

# NORTHWESTERN Banker

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## Seek Views on Class Action Suits

Senate Commerce Committee Chairman Warren G. Magnuson (D., Wash.) has asked the Federal banking agencies to express a view on whether banks should be exempted from legislation allowing consumers to file class action suits.

Banking sources in Washington believe that the replies of the banking agencies to Sen. Magnuson's request could hold the key to whether banks will be subject to such suits.

Sen. Magnuson sent a letter to the three agencies, Virginia Knauer, the President's consumer affairs advisor, and Richard W. McLaren, chief of the Justice Department's Antitrust Division, asking for opinions on the request of the Consumer Bankers Assn. to exempt financial institutions from the class action bill (S. 3201).

Along with the letter, Sen. Magnuson sent a copy of the committee's report on the bill and a CBA memorandum that makes a case for bank exemptions from the bill.

The American Bankers Assn. has decided to join CBA in pushing for an exemption for banks. The Administrative Committee, meeting in New York, approved ABA action on the legislation.

It was expected that ABA would ask to testify before the Senate Judiciary Committee and urge

that banks be exempted from the class action legislation.

The Commerce Committee, to settle a jurisdictional problem, referred its bill to the Judiciary Committee to recommend modifications of the class action section provisions as it deems appropriate. The Judiciary Committee must report back its bill to the Senate by September 14.

In its testimony, ABA was also expected to ask that some technical language changes be made in the bill to make it clear that the Federal Trade Commission is not given enforcement authority over banks.

According to some banking sources, there is a question in the minds of some banking attorneys that the bill's current language brings banks under the Federal Trade Commission Act.

Under the bill approved by the committee, banks, savings and loan associations and other lenders would be subject to class action suits by consumers.

The bill provides that class action suits could be started in the Federal courts by consumers against allegedly unfair practices perpetrated by companies, including lenders.

If the consumers won the suit, all consumers buying or using the product or service would be entitled to damages or some other

redress ordered by the court.

To discourage lawyers from instituting "strike suits," the measure would give the judge authority to make the consumers pay the company's or lender's lawyers if he decided the original claim was groundless.

The Consumer Bankers Assn. memo, which was sent by Sen. Magnuson to the banking agencies, argued that consumers of bank services already have "unique protection and uniquely effective remedies" against unfair practices.

The legislation under consideration, CBA said, would not aid consumers with legitimate grievances, but merely would expose banks "unnecessarily to unmeritorious litigation."

CBA contended that banks are "extraordinarily vulnerable" to unmeritorious suits.

"A plaintiff or unscrupulous attorney seeking a potential defendant for a 'strike suit' can find few more attractive candidates than a bank," the memo said. "Banks are invariably assumed to have the resources to pay substantial settlements. At the same time, banks can ill afford the adverse publicity that litigation generates, since their business depends uniquely on public confidence and the willingness of each depositor to trust the bank with his money."



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## IOWA NEWS

**BLOOMFIELD:** Funeral services were held last week for John M. Garrett, chairman and president, Davis County Savings Bank.

**BUFFALO CENTER:** Construction has started and a first of the year completion is scheduled for the new building to house the Farmers Trust & Savings Bank. General contractor is the Bartels Construction Co. of Frost, Minn.

**CHELSEA:** John Cunningham, recent SUI graduate, has joined the Chelsea Savings Bank.

**CLARINDA:** Funeral services were held last week for Mrs. Rudy (Merle) Swanson, wife of the president of Citizens State Bank.

**DALLAS CENTER:** Bruce Seymour has joined the Brenton State Bank as an officer trainee. Mr. Seymour is a

## Northeast Iowa Banks

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recent graduate of Iowa State University and holds a degree in animal science.

**DES MOINES:** William H. Brenton, chairman, and C. Robert Brenton, president, Brenton Banks, Inc., have announced that the company will offer for sale 7½% capital notes maturing 1978 through 1980, 7½% notes maturing in 1977, and 7% notes maturing in 1976. The notes, which are direct obligations of Brenton Banks, Inc., will be sold at par and are non-callable. Interest will be payable semiannually on June 1 and December 1.

