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Holding Company Bill To Conference

A Senate-approved one-bank holding company bill that is considered much more liberal than the restrictive House-passed bill will be taken into a conference committee, probably during the week of October 12. Senate Banking Committee Chairman John Sparkman (D., Ala.) will head a five-man Senate conference committee with the solid support of three other members of the committee. Sen. William Proxmire (D., Wis.), the only Senator to vote against final passage of the one-bank bill on a 77-1 vote, is expected to depart from the position taken by his Senate colleagues on at least a couple of a couple of points.

The final bill passed by the Senate is very similar to the committee-approved bill. The principal change of an adverse nature to banks was the rollback of the March 24, 1969, grandfather clause to June 30, 1968. The principal victory for the banking industry in the Senate bill is the maintenance of the "functionally related" language for determining permissible activities for bank holding companies to engage in. Under this provision, it would be left up to the Federal Reserve Board to determine whether or not an activity was "functionally re-



Sen. John Sparkman Rep. Wright Patman

lated to the business of banking."

Other Senate conferees who will join Sens. Sparkman and Proxmire are Sen. Harrison A. Williams, Jr. (D., N.J.), Sen. Wallace F. Bennett (R., Utah) and Sen. John G. Tower (R., Tex.).

House conferees will be selected in the near future. They are expected to include House Banking Committee Chairman Wright Patman (D., Tex.), William A. Berrett (D., Pa.), Leonor K. Sullivan (D., Mo.), Henry S. Reuss (D., Wis.), William B. Widnall (R., N.J.) and two other Republican members.

The opinion was expressed in Washington banking circles last week that the Senate conferees would be willing to trade off the conglomerate provision in their bill in exchange for the House conferees dropping the "laundry list" of activities that bank hold-

ing companies would be prohibited from operating.

The conglomerate provision provoked the biggest argument on the Senate floor. It stated that a bank holding company with a bank subsidiary with net worth of \$3 million or less would be exempt from the nonbank activity restrictions of the Act. So would a company whose bank's net worth is 25% or less of the consolidated net worth of the company, provided the net worth of the bank is less than \$50 million.

Sen. Proxmire sought to strike the entire provision from the bill, stating it would exempt 82% of all one-bank companies from the prohibition against engaging in nonbank activities and would "make a mockery of the entire bill." Sen. Robert Packwood (R., Ore.) defended the conglomerate provision, pointing out that while it exempts 82% of all one-bank holding companies, the total deposits of these companies amount to only 8.6% of all one-bank companies. Sen. Packwood noted further that the 26 conglomerate companies exempted do not represent any substantial concentration of assets in one place. Sen. Williams also noted that the total bank deposits of these 26 conglomerates account

(Continued on back page)

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IOWA NEWS

The 16th annual Conference on Installment Lending will be held Tuesday and Wednesday, September 29 and 30 at the Hotel Savery in Des Moines.

ARNOLDS PARK: An application for a state bank charter was filed September 8 with the Iowa banking department for a new bank to be located here. The application was filed by a group of nine men, including D. E. Grant and James R. Harrison. They were vice president and cashier respectively of Spencer National Bank at Spencer until resigning recently. Others signing the application were Gail M. Richardson, Don K. Evans, Richard C. Ruth, Darlowe Oleson, J. Harvey DeVries, Gerald L. Moeller and A. K. Ruebel.

Arnolds Park presently is served by an office of the First National Bank of Sibley and E. W. Maser, chairman of the bank, has filed application with the Comptroller of the Currency for a national bank

charter to replace his office there.

OELWEIN: The Federal Home Loan Bank Board has approved an application by the First Federal Savings and Loan Association of Waterloo to establish a branch office at 11 South Frederick Avenue, Oelwein.

OSCEOLA: John Meyer has been named executive officer of the newly formed Osceola State Bank and Trust Company. He was formerly with the Jones County State Bank in Murdo, South Dakota, as executive vice president.

PAULLINA: The First National Bank of Paullina has filed an application with the Comptroller of the Currency for permission to establish an office in Calumet.

RED OAK: Cole H. Houghton, senior vice president of the Houghton State Bank, announced recently that he will resign as an active officer of the bank effective October 1. Mr.

Northeast Iowa Banks

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Houghton will continue as a director of the bank and as a director of Hawkeye Bancorporation.

It was also announced by the president of Houghton State Bank, Paul D. Dunlap, that George E. Maher will become associated with the bank effective November 1.

WAVERLY: L. G. (Jack) Hix has been advanced from vice president to president of The First National Bank, succeeding H. C. Nolting, who has been named chairman of the board. Jim Arens, cashier, was also elected vice president.

NEBRASKA NEWS

BENKELMAN: Dent E. Gallatin, chairman of the board of State Bank died September 17 after a long illness. He was 78 years old and had been associated in banking for 48 years.

NEBRASKA CITY: As negotiations continued last week between attorneys for the Otoe County National Bank and union officials representing clerical employees of the bank, 12 of the 18 striking women employees had returned to their jobs. The bank has also hired two new employees. Picket lines had been withdrawn from in front of the bank last week. The strike has been in progress since August 25, when negotiations over the contract that expired July 15 broke down over a wage dispute.

