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## Propose Further Ban on Interlocks

It is likely that the next session of Congress will see an attempt to pass legislation banning interlocking relationships between competing commercial banks and between commercial banks, savings and loan associations, and mutual savings banks which compete.

Substantial broadening of the present ban, which applies only to member banks of the Federal Reserve System, has received impetus from the Federal Reserve Board. Arthur F. Burns, Fed chairman, in a letter to Wright Patman, chairman of the House Banking Committee, has expressed Board support for a substantial crack-down on interlocks between competing financial institutions.

Mr. Burns, however, said that the Fed was not convinced of the need for prohibitions on interlocks between banks and non-banking businesses.

According to Mr. Burns, the present prohibitions against interlocking relationships "involve two sets of considerations."

"On the one hand," he said, "interlocking relationships may seriously impair competition between firms in the same line of business. On the other hand, economic benefits flow from a high standard of performance by corporate boards of directors.

This involves a free interchange of advice, ideas, and experiences among directors of varied backgrounds. Bankers often have experience and expertise that qualify them to render valuable service in this role.

"Interlocking directorates, in other words, are not inherently wrong," he continued. "They may be good for the corporations involved and the public they serve. The problem is to define those situations where the risk of abuse outweighs the expectation of benefit."

Rep. Patman said he appreciated the Board's support—as far as it goes—but said any legislation should also prohibit interlocks between banks and nonbank businesses where the bank and corporation have other important ties.

In order to keep legislation in this field within the jurisdiction of his committee, Rep. Patman is likely to propose the prohibitions as an amendment to the banking and savings and loan laws. The present prohibitions are contained in the Clayton Act which would be under the House Judiciary Committee's jurisdiction.

In his letter Mr. Burns said the Board recommended the following changes:

1. Broadening the prohibitions

so that they apply to all insured commercial banks, not just to member banks of the Federal Reserve System, and also to prohibit interlocks between commercial banks, savings and loan associations, and savings banks.

2. Making the prohibitions applicable to interlocking service as a "director, officer, or employee with management functions" and to "representatives or nominees" of such persons.

3. Narrowing the present exemption for interlocks between banks under common control.

4. Allowing individuals serving in any capacity which would be prohibited by new legislation to continue to serve for a five-year period to allow a gradual phasing out of prohibited interlocks.

## Banks Could Gain From New Tax Law

Some financial institutions may gain financially from a new tax measure passed by Congress and signed into law by President Nixon (P.L. 91-614).

This is in the form of an amendment to the minimum tax provisions of the Tax Reform Act of 1969. Under the amendment, taxpayers having large amounts of tax-sheltered income in one year, but not another, are accorded a seven-year carry-forward in connection with the 1969 statute's 10 per cent levy on "tax preference items."



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## IOWA NEWS

**CALUMET:** The First National Bank of Paullina recently opened an office in the former Calumet State Bank building. Current officers of First National Bank will serve the new office, and Mrs. Duane Reimers and Mrs. Arlo Mugge will be employed at the new facility.

**CARROLL:** Frank J. Liewer has been advanced from vice president to executive vice president at Commercial Savings Bank, and Patrick R. Moehn has been named vice president.

**CEDAR RAPIDS:** Funeral services were held last Tuesday for S. E. Coquillette, 81, chairman of the executive committee at The Merchants National Bank. Mr. Coquillette started with the bank in January, 1910 at the age of 20 and served for many years as president and later chairman of the board. Survivors include his son, James E. Coquillette, president of the bank.

**DAVENPORT:** R. A. (Dick) Shultz has been advanced from first vice president to president of First Trust and Savings Bank. He succeeds H. R. Bechtel, now chairman of the board, who had been president for 24 years.

**DES MOINES:** Robert J. Beers, president of Hubbell Realty Co., was elected to the board of Bankers Trust Company at the annual stockholders meeting last week. M. N. Baird was promoted from vice president to senior vice president. Melville Marsh

was promoted to assistant vice president. Roger Reed was elected assistant cashier.

**DES MOINES:** Phyllis J. Crawford and Richard G. Manning were advanced last week to assistant vice presidents at First Federal State Bank. They are managers, respectively, of the bank's offices in suburban Clive and at 100 University Avenue in Des Moines.

