

NORTHWESTERN Banker Newsletter

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January 10, 1972

Recommendations of Presidential Report

A freer competitive market for all financial institutions is a principal thread running throughout the report submitted to President Nixon on December 22 by the Presidential Commission on Financial Structure and Regulation. In some areas it would grant broader powers to S&L's, mutual savings banks and credit unions, such as checking accounts and credit cards, but stipulates that these thrift institutions would have to play the same "ground rules" of regulation and taxation as commercial banks. For those thrift institutions wishing to engage in business lending and deposit activity, the Commission offers only the alternative of converting to commercial bank charters.

The Hunt Commission report is submitted in three parts - Introduction, Recommendations, and Perspectives on the Recommendations.

Part II - Recommendations covers 10 sections (summarized briefly):

A. Regulation of Interest Rate Ceilings on Deposits. Abolition of rate control, with stand-by power held by Board of Governors of the Federal Reserve System for 10 years for deposits of less than \$100,000. Abolition of control for amounts of \$100,000 or more immediately.

The prohibition against payment of interest on demand deposits be retained.

B. Regulation of the Functions of Depository Financial Institutions. Give authority to S&L's, mutual savings banks and credit unions to expand range of services. Those who wish to offer third party services, such as checking accounts

and credit cards, would (after a transition period) be subject to identical reserve requirements, equal tax treatment, and the same or similar regulatory burdens. Real estate powers of S&L's broadened widely. Among 20 recommendations for commercial banks is power to sell and manage mutual funds and commingled agency accounts, and power to underwrite revenue bonds.

C. Chartering and Branching of Depository Financial Institutions. Grant federal charters to stock S&L's and mutual savings banks and change state laws to conform. Recommends all prohibitions against branching statewide for S&L's, mutual savings banks and commercial banks be eliminated.

D. Deposit Reserve Requirements. This is a Federal Reserve Board recommendation, which would make it mandatory for all state chartered commercial banks, and for all S&L's and mutual savings banks that offer third party payment services to be members of the Federal Reserve System. There would be a graduated scale of reserves for the first five years until new members are paying the same as all others now members. In addition, reserves would be the same for all banks, regardless of size of bank or city.

E. Taxation of Financial Institutions. Sets single tax formula for commercial banks and those S&L's and mutual savings banks offering third party payment services.

F. Deposit Insurance. Recommends uniform system be adopted to provide for payout in event of closed

institutions. (See section H below.)

G. Housing and Mortgage Markets. Would eliminate FHA and VA statutory rate ceilings, prohibit lender from collecting discount, calls for variable mortgage rate, federal insurance program to protect lenders' rate, and consider direct subsidies by Congress of national housing goals not met.

H. Regulation and Supervision of Financial Institutions. Would create new agency, the Office of the Administrator of State Banks, to examine and supervise state chartered, insured commercial banks and mutual savings banks (S&L's where offering checking accounts). The Administrator shall examine, certify for insurance and assure conformity with all federal legislation for all institutions under its jurisdiction. This replaces state bank examination now done for member banks of FDIC and Fed.

The comptroller of the Currency would be retitled the Office of the National Bank Administrator and be independent from the Treasury, retaining all present functions of the Comptroller regarding national banks.

The Federal Reserve Board of Governors would have the right to receive examination reports but would only concentrate its attention on such statutes as Bank Merger Act, Truth in Lending, Bank Holding Companies. The Fed to continue to be independent.

A new agency, the Federal Deposit Guarantee Administration, would replace the present FDIC, FSLIC and the insurance function of the National Credit Union Administration, with three sep-

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IOWA NEWS

Questionnaires for the 1972 edition of the Iowa Bank Directory published by the NORTHWESTERN BANKER were mailed last week to all Iowa banks. Executive officers of all Iowa banks are asked to make sure this questionnaire is returned to the NORTHWESTERN BANKER at 306 Fifteenth St., Des Moines, Ia. 50309, within the next few days. Your cooperation in checking the accuracy of information supplied and your promptness in replying will be appreciated.

