

NORTHWESTERN Banker Newsletter

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August 14, 1972

Agents Want Banks Subject to FTC Rules

The National Association of Insurance Agents has recommended that banks, bank holding companies and other lending institutions be subject to Federal Trade Commission rules.

The NAIA proposal was contained in a letter to Congressman Harley O. Staggers, chairman of the House Committee on Interstate and Foreign Commerce, in which the association set forth its views on Title II of H.R. 4809.

General Counsel John F. Neville of NAIA, who wrote the letter to Congressman Staggers, explained that Title II would confer upon the FTC jurisdiction to define specific acts or practices as unfair or deceptive practices and therefore violative of the Federal Trade Commission Act.

In his letter, Mr. Neville noted that one of the problems of the Federal Trade Commission Act has been that certain industries are exempted from the jurisdiction of the FTC, and are regulated by their regulatory agencies.

Mr. Neville added: "This problem was less significant previously. However, now these specialized industries are seeking to expand and enter other lines of commerce. In particular, the tendency of banks, generally operating through bank holding companies, has been to expand into non-banking activities. The bank regulatory agencies have often been very tolerant of such expansion."

The NAIA general counsel maintained that under FTC regulation there is

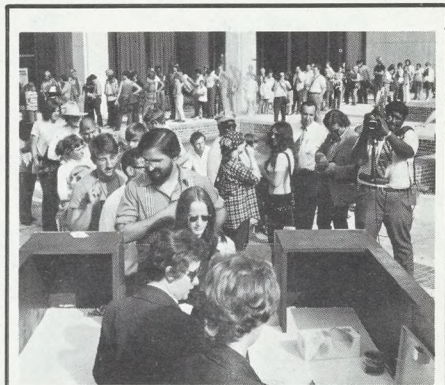
more likelihood of fair and consistent interpretations and of effective enforcement than if the matter of trade practices is left solely to the banking agencies which have an institutional bias in favor of the banking industry.

Mr. Neville stated:

"Since the Board of Governors of the Federal Reserve System in January, 1971, first promulgated its rules defining as closely related in banking certain nonbank activities, the National Association has suggested to the Board that it must prescribe conditions or rules which would assure that its authorizations were not used as a means decreasing competition, unfairly competing or otherwise engaging in improper trade practices. The Board has not been receptive to such suggestions. The usual reaction is that it does not have the resources to police the conduct of such nonbank activities.

"To assure that there was no misunderstanding of what was at stake, the National Association filed a specific formal request for the adoption of fair trade practices rules governing the solicitation of insurance business by insurance agencies affiliated with lenders. These rules were intended to provide protection against unfair competition and certain deceptive practices. A copy of these proposed rules is attached. To date, the Board has not acted, has not requested comments, and has only informally acknowledged receipt of such rules.

"This letter is not intended as spe-



PICTURE OF THE WEEK — The bearded young man at the outdoor teller counter is receiving \$100 cash for \$80, as part of First National Bank of Omaha's participation in downtown merchants' recent Crazy Days. He was among several dozen who spent all night on the First National Plaza waiting for the special teller window to open at 9:30 a.m. so they would be first in line to take advantage of the "big money discount." By early morning, the line was three blocks long.

cific criticism of the Board of Governors of the Federal Reserve System for their handling of these regulations. Rather, it is intended to suggest that the bank regulatory agencies are not oriented towards or equipped for handling a broad spectrum of trade practice rules. Certainly, the Federal Trade Commission is in a better position to adjudicate the propriety of trade practices when they affect the interaction between regulated industries and nonregulated industries, thus overcoming the instituted bias of the regulatory agency for 'its' industry."




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IOWA NEWS

ALLISON: Lyle Meyer was recently appointed cashier at the State Bank of Allison. He was previously employed by the First National Bank of Hampton.

CEDAR FALLS: Vivian W. Johnson, 76, who retired in 1962 as chairman and a director of First National Bank, died August 7.

DES MOINES: The State Legislative Committee of the Iowa Bankers Association will meet at the Kirkwood Hotel on August 24. Among primary items to be considered are the work of the legislative committees studying consumer credit, taxation, credit life insurance and consideration of corrective amendments to Senate File 1008, "The Bank Holding Company Bill." Also to be discussed will

be the possible combination of the State and Federal Legislative Committees of the Iowa Bankers Association.

MARSHALLTOWN: W. K. Ervin, president of the Commercial State Bank, has announced the opening of the Marshalltown Plaza Shopping Center office of the bank. Drive-up facilities and full bank operation are available at the location. Orlan K. Ervin has been named branch manager.

MUSCATINE: J. W. Wallis, vice president of Central State Bank, has announced his resignation from the bank to accept a position with the First National Bank of Lake Geneva, Wisc. Mr. Wallis has been with the bank since 1960 and is a past president of the Muscatine County Bankers Association.

STORY CITY: L. K. Jacobson has been appointed vice president and manager of

the Randall-Story State Bank, effective October 1, according to Carroll Kinseth, president of the bank. Mr. Jacobson, a native of Story City, has spent the past ten years with the Citizens State Bank of Clarinda, where he is currently assistant cashier.

