

Question Fair Credit "Guidelines"

Banks and S&L's are under warning that some of the interpretations contained in the new "Q&A" guidelines to the Fair Credit Reporting Act—although jointly prepared by the three Federal banking agencies and the Federal Home Loan Bank Board—may not stand up in court.

The reason is, according to the agencies, that the statute (Public Law 91-508) "is unclear in some instances as to its application to financial institutions." Thus the courts may "ultimately construe" some of these provisions differently from the way they are interpreted in the guidelines issued recently by the Federal Reserve Board, the Comptroller of the Currency, the Federal Deposit Insurance Corp., and the FHLBB.

While the information contained in the guidelines "should not be relied upon without the advice of counsel," the agencies said they would regard institutions acting in accordance with them to be "in compliance with the Act" for regulatory purposes.

The guidelines—actually a pamphlet containing 61 questions and answers and the text of the new law—are not regulations of the agencies nor do they attempt to answer every question that

might arise under the Act. Rather, they are designed to assist banks and S&L's—and their examiners—to develop a working knowledge of the law and its requirements as it applies to financial institutions.

The central purpose of the Fair Credit Reporting Act—which took effect April 25—is to insure fair and accurate reporting of credit information regarding consumers. It provides new rights to loan applicants, installment purchasers, insurance applicants and job seekers to check and question credit material concerning them.

In general the law restricts the use of credit reports on consumers and in certain situations requires the deletion of obsolete information. It requires notice when the use of a credit report contributes to the denial of, or increase in the cost of, credit or insurance, or denial of employment.

Disclosure also must be made when credit is denied or the cost is increased on the basis of other information from third parties, and when investigative consumer reports are used. And under the Act, consumers are entitled to disclosure of the information maintained in their files by con-

sumer reporting agencies, and procedures are provided for the correction of erroneous information.

Financial institutions can come under the Act as credit grantors, purchasers of dealer paper, issuers of credit cards, and employers. In some instances, a financial institution may even be a consumer reporting agency as a result of the type of information about consumers it provides others.

The latter has been of major concern to many financial institutions. The guidelines say a bank or S&L which regularly passes on information in its files about a consumer, other than information solely as to its transactions or experiences with the consumer, may be considered a consumer reporting agency.

According to the guidelines, this even applies to the regular exchange of information between correspondent financial institutions, between a holding company and its subsidiaries, and between subsidiaries of the holding company—but not to information exchanged within departments or branches of a bank.

And according to guidelines issued by the Federal Trade Commission, banks and S&L's which

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with photos, will appear in the July *Northwestern Banker*.

WANAMINGO: Adolph K. Syverson, president of the Security State Bank since 1939, died recently at the age of 85.

NEBRASKA NEWS

CAMBRIDGE: A. A. Mousel, chairman of First National Bank, was honored at an open house in the bank on May 27 for his 65 years of service in banking, 57 of which have been with First National. He has been active in civic and church organizations and continues as a skillful hunter and fisherman.

FALLS CITY: John Allee, 29, former president of the Bank of Salem, entered a plea of innocent to embezzlement before District Judge William Colwell and trial has been set for September 22. The bank was closed by the Nebraska department of banking in April after irregularities were discovered.

LINCOLN: Harold O. Johnson, 68, assistant director and counsel for the Nebraska department of banking, died June 2 of a heart attack. He had been with the department since 1929.

LINCOLN: An application for a state bank charter to be known as Bank of Lincoln and to be located at 70th & O Sts. was filed with the department of banking June 1 by Marvin E. Jewell, Lincoln attorney.

State Banking Director Henry E. Ley held a hearing in Lincoln June 2 on the proposed Pleasanton State Bank application. Pleasanton is 18 miles north of Kearney. Ervil Phillips, manager of the Pleasanton Cooperative Credit Association, filed the application on behalf of a group of residents of the community. It would have \$65,000 capital, \$45,000 surplus and \$20,000 undivided profits.

Two other state charter applications are pending. One is for the State Bank of Omaha, to be located at 120th & Center, and applied for by Marvin Schmid, chairman, and Perry Francis, president, of the Southwest Bank of Omaha, located at 90th & Center. The second is for Buffalo State Bank at Kearney, applied for by W. F. Nelson. Hearings have been held on both applications.

OMAHA: Beneficial Corporation of Wilmington, Del., has received per-

IOWA NEWS

AMES: The 26th Annual Agricultural Credit School sponsored by the Iowa Bankers Association and Iowa State University will be held on the campus from June 7 through June 18. Herbert B. Howell is director of the school for ISU.

DES MOINES: A suit against Iowa Banking Superintendent Collin Fritz is scheduled for trial in Polk County District Court June 26. Applicants of a proposed Okoboji Marine State Bank, to be located at Arnolds Park, Ia., filed the suit after their charter application was denied several months ago.

GRINNELL: The Iowa group meeting of the National Association of Bank-Women, Inc., will be held August 11-12 at Grinnell College, Grinnell.

HOLSTEIN: The Holstein State Bank has withdrawn its membership from the Federal Reserve System.

MT. PLEASANT: The Annual Sports

Day for members and guests of Group 11 banks will be held Wednesday, June 16 at Mt. Pleasant Golf & Country Club. Registration is \$11 for golfers and \$7.50 for non-golfers. Co-chairmen are David H. Carrick, assistant cashier, Henry County Savings Bank, and Warren L. Fye, assistant vice president, Mt. Pleasant Bank & Trust Co., the two host banks.

