

NORTHWESTERN Banker Newsletter

No. 1288

Des Moines, Iowa

May 10, 1971

Opposes Patman's "Bank Reform Act"

"If all sections of the proposed legislation under H. R. 5700 dealing with bank interlocking management were enacted — we fear that commercial bank boards of directors would be decimated."

This is the statement made by Clifford C. Sommer, ABA president, before the House Banking and Currency Committee headed by Wright Patman, D., Texas. Mr. Sommer is president of the Security Bank and Trust Company, Owatonna, Minnesota. Excerpts from his testimony follow:

"American business and industry have learned over the years that the public interest, as well as the interest of stockholders, is best served by a corporate board of directors which includes high caliber responsible people with varying backgrounds and experience.

"This proposed legislation would eliminate most outside directors. It would damage all banks and would be especially harmful to banks in small communities. An all 'inside' board would lack broad perspective.

"In our smaller cities and towns, business and civic leaders serve on the boards of the local

banks as a matter of community pride and duty. The choice of these leaders is not just a happenstance. Indeed, it is a necessity for the proper functioning of the banks in the interest of their communities. Conversely, other



Clifford C. Sommer

corporations elect bankers to their boards to draw on their knowledge and experience in the field of finance.

"The most disturbing part of all this is that no need has been shown for such a drastic curtailment of the reciprocal use of talent. Bank directors are held by the courts to a higher standard of conduct than is required of other directors.

"In addition to placing severe restrictions on officers, directors and employees of financial insti-

tutions, H. R. 5700 places restrictions on giveaways to attract deposits and also calls for an extension of Federal Deposit Insurance on public funds.

"The American Bankers Association opposes Sections 22, 23 and 24 of H. R. 5700 which would flatly prohibit 'giveaways' to attract deposits.

"There is no need for this outright prohibition. The regulatory agencies have all stated in these hearings that they have adequate regulatory authority to control any abuses in this area.

"The American Bankers Association opposes Sections 25 and 26 of H. R. 5700 which would extend insurance coverage on public deposits, including those of government agencies, to 100 percent. The provision would also authorize the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation to set limits on the amount of public funds which insured banks and savings and loan associations could legally accept."

Bankers throughout America are encouraged to obtain copies of the complete transcript on H. R. 5700 and to contact their respective representatives.

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IOWA NEWS

The following Iowa Bankers Association Group meetings will be conducted this week: Group 6 on May 10 in Des Moines; Group 10 on May 11 in Centerville; Group 7 on May 12 in Iowa City; and Group 8 on May 13 in Maquoketa.

APLINGTON: The board of directors of the State Savings Bank, announced that Roger L. Loerch of Nebraska City, Nebr., has purchased a substantial interest in the bank. He was elected executive vice president and director and has assumed active management of the bank. Prior to moving to Aplington, he was executive vice president, cashier and director of The Otoe County National Bank in Nebraska City.

CEDAR RAPIDS: Merchants National Bank has opened a Kingston office on the west side of Cedar Rapids.

GREEN MOUNTAIN: At a special meeting, Charles Lynk was elected cashier of the Producer's Savings Bank. He succeeds LaVern B. Staker, who has been cashier and was elected executive vice president. Mr. Lynk has been employed by the Fidelity Savings Bank in Marshalltown the past nine years.

LONE ROCK: Angus Cotton, former president and Chairman of Lone Rock Bank, died May 4.

SPRAGUEVILLE: Garold Weasmer has sold his controlling interest in

Farmers Savings Bank at Spragueville to D. L. Pooler, executive vice president of the Bellevue State Bank at Bellevue. Mr. Weasmer has resigned as executive president of the bank and will be succeeded by Mr. Pooler's father, Mac Pooler. Mrs. Weasmer also has resigned from the bank as assistant cashier.

WAUKON: Open house will be held at Waukon State Bank Tuesday, May 11, for tours of the recently remodeled quarters, and for the bank's 100th anniversary.

WEST LIBERTY: Ellis A. Negus, formerly of Wilton Junction; has been elected assistant vice president of the West Liberty State Bank to replace Charles E. Mackey who died recently. Irwin Mosher is president of the bank.

NEBRASKA NEWS

HILDRETH: The State Bank of Hildreth at a recent quarterly meeting elected Julius H. Mietzner as its president; Leon Samuelson, senior vice president; Kenneth W. Frerichs, vice president and cashier; and George C. Soker, who has served as president for the past 38 years, to chairman of the board.

LOUP CITY: The Sherman County Bank has named W. N. Roberts as vice president. He has been affiliated with the Nebraska State Bank in Weeping Water for the past 14 years as cashier and loan officer.

