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What Banks May Expect from Congress

How much banking legislation will be enacted by the Congress in 1971?

Dr. Carter H. Golembe, Washington bank consultant, gave his views on the subject recently at the 14th Bank Presidents' and Senior Officers' Policy Seminar sponsored by the Western Independent Bankers in San Francisco.

"With respect to legislation directly affecting banks, two points are worth making. Congressman Patman will continue to fire away at what he considers to be the excessive power and anti-social policies of the larger banks. Second, it is possible that definitive action on proposals to change the competitive and supervisory stance of the several types of financial institutions will be strongly influenced by the year-end report of the Presidential Commission on Financial Structure and Regulation.

"This is not to say that the Hunt Commission's blueprint will be accepted by the Congress. The track record of similar commissions indicates that its findings may generate more rhetoric than action. The fact remains that the Congress is not likely to resolve old and controversial issues while a new and presumably com-

prehensive assessment of them is in the offing.

"Mr. Patman, however, apparently believes that what counts is not whether you win or lose but that you just keep trying. Having lost the decision in last year's fight over the Bank Holding Company Amendments, he is challenging the banking industry to 'put 'em up' in at least three new sectors.

"The chairman of the House Banking Committee wants to redefine the activities and curb the powers of bank trust departments. He wants a bank trust department prohibited from holding more than 10 percent of the stock of any corporation whose securities are registered with the Securities and Exchange Commission. He would require annual disclosure by bank trust departments of their holdings of registered securities. He wants to prohibit a bank from holding any of its own stock in its trust department. He wants to force bank trust departments to disclose all proxy voting of registered securities and to outlaw interlocking directors among financial institutions.

"These and other aspects of the trust business will be explored in hearings and in Congressional staff reports. The is-

suance this month of the long-awaited SEC study on institutional investors has focused additional attention on the subject. And both Mr. Patman and Chairman Emanuel Celler of the House Judiciary Committee have made it clear that they have by no means exhausted their interest in bank involvement in the Penn Central bankruptcy.

"Most of Mr. Patman's proposals rest on assumptions of abuse which have not been documented. Some of them would render the provision of profitable trust services difficult, if not impossible.

"Another Patman bill, labeled the Bank Reform Act by its sponsor, would among other things, impose new limitations on deposit and lending practices of both banks and savings and loan associations. It would prohibit brokered deposits, premiums to attract deposits, and equity participations by lenders.

"Again, the scope of the proposed solution would appear to greatly exceed that of the problem, insofar as commercial banks are concerned. The Comptroller of the Currency reported last month, for example, that a survey of national banks revealed very limited use of the 'equity kicker' device. Abuses of the giveaway

(Continued on back page)

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IOWA NEWS

A series of one-day Agricultural Credit Workshops will be sponsored in Iowa during April by the Iowa Bankers Association and Iowa State University Extension service. They will be held as follows:

April 13 - Fairfield Golf and Country Club.

April 15 - New Hampton, Rogers Famous Foods.

April 16 - Storm Lake, Cobblestone Inn.

April 20 - Atlantic Golf and Country Club.

April 21 - Cedar Rapids, Montrose Hotel.

April 22 - Ames, Sun Room, ISU Memorial Union.

Registration fee is \$8.00 and checks payable to Iowa State University may be addressed to Herb Howell, Extension Economist, 111 Curtiss Hall, Iowa State University, Ames, Iowa 50010.

ADAIR: Controlling interest in the Exchange State Bank has been purchased by investors headed by Frank Farrar of Britton, S. D., and Robert Kruger, Omaha. Mr. Farrar is immediate past Governor of South Dakota and prior to that term of office was Attorney General for the state. He now practices law in Britton. Mr. Kruger, who is in the bank brokerage business, will be chairman of the board. Mr. Farrar will be a director. Donald Kearney has resigned as vice president of

First National Bank in Goodland, Kans., to become president and director of the Adair bank. Before moving to Kansas he was executive vice president of Elm Creek State Bank in Elm Creek, Nebr. Other directors include Lynn Kilcoin, who continues as cashier; William Hurd, who joined the bank in January as a vice president, and Doris I. Fett, assistant cashier. Dean Rochholz, who was president, is continuing with the bank as vice president.

KNOXVILLE: The Comptroller of the Currency has granted approval to Community National Bank & Trust Company to place a detached facility at 212 E. Marion Street in Knoxville.

MONONA: Union State Bank will host an open house for area bankers on March 25 with a buffet dinner to be served. Luncheon for stockholders will be held March 27 and the open house for the public will also be on March 27, from 2:30 p.m. to 7:30 p.m.