—The Editor.

AMES: World Wide Travel Center, owned by Dean Knudson, pres., University B&T, is planning a trip for "busy bankers" to the Independent Bankers Convention in Miami in March with a post-convention sidetrip to the Jamaica Playboy Club.

CEDAR RAPIDS: Van Vechten Shaffer, 72, chmn., Guaranty B&T, which he helped found in 1934, has retired from that post. He retired a year ago as president. D. Bruce Gibson, president, also announced the retirement of Milo G. Blahnik, 65, as v.p. & cash. Promoted were Kenneth E. Meyers to cash.; Mrs. Gladyce Chiverton to v.p.; and Mrs. Gertrude Rawson and Mrs. Marion Schefert to a.c.

DES MOINES: Brenton Banks, Inc., incorporated its Urbandale office as Brenton Bank & Trust Co. and opened for business last week at 7031 Douglas Ave.

J. C. Brenton is pres. & t.o.; David L. Nagel, v.p., cash. & a.t.o.; Paul G. Sandhorst, v.p. & a.t.o., and Elizabeth Tennant and Merrill T. McCurnin, a.c.

FAIRFIELD: W. B. Griffin, Jr., sr. v.p. & t.o. at Iowa State B&T, retired Dec. 31 as an officer but continues as a director.

FREDERICKSBURG: A dialysis machine has been furnished to care for Wayne Borcharding, cash. of First State Bank, by General Mills Corp. of Minneapolis. This resulted from a public appeal requesting that Betty Crocker coupons be donated, and these would then be turned in to General Mills, which had offered to provide the equipment for any kidney patient when 700,000 coupons were accumulated. (See news story in last week's Newsletter.) No more coupons are needed and the Borcharding family expresses its gratitude to all who responded so quickly and generously to this appeal.

GRUNDY CENTER: Wm. G. Groote has retired as pres. of Grundy Nat'l. after 45 years of service. He will continue as a director.

KEOKUK: W. Gerard Huiskamp has resigned from Security State as v.p. & cash. to become v.p. at Rock Island B&T in Rock Island, Ill.

PARKERSBURG: Controlling interest in Parkersburg State has been sold by O. A. Bailey and family to Mr. and Mrs. Eldon Hoppenworth. Mr. Hoppenworth has been farm rep. & loan off. at Farmers



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Savings, Grundy Center, and assumes control of the Parkersburg State on Jan. 17.

SIOUX CITY: John A. Diefendorf has resigned as v.p. at Security Nat'l. to purchase controlling interest and become exec. off. of 1st Nat'l., Beresford, S.D. He is well-known as a member of Security's correspondent bank dept.

SIOUX RAPIDS: A. J. Scott has retired as exec. v.p. at First State after serving there for 51 years.

NEBRASKA NEWS

Questionnaires for the 1972 edition of the Nebraska Bank Directory published by the NORTHWESTERN BANKER were mailed last week to all Nebraska banks. Executive officers of all Nebraska banks are asked to make sure this questionnaire is returned to the NORTHWESTERN BANKER at 306 Fifteenth St., Des Moines, Ia. 50309, within the next few days. Your cooperation in checking the accuracy of information supplied and your promptness in replying will be appreciated. —The Editor

COLUMBUS: Julius F. Zastera, 81, who retired several years ago as v.p., Columbus Bank, died recently.

IMPERIAL: The M. H. Adams family of Brule has purchased 1st Nat'l. here. The Adams family owns controlling interest in the Bank of Brule, Security State at Madrid, and Keith County Bank at Ogalala.

LINCOLN: Application has been filed with the Nebraska Banking Dept. by Walter Clark of Omaha for a charter for Offutt Base Bank, to be located on SAC Air Base near Bellevue.

Bank of Bellevue also has filed application for the Capehart Facility on SAC property.

