

# NORTHWESTERN Banker Newsletter

No. 1291

Des Moines, Iowa

May 24, 1971

## Outlook For Bank Holding Companies

*Deliberations in Washington are continuing over the interpretations of the Bank Holding Company Act. Carter H. Golembe, bank consultant from the nation's capitol, gave his views recently on the "Outlook for Bank Holding Companies" at the Annual Meeting of Registered Bank Holding Companies in Minneapolis. Excerpts follow:*

What is the outlook for holding companies as we view it from the vantage point of mid-1971? At this point, it seems clear that the holding company form of organization can in fact be distinguished from other forms of banking organization, possessing certain advantages not easily attributable to others. For example, there is little doubt that the holding company provides options which might not be available under other circumstances; it is able to adapt to the special requirements or limitations of its geographic area. Moreover, new activities can be engaged in without concern over upsetting existing management procedures or personnel arrangements by conducting the activity through a subsidiary rather than through the bank itself.

While this matter of developing a special form of bank organization is of major importance, none-



Carter H. Golembe

theless, I am more concerned with a different question, namely, will bank holding companies in the future be able to exercise a somewhat greater scope of activities than is traditionally permitted to individual banks? Or put another way, is the bank holding company a particularly desirable form or organization for future operations, given the system within which all banks must operate?

The really relevant question, it seems to me, is whether under the existing system of statutory and regulatory limitations on banking, bank holding companies will be better able to innovate and experiment with new financial services than can an individual bank. As to this, I believe that the answer is yes.

Assume that a bank holding company decides to conduct a certain activity through a sub-

sidary. The activity might be direct leasing of personal property, data processing services, mortgage financing, or anything else that one might care to select. Why would the holding company decide to do so? Among the reasons, there might be the following: (1) A subsidiary might enable the bank to offer a particular service in geographic areas which are prohibited to it directly (or even through a wholly owned subsidiary of the bank) because of the branching laws, (2) it might find that it is easier to attract top people for the particular service by offering titles or salaries through a subsidiary operation which are not possible if these same people are brought directly into the bank, (3) it might wish to have some flexibility with respect to the ability to raise funds in the market, (4) the specific service it plans to offer might involve somewhat more than the usual amount of risk, or the way in which it plans to offer a traditional service may involve more than the usual amount of risk because of operational or marketing innovations. There are doubtless other reasons which might lead to such a decision but these would certainly be among the more important.

Assume further that the major roadblock to the bank holding

(Continued on back page)



## You're a step ahead

when you call for the services of our correspondent "pacesetters."



### Bankers Trust

SIXTH AND LOCUST, DES MOINES  
Member: Federal Reserve System and Federal Deposit Insurance Corporation

515-283-2421

There are so many ways we can help you  
That's why over half the banks in Iowa are  
— MNB correspondents



**MERCHANTS NATIONAL BANK**

CEDAR RAPIDS, IOWA 52401  
Member FDIC

**Joe Phernetton**  
Vice President



## IOWA NEWS

The following Iowa Bankers Association Group Meetings will convene this week: Group 5, May 24 in Council Bluffs; Group 2, May 25 at Okoboji, Group 3, May 26 at Clear Lake and Group 4, May 27 at Dubuque.

**BAGLEY:** The Perry State Bank has started an extensive improvement program in Bagley as construction is being started on an improvement on the banking facility there. Completion date is set for July.

**CEDAR RAPIDS:** Howard Hall, 75, Cedar Rapids banker, industrialist and philanthropist, died recently after a brief illness. He was chairman of the board of City National Bank and chairman of the board of Banks of Iowa, a holding company. He was former board chairman of the City National Bank and chairman of the board of Banks of Iowa, a hold-

## Northeast Iowa Banks

When you're ready for it, make an appointment to see our computer compute. It can solve a lot of problems for your bank. When your bank needs this or any other service, call Bill Rickert or Ken Young.

 **National Bank of Waterloo**

ing company. He was former board chairman of the Amana Refrigeration Company.

**DES MOINES:** William B. Greaves has been named a correspondent bank officer at Central National Bank and Trust Co. He has been with the bank since 1950. Mary F. Holstad has been advanced to assistant manager, investment department. Phillip E. Hartman is now manager of the credit department.

**DES MOINES:** T. Ward Phillips has resigned as vice president, Central National Bank & Trust Co. to join AID Insurance Services, Des Moines, as vice president in charge of investments. He had headed the bank's investment department since 1969.

## NEBRASKA NEWS

**BELLEVUE:** H. W. Campbell, president of the Bank of Bellevue, has announced the promotion of Gary L. Parker to the position of executive vice president and cashier of the bank. Mr. Parker, formerly vice president and comptroller, has been employed at the bank since 1968.

**OMAHA:** The promotion of Thomas N. Moore from senior vice president to executive vice president of the Omaha National Bank was announced by Frank O. Starr, president and chief operating officer. Mr. Moore was

- I would like to sell my majority bank stock.
- I would like to buy majority bank stock.