MINNESOTA NEWS

The Minnesota Bankers Association will have three group meetings in the state this week: District one will meet at the Kahler Hotel, Rochester on Monday, September 28. District two will meet in Turner Hall, New Ulm on Tuesday, September 29. Districts three, four and five will meet

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in the Radisson Hotel, Minneapolis on Wednesday, September 30.

BLOOMINGTON: On September 16 the Minnesota Commerce Commission granted the application of Summit State Bank of Bloomington for a charter to conduct business as a State Bank at 7801 Bloomington Avenue South, Bloomington. The applicants are: Deil Gustafson, James Hazlett, John F. Adams, Joseph J. Sanders, John A. Price and Milfred R. Johnson.

MORA: Mr. and Mrs. Frank Powers recently celebrated their 50th wedding anniversary. Their anniversary Mass and reception was attended by several hundred relatives and friends. Mr. Powers formerly was president of Kanabec State Bank and is now chairman of the board of the bank.

NEW PRAGUE: The August 10 issue *Northwestern Banker Weekly News* reported that the First National Bank was sold by Vestors Group to the Topka family. This was an error made by a report from the Comptroller of the Currency.

ST. PAUL: Sen. Kelton Gage, a Mankato lawyer who is chairman of the Minnesota state legislature's subcommittee on banking, stated last Monday that the Golembe report presented to the Minnesota Bankers Association at the MBA convention last June will probably serve as the basis for branching bills to be introduced in the Minnesota legislature next January. Sen. Gage's committee was concluding a one-year study of the state's banking structure. Carter H. Golembe, head of Carter H. Golembe & Associates, Inc., Washington, D.C., was invited to testify before the subcommittee. His firm prepared the report submitted to the MBA convention, pointing to the possibility of a regional system of limited branch banking.

Mr. Golembe told the subcommittee that he believes "the basic function

of the banking industry is to serve the public...within certain limits, this objective is best attained with a fully competitive banking system. I am opposed to arrangements, typical in many states, whereby banks are allowed to carve out special markets for themselves and protect themselves against competition."

SAVAGE: Obert M. Udem of Minneapolis, has purchased a controlling interest in the Savage State Bank from the Cambridge Corp. The sale involved 82.2% of the bank's stock with the purchase price exceeding \$1 million.

ILLINOIS NEWS

DANVILLE: The recently chartered Bank of Danville opened for business on Monday, September 21, according to J. Harold Oberwortmann, president. It is an affiliate of the Second National Bank of Danville.

FRANKLIN PARK: The Franklin Park Bank was recently sold to a group headed by Marvin E. Neland. Mr. Clarence Mann was elected president and Mr. Neland was elected chairman of the board. Also elected as new officers were Morrell D. Perkins to vice president and Mrs. Eleanor Maizell to assistant cashier.

SOUTH DAKOTA NEWS

HURON: Personnel changes at the National Bank of South Dakota were announced recently by Reynold Klay, vice president and manager of the Huron branch. C. R. (Art) Weaver has been promoted to the position of assistant vice president and assistant manager.

William Pick has joined the Huron staff as agricultural representative.

SIOUX FALLS: J. E. Goehring, vice



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president of the National Bank of South Dakota has announced the promotion of Marvin R. Mentzer to assistant cashier. Mr. Mentzer first joined the National Bank of South Dakota in 1965 and was assigned to the insurance department.

Elden Rance has been given a new position with the recently merged Madison office of the National Bank of South Dakota.

NORTH DAKOTA NEWS

BISMARCK: Owen D. Noteboom has been elected an assistant vice president of the First National Bank and Trust Company. He will be the assistant manager in the timepay department. Mr. Noteboom was formerly with the National Bank of South Dakota in Sioux Falls where he was assistant vice president and timepay department manager since 1968.

COLORADO NEWS

DENVER: Tentative plans for a new high-rise office tower in the block now occupied by the First National Bank of Denver were announced recently. Still to be determined are financing, height of the structure, architectural treatment and methods of creating a coordinated complex on 17th, 18th, Welton and California streets.

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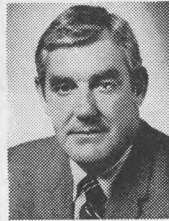


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Holding Company Bill...

(Continued from Page 1)

for only 2.5% of total bank deposits.

Sen. Proxmire's motion to strike the conglomerate provision lost by a close 37-34 vote, giving rise to speculation it would be dropped in conference if necessary.

Another major stumbling block expected in conference is the effective date of the grandfather clause. The House version of the bill set a date of May 9, 1956, date of the enactment of the original Bank Holding Company Act. By moving its grandfather clause date back from March 24, 1969, to June 30, 1968, the Senate, many observers feel, has set the state for a further rollback in conference. This Senate rollback to June 30, 1968, also was the product of the outspoken Sen. Proxmire, a banking critic allied with Rep. Patman. His motion won 42-31.

However, it was felt that few bank-dominated one-bank holding companies would be affected by this decision. Most acquisitions made between June 30, 1968, and March 24, 1969, probably would be found "functionally related" by the Federal Reserve Board. If the conferees set the date back further than June 30, 1968, it would have a more severe effect on bank-dominated one-bank firms.

Prime Rate Cut to 7½%

The prime rate was cut last week from 8% to 7½% by practically all leading banks in major cities nationwide. The rate went from 6¼% in December, 1968, to 8½% in June, 1969. It was reduced to 8% last March.

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