

NORTHWESTERN Banker Newsletter

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November 6, 1972

Tell Bankers: Think Positive - Get Involved

During the 86th Annual Convention of the Iowa Bankers Association, Herbert L. Ollenburg, president, Hancock County National Bank, Garner, and member of the Iowa Senate, discussed the future of banking. Here are some of the highlights which apply, not only to banks in Iowa, but throughout America:

We all know that banking is going to be facing more competition in the days ahead. What is going to be our position regarding this competition? Are we going to be passive, remain on the defensive, or take an aggressive position? If we do not take the aggressive position we will lose ground. You cannot continue to be in a defensive position and go forward.

As bankers we should become more involved in government. Have you checked recently as to how much of your income is spent on government? Remember you should consider in addition to the tax paid by the bank, your own income and real estate tax, cigarette and liquor taxes, your gasoline taxes, etc. When you or your wife spend money for clothing or food items you shop very carefully. You check materials and quality of the clothing you buy. What do you do about your government purchase? Do you help se-



Herbert L. Ollenburg

lect and vote for your government leaders? Have you checked on how your local representative or senator represented you in the past? Are you satisfied that they are making the best use of the dollar that you are investing in Government? Or are you sitting at home or in your bank complaining without really knowing how you are being represented.

You as a bank officer are in the middle of your community in your banking activities. If you devote some of your time and effort to government activities you may reassure yourself that the community around you will have the qualities of government that make it a good place to live in.

We as bank officers know that labor groups, farm groups support individuals and have sent them to the legislature. What have you done to support a banker or someone friendly to business in his campaign for the legislature? Have you been willing to take a few years out of your banking activities to serve in the legislature? Someone must do it. If the banking profession is to exist and be competitive, someone must speak for it and friends in the legislature can be most helpful. The right to participate in government is the great gift bestowed on all of us in our country. Each of us has the duty and privilege to use this opportunity to make our position known.

Let us as bankers decide that we will make our shops competitive. Let's be positive. Let's take an interest in govern-

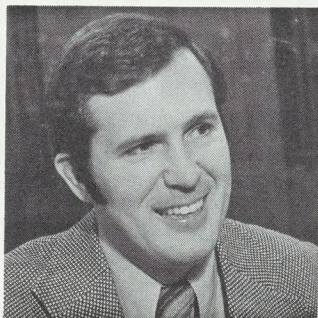


PICTURE OF THE WEEK — George Spence, ag officer, American National Bk. & Tr., Chicago, and Ray Dieball, asst. v.p., First National Bk., Chicago, were honored at a special party attended by their city correspondent banking friends during the 86th annual convention of the Iowa Bankers Association in Des Moines. George and Ray, who have a host of friends throughout the middlewest, will be retiring soon.

ment so that our competition does not obtain too many advantages over us. Invest a little time in electing the candidate of your choice. Help him raise funds for his campaign. Get out and run yourself. You will enjoy the experience and pay just a little of the debt you owe to past and future generations for the opportunities you have.

For a number of years, there has been a tendency among regulatory agencies and legislative bodies alike to liberalize the regulations under which non-bank financial institutions are operating. From

(Turn to back page, please)




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Regulation Y Revised

The Federal Reserve Board of Governors on October 30 issued revised regulations for the formation of One-Bank Holding Companies under what is popularly known as Regulation Y. The regulations include these salient points:

1. Any offer to acquire shares of the bank will be extended to all shareholders of the same class on a substantially equal basis (pro-rata purchase of shares where more are tendered than proposed to be purchased).

2. The loan to purchase stock may be 75% of the purchase price of the bank (was 50% of book value).

3. Amortization of the purchase debt within a reasonable time, such period normally not exceeding 12 years (was lesser number of years).

4. Interest rate on loan to purchase shares will be comparable to that charged others of similar credit standing.

5. No compensating balances, specifically attributable to the loan, will be deposited in the lending institution and the amount of the account should not exceed the amount necessary to compensate the correspondent bank for services rendered as a correspondent.

6. Equity capital accounts must be maintained adequately for the present

and foreseeable future. (This means that after satisfying capital requirements, dividends may properly be channeled into debt service.)

Fed Governor George Mitchell made the new regulation available at the ABA's Correspondent Banking Seminar in New Orleans, where he was the keynote speaker at that group's first annual Correspondent Banking Seminar. The revised regulation was greeted by all with enthusiasm. This makes it possible for a local bank to be sold to an individual, or to local people with reasonable prospects of being able to pay off the incurred debt. Under the previous restrictive guidelines, it was felt that unit banks, in most cases, could not be sold to anyone but large groups or corporations due to the tax penalty.

IOWA NEWS

GRUNDY CENTER: The board of directors of the Grundy National Bank have announced plans to construct an addition to the west side of the present bank building. The addition will measure 15 ft. by 45 ft. with a full basement and will provide space for a new boiler, meeting rooms and offices, according to William Groote, board chairman. Construction will begin soon and it is anticipated that the work will be completed by the first of the year.

SIDNEY: James H. Pullman, Sr., has sold his controlling interest in Fremont County Savings Bank to a group of local investors headed by James Gregory of Randolph and David Gregory of Tabor, who will join the bank's board of direc-

Northeast Iowa Banks

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tors, and Grant Gregory, manager of Touche, Ross & Co. accounting firm in Omaha. James H. Pullman, Jr., will be president of the bank. All bank officers other than James Pullman, Sr., who was chairman, will continue in their present positions.

SIGOURNEY: First Trust and Union Savings bank will construct a building on North Main Street, one half block north of the square, according to Tom Siskow, bank president. The new building will be 60 ft. by 74 ft., one story with a basement.