Please Contact: J. Mason Henry, Pres.  
**CHARLES E. WALTERS CO., INC.**  
P. O. Box 1313, Omaha, Neb. 68101  
Phone: (402) 553-6400

made a vice president in 1964 and was elevated to senior vice president in 1968. On January 1 he was appointed head of the estate and trust division.

Mr. Starr also announced the promotion of three officers and the appointment of three new officers: They are Arthur S. Meyers, data processing officer, and Robert A. Suddick, commercial banking officer, both to second vice president; Paul A. Childers, assistant data processing officer to systems officer; John M. Carmichael and John C. Furrow, Jr., to systems officer, and Terrence J. Guilfoyle, to consumer marketing officer.

## MINNESOTA NEWS

**FAIRFAX:** M. R. Kloster is the new president of the Citizens State Bank at Fairfax and has also been named chairman of the board of directors. His wife has been elected vice president and a member of the board. Mr. Kloster purchased his interest in the bank from Donald Sell recently. He has 38 years of banking experience in Minnesota, North Dakota and Montana.

**MANKATO:** Leon Bradender has been elected assistant vice president by the board of directors of the Valley National Bank according to a recent announcement by John N. Maiers.

**MINNEAPOLIS:** Wayne A. Johnson was named assistant auditor and David A. Snowbeck investment officer of the Northwest Bancorporation. James C. Lyle, formerly with United States National Bank, Omaha, joined Banco as a marketing officer.

**MORA:** Bernard W. Kilgore has been named cashier at the Kanabec State Bank. He was formerly president of Catagator Corporation and before that vice president of Mille-Lacs Industries.

**OLIVA:** Application for the charter for a new bank to be called the American State Bank of Oliva has been approved by the Minnesota State Commerce Commission. Initial capitalization of \$400,000 was included in the application for the charter. Dick Schurtz, vice president of the Bank of Willmar, will be president and managing officer of the bank.

**SHERBURN:** Darryl A. Vermedahl, assistant cashier for the past three years for the Valley National Bank in Mankato has accepted a position in the installment loan department of the Farmers State Bank in Sherburn.

“ “  ” ”

*Bank Under the Big* *“The Bank That Cares”*

**CENTRAL NATIONAL BANK AND TRUST COMPANY**  
Member Federal Deposit Insurance Corporation



In Southern Minnesota,  
**Floyd Stewart**  
 is your Northwestern  
 Correspondent Banker.



Department of Banks  
 and Bankers

**Northwestern  
 National Bank  
 of Minneapolis**

*May we help you today?*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Call him at 612-372-8394

**COLORADO NEWS**

DENVER: Roger D. Knight, Jr., president, United Banks of Colorado, Inc., has been elected president of the Association of Registered Bank Holding Companies. He succeeds Henry T. Rutledge, president, Northwest Bancorporation, Minneapolis, Minn. The election took place during the Association's annual meeting in Minneapolis.

DENVER: Ronald R. Robinson, vice president of commercial banking for the United Bank of Denver, has been elected president of the Denver Chapter of the American Institute of Banking. The Denver AIB chapter has more than 2,500 members.

DENVER: Promotion of six staff members of the First National Bank of Denver has been approved by the bank's directors according to a recent announcement. Delbert J. Pichon has been advanced to assistant vice president. He was formerly a loan officer. Other advancements included: Robert A. Reed, from senior credit analyst to credit officer; Mark E. Houston from trainee to assistant loan officer; Roger C. Howe to Master Charge officer; Mrs. Lenore L. Kelley to assistant mortgage loan officer and Steve Barbich, Jr. to maintenance manager.

WESTMINSTER: Donald H. Hoch, mayor of Westminster, has been named to the board of directors of the Citizens Bank of Westminster, according to a recent announcement.

**MONTANA NEWS**

GLENDIVE: Thomas W. Hugh, vice president, First National Bank, has been appointed to fill the unexpired

term of the late Senator Ben Brownfield in the Montana Senate according to a recent announcement by T. A. Vashus. Mr. Hughes, 42, has been employed by the bank since 1965.

GREAT FALLS: Charles W. Rubie, president of Bancorporation of Montana, a bank holding company, announced recently that negotiations relating to a proposed merger of Treasure State Industries, a Montana Corporation, into Bancorporation have been terminated by Bancorporation of Montana.

**ILLINOIS NEWS**

ALTON: Roland W. Blaha, commissioner of banks and trusts, has announced that a charter has been issued for the organization of the Metropolitan Trust Company of Alton. Capital stock is \$300,000. There are 7,500 shares having a par value of \$40. each. Officers are: Norman Backues, president; Kenneth J. Roeh, vice president; Mrs. Sally Beard, acting cashier and Charles L. Daily, acting assistant cashier.

BLOOMINGTON: Everett G. Scott will become the new vice president of the

Peoples Bank of Bloomington effective June 1. He was formerly affiliated with the Peoples Bank & Trust Co. in Waterloo, Iowa. Prior to that he practiced law for 20 years in West Union, Iowa.

CHICAGO: Richard S. Marsho has been appointed manager of loan operations at the Central National Bank.

CHICAGO: Congressman Wright Patman, NASA's Dr. Wernher von Braun, former presidential adviser Dr. Walter W. Heller, and CBS newsmen Mike Wallace are among the speakers scheduled to address the 80th Annual Convention of the Illinois Bankers Association which will be held June 2-4 at the Palmer House in Chicago.

