

NORTHWESTERN Banker Newsletter

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March 13, 1972

Rep. Reuss Predicts Doom for Hunt Report

"The report of the Hunt Commission (Presidential Commission on Financial Structure and Regulation) is destined for the national archives!"

This is the prediction made by U.S. Rep. Henry S. Reuss (D., Wisc.), who is a member of the House Banking and Currency Committee. His prediction was made at a recent financial conference held at New York University's Graduate School of Business Administration.

"The Commission report was doomed from the beginning," said Rep. Reuss, "because (1) its membership deliberately excluded representatives of the House and Senate Banking and Currency Committee, the committees charged with legislative supervision over our financial structure. Many of us have been urging for years a national commission on financial institutions, which would include bipartisan representation of the Senate and House Banking and Currency Committee together with members appointed by the President who would be knowledgeable in banking and financial institutions and dedicated to the public interest. For recommendations to have a chance of success, key legislators must be in on their formulation.

"(2) The Commission was overloaded with industry people — banks, savings and loans, insurance companies. While the President later added some academic people in an effort to create the semblance of balance, the Commission ended up industry-dominated.

"(3) The Commission was hurt at the outset when the Administration conveyed the impression that its main function was to forestall the passage of bank holding company legislation then pend-

ing."

"It is doubtful that this administration will even send up to Congress any comprehensive legislation based on the report," said Mr. Reuss. "The President,



receiving members of the Commission in December, pointedly said nothing about legislation. And here it is March, and not a word has been heard. By the time the 93rd Congress convenes in January 1973, the report will be more than a year old. It is likely to become as academic as other financial reports of the last 10 years that have produced no results — the reports of the Commission on Money and Credit, the Heller Commission, and the Comptrollers Advisory Committee.

"This is too bad, for there is much that is sensible in the Hunt Commission report," the Congressman said. "Particularly so is the central recommendation that needed financial reforms are inter-related and should be considered as a package to avoid the danger of simply creating new distortions. Furthermore, the 89 detailed recommendations include many that make good sense — such as letting commercial banks engage in any activities that are permitted bank holding companies, and that flexible life insur-

ance policy loan rates for policyholders be permitted.

"The most disappointing aspect of the report is the feeling that it is largely a pork barrel operation, with something for each one of the specialized institutions represented," the Congressman said. "New tax loopholes are proposed, when we ought to be plugging existing loopholes. Banks are encouraged to continue misallocating credit away from needed housing and toward dubious conglomerate takeovers.

"What the nation needed," he continued, "was a reassessment of our financial institutions from the standpoint of the people they are supposed to serve — homeowners, local governments, businessmen, consumers, the farmer. The need still exists. A high order of priority for the President who will take office next January is to appoint a bipartisan commission with substantial representation for Congress and the public, as well as for the affected financial institutions, with instructions to prepare a legislative package. Next time, let's do it right."

Suggests "Privileges" For Small Rural Banks

Special privileges for rural banks at the Federal Reserve Board's discount window and other measures to bolster private farm lending were called for by George W. Mitchell, a Board member in a speech in Minneapolis released here Thursday.

Mr. Mitchell was addressing a farm forum sponsored by the Greater Minneapolis Chamber of Commerce.

The changes, some of which would require legislation, are needed to offset "certain prevailing financial practices (Turn to back page, please)

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IOWA NEWS

CARROLL: Joe H. Gronstal, president of the Carroll County State Bank, has announced that Harold L. Baumhover has joined the bank staff as agricultural representative.

GRUNDY CENTER: Charles "Chuck" Fritz has been hired as farm representative for the Farmers Savings Bank. Mr. Fritz was previously employed by the Bank of America in San Francisco and other California banks.

MONTEZUMA: The Montezuma State Bank celebrated its 80th anniversary recently with an open house.

OSAGE: Funeral services were held last week for Albert L. Morse, 53, executive vice president, Home Trust and Savings Bank. Mr. Morse died of a heart attack while shoveling snow at his home. He was the immediate past chairman of Gr. 3 of the Iowa Bankers Assn.

PALO: W. J. Baehler, president of Investors Equity, Inc., Des Moines, announced the firm had sold its controlling interest in the Palo Savings Bank, Palo, to a South Dakota group that owns other banks in Minnesota, South Dakota and Montana.

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Northeast Iowa Banks

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nb National Bank of Waterloo

ILLINOIS NEWS

CHICAGO: Harris Trust & Savings Bk. has applied to the Fed to establish a branch in Nassau, Bahamas.

CHICAGO: The Illinois Bankers Assn. resumes its group meetings this week as follows: March 14 - Gr. 4, Emerald Hill Country Club, 3 miles east of Sterling; March 15 - Gr. 3, Regency Hyatt House, Rosemont; March 16 - Gr. 6, Hotel Pere Marquette, Peoria.