MUSCATINE: The Central State Bank has received permission from the Comptroller of the Currency to establish a detached facility at Muscatine Plaza in Muscatine.

SIoux CITY: Directors of Security National Corporation at their meeting on March 9 voted to declare a stock dividend of 10% for corporation stockholders. The board also voted to

pay a quarterly dividend of 17½¢ per share. This is a change from the previous practice of declaring semi-annual dividends. E. C. Thompson, Jr., president of Security National Bank, wholly-owned subsidiary of the Security National Corporation, stated that the earnings of the bank reflect the growth of the Sioux City community.

WASHINGTON: Larry L. Wells has been elected assistant cashier of the Washington State Bank and will assume his duties with the bank about April 1, according to Frank Kos, president. For the past four years Mr. Wells has been employed by Valley Bank and Trust Company in Des Moines. He received his degree in business administration from Parsons College.

NEBRASKA NEWS

AURORA: In its report for the week of March 10, the office of the Comptroller of the Currency reports the sale of 330 shares of 1,000 shares outstanding of The First National Bank in Aurora. The Comptroller lists Hamilton Financial Services, Inc. et. al. as purchasers from Frank M. Farr and five others.

CENTER: Elmer Crosley, cashier of the Center State Bank, who suffered a severe heart attack several weeks ago, is recuperating now.

GENEVA: The Fillmore County Bank has been sold to a group of Nebraskans headed by Mrs. Victor E. Anderson of Lincoln, widow of the late Governor Anderson. John Bixby has announced his immediate retirement as chairman and president, but will continue to serve on the board of directors. Jay D. Peters joined the bank on March 11 as executive vice president and cashier. A native of Tecumseh, Nebr., Mr. Peters formerly was vice president with First Westroads Bank in Omaha.

NELSON: Donald Biltoft was advanced from assistant cashier to cashier at Commercial Bank and Mrs. Marcia Buresh was named assistant cashier. Lee Clabaugh, president, formerly served also as cashier.

WAYNE: New officers of the State National Bank are: Henry E. Ley, from president to chairman (he is now Nebraska director of banking); Harold Hein, from chairman to president; Theodore Bahe from cashier to vice president; Robert Jordan to cashier, and Donald E. Koeber and David R. Ley to assistant cashiers.



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MINNESOTA NEWS

BREWSTER: In its report for the week of March 10, the office of the Comptroller of the Currency reports the sale of 389 shares of stock in The First National Bank to Paul J. Heles and John E. Van Holtum by Stephen Adams.

VIRGINIA: Donald Welander, a native of Virginia, joined the staff of the State Bank of Virginia on March 1, working in the installment loan department. He assumed the duties of Robert Niemi, who is moving to Iowa. Prior to joining the State Bank staff, Mr. Welander had been employed at the First American National Bank of Duluth. Both banks are affiliated with Northwest Bancorporation.

WINONA: J. A. Gernes, president of the Winona National and Savings Bank, has announced the opening of the bank's new drive-in complex featuring Pneu-Vista II Drive-In System by Mosler. It is reportedly the second such installation opened in the United States.

ILLINOIS NEWS

BLUE ISLAND: James A. Grell has been elected assistant vice president in the lending division.

CARY: A charter has been issued for organization of the First Security Bank of Cary-Grove, located at 45 Highway 14 in Cary, DuPage County. Total capital consists of \$260,000 capital (par \$10), \$260,000 surplus and \$130,000 reserves for operating expenses. Officers are: Vernon S. Hoesch, Naperville, chairman; Val J. Budd, Jr., Cary, president; Ray J. Spaeth, Cary, vice president, and William T. Giova, Elmhurst, acting cashier.

CHICAGO: Officials of Cosmopolitan National Bank revealed last month that the bank has a shortage of more than \$6 million. The FBI is questioning a customer and a bank bookkeeper. The FDIC states that if the loss is confirmed, it will be the largest in the history of United States banking. Donald D. Magers, president of Cosmopolitan National, said the loss was uncovered when the customer "confessed to an officer of the bank" and implicated

the employee, who had been with the bank 24 years. The bookkeeper was fired.

Mr. Magers said the shortage apparently built up when the customer was permitted to write checks, sometimes as high as \$900,000, on a corporate account which did not contain enough money to meet the checks. Only one bookkeeper handled the checks. The loss apparently occurred over the period of one year.

Mr. Magers said the bank is "very liquid and in good shape" and that although the loss is substantial "we are in a position to take care of it."