LINCOLN: Gateway Bank will hold open house Jan. 16 so the public may view the new addition just occupied.



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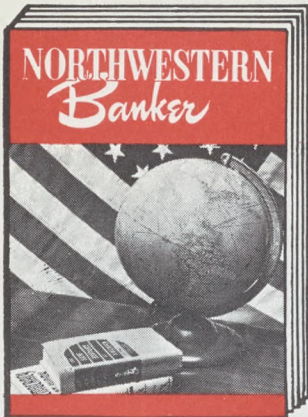


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OMAHA: The Nebraska Bankers Assn. has announced appointment of William B. Brandt as NBA legal counsel to succeed Wm. A. Sawtell, Jr., who has served in that post the past 25 years. Mr. Sawtell plans to move in May to Santa Fe, N.M. Mr. Brandt also is NBA legislative representative.

OMAHA: Robert Dale Hamilton, 42, has been advanced from oper. off. to v.p. in charge of the Federal Reserve of Kansas City Omahabranch. Ronald Lahm, 33, was named oper. off. W. D. Hosford, Jr., v.p. & gen'l. mgr. of John Deere Co., Omaha, has been redesignated deputy chmn. of the Fed of Kansas City board.

A. James Ebel, v.p. & gen'l. mgr., Cornhusker Television Corp. in Lincoln, was reappointed to a third 2-yr. term on the Omaha branch board.

WAHOO: Raymond W. Hogl, pres., Wahoo State, died last month.

MINNESOTA NEWS

BRANDON: C. Leroy Larson has been promoted to cash. at Citizens State.

MINNEAPOLIS: Sizable crowds were in Farmers & Mechanics Savings last week after the bank advertised an offer to pay immediately an amount equal to 1% of any deposit for \$150 to \$500, with maximum payment of \$5 and only one bonus per account.

RICHFIELD: James C. Hazlett, 63, pres., Summit State, died Jan. 1 while on vacation in Boca Raton, Fla.

ROSEVILLE: Bernard Loewen was named v.p. & cash. and Don Eger a.v.p. at Suburban Nat'l.

ST. CLOUD: Alex A. Didier has resigned as pres. of Union State in Amery, Wis.,

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to become pres. of American Nat'l. in St. Cloud. He succeeds B. R. Meinz, now chmn.

SILVER LAKE: Irvin J. Burich, pres. of Citizens B&T at Hutchinson, has been elected pres. of Citizens State here to succeed F. J. Burich, who died Nov. 26th after a traffic accident.

ILLINOIS NEWS

ALSIP: Jack F. Blackhall has resigned as sr. v.p. at 1st Nat'l., Chicago Heights, to become exec. v.p. at Alsip Bank.

CHICAGO: Directors at Aetna State announced the following promotions: Marshall A. Goldsen, exec. v.p.; Michael C. Sillin, v.p. & cash.; Robert J. O'Shaughnessy, v.p.; Emil C. Maag, John A. Michas and Alexander A. Stankiewicz, a.v.p., and Atlas S. Randolph, asst. data proc. off.

PALATINE: Alan F. George has been elected v.p. in charge of the loan dept.

SOUTH DAKOTA

BERESFORD: John A. Diefendorf, well-known corresp. bk. dept. v.p. at Security Nat'l., Sioux City, has resigned that post to purchase controlling interest in and become exec. off. of 1st Nat'l., Beresford.

IMPORTANT NOTICE!

We want to publish news of any officer or director changes, increases in capital structure, or other important action taken at your annual meeting. Send this news at once to NORTHWESTERN BANKER, 306 Fifteenth Street, Des Moines, Iowa 50309.

EUREKA: Fred K. Mehlhaff, 73, chmn. of Eureka State, died recently. A lifelong resident of Eureka, he joined the bank in Sep., 1946, following the sale of his meat market and locker plant. He retired from active work in Jan., 1969. In addition to his wife, survivors include sons Dean O., pres. of Eureka State, and Willis F., cash. Six grandsons were pallbearers.

