Bowler jointly announced an agreement to acquire Denver-based Garret-Bromfield mortgage loan company by Colorado CNB Bankshares, Inc.

FOUNTAIN: A new \$200,000 bank building will be opened in November to house the First State Bank. The bank opened in 1968 and is currently located in the Fountain Crest Shopping Center.

SOUTH DAKOTA NEWS

HURON: A trust workshop will be held here September 11 to be sponsored by the SDBA for all trust men and other bankers interested in the operation of trust departments. Featured speaker will be Dean Miller, deputy comptroller of the currency for trusts.

SIoux FALLS: Donald A. Isaacson, vice president of the National Bank of South Dakota, has been assigned to the bank's South Branch, and Victor A. Jorgensen, assistant cashier, has been reassigned to the main office of the bank.

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WYOMING NEWS

RAWLINS: F. A. Rummel, Jr., president of the First National Bank, has announced that controlling interest of the bank has been purchased by a group of investors headed by A. H. Trautwein, president of the Cheyenne National Bank and chairman of the Wyoming Bancorporation. The First National Bank is filing an application for the bank to become a member of Wyoming Banco. Mr. Rummel noted that no changes in the management staff of the bank are planned as a result of the acquisition.

'Safe Banking' Bill...

(Continued from Page 1)

allow for the full hearings necessary for this type of measure," Chairman Patman explained.

Chairman Patman urged quick adoption of the measure. "It is imperative that this legislation be enacted immediately," he said, "since there are a number of banks across the country still in operation who have been victimized by brokered funds and other questionable transactions."

The legislation, which Chairman Patman calls the proposed Safe Banking Act, would apply to S&L's as well as banks.

It would prohibit any insured bank or S&L or its directors, officers, agents or stockholders from obtaining compensation for getting a deposit placed with the institution. Violations of this would subject the institutions to a penalty of not more than 10% of the deposit involved.

The bill would prohibit giveaways by providing that no institution "may

offer or deliver any merchandise or any certificate, stamp, ticket or other gifts.

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