**DES MOINES:** Two new directors were elected to the Highland Park State Bank board at the annual stockholders meeting. They are Verne P. Smith, president, University Avenue Coal Co., and Robert L. Maddox, president, Allied Construction Services, Inc.

**DES MOINES:** Holmes Foster, former deputy superintendent of banking in Iowa, who joined Banks of Iowa, Inc., on January 1, is now located in The Merchants National Bank computer center in the Central Life Assurance building in Des Moines.

**GRUNDY CENTER:** Controlling interest in the Farmers Savings Bank has been purchased by Morris Stephens, chairman of the First Federal State Bank of Des Moines, from Mr. and Mrs. Herman Iblings of Grundy Center who have retained an undisclosed number of shares. Personnel at the bank will remain the same, according to Mr. Stephens.

**MARSHALLTOWN:** Wilson K. Ervin has purchased controlling interest in the Commercial State Bank and has

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been elected president to succeed W. K. Bramwell, Jr., who is retiring. Mr. Ervin was president of Centerville National Bank, Centerville, from 1959 to 1968 when he sold his interests. He moved to Marshalltown in 1969.

**WHEATLAND:** Controlling interest in the First Trust and Savings Bank has been purchased by Peter F. Bezanson of Cedar Rapids from the estate of the late Joe Sirota. Mr. Bezanson is president of the Jackson State Bank and Trust Co., Maquoketa, and several affiliated financial firms. There will be no change in the management of the Wheatland bank, except that it will be managed in cooperation with the Jackson State Bank.

## NEBRASKA NEWS

**BROKEN BOW:** Yale B. Huffman, Sr., died recently. He was a prominent banker here from 1912 to 1934.

**CEDAR RAPIDS:** Robert C. Kayton recently was elected to fill a vacancy on the board of the First National Bank.

**DAVID CITY:** Henry F. Klosterman, chairman of the First National Bank, was recently presented a Distinguished Service Award at the convention of the Nebraska Livestock Feeders Association in Lincoln.

**FALLS CITY:** The Richardson County Bank is planning a new building at 17th and Harlan. Architects are Marshall & Brown. The contract should be ready for bid by late winter.

**GORDON:** A fire recently destroyed the bookkeeping department of the First National Bank, with damage estimated at \$50,000 to \$100,000. Temporary quarters were set up in





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the building next door.

**GRAND ISLAND:** The First National Bank recently held an official opening for its newly-completed parking lot north of the building.

**GRAND ISLAND:** The application for a charter for the proposed Northside Bank to be located in the Five Points area has been withdrawn by the group of applicants headed by J. B. Beltzer, president of the Home Federal Savings and Loan and the Grand Island Trust Co. The scheduled hearing on the application also has been cancelled.

**HARTINGTON:** V. E. Rossiter, Sr., president of the Bank of Hartington, has been elected Nebraska director of the Independent Bankers Association of America. He succeeds A. C. Peterson, board chairman of the First State Bank of Lodgepole.

**HOLDREGE:** Ed N. Pearson and Roy W. Pearson have been elected directors of the First Security Bank.

**HOLDREGE:** A. I. (Dutch) Rauch has retired from active banking and has become a consultant to the First National Bank. He will continue as a senior vice president and member of the board.

**KEARNEY:** Eldon Hoelting has joined the staff at the First National Bank as assistant vice president in the farm loan and farm management department.

**ORD:** Clark and Carl Weckbach have recently retired as president and vice president respectively of the First National Bank. They had been at the bank since 1943.

**PICKRELL:** Ernest Henry Spilker, a director of the Pickrell State Bank, died recently in an auto accident.

**SHELTON:** Dwight M. Gangwish recently joined the staff of the First State Bank as vice president.

## MINNESOTA NEWS

**BREWSTER:** Control in the First National Bank has been purchased by Paul J. Heles and John Van Holtum of Worthington. Control was effected by Messrs. Heles and Van Holtum's

purchase of 100% of the Nobles Agency, Inc., Worthington, which owns 80% of the bank's stock.