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OMAHA: Ed VanHorne, chairman of the board of VanHorne Investments Inc., died last week at the age of 81. Mr. VanHorne is survived by his wife, Alice and son, John E., who is president of VanHorne Investments Inc., of Omaha.

OMAHA: John W. Cattle, president and chairman of The Cattle National Bank at Seward, was elected president of the Nebraska Bankers Association for 1971-72 at the 74th annual convention in Omaha last week. He succeeds H. L. McKibbin, executive vice president, Bank of Gering. New NBA vice president is Roland E. Emmett, president, Citizens State Bank, Arapahoe. Fred Douglas, vice president, The Omaha National Bank, continues as treasurer. Complete convention report and pictures will appear in the June *Northwestern Banker*.

SCHUYLER: The Schuyler State Bank has not been sold, as reported in last week's issue. The bank sold was the Schuyler State Bank at Rushville, Ill., as reported in that state news section in this issue.

MINNESOTA NEWS

GRANITE FALLS: Normal A. Lepler has been named vice president and cashier of Yellow Medicine County Bank. He was formerly cashier of the

Citizens National Bank of Willmar and a trust auditor at First National Bank, Minneapolis.

HOFFMAN: I. L. Swanson was recently named president of the Farmers State Bank. H. B. Johnson was named vice president. Both men became the bank's new owners. David B. Lofgren had been president of the bank and principal stockholder with Douglas Shauer, cashier and part owner.

KILKENNY: The Comptroller has denied an application by First National Bank of Kilkenny for transfer of the bank to Faribault.

MOORHEAD: M. James Trask has announced his resignation as president and director of the Moorhead State Bank. He has accepted the presidency of Professional Economics Bureau Inc., Minneapolis. Mr. Trask has been executive officer of the bank since its founding in 1963.

Dennis W. Troff was advanced from vice president to executive vice president and managing officer.

ILLINOIS NEWS

CHICAGO: Wesley W. Rink has been elected senior vice president of Pioneer Trust and Savings Bank.

RUSHVILLE: King V. Hostick is the newly elected president of the Schuy-

ler State Bank in Rushville where he has purchased controlling interest of the bank. He has been vice president of the State Bank of Cerro Gordo, Ill. This release was erroneously placed last week in the Nebraska News section.

SPRINGFIELD: The Senate Financial Institutions Committee defeated, 9-6, a bill to repeal the state's 14-year ban on corporations owning 15% or more of the voting stock of two or more banks. The Senate committee's vote presumably put to rest for this session further attempts to bring multi-bank. A similar bill, prohibiting the formation of multi-savings and loan association holding companies in Illinois, has been reported out of the Senate Financial Institutions committee with a recommendation for passage.

Under its provisions, the legislation bans any Illinois corporation from owning more than 15% or more of the voting shares of two or more S&L's.

WYOMING NEWS

GREEN RIVER: C. M. Morck, Jr., who has been vice president-cashier of the State Bank of Green River, has

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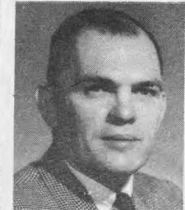
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been named president by the board of directors, filling the vacancy occasioned by the passing of Thomas E. Rogers. Carol G. Morok, formerly assistant cashier has been promoted to vice president and William T. Rogers has been named a vice president. Clara A. Rogers was appointed to fill the unexpired term of her husband, T. E. Rogers, on the board of directors.

RAWLINS: The board of directors of the First National Bank of Rawlins announced the appointment of John MacPherson as bank attorney to replace C. A. (Bud) Brimmer, Jr. Mr. Brimmer vacated the position to become attorney general of Wyoming. Mr. MacPherson has been a partne

in the Brimmer-MacPherson law firm for the past four years. He is a graduate of the University of Wyoming College of Law.

NORTH DAKOTA NEWS

FARGO: North Dakota Bankers will meet here May 12, 13 and 14 for their annual convention. Details and program highlights appear in the May magazine issue of the *Northwestern Banker*.

HARVEY: James A. Lewis has purchased 240 shares out of a total of 1,625 shares from Stanley J. Kwako in the National Bank of Harvey, according to the Comptroller.

WANT ADS

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LASALLE VICE PRESIDENTS TO BE AT IOWA GROUPS....

Max Roy and Cy Kirk, vice presidents of LaSalle National Bank, Chicago, will be on hand for the Iowa Group Meetings. Bankers of Group 6 (Des Moines); Group 10 (Centerville); Group 7 (Iowa City), and Group 8 (Maquoketa) will find Max and Cy ready and willing to discuss current banking services. If you need immediate action, call them at Area Code 312 / 443-2774.

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