

NORTHWESTERN Banker Newsletter

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Sees Bank Reform Bill Dead This Year

House minority leader Gerald Ford (R., Mich.) ventured the prediction that there will still be the status-quo as regards banking reform by the end of the current Congress – the early days of January 1973, possibly.

Rep. Ford, speaking at the third annual briefing session of the Insurance Information Institute, described the portion of the Banking Reform bill, H. R. 5700 and various drafts, as running into roadblocks in working out an agreement on interlocking directorates.

He said that he had heard from a bank in his home district on the matter of interlocking directorates and the bank had expressed concern over the way the legislation was being drawn up.

He said in reference to House Banking Committee Chairman Wright Patman's bill and substitute draft that he doubted that the "Committee will come out with the bill that he (Patman) has in mind."

He said he believed the Patman bill was dead and the Committee "had only one man agreeing on the bill."

Rep. Ford added: "In that chaotic situation, I doubt whether they will be able to get any legislation in 1971. I doubt whether they will be able to get any legislation in this Congress."

Rep. Ford failed to mention what is being referred to as the Widnall bill, although yet to be introduced by Rep. William B. Widnall (R., N.J.), ranking Republican on the Committee.

Sources indicate that while Rep. Widnall may sponsor the bill as the best



REP. GERALD FORD

of several drafts and one that has the greatest support among Republicans, as well as the Federal Reserve Board, which helped to draft it, he isn't quite satisfied with all the provisions.

Some sources said that while Chairman Patman is playing a waiting game, perhaps, they have their own waiting game to play and are ready with a bill of their own if he gets things moving again.

Others say they will win a waiting game because they don't want any banking reform bill at all, particularly one that might restrict the service by directors and officers on more than one board of directors.

Rep. Widnall sits on the Republican policy committee of the House, headed by Rep. Ford.

The various drafts are quite complicated, especially on the handling of interlocks.

Rep. Patman has offered a draft and a revision, now dead.

Rep. William S. Moorhead (D., Pa.) has offered a draft banning interlocks between commercial banks, savings banks, savings and loan and S&L holding companies with assets of more than \$1 billion still alive.

Fed Chairman Arthur Burns would handle the interlock question by barring them where the depository and non-depository corporations each have capital, surplus, and undivided profits of more than \$1 million. The Burns bill – still alive – is on interlocks alone, one part of H. R. 5700.

The Widnall draft was prepared with comments by Mr. Burns. It prohibits a bank from purchasing stock of itself or an affiliate, but does not require it to reject or sell such stock forming part of an estate or trust committed to it for administration.

The draft also attempts to handle a problem in the Moorhead bill on statutory definitions.

The draft fails to provide a section on loans to directors, officers, or others having ties to the lending institution, however, on the ground that guidelines for administration would suffice and avoid confusion – reportedly, one area of contention.

Optimists contend that Rep. Ford is offering his "doom and gloom" statement at this time in an effort to kill legislation. They believe there is still plenty of time to get a banking reform bill to the House floor this year, although it may remain in the committee's hands into late fall.

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NATIONAL NEWS

NEW YORK: Manufacturers Hanover Trust Company recently led the increase in the prime rate from 5½% to 6%. It was also announced that the First National City Bank of New York has increased its negotiable certificates of deposit (CD) rates by as much as ¼ of 1 per cent.

Citibank said the current range is now 5-3/8% for one-month CD's, 5-5/8% for three-months CD's and up to a maximum of 6% for a year or more. The minimum amount is \$100,000.

IOWA NEWS

BEDFORD: Controlling interest in the Bedford National Bank has been sold to Carl G. Riggs and associates. Mr. Riggs has been elected chairman of the Bedford National and will continue as president of the Tingley State Savings Bank at Tingley. Marion Ashby has resigned from the Earlham S & L at Chariton to become assistant to the chairman at Bedford National. New directors at Bedford National are John J. Brower, executive vice president and cashier of First National Bank, Prairie City; Robert P. Hayes, real estate appraiser, and William W. Burrell, president of Marion County S & L, Knoxville. W. E. Crum, III, continues as president and all other officers remain the same. The bank stock was sold by Morris Stephens, chairman of First Federal State Bank, Des Moines.