NEBRASKA NEWS

BELLEVUE: A brief recently was filed with the State Supreme Court by the Southroads Bank of Bellevue asking that the charter granted by the State Banking Department be upheld. The department approved the charter in September, 1971, but it was contested in the Lancaster County District Court by the First National Bank of Bellevue, according to Dan Monen, of the law firm of Monen, Seidler, Ryan & Festeresen.

The district court upheld the charter and the First National Bank then appealed the decision to the State Supreme Court. No date for hearing arguments has been set.

OMAHA: Herb Echtermeyer, retired vice president of The Omaha National, is recuperating in Room 909 at Methodist Hospital in Omaha following removal of

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his spleen on October 27. Following hospitalization, he will return to his home at 5453 B Street, Omaha, Nebr. 68106.

RALSTON: An application has been filed with the State Department of Banking by Ralston Bank, 84th and L Streets, for approval of a detached auxiliary teller office to be located at 5210 South 86th Street. Hearing on the application has been set for 9:30 a.m. on December 6.

ILLINOIS NEWS

LYNWOOD: An application for a permit to establish a new state bank, Heritage Bank of Lake Lynwood, east side of Torrence Avenue and 204th Street, has been filed. Total capitalization of the bank would be \$1 million consisting of: \$400,000 in both capital stock and surplus and \$200,000 in reserve for operating expense. The 40,000 shares would have a par value of \$10 each. Applicants are: Walter H. Ehrmann of Olympia Fields, Alfred J. O'Malley of Chicago, Robert L. Maes of Dolton, Donald E. O'Toole, Jr. of Clarendon Hills and Robert E. Kennedy of Flossmoor.

COLORADO NEWS

DENVER: Weldon B. Hamilton, president of Cherry Creek National Bank, has been elected president of Mountain Banks Ltd., replacing Keith Anderson who has resigned. Mr. Hamilton, who was vice president of the board of Mountain Banks, is also chairman of the board of South Denver National Bank. Both Cherry Creek National and South Denver National are owned by the holding company, Mountain Banks.

DENVER: Plans to acquire 10 Colorado banks, and thus put together the third largest bank holding company in the state, were announced recently by the Cincinnati-based D. H. Baldwin Co., which already owns Denver's Central Bank & Trust. The acquisition would be accomplished by an exchange of about



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\$23 million worth of D. H. Baldwin common and preferred stock. The deal is subject to approval of shareholders of all the companies as well as governmental and regulatory agencies. Details will be announced in a future issue of *The Northwestern Banker*.

MINNESOTA NEWS

HOWARD LAKE: Rolland E. Glessing has been named assistant loan and investment officer at the Security State Bank of Howard Lake. He was recently discharged from the finance division of the Army at Fort Eustis, Va., after 4 years service.

MINNEAPOLIS: Dain, Kalman & Quail, Incorporated, recently announced the public sale of 250,000 shares of its common stock at \$11 per share. The company sold 150,000 shares and 100,000 shares were offered by certain selling shareholders. Dain, Kalman & Quail is a regional securities firm with 20 offices located in the states of Minne-

sota, Iowa, North and South Dakota, Nebraska, Wyoming and Montana.

NORTH DAKOTA NEWS

FARGO: The North Dakota Bankers Association will hold its eleventh annual Agricultural Credit Conference at the Holiday Inn in Fargo November 30 through December 1. The conference theme is "Developing Your Community." Derl Derr, director of the agricultural and rural affairs division of the American Bankers Association, will speak on the Rural Development Act of 1972, which is going to have a strong impact on financing rural development.

Other speakers include: Reverend Harry Olson of Fargo, Professor Frank Smith of the University of Minnesota, implement dealer Bob Melland of Jamestown, Glenn Martin of the John Deere Company of Minneapolis and the governor-elect of North Dakota. Advance registration can be sent to Roy H. Johnson, assistant vice president, Merchants National Bank & Trust Company in Fargo.

During October the rate on the 30 day commercial paper we offer, averaged 1/2% over the Fed Funds rate on a daily basis.



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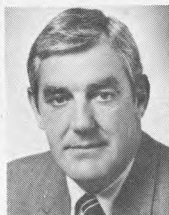
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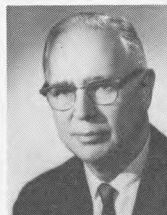


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WYOMING NEWS

CODY: A new exhibit of Wyoming brands is now being installed in the outer lobby of the Shoshone First National Bank, and all brand owners are invited to have their brand placed on permanent display.

On Friday, November 17, a propane heater will be available in the motor lobby of the bank and brand owners are invited to burn their brand, or brands in the new planks of native Wyoming pine and fir, which will be hung in the bank lobby for permanent display.

THINK POSITIVE (Continued from Page 1)

where I sit, it appears that this trend is speeding up.

There appears to be a tendency for the Federal Reserve, The Comptroller of the Currency and some of the state legislatures to liberalize the interpretation of banking law or to modify banking law to allow for improved freedom of entry in the market place, but at the same time, restricting to some degree the diversification of banks and bank holding companies in the non-banking fields. Perhaps the best single summary of some of the thinking of persons who recognize the need for change in financial structure is in the Report of the President's Commission on Financial Structure and Regulation (the Hunt Commission report). As you know, there is no unanimity among bankers with regard to various proposals for changing or liberalizing banking laws

and regulations. As a result, there is no one posture articulated by banks, either to the public, legislative bodies, or regulatory authorities. For this reason, whatever changes take place always seem to take place over the negative posture of a substantial share of banks.

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