WYOMING NEWS

CHEYENNE: The new senior exec. off. lineup at 1st Nat'l. B&T, effective Jan. 1, is: W. Robert Dubois, from pres. to chmn.; Bernard R. Weber, from exec. v.p. to pres., and Auburn Dowdy, from v.p. & t.o. to exec. v.p.

NATIONAL NEWS

NEW YORK: Major New York banks last week lowered their prime rate from 5-1/4% to 5%. First Nat'l. City's floating rate had been pegged at 5-1/8%.

NEW PERSONALIZED PUBLICATION FOR YOUR BANK CUSTOMERS

NORTHWESTERN BANKER will soon be offering the second edition of its new, four-page quarterly publication designed to help individuals and families in your trade area to better manage their personal finances.

The new Winter, 1971-1972 edition will be designed to give your bank's customers motivating ideas for opening or adding to savings accounts in the period following the holidays.

The publication is titled with your bank's name. A picture of your bank president or another picture can be featured on the front page. Write today for sample copies and prices.

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WYOMING NEWS

EAST CHEYENNE: The following promotions have been made at East Cheyenne. National: Harry A. Palmer from vice president and cashier to executive vice president and cashier; Robert L. Sutter to vice president-instant loans; Joseph C. Barber to assistant vice president; Janice S. Jones to auditor, and Gayle A. Gaskill to Manager of Master Charge and revolving check credit department.

LUSK: James M. Smylie, DVM, has been elected to the board of Stockmans National.

COLORADO NEWS

CASTLE ROCK: The Comptroller of the Currency has denied the application of Richard L. Eason for a national charter here.

DENVER: At United Banks of Colorado, Inc., Roger D. Knight, Jr., has moved to the newly-created position of chairman of the board and will continue as chief executive officer. Neil F. Roberts has moved from executive vice president to president of the holding company. John D. Hershner, president of United Bank of Denver, and Cris Dobbins, chairman of Ideal Basic Industries, were added to the United Banks board.

DENVER: Will F. Nicholson, Jr., has been elected executive vice president of Colorado National Bankshares Inc. He had been senior vice president. At Colorado National Bank, Carl P. Donner of

national accounts, Denny Dumler of BankAmericard and Joe W. Williamson of controller's department were elected vice presidents.

DENVER: Officials of the United Bank announced the promotion of Ronald E. Davis to vice president in the commercial banking division; he will remain in the municipal bond department. Joseph M. Ferri and Donald C. See were also promoted to commercial banking officers and James R. Puhl to cost accounting officer.

RECOMMENDATIONS...

(Continued from page one)

arate funds continued. It would have five trustees — the director of the new FDGA as chairman, Administrator of National Banks, Administrator of State Banks, chairman of the Federal Home Loan Bank Board and Administrator of the National Credit Union Administration.

I. Life Insurance Companies. Change state laws to let life companies have flexible policy loan interest rates. States should do something about the heavy 2% tax imposed on life insurance premiums. A reasonable balance should be maintained between social insurance and private insurance in providing economic security.

J. Trust Departments and Pension Funds. Contains lengthy details of handling of money in trust departments and pension funds.

A strong dissenting statement was filed by Lane Kirkland, secretary-treasurer of the AFL-CIO, who stated: "I had hoped that this Commission would direct

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Richard C. Newlin, President

its efforts toward the development of recommendations whose implementation would make our financial institutions more responsive to social needs. This it did not do." The main thrust of his opposition is that commercial banks and the financial system should be tools of the government for achieving social objectives of the average American. He wants the Fed Board terms concurrent with that of the President and responsible to him, favors a National Development Bank operated by the Treasury, wants Social Security expanded even further since he feels it's the only financial structure aiding the average American, and concludes by stating, "I cannot believe that a bank charter is solely a license to make money."

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