

# NORTHWESTERN Banker Newsletter

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May 15, 1972

## Fed Requests More Authority

The Federal Reserve Board wants authority to issue cease-and-desist orders to prevent unsafe or unsound practices by bank holding companies and their subsidiaries.

This was one of three "miscellaneous amendments relating to bank holding companies" recommended by the Board in its annual report to Congress. It also requested:

A. Emergency procedure authority, similar to that provided in the Bank Merger Act, to permit the acquisition by a holding company of a failing bank; and

B. Authority to extend from two to five years, on a year-by-year basis, the time in which a holding company may dispose of bank stock acquired as a result of a debt previously contracted.

In the case of "cease and desist" orders, the Board noted there is currently no Federal administrative remedy for violations of law by a bank holding company or its nonbanking subsidiaries (that are not also subsidiaries of banks).

Under present law, the Board may either refer the violation to the Department of Justice as a criminal violation, work the matter out with the holding company, or take no action.

"The Board recommends that the financial Institutions Supervisory Act of 1966 be expanded to authorize the Board to initiate cease-and-desist proceedings to prevent unsafe or unsound practices in conducting the business of the holding company or to prevent violations by the holding company of a law, rule, or regulation, or any condition

imposed by the Board in connection with the granting of any application or other request by the holding company," the report states.

With reference to the acquisition of failing banks, the Board recommended that "Section 11(b) of the Bank Holding



Company Act be amended to include provisions, similar to those in the Bank Merger Act, under which (1) comments by a bank supervisor on a proposed take-over of a 'failing' bank may be required to be submitted within 10 days (rather than the usual 30 days) and (2) the Board may inform the Attorney General of an emergency requiring expeditious action and thereby shorten from 30 to five the number of days between approval of the transaction by the Board and the day consummation becomes permissible."

On the third matter, the Board noted that Section Four of the Bank Holding Company Act now authorizes the Board to extend from two to five years, on a year-by-year basis, the time within which to dispose of stock in nonbanking organizations acquired by a holding company pursuant to a debt previously contracted.

"The reasons underlying that authorization seems equally applicable in the case of bank stock," the Board told Congress. "Accordingly, the Board recommends that Section three be amended to parallel the provisions of Section Four in this respect."

In addition to the BHC proposals, the Board repeated its requests of previous year for legislation to:

1. Enable the Federal Reserve Banks to extend credit on any sound collateral at a uniform rate of interest (at present, collateral not meeting eligibility requirements requires a penalty rate of interest);

2. Make all depository institutions that accept checking accounts subject to its reserve requirements for demand deposits, while giving them access to the Federal Reserve discount window;

3. Permit a federally insured bank to make a home mortgage loan to a bank examiner under appropriate statutory safeguards.

4. Permit the Federal Reserve Banks, subject to regulation by the Board, to invest in obligations of foreign governments or monetary authorities that mature within 12 months and are payable in a convertible currency.

5. Gradually phase out interlocks between any depository institutions in the same or adjacent community; and

6. Authorize national banks to invest in community corporations established by them or by other local organizations for public purpose, such as to promote the economic rehabilitation and development of low-income areas.

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**IOWA NEWS**

**CHELSEA:** The Chelsea Savings Bank will construct a new building at the north edge of town. Completion is scheduled for this fall.

**GLENWOOD:** The Glenwood State Bank plans to open a new office in Pacific Junction soon.

**GOLDFIELD:** Funeral services were held last week for Robert S. Whyte, president of the Goldfield State Bank. Mr. Whyte died following a heart attack.

**MAPLETON:** Tom Martin has joined the First State Bank in an executive capacity. He was formerly assistant vice president, correspondent department, Merchants National Bank, Cedar Rapids.

**OAKLAND:** Sale of the Spencer family's controlling interest in the Oakland Savings Bank to a group of 10 men from western Iowa and Omaha has been announced by Harold Spencer, president of the bank. The sale was effective May 10. New officers are: Mr. Spencer, chairman;

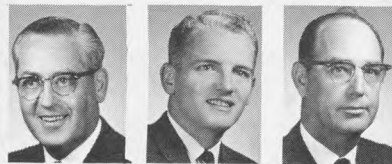
Floyd Foreman, president, and Ron W. Wright, vice president and cashier and chief operating officer. Mr. Foreman, Council Bluffs, is a former vice president of The Omaha National Bank in Omaha. Mr. Wright has been vice president for several years at American State Bank, Yankton, S. D. Directors in addition to these three are: L. W. White, Oakland, continuing as a director; Harry Sivers, Oakland, and John M. Shonsey, chairman, West Omaha National Bank, both of whom are in the purchasing group.

**OSCEOLA:** The name of Keith W. Richard should be shown as president of Clarke County State Bank in the 1972 Iowa Bank Directory recently mailed to all Iowa banks. He will continue as president and a director of the bank until December 31, 1972.

**NEBRASKA NEWS**

The Nebraska Bankers Association 75th Anniversary Convention pulled a record attendance for Lincoln of approximately 1,300 men and women. A \$500 travel gift certificate was given away at each of the three business sessions as attendance prizes. Roland E. Emmett, president of the Citizens State Bank, Arapahoe, advanced to the presidency, succeeding John W. Cattle, president of the Cattle National Bank at Seward. The new NBA vice president is F. Willard Jackman, chairman and chief executive officer of the Farmers National Bank at Grant. Complete details with pictures will appear in the June magazine issue of the *NORTHWESTERN BANKER*.

**HASTINGS:** The Nebraska Bankers Association will hold its Annual President's Golf Tournament here on Thursday, May 25.



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Armstrong      Leo  
Kane              Bob  
Scott  
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# Directors and Officers' Liability

Many aspects of D&O coverage should be considered by the directors and officers of all financial institutions.