CHICAGO: Samuel D. Addoms has resigned as vice president of Continental Bank to become vice president of Monfort of Colorado in Greeley.

EL PASO: Woodford County Bank has announced the following promotions: Loren E. Ludwig, from cashier to vice president and asst. trust officer; Roger E. Bradle, from asst. cashier to cashier, and Harvey Carley to assistant vice president and farm manager. Mr. Carley has been with Nat'l. Bk. of Bloomington. He replaces Don Sutton, who will devote full time to farming.

LOMBARD: A charter has been issued for the organization of the South Main Street Bank of Lombard by the Illinois Comm. of Bks. & Tr. Co's. Ralph L. Acker will be president, and Richard Reschke will be exec. vice president and cashier. Total capitalization will be \$900,000. There are 18,750 shares at \$20.

SOUTH HOLLAND: Willis S. Gouwens has been named president of the South Holland Trust and Savings Bank, succeeding Carl Waterman, who has advanced to chairman. Mr. Gouwens was executive vice president. Charles E. Waterman was named to the board.

COLORADO NEWS

FORT COLLINS: Clair F. Wolfer, board chairman of the 1st National Bank, died recently, it was announced by bank officials. Mr. Wolfer began his banking career with the bank in 1945 as a cashier and became executive vice president in 1952. He retired in 1967 as president to become board chairman.

GREELEY: Samuel D. Addoms has resigned as a vice president of Continental

group are Richard A. Fait, of Conton, S.D., and F. M. Rosemore and C. L. Anderson, of Sioux Falls, S.D. Details of the transaction were not disclosed.

Curtis J. Hayes, who has been president of the bank, will be chairman and Anderson will be president. Mssrs. Rosemore and Fait will be vice-presidents.

However, the new officers announced that no changes in operating personnel are anticipated. Arnold H. Kuhlmann was named managing officer and executive vice-president.

SHENANDOAH: Dr. E. J. Gottsch has been elected chairman of the board of the City National Bank, and Tom Beavers has been named assistant cashier.

SPENCER: The Toy National Bank, Sioux City, opens its new computer center here today (Monday, March 13). The center will serve banks in a 50-mile area.

NEBRASKA NEWS

OMAHA: Officials of the 1st West Side Bank announced the establishment of a new mortgage loan department headed by Richard J. Ward.

OMAHA: The board of directors of the Omaha State Bank announced that Dale Marples has been promoted to vice president and cashier. Mr. Marples has been vice president of the 1st National Bank of Schuyler, Neb.

OMAHA: The Otoe County Company has received approval from the Fed to acquire 297 acres of farmland to engage in a cow-calf operation.



Larry Welch

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A Summary of Area Bank Municipal Bond Portfolios...

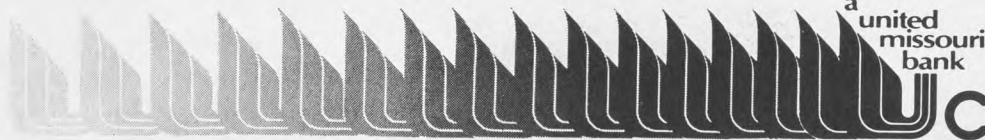
... will be featured in the April magazine issue of the NORTHWESTERN BANKER, and the basis for this article will be comments received from the questions listed on this page.

Will you be so kind as to take a few moments to complete this form and return it to us this week. Since more than one NEWSLETTER is received by a majority of banks, please note that we need only one questionnaire returned from each individual bank. Thanks very much for your fine cooperation.

Ben Haller, Editor
NORTHWESTERN BANKER

-
1. What percentage of your bank's total deposits are in municipals? _____%
 2. What is the per cent of your bank's loans to total deposits? _____%
 3. What type bonds do you now hold in your bank portfolio?
General Obligation _____% Revenue _____% Other _____%
 4. What percentage are your bonds rated:
AA or higher _____% Non-rated _____%
 5. What percentage of your municipals are originated in your home state? _____%
 6. What is the tax equivalent yield (at 48%) on your municipals? _____%
 7. What is the per cent of your municipals maturing in 10 years? _____%
 8. During the balance of 1972, will your bank buy more or less municipals compared to the same period last year? More _____ Less _____.
 9. General comment on municipal market:

Deposit Size of Your Bank \$ _____ State _____



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CITY NATIONAL BANK AND TRUST COMPANY

Kansas City, Missouri

THE NEW MARK IN BANKING IS HERE.

Illinois National Bank and Trust Company, Chicago, to join Monfort of Colorado as a vice president.

MONTANA NEWS

LAUREL: The Yellowstone Bank has applied to the Fed for a drive-in/walk-up facility.