CENTER POINT: Burtwin L. Day has joined Iowa State Bank and Trust Company as vice president and cashier. He was also elected to the board. John

Franey will continue as a vice president. Mr. Day formerly was associated with Keokuk Savings Bank in Keokuk and Wright County State Bank in Clarion.

COUNCIL BLUFFS: Ed H. Spetman, Jr., president, Council Bluffs Savings Bank, has announced that his board has voted its approval to join Banks of Iowa, Inc., the Cedar Rapids holding company owning Merchants National Bank in that city. Stockholders of the Council Bluffs Savings Bank will be offered 22 shares of Banks of Iowa stock for each share now held.

Banks of Iowa stock was quoted 22½ bid and 23¼ asked last week in Des Moines.

Banks of Iowa last fall announced plans to acquire Union Bank and Trust Co. of Ottumwa, and on April 28, 1971, stockholders of Valley Bank and Trust Co., Des Moines, voted to join Banks of Iowa. None of the acquisitions have been approved yet by Federal regulatory authorities.

DES MOINES: Both Capital City State Bank and Plaza State Bank have been granted authority by the Iowa superintendent, Collin Fritz, to establish detached drive-in teller facilities in the vicinity of Merle Hay and Hickman. Capital City's location is east of this main intersection at 57th & Hickman, while Plaza State's site is west of the intersection at 61st & Hickman.

GALVA: Truman L. Peterson, whose election as a director of First Trust and Savings Bank was announced last week, has been elected president of the bank. He fills the vacancy created by the resignation of Lloyd Lamm.



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RANDALL: A tentative application has been made to the Iowa department of banking by the Randall State Bank to move to Story City and retain an office in Randall, pop. 200. The Randall State Bank had deposits of \$3,665,000 at last year-end, while the Story County State Bank at Story City, pop. 2,100, had year-end deposits of nearly \$7,000,000.

SPRAGUEVILLE: An application has been made to the Iowa department of banking by Farmers Savings Bank to move the head office to Preston in Jackson County, and retain an office in Spragueville. Presently, the bank is headquartered in Spragueville, pop. 100, and an office is maintained in Preston, pop. 800.

NEBRASKA NEWS

KEARNEY: Barry R. Sherman has been named vice president and cashier of the First National Bank. He has been associated with the bank for 11 years.

WAUSA: The Commercial State Bank will be conducting an open house commemorating completion of its newly



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remodeled building on July 16. A buffet dinner will be served after the open house.

ILLINOIS NEWS

CHICAGO: Lewis C. Hanson, Jr., has been elected a vice pres. by Exchange Nat'l. Bank. He will be involved in correspondent bank relations in the bank's newly established financial institutions division. He was formerly with LaSalle Nat'l. Bk.

CHICAGO: Michigan Avenue Nat'l. Bk. has promoted five officers: Howard Levy to v.p.; Richard Murphy to a.v.p.; Brian Connelly to a.c.; Marcia Marusiak to asst. auditor, and John Starkey to a.c. and personnel off.

CRETE: A state charter has been issued for the organization of the Crete Trust and Savings Bank at 700 Exchange St. in Crete. Fey R. Orth will be president; Vernon Loitz will be v.p., and Eileen F. Baker will be cash. Capital is \$300,000; surplus, \$300,000, and reserve for operating \$150,000.

FINDLAY: A state charter has been issued for the organization of the Bank of Findlay. William B. Cannon will be president; Noble Rhea, v.p.; Alton F. Baker, cashier, and Harry E. Cannon, a.c. Capital will be \$150,000; surplus, \$150,000, and reserves, \$100,000.