Details of the convention were announced by Fred W. Heitmann, Jr., president of the 1,106-member Association, and president, Northwest National Bank of Chicago, and appear on page 41 of the May issue of the NORTHWESTERN BANKER magazine.

The convention, which is expected to draw some 1,200 bankers will open officially at noon on Wednesday, June 2. Among the activities sched-

*we're here on your account*

**SECURITY  
 NATIONAL  
 BANK** 6TH AND PIERCE  
 SIOUX CITY, IOWA



**Call on the "Performance Team"...**

Fast, accurate computer forecasting for banks and business.

**FIRST NATIONAL BANK & TRUST COMPANY OF LINCOLN**

13th and M Street • Lincoln, Nebraska 68501 • Member, F.D.I.C.





# COULSON CANNON AND MUIR

Three of our men  
on your side at



Fred Coulson



Tom Cannon



Dick Muir

# COMMERCE BANK

of Kansas City

## Holding Companies...

(Continued from Page 1)

offering the kind of service which it wishes to provide is the last which I mentioned, that is, that supervisory officials are concerned that more risk is involved than is proper for an individual bank. If done by a bank the loss would be a charge against bank capital but, on the other hand, if the holding company or its subsidiary is willing to take the risk and has sufficient capital other than bank capital to do so, then there should be no reason for it not to proceed.

In a sense, one could say that it is not only that the bank holding company form or organization insulates the bank in the situation I have just described from possible losses, but also, and perhaps of equal importance in today's world, it insulates the bank from the application of a set of laws and regulatory standards and attitudes which have had the effect over the years of dampening the competitive drive of banks. Where

the result would be improved service to the public, banks should be able to expand; banks should be able to diversify; banks should be able to assume more risk than is presently permitted—and bank holding companies should provide the means of achieving these objectives.

## Illinois News

(Continued from Page 3)

ued that day are meetings of the IBA Executive Committee, Council of Administration, the Illinois Bankers Foundation, and a reception and dinner honoring the IBA past presidents and past treasurers.

SPRINGFIELD: Bills to liberalize the Illinois facility law have been introduced in the Illinois General Assembly. The proposed legislation, which would amend the Illinois Banking Act, would raise the limit on the number of drive-in facilities a bank can establish and extend the distance from the main office from the main office from 1,500 feet to 3,500 yards. Though Illinois law prohibits branching, it does permit a bank to install no more than one drive-in facility within 1,500 feet of the bank. The drive-in facility cannot transact loan business.

Two bills offered now would allow banks to establish any number of drive-in facilities within 3,500 yards or approximately two miles.

SKOKIE: Donald B. Bextel has been

elected assistant cashier and personnel manager at the First National Bank.

WHEATON: Robert W. Schnack has been appointed executive vice president of the Wheaton National Bank.

## WANT ADS

Rates 25 cents per word per insertion. Minimum: 12 words.  
NORTHWESTERN BANKER  
306 15th St., Des Moines, Iowa

### MARKETING AND DEVELOPMENT DIRECTOR

An Iowa Bank is looking for a marketing man to be responsible for the full scope of business development including advertising, public relations and special promotions. Would prefer someone with three to five years experience. Salary negotiable. Good fringe benefits. Write File BJI, NORTHWESTERN BANKER, 306 15th St., Des Moines, Iowa 50309

### FOR SALE

Loan application forms for the modern banker. Samples on request. Farm Business Council, Inc., 1300 Hagan, Champaign, Illinois 61820.

### CALL THE "INSIDE MEN"

The "Inside Men" of LaSalle National Bank, Chicago, will give you fast action on credit requests.

Call Tom Roth, Jack Ramey, Rick Anderson or Phil Butler, and find out how fast action on your loan requests can be. Our new phone number is (312) 443-2774.

### PROTECT YOUR FARM LOANS

Send Doane's Farming For Profit monthly farm management newsletter. Latest ways to save money, increase yields and profits. Mailed direct by us with your imprint. Low cost. Free sample. D. R. Gorr, Doane Agricultural Service, Inc., Dept. 702, 8900 Manchester Road, St. Louis, Missouri 63144.

## YALE® SECURITY EQUIPMENT

NOW AVAILABLE FROM THE SPECIALISTS  
TO YOUR STATE BANKERS ASSOCIATION  
FOR BANK EQUIPMENT SALES/SERVICE

F. E. DAVENPORT  
REGIONAL OFFICE  
2066 FARNAM ST.  
OMAHA, NEB. 68102



YALE

BANK SERVICE DIV.  
RYE, N.Y. 10580



George Harnagel

*We know the importance of your  
bank to your community.  
Correspond with us.*

## IOWA-DES MOINES NATIONAL BANK

Member Federal Deposit Insurance Corporation

No. 1291 Northwestern Banker Newsletter is published weekly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309. Subscriptions 25¢ per copy, \$6 per year. Second class postage paid at Des Moines, Iowa. Address all mail subscriptions, changes of address (Form 3579), manuscripts, mail items to above address.