CHICAGO: Gerald A. Bennett has been elected assistant vice president of the North Bank. He held the same position previously with Olympia State Bank in Chicago Heights.

CHICAGO: Aetna State Bank has been granted authority to exercise full trust powers by the FDIC.

HARRISBURG: The Harrisburg National Bank has been granted permission to operate a detached facility at 109 E. Poplar Street in Harrisburg.

SPRINGFIELD: Don S. Browning, cashier of Illinois National Bank, has also been named a vice president. Larry von Nordheim was advanced to controller.

WILMETTE: A charter has been issued for the organization of Edens Plaza State Bank in Edens Plaza Shopping Center. Total capital of \$1,000,000 consists of \$400,000 (par \$10), \$400,000 surplus and \$200,000 reserve for operating expenses. Officers are: John E. Strom,

Lake Forest, president; William E. Kaiser, Jr., Glenview, cashier, and Mary Susanne Cadman, assistant cashier.

WOODSTOCK: The FDIC has granted approval to The State Bank of Woodstock to operate a motor facility at 217 East South Street in Woodstock.

WISCONSIN NEWS

EAU CLAIRE: The Comptroller of the Currency has given approval to The American National Bank and Trust Company to operate a branch at West Clairemont Avenue, Route 28, Town of Union.

FOND DU LAC: Robert A. Collien, vice president and treasurer of First National Casualty Company, has been elected to the board of directors of the National Exchange Bank. Mr. Collien, 39, joined the insurance firm in 1954. It is a wholly-owned subsidiary of Combined Insurance Company of America, Chicago.

MEQUON: The Mequon National Bank has been issued a certificate authorizing it to change the name of the bank to First Wisconsin National Bank of Mequon. Granted by the Comptroller of the Currency, the authority was effective March 1.

MILWAUKEE: The Application of The Marine Corporation for prior approval to acquire 90% or more of the voting shares of Farmers State Bank, Beaver Dam, Wis., has been approved by the Federal Reserve System.

ST. FRANCIS: An application filed with the Comptroller of the Currency by Harold H. Fuhrman to charter a national bank here has been disapproved.

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Expect from Congress...

(Continued from Page 1)

practice have occurred chiefly in the thrift institutions at a time when money was tight and deposit flows were down.

"However, don't bet against Congressional action in these areas. The Congress and the Federal bank agencies have long demonstrated a fondness for 'overkill' when it comes to guarding the public against potential lapses in responsible bank management.

"Mr. Patman also can be counted on to renew his bid for broadened powers for savings and loan associations. He wants savings and loans empowered to handle checking accounts, to make a wide range of consumer loans, and to act as depositories for Treasury tax and loan accounts. He believes the Federal Savings and Loan Insurance Corporation should provide 100 percent insurance of funds deposited at S&L's by local governments. He wants S&L's to have full access to the discount window of the Federal Reserve System.

"The practice of using stock loans to finance the chartering of new banks or to gain control of existing banks will come in for hard scrutiny. Representative Gonzales has introduced a bill in the House to ban the practice.

"Pension plan reform of some kind is very likely to be enacted this year. Senator Javits and Representative Dent already have intro-

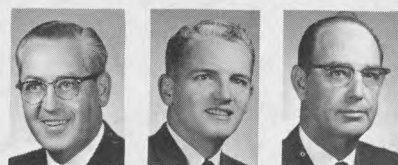
duced comprehensive bills on the subject, and the Administration is expected to submit its proposals shortly.

"The House and Senate will agree soon on a temporary extension of the Interest Rate Control Act of 1966 which expired Sunday. The House voted a two-year extension while the Senate Banking Committee opted for a two-month extension in line with Senator Proxmire's request for 'adequate time to hold hearings...and to consider whether (the controls) should be extended for a longer period of time.'

"The National Association of Mutual Savings Banks has announced that it will renew its drive for Federal chartering of mutual savings banks. While this route to a national system of savings banks is unpromising at best, developments now underway in several state legislatures could sharply increase the power and competitive stance of the mutual banks.

"Bills to allow mutual savings banks to issue checks are being actively considered by the legislatures of Massachusetts and Connecticut. Similar legislation is expected to be pressed in New York and Washington state. In Maine, a mutual savings bank has interpreted its charter as permitting checking accounts and has gone to court on the issue.

"The implications are clear. It is entirely possible that while Washington wrestles with one aspect of the problem and while the Hunt Commission is debating how best to approach it, state authorities will write their own ticket."



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LA SALLE MOVES AHEAD

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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