MATTOON: A charter has been issued for the organization of the Mattoon Bank. Melvin C. Lockard will be president, and Charles E. White will be exec. v.p. and cash. Capital will be \$300,000; surplus, \$300,000, and reserves, \$150,000.

WARREN: A state charter has been issued to Citizens Bank and Trust Co. as a result of the conversion of the Citizens Nat'l. Bank of Warren to a state bank. Capital stock is \$130,000, surplus is \$260,000. Officers are: E. L. Geach, pres.; Richard L. Geach, exec. v.p.; and Larry R. Kramer, cashier.

MINNESOTA NEWS

DULUTH: Three officers have been promoted by Northern City Natl. Bk. They are James D. Chapman to a.v.p.; David L. Kerssen to trust inv. officer, and Donald A. Tedlund to trust officer.

LAKE BENTON: Jerry McGee has started work as an a.v.p. at the Farmers St. Bk. He started his banking at Fertile and later at Harlem, Montana. For the past 3 years, he has operated a retail store at Arlington, S. D.

MINNEAPOLIS: Thomas K. Scallen has reportedly sold his majority interest in the Bank of Minneapolis. H. Clifford Auble, bank pres., said that Mr. Scallen's 86 percent interest was sold to George B. Benz, chrm., Lake City State Bk. Mr. Scallen is pres. of Medical Investment Corp. (Medicor). SEC recently suspended sale of Medicor stock on the over-the-counter market.

SOUTH DAKOTA NEWS

SIOUX FALLS: John T. Vucurevich of Rapid City has purchased majority stock interest in Union Bank and Trust of Sioux Falls according to a joint announcement by Mr. Vucurevich and William C. Duffy, chairman of the board. Mr. Vucurevich is president of the Rushmore State Bank of Rapid

City; president of United National Bank of Vermillion which has 11 branches in South Dakota, and is board chairman of Security National Bank of Viborg. Management and personnel of Union Bank & Trust will remain unchanged. Frank W. Duffy will continue as managing officer of the Sioux Falls bank.

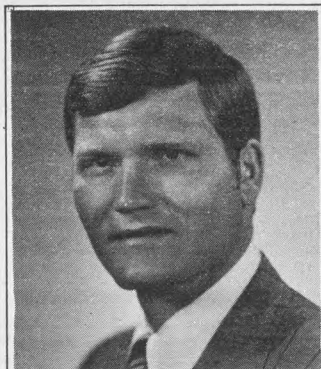
NORTH DAKOTA NEWS

WILLISTON: C. O. Harding, 74, retired vice president of the American State Bank, died recently according to a recent announcement.

COLORADO NEWS

DOLORES: Six businessmen from Dolores have filed an application for a state bank charter with the State Banking Division. The six, listed as incorporators on the application, propose to form the Montrose County Bank in Naturita. A hearing is scheduled on the application August 26 at the state capitol. The six incorporators are Donald K. Majors, E. G. Merritt, William K. Nielson, Harlan K. Teltier, Merton R. Taylor and J. C. Kinkade.

LAKEWOOD: State banking officials have taken over control and operation of the West American Industrial Bank in Lakewood, according to Harry Bloom, Colorado banking commissioner. The bank is operating under a cease and desist order which allows it only to accept payments from creditors. Mr. Bloom said the action was filed in Jefferson County Court to permit the state to take possession of the bank after investigation determined the bank's capital was impaired. No decision has been made on appointing a receiver.



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WYOMING NEWS

RIVERTON: The First National Bank of Riverton has recently enlarged its banking facilities. A total of \$600,000 was spent to expand and finish the bank which provided the bank with additional space for tellers use, general ledger and bookkeeping departments, customer service and wider area for new accounts.

MONTANA NEWS

HELENA: Leon S. Hazard, 85, former Helena banker died recently following a brief illness. He began his banking career with the First National Bank in Chicago in 1903. He transferred to the Montana Trust and Savings Bank of Helena in 1918 later the First National Bank and Trust Company and retired as bank cashier in 1951.

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