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Holding Company Expansion Discussed

Bankers and their opponents appeared before Federal Reserve Board members in Washington, D. C., last Wednesday and Friday to argue the merits of nine of the Fed's proposed 10 regulations for control of bank holding company expansion. The proposals were drawn up by the Fed earlier this year to control expansion of bank holding companies, in line with the 1970 revisions by Congress in the Bank Holding Company Act of 1956.

On Wednesday, eight of the proposals generated considerable heat, with ABA major bank representatives challenging arguments of representatives from other industries, as well as some of the banker representatives taking issue with the Independent Bankers Association of America position.

The third and final scheduled hearing, this one on the proposal relating to insurance and banking, will be held May 12.

On Friday, the entire hearing was devoted to the proposed regulation governing bookkeeping and data processing services offered by banks.

Sandwiched in between was an address on Thursday in Colorado Springs, Colo., by Frank Wille, FDIC chairman, to the 70th annual convention of the Conference of

State Bank Supervisors. He warned his audience that the Federal Reserve Board's approach to proposed regulations, ordered by Congress, will promote flexibility as well as competition in the banking structure. In order to accomplish this, he said, regulations will authorize holding companies to expand geographically, through subsidiary operations, to any geographic location in the nation which the Fed Board deems acceptable. This geographic expansion and freedom will dilute state bank supervision in the long run, he feels.

He cited as an example the placing of a bank's mortgage sales and service department in the holding company as a separate, affiliated entity. So long as that affiliate does not receive deposits, he stated, "it may establish offices wherever its business takes it, possibly even nationwide... It will not be bound by state law provisions that prohibit or limit the location of branch offices of a bank. It will not be bound by state lines either.

"De novo entry by the affiliate into areas remote from the bank's home offices and its own market is likely to be considered competitive as it will add to the pub-

lic's choice of mortgage financing in the new area." He predicts that the Fed would not be likely to see any statutory reason for imposing a geographic limitation on such an affiliate.

"Multiply this process by even a small number of the functions presently performed by banks and a significant change in the convenience, availability and provision of financial services will have taken place without reference to state restrictions on the location of bank offices."

In his opinion, Mr. Wille stated, there is little likelihood of changing Congressional thinking toward Federal control unless Congress can be convinced it should have more faith in the effectiveness of state regulation. This means, he pointed out, that the future of state banks in reality lies with Congress.

C. W. Culley, Missouri's commissioner of finance and president of the CSBS, addressed himself to this very subject outlined by Mr. Wille. He called on CSBS members to create a truly flexible and responsive bank regulatory system. "I urge a concerted effort to make the changes in our regulatory structure that will preserve its strengths, while at the same time eliminating its defects. Let us not fear signifi-

(Continued on back page)



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IOWA NEWS

DES MOINES: Two proposals relating to elimination or control of bank holding companies in Iowa are being held in committee at this time. The first is a House measure that calls for the elimination of bank holding companies in Iowa and sets a three-year time limit for divestiture of any stock ownership of more than 15% in a second bank, either by an individual or a corporation. The second proposal is in the Senate and calls for an interim study of Iowa multi-bank holding companies.

Rep. Harold Fischer, R., Wellsburg, is chairman of the House Commerce Committee. He told the *Northwestern Banker* last week that under instructions from the House leadership, it is necessary now for all committees to establish priorities and report out only essential items, since the closing date of the session is nearing. In all likelihood, neither the House nor the Senate bill will go any further.

CEDAR RAPIDS: Robert O'Meara, senior vice president of Merchants National Bank, was elected to the board of directors last week.

CLINTON: At First National Bank, Roger Rockafellow was elected assistant vice president and assistant trust officer. Ross Stuedemann was elected assistant cashier and assistant farm services representative.

COUNCIL BLUFFS: Harold W. Booth

has been elected president of First National Bank to succeed Dale Ball, who was elected chairman. Mr. Booth, 36, has been regional director of the Department of Health, Education and Welfare in Chicago since June, 1970. Earlier, he was with State Farm Insurance two years and Bankers Life of Nebraska seven years.