**DES MOINES:** Northwest Des Moines National Bank has received approval from the Comptroller of the Currency for a parking lot facility at 42nd and University Avenue.

**ELDRIDGE:** President Robert J. Tank of the Central Trust and Savings Bank has announced the appointment of David E. Stephens as a new vice president of the bank, effective September 15. Mr. Stephens has been active in banking in Illinois, both in Peoria and Milledgeville.

The Central Trust and Savings Bank will occupy their new quarters about September 1 with an open house scheduled for September 12 and 13.

**FARLEY:** Joe Daly has joined the staff of the Farley State Bank and is being trained as a loan officer. Mr. Daly completed a two year tour of duty with the military earlier this year.

**MANLY:** Larry Moore, formerly with the Center Bank in Omaha, has joined the Manly State Bank. Mr. Moore's father is executive vice president of

the Farmers Savings Bank, Irwin, Iowa.

**OTTUMWA:** F. B. Schultz, former president of the Union State Bank in Richland, has been elected vice president of the Union Bank and Trust Company. Mr. Schultz will be in charge of the bank's Richland office.

**STORM LAKE:** The board of directors of the Commercial Trust and Savings Bank have increased the surplus account by \$100,000 through a transfer from undivided profits.

**TAMA:** D. D. Potter has joined the Tama State Bank as cashier. Mr. Potter will head the operations and public relations departments.

**TINGLEY:** Burglars broke into the Tingley State Bank recently and made off with an estimated \$10,000 to \$15,000 from the bank's steel vault.

**TIPTON:** A. H. Albert, an honorary director of Tipton State Bank, died recently after a lingering illness. He had served actively on the board for 35 years and was vice president for 15 years.

## MINNESOTA NEWS

**BENSON:** Larry Bondhus has been elected cashier of the First State Bank. Mr. Bondhus was previously an assistant cashier at the Freeborn National Bank in Albert Lea.

**MINNEAPOLIS:** Elaine Hartman, formerly an investment officer, has been promoted to assistant vice president in the operations department at the National City Bank.

**MINNEAPOLIS:** M. H. Bishop & Co., Inc., and C. D. Mahoney & Co., Inc., two of the oldest of the Twin Cities-based stock brokerage firms, have announced that they will combine operations on September 1. Jean T. Brouillette, president of Bishop, will be chief executive officer of the combined operation. Joseph C. Mahoney, president of the Mahoney firm, will



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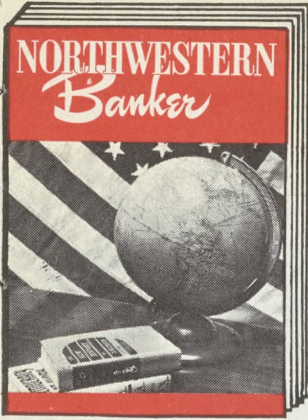
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be president. The new firm, which has not yet been named, will operate in Bishop's present offices in the Midwest Federal Building.

MINNEAPOLIS: First Bank System has elected Gerald C. Ryan of Grand Forks, N.D., to its board of directors. He is president of the Ryan Potato Company.

### NEBRASKA NEWS

NEBRASKA CITY: The board of directors of the Otoe County National Bank have elected Jamie Haworth assistant cashier. Mr. Haworth joined the bank in February of this year. Prior to that time he was with the Sidney National Bank, Sidney, Nebr.

NEBRASKA CITY: About 18 female employees at the Otoe County Bank here walked off of their jobs last Tuesday in an action aimed at securing higher wages. The women are members of the Communication Workers of America.

Rex King of Lincoln, policy committee chairman of Local 7470, said the women are seeking a 12% wage increase, a cut from their original request for 40%. The bank had offered an 8% hike.

### ILLINOIS NEWS

CHICAGO: Funeral services were held recently for Mrs. Andrew J. Paine, wife of vice president in correspondent bank department of Continental Illinois National Bank & Trust Co.

### Raise Savings Bond Interest Rate...

The Treasury Department, in a move designed to encourage people to keep U. S. Savings Bonds until they mature, has added a .5% 'bonus' on bonds held five years or more.

