

NORTHWESTERN Banker Newsletter

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Key Points In ABA Tax Testimony

More jobs, improvement of the nation's economic health and increased competitiveness in world markets were stressed in testimony delivered on taxation by the president-elect of the American Bankers Association.



R.J. MORTHLAND

Rex J. Morthland, testifying on behalf of the ABA before the House Ways and Means Committee, presented the banking industry's views on investment tax credit, taxation of foreign source income, bank bad debt revenues, and tax treatment of gains on debt securities.

Mr. Morthland urged the committee to retain the present 7 percent investment tax credit and its associated depreciation allowance and asset depreciation range (ADR) as a permanent feature of the tax structure in the interests of a healthy and competitive economy.

The 9 percent increase in business capital outlay in 1972, and the projected 13 percent increase for 1973 prove the soundness of the investment tax credit and ADR system enacted by Congress in 1971, according to Mr. Morthland. In 1971, before the law went into effect, capital outlays increased only 2 percent.

More jobs are created by increased capital outlays; these funds provide for improved plant, equipment and facilities

that enhance productivity, Morthland noted.

"At a time of deteriorating U. S. trade posture, it would be short-sighted indeed to remove an essential tool for improving our competitive position in the world market," he stated.

Continuation of the foreign tax credit was strongly endorsed by Morthland on the ground that it has increased exports and employment in the U. S.

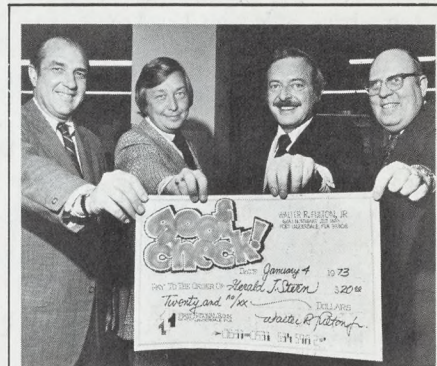
"The vast majority of manufacturing plants established abroad were set up to secure markets which could not have been obtained by manufacturing in the U. S.," he said.

The ultimate result of repeal of foreign tax credit, Morthland believes, would be to reduce the effective return rate on foreign investment to the point where U. S. corporations would be forced to discontinue these operations.

"The American Bankers Association," Mr. Morthland said, "strongly urges that the present uniform percentage bad debt reserve ceiling for banks of 1.8 percent of eligible loans be permitted to continue without change beyond 1975."

"Any further reduction in the ability of banks to meet large and unforeseen loan losses," Mr. Morthland said, "would only reinforce downtrends during periods of recession."

Commercial banks safeguard and handle the bulk of the nation's money supply. Borrowers from banks range from the country's largest corporations to



PICTURE OF THE WEEK — Irving Seaman, Jr. (far left), chief exec. off., and William R. Beckmann (far right), dir. of adv. & p.r., of Natl. Boulevard Bank, Chicago, accept a 20" x 12" "goof check" from Gerald J. Stern (middle right), pres. of Stern, Walters & Simmons, Inc. Advertising, and Michael R. Miller, v.p. of SWS. The check represents a bet won by Mr. Stern from another advertising executive from Ft. Lauderdale, Fla. On January 1 Stern, Walters & Simmons became National Boulevard's new agency.

individuals acquiring mortgages for homes and installment loans for family autos and appliances, he pointed out.

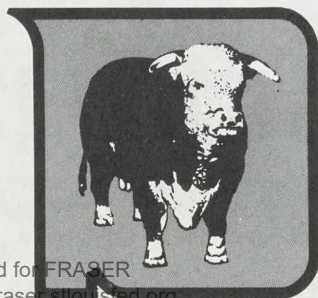
Mr. Morthland, who is also chairman of the board of Peoples Bank and Trust Company, Selma, Ala., also called for a bill modifying some of the retroactive provisions of the 1969 Tax Reform Act with regard to the tax treatment of long term gains on securities held to maturity and redeemed before Jan. 1, 1975.

He said the present Act creates inequities for all banks holding issues acquired at a discount before July 11, 1969.

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IOWA NEWS

CHEROKEE: The Steele State Bank has filed an application with the Regional Administrator of National Banks to establish a bank office in Cherokee.

CLINTON: Kenneth R. Kramer has been elected a.c. at the First Nat'l. Bank.

DAVENPORT: The First Nat'l Bank of Davenport has filed an application to establish a bank office at 320 W. Kimberly Road in the North Park Shopping Center, Davenport.