MINNESOTA NEWS

MINNEAPOLIS: Earl A. Patch has retired as president of Third Northwestern National Bank after 48 years in banking and has been succeeded by Bruce C. Winslow, formerly executive vice president.

MINNEAPOLIS: Arnold P. Larsen has been promoted from assistant vice president to vice president at First Minnehaha National Bank.

ST. PAUL: The Minnesota Bankers Association's annual convention, which began yesterday at the St. Paul Hilton Hotel, will continue through Wednesday. A full report,

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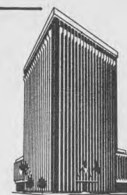


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mission from the Federal Reserve System to acquire Central National Life Insurance Co. of Omaha. Application was made under Section 4(c)(12) of the Bank Holding Company Act of 1956.

OMAHA: Directors of the United States National Bank have promoted eight staff members. New assistant vice presidents are Lee J. Bachand, Eugene D. Exceen and Howard A. Nelson. New assistant cashiers are Edmund L. Arkfeld, Thomas A. Ernst, Anthony M. Payne and Richard D. Rouse. Named assistant trust officer is Paul D. Kadavy.

ILLINOIS NEWS

RIVER FOREST: Herbert A. Dolowy has been elected president and a director of the River Forest State Bank and Trust Company. He has been vice president in charge of the commercial loan division of a \$400 million bank, and before that he was an examiner with the Chicago Fed for 11 years.

WORTH: Russell D. Boyer has been appointed executive vice president and trust officer and a director of the First State Bank.

WISCONSIN NEWS

DENMARK: Prior approval has been given by the Fed for the acquisition of 80 per cent or more of the voting shares of the Badger State Bank by the Valley Bancorporation, Appleton.

MILWAUKEE: Marine Corporation has

appointed officers of Marine Bankcard Corporation, which has been formed to serve the BankAmericard program of the Marine banks. Raymond J. Brown has been appointed assistant vice president in charge of operations, and Zackery Takerian has been named assistant vice president-business development. Mr. Brown has been with Eastern States Bankcard Association, Lake Success, N. Y., and Mr. Takerian has been sales manager of the charge card division at Continental Bank, Chicago.

WYOMING NEWS

Wyoming banks will be served by the Denver branch of the Federal Reserve Bank of Kansas City, beginning in July, according to an announcement by George H. Clay, president of the Kansas City bank. Wyoming banks currently are served by the bank's Omaha branch.

The Board of Governors of the Federal Reserve System approved the transfer of Wyoming into the Denver branch zone following a comprehensive study of changing transportation services, area trade orientation patterns, and other economic relationships. The study clearly indicated that the interests of the public and the banks in Wyoming could best be served through the Denver branch, Mr. Clay said. The Kansas City bank's recommendation for the transfer was supported by a resolution of the Wyoming Bankers Association in 1969.

The transfer is expected to be effective in July, although the exact date has not been pinpointed pending development of detailed plans for servicing Wyoming banks and for transferring reserve accounts and other records from Omaha to Denver. The Omaha branch has served Wyoming banks since 1917, although certain services have been provided to Wyoming banks through the Denver branch in recent years.

LARAMIE: The Bank of Laramie has announced plans to remodel and expand within the next six to 12 months. The action will provide more teller and loan office space, four remote-controlled windows at a new drive-in facility, and 40 additional parking spaces. The bank has purchased a property at 302 Garfield for the parking area.

MORAN: The Wyoming Bankers Association will be in convention Thursday, Friday, and Saturday at Jackson Lake Lodge. On-the-spot photos and a news report of the convention by a staff member will appear in the July issue of the *Northwestern Banker*.

COLORADO NEWS

CANON CITY: Byron E. Totten, retired president of the First National Bank, died recently after suffering an apparent heart attack. He was 67. He joined the bank in 1926, became president in 1964, and retired in 1967 because of ill health.

COLORADO SPRINGS: C. K. (Tim) Skinner, Jr., has been named executive vice president of the Exchange National Bank. He was president of the First National Bank, Santa Fe, N.M., from 1968 to last January.

WIGGINS: The FDIC has approved coverage for the new First State Bank, which has total capital accounts of \$250,000. Henry G. Trautwein, Jr., is president.

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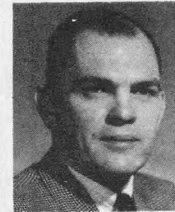
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Fair Credit...

(Continued from Page 1)

pool information, even when the information is limited to their own experience with a customer, are effectively operating a credit bureau. "Even though the loan exchange may not necessarily give the paying record of the consumer, the fact that it identifies sources and/or amounts of other loans is enough to qualify it as a consumer reporting agency," the FTC said.

SOUTH DAKOTA NEWS

ABERDEEN: A. N. (Norg) Sanderson has been named assistant vice president and agricultural loan officer at the head office of the First National Bank of Aberdeen. He has been with the bank since 1964. Charles A. Stiles has been promoted to manager of the installment loan department at the Mobridge branch. He has been in the Mobridge office since joining the bank in 1959.

SIOUX FALLS: Leonard E. Martinek, former vice president and manager at the east branch, National Bank of South Dakota, has been named vice president in charge of business development at the main office and eastern division headquarters here.

James J. Murphy, former assistant cashier and manager of the installment loan department at the main office has succeeded Mr. Martinek.

NORTH DAKOTA NEWS

MINOT: Jeff G. Stockdill and Douglas A. Freeman have joined the staff of the First National Bank, according to President George M. Johnson. Mr. Stockdill, who is completing a training period, will work in auditing. Mr. Freeman, who has worked as a part-time teller, will be in the installment loan department of the bank, Mr. Johnson said.

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