NORTH DAKOTA NEWS

BISMARCK: "Computers and Stuff in the 70's" will be the subject of the March 16 meeting of the Central North Dakota Chapter of Bank Administration Institute to be held at 6 P.M. at the Bismarck Municipal Country Club. Merle V. Stone, v.p., EDP Marketing division, American Nat'l. Bank & Trust Co., St. Paul, will discuss automation in banking today. Banking personnel interested in automation in banking are urged to attend this session.

MINOT: The 1st Nat'l. Bank facility at Minot Air Force Base held a celebration to mark the opening of the new banking facility.

MINNESOTA NEWS

CANNON FALLS: Paul H. Bringgold, 1st Nat'l. president, announced that Jerry Ihnen has joined the bank as installment loan officer and Eva Drometer was advanced to a.c.

CLARA CITY: Mickey Emmen, executive cashier of the State Bank, announced that the banking facility has been moved and is ready for business.

EDINA: William Bohnhoff was named v.p. of 1st Southdale Nat'l. Bank of Edina.

EDINA: Neil W. Peterson joined Americana State Bank as v.p. and Orville J. Spanier was named head of the installment loan department.

HAMEL: Harry J. Dorweiler, 89, chief officer of the Farmers State Bank, died



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recently. He was chairman of the board of the bank with which he had been associated since 1919.

HENNEPIN: Selmer D. Udem was named v.p. of 1st Hennepin State Bank.

MINNEAPOLIS: Henry Nosek was named president of 1st Systems Agencies, Inc., insurance subsidiary of 1st Bank System, Inc. Nancy Kapp was named personnel officer in the personnel-manpower planning division of 1st Bank System.

MINNEAPOLIS: Marquette National Bank has made the following appointments in its investment trust division: Edward Konier, asst. vice president and trust officer; Marcia McCallum, trust operations officer, and Richard M. Peterson, trust investment officer. Richard Ruffcorn was named mortgage loan officer.

MOORHEAD: Officials of the 1st Nat'l. Bank announced that Curtis J. Johnson

has been named manager of the agricultural loan dept. and Ervin W. Berg moves up to asst. manager of that dept. Keith G. Falconer has been transferred from installment loans to commercial loans.

NEW ULM: Pat Kneefe and Philip Anfang have recently joined the Farmers & Merchants Bank. Roger Schultz was promoted to farm representative last fall by the bank.

Donald J. Mauseth is now asst. manager of the installment loan dept. Elenor Tungseth will be named control and security officer, and Phillis Jegtvig has been named discount supervisor.

ROBBINSDALE: Sue Skarolid has been promoted to new accounts off. at Guaranty State Bank.

ST. PAUL: The Minnesota Commerce Commission will hold a hearing on the application for the Prairie State Bank of Eden Prairie at 9 A.M. on Monday, March 27.

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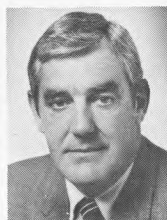
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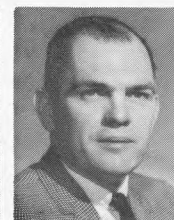
Three of our men
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Fred Coulson



Tom Cannon



Dick Muir

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SOUTH DAKOTA NEWS

ABERDEEN: The South Dakota Bankers Association will hold its Agricultural Conference here on April 4-5 at the Sheraton Motor Inn. Burdette Solum is chairman. Hotel reservations should be made directly with the hotel.

HURON: SDBA headquarters has announced that South Dakota bankers will take their annual Washington trip on April 11-15. The group will leave from Sioux Falls on April 11 and return to South Dakota on April 15. Group travel rate will be \$110 air fare roundtrip.

RURAL BANKS...

(Continued from front page)

which obviously impede the flow of rural credit," he said.

Among changes suggested by Mr. Mitchell are:

1. An invitation to rural banks to exercise a "seasonal borrowing privilege" at the Fed's discount window. Rural banks now think of the discount facility as "forbidden fruit" and almost never tap it for credit, the Fed member said.

2. Less use by rural banks of correspondent balances with city banks to pay for services. Instead, rural banks would be encouraged to reduce their city bank accounts to a minimum and pay for most services on a fee basis.

3. Greater emphasis on getting money market funds to rural areas through bank-owned agricultural credit corporations capable of floating debt in money centers.

4. Less restriction of bank activities in states where branching and holding company laws have prevented banking systems from developing. The contention that holding companies pose a threat to rural banks "has not been established one way or another," the Fed member said.

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LA SALLE OFFICERS TO BE AT ILLINOIS GROUPS.....

Cy Kirk, vice president, and John MacArthur, assistant vice president of La Salle National Bank, Chicago, will be on hand for the Illinois Group Meetings. Bankers of Group 4 (Sterling); Group 3 (Rosemont), and Group 6 (Peoria) will find Cy and John 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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