DES MOINES: Eddie A. Wolf, vice president, has been named head of the correspondent bank department at Central National Bank & Trust Company. He succeeds Richard L. Smith, vice president, who has resigned to become executive vice president, The State Bank of Fort Dodge, effective May 10. In making the announcement, B. C. Grangaard, president and chairman, also announced the election of Jerry Thornton as correspondent bank officer. Harry J. Lavigne was elected data processing officer, replacing L. M. Tesdell, Jr., who has resigned. Mr. Grangaard also announced the resignation of Dick A. Smith, installment loan officer and assistant manager, who will become associated with the Osceola State Bank and Trust Company, Osceola.

EARLY: Marvin G. Hansen, president, Early Savings Bank, last week announced the retirement of H. R. Motter as a vice president and director. Mr. Motter was elected director emeritus. He has been associated with the bank since 1929. Frank L. Scott, son-in-law of the late Ray Stevens, former president of the bank, was elected a director.

ESTHERVILLE: The Associated Bank Corp. of Davenport has purchased controlling interest in Iowa Trust and Savings Bank here. The present management and directors will remain. The ABC firm is a group of 21 Iowa banks formed in August, 1969. This is the group's first purchase.

FORT DODGE: Effective May 10, Richard L. Smith has been elected executive vice president, The State Bank. He has resigned as vice president and head of the correspondent bank department at Central National Bank & Trust Company, Des Moines.

KALONA: Farmers Savings Bank will host an open house May 1 from 7:30-10 p.m. honoring A. A. (Fred) Jackson on the occasion of his 50th year in banking and his retirement as of May 1. The reception will be in the bank community room.

MAPLETON: Gene Elmquist, managing partner of Mapleton Grain Company in Oto, has been elected a director of Mapleton Trust & Savings Bank.

OAKLAND: John J. Evans, executive vice president and director, Oakland Savings Bank, retired recently after 50 years of service with the bank.

WAUKON: Open house will be held at Waukon State Bank May 11 on the occasion of the bank's 100th anniversary.

NEBRASKA NEWS

BUTTE: Directors of Butte State Bank have voted the following changes: Joe G. Brewster from president to chairman of the board and chairman of the executive committee. Dennis G. Brewster from vice president to president. Gary D. Sedlacek from cashier to vice president and cashier.

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GRAND ISLAND: Albert R. Stelling, who retired recently as senior vice president of The Omaha National Bank in Omaha, has been elected president and chief executive officer of the Five Points Bank here. The newly-chartered bank is expected to open about September 1. Other officers are: William W. Marshall III, who has been with an Omaha law firm, vice president, and James Everett, who has been in the installment loan department at Commercial National Bank & Trust in Grand Island, cashier.

NORFOLK: Roy Paradise has resigned from Bank of Norfolk as executive vice president and will be succeeded on May 3 by Raymond G. Tiedje, who will have the same title. Mr. Tiedje is resigning as assistant vice president, First National Bank of Clinton, Ia., to accept this appointment.

WATERLOO: The Waterloo State Bank held open house Saturday, April 24. The bank opened in its new location here after accomplishing a charter transfer from Leshara State Bank at Leshara.

ILLINOIS NEWS

CRETE: The Illinois commissioner of banks, Roland W. Blahá, has granted permission to organize a state bank to be known as Crete Trust & Savings Bank, located at 700 Exchange Street in Crete, Will County. Capital is \$300,000, surplus \$300,000, and reserve for operating expenses \$150,000. Organizers are: Vernon Litz, Grant Park; Fey R. Orr, Roy L. Reising and Eileen F. Baker, Momence; Richard A. Brown, Gilbert F. Fink and Walter U. Miller, M.D., Crete.

ELK GROVE: Wayne K. Brinkam has been elected vice president, Bank of Elk Grove. He was formerly vice president, Marina City Bank, Chicago.

SPRINGFIELD: The Independent In-

urance Agents of Illinois has filed suit to prevent James Baylor, Illinois director of insurance from granting an insurance license to Talman Service, Inc., a wholly-owned subsidiary of Talman Federal S&L, Chicago, an action they feel is contrary to existing law. The agents' association is seeking a declaratory judgment and a restraining order to prevent further licensing of such service organizations.