DES MOINES: The Chase Manhattan Corp., holding company for Chase Manhattan Bank, N. A., New York, has agreed in principal to buy Dial Financial Corp. here. Approval must be received from regulatory authorities and Dial stockholders. Dial has 400 loan offices in 23 states.

JEFFERSON: Richard Retz, consultant for the Central Iowa Farm Business Association since 1969, has accepted a position with the Home State Bank and will begin work in late April or early May. He will be a loan and trust officer.

KEOKUK: The Security State Bank has filed an application to establish a bank office in Keokuk.

MASON CITY: Roger E. Custer has been elected a.c. of The First Nat'l. Bank.

ORANGE CITY: Kenneth Hultquist has joined the Northwestern State Bank as a.v.p. Previously Mr. Hultquist was employed by the First State Bank for 12 years, most recently as exec. v.p.

SIOUX CITY: Loren P. Miller was elected a.v.p. of the First Nat'l Bank. He is in charge of the computer center.

NEBRASKA NEWS

CENTRAL CITY: Gary Webster has been promoted to cash. of the Farmers Nat'l Bank. He joined the bank in June, 1970, and was named a.c. in January, 1971.

LINCOLN: George W. Barlow, Jr., v.p. & mgr., First Nat'l Bank & Trust Co., installment loan division, has been appointed a member of the American Bankers Association's installment lending division advisory board.

LINCOLN: The Nat'l Bank of Lincoln's application for a charter has been approved. The application was filed by Warren C. Johnson.

NEBRASKA CITY: The Nebraska Department of Banking has set a hearing date on a charter application for the Arbor Bank and Trust Co., 115 So. 8th St. It will be held May 2 at 9:30 a.m. in room 2414, State Capitol, Lincoln.

NEBRASKA CITY: Jerold Hoffman, formerly an examiner with the F.D.I.C., has joined the staff of The Farmers Bank as a.v.p.

NORFOLK: Jim Herbolsheimer has been promoted to a.c. at the Bank of Norfolk. He joined the bank in April, 1972, as an auditor.

OMAHA: John C. Furstenberg has been named a second v.p. of the Omaha



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National Bank. He joined the bank in 1968 and was consumer marketing officer before being transferred recently to the bond department.

William Bill has been named an assistant loan officer at the bank.

SOUTH SIOUX CITY: Bob Lynch was promoted to a.c. of the Dakota County State Bank.

UEHLING: The Uehling State Bank's application for federal deposit insurance has been approved.

MINNESOTA NEWS

BLUE EARTH: Steven Schneberger of Austin has been named cash. & mgr. of the time pay department of the First Nat'l Bank of Blue Earth, according to Carl Bangert, pres. Mr. Schneberger replaces Marvin Nicolai who is moving to Brainerd to be with the First Nat'l.

FOREST LAKE: Three promotions were announced this week at Forest Lake State Bank. Leo M. Anderson was elected v.p. & cash.; Eleanor McGowan was elected a.c. & auditor, and Wayne R. Houle was elected a.c.

MENAHGA: James Nordgaard has joined the staff of the First Nat'l. as cash. Verdine Johnson, a.c., has been promoted to a.v.p.

OSSEO: William R. Belford was elected operations officer of the Northwestern State Bank of Osseo. He is replacing

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Stan Peterson who has been elected v.p., Midland Nat'l Bank, correspondent banking department.

ST. MICHAEL: Tom Holovnia has joined the Security State Bank as v.p. Previously he was cash. of the State Bank of Delano.

WAYZATA: Ron O. Finstad has been promoted to a.c. and head of the personal services department at the Wayzata Bank and Trust Co. He joined the bank in 1965 as head teller.

WINONA: Daniel L. Mounce has been elected a.v.p. of the Winona Nat'l. & Savings Bank to head the installment loan department.

ILLINOIS NEWS

ALSIP: An application for a permit to organize The First State Bank of Alsip has been filed. Total capitalization: \$1 million. Applicants: Mace Rubenstein and Lillian Kayton, both of Skokie; Basil Kayton, Calumet City; Philip S. Wolin, Highland Park; George Ausherman, Palos Park.

CHICAGO: Clifford H. Smith, Jr., was elected pres. of United of America Bank.

CHICAGO: Pioneer Trust & Savings has promoted Donald J. Kozel to v.p.-Midwest division; George S. Gouzeas Glass, exec. trust officer, to assistant controller.