One of your first decisions is to spend the time to look into the coverage and compare it to your liability exposure.

This is an important decision and we are willing to assist you by providing information and if you desire, appearing at your Board Meeting to discuss the coverage.

A Board Meeting would be a good time to spend an hour to find out about this coverage.

We are offering a new Directors and Officers' program in the states of Iowa and Wisconsin.

## INSURANCE PROGRAMMERS, INC.

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WRITE:

Robert A. Carney, President  
Insurance Programmers, Inc.  
327 So. LaSalle Street  
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Please send further information on Director and Officers' Liability Coverage

Name of Bank \_\_\_\_\_

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OMAHA: Directors of the Federal Reserve Bank of Kansas City will meet here on May 18 with the directors of the Omaha branch. Bank operations and other matters will be discussed. It is anticipated that the Board of Governors in Washington will approve six south-western Iowa counties to clear items through Omaha, and a decision from Washington is imminent.

### MINNESOTA NEWS

EDINA: G. E. (Tommy) Thompson has been advanced from cashier to vice president and cashier of the Americana State Bank.

HAMBURG: The State Bank of Hamburg is now doing business in its new building. Open house is planned for the latter part of June.

ST. PAUL: Gary R. Feldt was named vice president and cashier of Gambles Continental State Bank, St. Paul, a subsidiary of Gamble-Skogmo, Inc. He joined the bank in 1967.

MOUNTAIN IRON: William S. Jones has joined the Mountain Iron State Bank as executive vice president. He was previously with the State Bank of Virginia as a vice president.

WORTHINGTON: James J. Whitely, former assistant vice president in the Time-pay Department has been advanced to vice president - commercial loans at the First National Bank.

### ILLINOIS NEWS

CHICAGO: A permit to organize has been issued by the Commissioner of Banks and Trusts to Banco Di Roma, 230 West Monroe Street. Total capitalization is \$5,000,000. (Capital, \$2,000,000; surplus, \$2,000,000, and reserves, \$1,000,000). Organizers include Daniel C. Mc Kay and Joseph Kostner.

Chicago; James Frankel, Highland Park; R. T. Denten and D. F. Romano, Wilmette.

HOMEWOOD: A permit to organize has been issued by the Commissioner of Banks and Trusts to the Community Bank of Homewood-Flossmoor, to be located on the southeast corner of Heather & Dixie Highway. Capital is \$400,000; surplus, 400,000, and reserves \$200,000. Organizers include David Swan, Jr., M. J. Overgaard, Michael Videka, M. J. Hoekstra, and John E. Jansen, all of Homewood.

### SOUTH DAKOTA NEWS

ABERDEEN: Dennis A (Dan) Culley has been elected cashier of the Aberdeen National Bank. He succeeds Ronald L. Kranig, who resigned. Mr. Culley has been with the bank since 1966.

ABERDEEN: Mike Kurlle has been advanced to installment loan officer and manager of installment loans at the Redfield branch of the First National Bank of Aberdeen.

BURKE: The South Dakota State Banking Commission will hold a hearing today, May 15, to consider a branch for the Burke State Bank, to be located at Platte.

MITCHELL: The South Dakota Bankers Association will hold its 80th annual

convention here at the Corn Palace on May 18-20.

### MONTANA NEWS

HELENA: George W. O'Connor, president of the Montana Power Company, has been elected a director of the Bancorporation of Montana. Mr. O'Connor is a director of the Miners Bank of Montana, Butte, an affiliate of the Bancorporation of Montana.

### NORTH DAKOTA NEWS

ROBINSON: The Security State Bank will observe its 50th anniversary on Saturday, May 20.

### WYOMING NEWS

RAWLINS: George W. McIlvaine has been elected president of the First National Bank, Rawlins, according to Floyd A. Rummel, Jr., chairman and chief executive officer. Mr. McIlvaine is secretary of the Wyoming Bankers Association, as well as president of the Wyoming chapter of the Bank Administration Institute.

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#### COLORADO NEWS

**BOULDER:** Dorothy M. Deterding has been promoted to auditor of the First National Bank., and Martin Goble was named new accounts officer.

**DENVER:** Affiliated Bankshares of Colorado, Inc. has appointed Conrad Kern as internal auditor. Mr. Kern will be responsible for the supervision of five audit centers for the holding company's 13 affiliated banks.

**DENVER:** Robert M. Phares, former partner in the law firm of Phares and Schmalzer, has been elected trust administrator at Central Bank and Trust Co., according to an announcement from Don Hoffman, president of the bank.

### WANT ADS

Rates 25 cents per word per insertion. Minimum: 12 words.

**NORTHWESTERN BANKER**  
 306 15th St., Des Moines, Iowa

#### "MEET ME IN ST. LOUIS"

Key executives from LaSalle National Bank, Chicago, will be in St. Louis, May 21-23 for the Illinois Bankers Convention. Watch for Milt Darr, Frank Price, Jack Gallas, Tom Roth, John McArthur, Cy Kirk, John Crotty, and K. O. Peters.

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#### FOR SALE

Electric Cummins Model 250 Check Endorser purchased in 1970. Selling because our new proof machine has automatic endorsement. The Roberts County National Bank, Sisseton, South Dakota 57262.

#### FOR SALE

Burroughs-Sensitronic Auto Reader; Remington Rand metal cabinets; Lock Boxes (100); Music System; Cummings Check Endorser. Farmers Savings Bank, Kalona, Iowa 52247. Phone (area code 319) 656-2265.

#### FOR SALE

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#### POSITION WANTED

Young family man, five years insurance experience, rural background, interested in small town agency, life specialist, or manager position. Write File NKV, in care of the NORTHWESTERN BANKER, 306 - 15th Street, Des Moines, Iowa 50309.

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