MINNESOTA NEWS

Three Minnesota bankers are moving this month as the result of the sale of the Security State Bank of Aitkin by Joe and Ernest Thompson, president, and vice president and cashier respectively of the Aitkin bank. Purchasing the Aitkin bank is Ray Kirkhorn, who has resigned as president of Citizens State Bank, Brainerd, where he has been the past 10 years.

Succeeding Mr. Kirkhorn as president of Citizens State, Brainerd, is Marvin R. Campbell, president of the Minnesota Bankers Association. Mr. Campbell has been president of the First National Bank in Crookston since 1955. He will take over at Brainerd on May 1.

The new president at First National in Crookston will be Gene Sipe, who is resigning as president of the State Bank of Redwood Falls, to move back to Crookston where he formerly served as vice president before moving to Redwood Falls in January, 1966. A successor for Mr. Sipe at Redwood Falls has not yet been announced.

GRAND MEADOW: Officers, directors and employees of First American State Bank met at dinner last week to celebrate the bank surpassing the \$4 million mark in total footings. The bank was founded in 1938.

MINNEAPOLIS: Harvey N. Daniels has been named vice president, economist and senior investment officer of the First National Bank.

MINNEAPOLIS: Northwest Bancorporation announced the public offering April 20 of \$30,000,000 of 6-7/8% notes due 1978, at 99.50% to yield 6.96%. Managers of the underwriting group are The First Boston Corporation and Blyth & Co., Inc.

PIERZ: F. L. Spanier has been advanced from assistant vice president to vice president, and Gene Hoelscher from assistant cashier to cashier at Farmers & Merchants State Bank.

ST. PAUL: After a 2-1/2 hour hearing late at night on April 15 on two bills to permit branch banking in the state, the Minnesota House Financial Institutions Committee voted down both bills. It was felt that this vote effectively kills any branch banking legislation until the 1973 session of the state legislature.

The first bill would have permitted mutual savings banks to branch in Hennepin County. The committee voted against it, 19-5. The second bill would have allowed countywide branching to banks in Hennepin, Ramsey and St. Louis counties. The committee voted against this measure, 20-4. The latter bill generally was based on a part of the Carter H. Golembe report of one year ago that suggested a regional branching system for the state should be studied.

WILLMAR: Paul Peterson is resigning from the First National Bank to become vice president and cashier at Citizens National Bank in Willmar. He replaces Norm Lepler, who resigned as cashier at Citizens National to accept a new post in Granite Falls.

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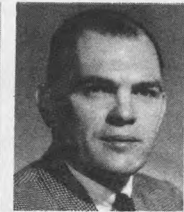
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MONTANA NEWS

BOZEMAN: FDIC coverage has been approved for the new Western Bank. Capital accounts are \$550,000. The president is Don W. Liebsch.

HELENA: John A. Layne III, has transferred from the First National in Great Falls to First National Bank & Trust Company here. He is in the trust department.

WYOMING NEWS

GREEN RIVER: Thomas E. Rogers, 76, president, State Bank, died recently from cancer.

RIVERTON: M. J. Gilpatrick, Jr., vice president of Gilpatrick Construction Co., has been elected a director of First National Bank.

NORTH DAKOTA NEWS

LANGDON: Darrell Jensen has joined First Bank of Langdon as an assistant cashier. He moves from the affiliated First State Bank of Cooperstown where he was assistant cashier and auditor. Judy Soma was appointed auditor of First State Bank to replace Mr. Jensen.

SOUTH DAKOTA NEWS

MITCHELL: The Mitchell National Bank has been granted approval by the Comptroller of the Currency to establish a branch office at Super City Shopping Center.

Holding Company...

(Continued from Page 1)

cant changes or realignment in regulatory responsibility, nor perpetuate long-standing myths regarding bank regulations."

Mr. Culley cited the three studies completed by CSBS relating to the Supervision of State Banks, the Self Evaluation Program (now completed in 24 state banking departments to identify standards of adequacy), and the latest report—"Toward a More Responsive Regulatory System."

At the Federal level, Mr. Culley called for a clear recognition that you can't legislate sound bank management; an understanding that banking is not a public utility but a private, competitive business where errors in judgment are outweighed many-fold by the resulting benefits, and a willingness to look critically at bank regulation and supervision and to face up to the political pressures inherent in any significant change.

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