The increase brings the interest rate on Series E and H bonds to 5.5%, the maximum allowed under a new law that President Nixon signed last Monday.

Bruce McLaurly, the Treasury's deputy under secretary for monetary affairs, said he hoped that the increase would reverse the trend of heavy redemptions that has continued unbroken for 20 months. He estimated that redemptions have been \$2 billion to \$3 billion higher than cash sales during the 20 months.

Mr. McLaurly said the interest increase would cost about \$100 million during this fiscal year, which began July 1, and would rise to a peak of \$300 million to \$350 million in five or six years.

CHICAGO: Edward E. Dobbeck, senior vice president at the Uptown National Bank, has retired after 51 years of service.

CHICAGO: Approval has been given the First National Bank to establish an overseas branch in Singapore City, Republic of Singapore.

CHICAGO: Bank of America has announced it will establish an inter-


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national banking subsidiary in Chicago. The new branch will engage primarily in the business of financing export trade for midwestern firms. Initial capitalization will be \$2 million.

CHICAGO: Edwin T. Mason has been named a trust investment officer at the American National Bank & Trust Company.

EVANSTON: The board of directors of the First National Bank & Trust Company has elected Howard B. Silverman as vice president and comptroller, effective September 21. Mr. Silverman is presently an accounting officer with Continental Illinois National Bank of Chicago.

FARMER CITY: The Farmer City State Bank has received approval to change the location of its main office from 202 S. Main Street to 333 S. Main Street.

### SOUTH DAKOTA NEWS

BISON: Local branch facilities of the Bank of Lemmon were moved into new quarters this past week. Fred Nelson, vice president, is manager of the branch.

VERMILLION: Kenneth J. Fish has been elected an assistant vice president of the Brandon branch of the United States National Bank. Mr. Fish is a veteran in the finance and banking field and came to the bank in June. Arnie L. Hauge, assistant cashier of the Brandon branch, has



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been transferred to the Rushmore State Bank in Rapid City.

### NORTH DAKOTA NEWS

**BOWBELLS:** John Norgaard, 61, president of the First National Bank, died here recently as a result of a severe fall. Mr. Norgaard taught school in the area for many years before joining First National Bank in 1945. He was named president of the bank in April of this year.

**CARRINGTON:** Mrs. Betty Kollman has been named cashier of the First National Bank. She will assume duties previously held by Gary Miller, who is also the bank's president.

### WYOMING NEWS

**CHEYENNE:** Nearly 250 stockholders and officers of the Wyoming Bancorporation attended the organization's first annual shareholders' meeting.

**CHEYENNE:** Bankers from seven surrounding states recently met here for the annual Banking Computer Users meeting. The meeting, which was hosted by the American National Bank of Cheyenne, was for repre-

sentatives of those banks which have their own on-premises computers.

**GILLETTE:** Funeral services were held here recently for James M. Woods, 66, vice president of the Stockman's Bank. Mr. Woods had been with the bank since 1945 and was active in the oil collections and leasing department.

**LARAMIE:** Demolition of two old buildings in the downtown area is currently taking place to provide for expansion of the First National Bank and for construction of a parking lot.

### COLORADO NEWS

**DENVER:** Robert J. Pringle, marketing vice president of Mountain Bell, has been elected to the board of directors of Colorado National Bank, according to Melvin J. Roberts, chairman of the board and chief executive officer of the bank.

**DENVER:** John T. Allen, Jr. has been named to the board of directors of the Mountain States Bank. Mr. Allen was general agent for the Kansas City Life Insurance Co. and presently serves as a consultant and member of the insurance firm's board.

**DENVER:** Ground was broken recently for a new 7-story building that will house the new First Westland National Bank of Lakewood.

**LOVELAND:** Ownership of the Westlake First National Bank has been purchased from 100 private shareholders by Affiliated Bankshares of Colorado, Inc.

**NORTHGLENN:** The First National Bank has signed a long-term lease on the first two floors of a new six-story office building now under construction. The new quarters will double the bank's floor space. The bank will vacate its present quarters in the Northglenn Mall Shopping Center when the new facility is completed about the end of this year.

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