WEBSTER CITY: R. E. (Russ) Johnson has purchased controlling interest in the First State Bank from Lorenz Horn and has succeeded Mr. Horn as president. Mr. Johnson began his banking career in Minnesota in 1935. He moves to Webster City from Littleton, Colo., where he has lived since 1956.

WEST LIBERTY: Irwin Mosher has been elected chairman of the board of the West Liberty State Bank. He is succeeded as president of the bank by George W. Drahos, formerly executive vice president.


NEBRASKA NEWS

COZAD: The Nebraska department of banking has granted a state charter for First Bank and Trust Company, which is a conversion of the First National Bank from a national charter. Tom S. Cummings is president of the bank.

LITCHFIELD: Jack A. Lhotak, Lincoln, an examiner with the Nebraska department of banking, has filed an application with five other stockholders for a state bank charter to be known as State Bank of Litchfield. Mr. Lhotak is listed as president. Others listed are Edwin A. Langley, Lincoln attorney and former director of banking; Dean Briggs, James E. Peister and Gaylord Eberle, all of Broken Bow, and John Chaffin, Sargent. Capital is \$60,000, surplus is \$40,000 and undivided profits is \$20,000. The application was filed July 24 and a hearing has been set for September 12 at 9:30 a.m. in the department of banking offices. Litchfield is in Sherman County and is 30 miles north of Kearney and 50 miles west of Grand Island.

OGALLALA: The Keith County Bank & Trust Co. has received approval to change the location of its main office from 121 West 3rd St. to 315 North Spruce St.

OMAHA: The application for a state charter for Cornhusker Bank at 90th and



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Bedford was reopened with a hearing July 6. The application was first filed November 29 and a hearing held February 1, at which time protesters and applicants were heard. M. Bruce Martin, Omaha, is listed as president. A decision on the hearing has not yet been made by Director of Banking Henry E. Ley.

OMAHA: Wade R. Martin, 81, retired vice president of the Omaha National Bank, died recently at an Omaha hospital. Mr. Martin, who had begun his banking career in 1915, had served as chairman of the Nebraska Savings Bond Division and also as vice president of the Livestock National Bank of Omaha.

MINNESOTA NEWS

HALLOCK: Controlling interest in the Northwestern State Bank has been purchased by Steve Adams of Minneapolis. Mr. Adams purchased the bank from C. D. L. Corp. of Hallock. No staff changes are planned at the bank.

NORTHFIELD: William G. Connelly has been elected president of the Northfield National Bank, effective September 1. Mr. Connelly, formerly president of the First State Bank of Babbitt, succeeds Walter Gildermeister, who was named chairman and chief executive officer.

ST. PAUL: Charles E. Arner, senior vice president at the First National Bank of St. Paul, was recently elected national president of the Bank Administration Institute. It was incorrectly reported last week that Mr. Arner was president of the local chapter.

ST. PAUL: Harold Keturakat has been elected vice president of Suburban National Bank of Roseville, according to David A. Shern. He succeeds Michael J. Murray, who was recently elected president of the new Mid America State Bank of Mendota Heights. Both banks are



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ILLINOIS NEWS

CAROL STREAM: The state commissioner of banks has issued a permit to organize to a group establishing the Heritage Bank of Carol Stream. Total capitalization was listed as \$1,000,000.

DEERBROOK: A permit to organize was issued to a group to establish a state bank here. The new bank, to be called the Deerbrook State Bank, lists total capitalization as \$1,000,000.

MOLINE: Robert T. Knapp has been elected executive vice president of the Uptown National Bank. He was formerly treasurer of World Wide Meats, Inc., Denison, Iowa. Previously, he served as president of Bettendorf Bank & Trust Company.

COLORADO NEWS

PUEBLO: Rahe H. von Hoene has been named senior vice president and trust officer at the Exchange National Bank.

Mr. von Hoehne is currently senior vice president and trust officer of the First National Bank of Pueblo and will continue in that position.

Plan 1972 Market Day

H. H. Broadhead, Jr., president, First Stock Yards Bank, South St. Joseph, Mo., has announced plans for the bank's Sixteenth Annual Market Day to be held at the Yards on September 6. Registration commences at 9:00 a.m., followed by a tour of Armour's new hog slaughtering plant that opened July 24.

After luncheon a business session starts at 2:00 p.m. at St. Joseph Country Club. The speaker will be A. S. Drain, executive vice president, Armour Food Company. He was manager of the Armour South St. Joseph plant from 1936 to 1966. He will discuss "The Packing House Industry of the 70's." A panel discussion of present and future trends is scheduled for 3:00 p.m. The day will be climaxed with a social hour and steak dinner.



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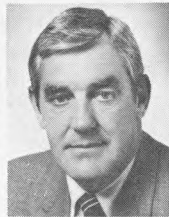
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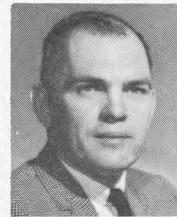
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