**BARNESVILLE:** Carl R. Hendrickson has joined the First National Bank as assistant vice president and manager of the First Agency, Inc., and Mrs. DeLoris Johnson has been appointed assistant cashier in charge primarily of installment consumer loans. Mr. Hendrickson has been an insurance fieldman. Mrs. Johnson has been with the First National Bank of Moorhead for the last eight years.

**HERMAN:** Russell Hepola has purchased the First National Bank from the Ernest E. Peck family which had owned the bank for 70 years.

**ISLE:** Leo Henry Scherf, 73, former president of the Lakeside State Bank died recently after a two-week illness.

**MINNEAPOLIS:** Vice President Kenneth A. Wales has been named head of the correspondent banking division at the First National Bank, and Vice President S. R. Omlie has been named deputy division head. Mr. Wales succeeds Vice President George S. Henry who has headed the division for 20 years.

**NORTHFIELD:** Gary A. Flaa has been named a vice president of the Northwestern State Bank. He has been cashier at the Silver Bay State Bank for the past six years.

**ST. PAUL:** Continental Banksystem, a new bank holding company with headquarters in St. Paul, has purchased the St. Anthony Park State Bank, St. Paul. The announcement was made by W. Andrew Boss, who becomes new president of the bank. Located at 2250 Como Avenue, the bank has assets of \$9.4 million.

W. M. Bollenbach, the former president, will become chairman. John D. Hunt, executive vice president, will continue as managing officer.

**ST. PAUL:** G. M. Kanne, senior vice president, has been named a director and group vice president of administration and retail banking at Northwestern National Bank. V. L. deMoya has been promoted to group vice president in charge of the commercial banking department, succeeding R. A. Nelson who remains as chairman of the loan committee.

## ILLINOIS NEWS

**EVANSTON:** Stanley F. Allison, president and chief executive officer of Packaging Corp. of America and senior vice president of Tenneco, Inc., has been elected to the board of the State National Bank.

**NORTH AURORA:** Paul H. Reed has been promoted from vice president and cashier to executive vice president at the Bank of North Aurora.

**ROCKFORD:** At the annual directors meeting at Illinois National Bank & Trust Company last week, Edward Abegg was advanced from president to vice chairman and Robert P. Kline was elected president. Mr. Kline joined Illinois National in November, 1969 as executive vice president after resigning from Northern Trust Company, Chicago, as vice president and head of the correspondent bank division. Illinois National directors also elected three new officers: Robert E. Tuttle and Catherine Uzubell as assistant cashiers, and A. L. Clark as systems analyst.

## SOUTH DAKOTA NEWS

**RAPID CITY:** The Comptroller of the Currency has approved a shift by the

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# COMMERCE BANK of Kansas City

First National Bank of the Black Hills of \$1 million from undivided profits and reserves into capital stock and surplus, making the latter accounts now \$6 million.

**SIOUX FALLS:** The State Banking Commission recently approved an application by Western State Bank to open a branch office at 1424 N. Minnesota Avenue.

## COLORADO NEWS

**DENVER:** The Federal Reserve Board has rejected the application by the First National Bancorporation, Inc., of Denver to acquire control of the Montbello State Bank of Denver.

## NORTH DAKOTA NEWS

**MINOT:** Four promotions have been announced at the American State Bank. Alvin Dietz, Charles Weiser, and Jerry Hahn were made assistant vice presidents, and Dale Gehring was named assistant cashier and auditor.

Mr. Dietz, who has been with the bank since 1969 will also continue as trust officer. Mr. Weiser, with the bank since 1966, will continue as agricultural loan officer. Mr. Hahn, who works in the installment loan department, has been with the bank since 1969.

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LaSalle National Bank, Chicago, has installed a Centrex telephone system to give you better service. You may now dial direct to Max Roy and Cy Kirk on their new number (area code 312) 443-2774. Of course, Max Roy may still be reached in Iowa City (319/338-5224) and Cy Kirk in Rockford (815/398-9521). Their home stamping ground remains the same - LaSalle National Bank, 135 South LaSalle Street, Chicago, Ill. 60690.

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