CHICAGO: A charter has been issued to Manufacturers Bank, 1200 N. Ashland Ave., as a result of the conversion of The Manufacturers Nat'l Bank to a state bank. Capitalization is \$1,500,000, divided into 75,000 shares issued at a par value of \$20 each. The officers of the bank are: Samuel F. Hillman, chmn.; James H. Myers, pres.; Marvin Mendelson, sr. v.p., Paul Mitchell, v.p. & cash.

EVANSTON: Kenneth E. Guthrie,

Kankakee, has been named head of the consumer credit department at the First Nat'l Bank & Trust Co. Previously he was a.v.p., installment load department, at the First Trust & Savings of Kankakee.

HOMEWOOD: Dennis Kirby has been named auditor at the Bank of Homewood. He comes to the bank from Chicago Federal Savings & Loan Association where he was an underwriter in the loan department.

SCHAUMBURG: The charter application of the Suburban Nat'l Bank of Woodfield has been approved. Agent: C. Michael Reese.

NORTH DAKOTA NEWS

BELFIELD: The following staff changes have been announced by The First Nat'l Bank of Belfield: Russell Ballantyne, pres.; Harold Lothspeich, exec. v.p.; Joseph Zilkowski, cash.

BISMARCK: Allan C. Chaffee has been elected v.p. of The First Nat'l B & T Co. He was formerly associated with the First Metals B & T Co. of Butte, Mont.

DICKINSON: Marcel French, Park Falls, Wis., has been named v.p. of the American State Bank.

SOUTH DAKOTA NEWS

GARRETSON: Controlling interest in the First Nat'l Bank has been sold by the members of the Wangness family to Allan M. Hammer, present cash. Mr. Hammer joined the bank in 1957. John O. Hammer, and Ruth M. Hammer have been elected to the board. B. O. Wangness, pres., has retired after 50 years service. He was elected chmn.

LEOLA: Funeral services were held recently for David L. Thomas, 62, v.p., Leola State Bank.

NEWELL: Neil A. Martin has been elected a.v.p. & mgr. of the Newell office

of the First Nat'l Bank of The Black Hills, according to Charles T. Undlin, bank president. Mr. Martin joined the bank in 1961.

SIOUX FALLS: Approval has been received for the merger of the Parker State Bank and Northwestern Nat'l Bank of Sioux Falls. The merger will become effective March 31.

COLORADO NEWS

DENVER: United Banks of Colorado, Inc., has announced that a letter of intent has been signed concerning the acquisition of the issued and outstanding shares of Broomfield Bank. The acquisition would be in exchange for shares of United Banks common stock.

The Broomfield Bank is controlled by Roger D. Knight, Jr., chairman of the board of United Banks of Colorado, and members of his family. The bank reported assets of over \$12 million on December 31, 1972.

The acquisition will be subject to approval by the Board of Governors of

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the Federal Reserve System and to the receipt of a ruling by the Internal Revenue Service concerning the federal income tax consequences. The transaction will be submitted for ratification by the shareholders of United Banks of Colorado at a subsequent meeting.

GREELEY: The boards of directors of The First National Bancorporation, Inc., and The First National Bank of Greeley have agreed on a revised exchange ratio under which Bancorporation would acquire the Greeley bank. No further action by the Board of Governors of the Federal Reserve System is believed necessary. However, the Board will be notified of the change in the ratio and concurrence will be sought as may be required, Bancorporation spokesmen said.

The revised proposed exchange ratio would be 2.13 shares of Bancorporation common stock for each share of First National of Greeley common. The revised exchange ratio was agreed upon because of the long period of time which had elapsed between the original agreement in spring 1969 and a United States Supreme Court decision which upheld the proposed acquisition on February 28, 1973.

The Supreme Court affirmed the judgment of the U. S. District Court in Denver which turned down a Justice Department request to block the acquisition.

The offer will be made only by means of a prospectus pursuant to a registration statement to be filed with the Securities and Exchange Commission in Washington, D.C.

WYOMING NEWS

EVANSTON: Roger A. Weidner has been elected pres. of the Stockgrowers Bank. Previously he was v.p., Cheyenne Nat'l Bank.

JACKSON HOLE: Barker Hickox, has been appointed investment advisor to The Jacson State Bank's new trust department headed by Dean Bark.

WANT ADS

Rates 25 cents per word per insertion. Minimum: 12 words.
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Cy Kirk, John MacArthur, and John Crotty — the men from LaSalle National Bank, Chicago, will be on hand to meet their many friends and customers at Group 5, March 20, Quincy; Group 8, March 21, Decatur, and Group 6, March 22, Peoria.

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