

NORTHWESTERN Banker Newsletter

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September 3, 1973

Bankers Disagree on Hunt Proposals

Major differences of opinion between the leaders of the American Bankers Association and the Independent Bankers Association of America on the Nixon Administration's financial restructuring package are becoming more evident.

The proposals, taken from the Hunt Commission Report, are expected to be submitted to Congress by President Nixon in either September or October.

Eugene H. Adams, ABA president, and president of the First National Bank in Denver, termed the proposals as the most potentially important change in financial regulation since the depression-spawned laws of the early 1930's.

Speaking before the graduating class at the commencement exercises of the Graduate School of Banking at the University of Wisconsin, Mr. Adams said, "I urge my fellow bankers to study the proposals carefully and with an open mind. It is my belief that these proposed changes in the structure of the nation's lending institutions have to be the most important potential banking legislation in 40 years."

Mr. Adams then cited several important potential changes recommended on behalf of the banking public.

One change would phase out the Federal Reserve Board's Regulation Q in 5 1/2 years. This currently prohibits the nation's nearly 14,000 commercial banks from matching interest rates offered on savings accounts by other financial institutions.

"This definitely would mean the savings depositor will get the highest possible rate

on his money regardless of the size of his account," Mr. Adams said.

Other proposed changes in lending and investment powers would permit nationally chartered banks to liberalize real estate loan powers and provide tax benefits for housing loans.

"I personally feel," Mr. Adams added, "that the equal interest paying powers and the tax credit which will accrue to real estate mortgages should result in substantial additional amounts (of home loan money) for housing being available to commercial banks."

Consumers will also benefit, Mr. Adams said, from increased competition among financial institutions. For example, savings and loan associations and mutual savings banks would be granted the right to offer checking accounts and credit card services — consumer services which they are now generally prohibited by law from offering.

Fred Brooks, president of the Independent Bankers of America, and president of The Merchants State Bank, Dallas, has written a letter to Wm. Howard Beasley III of the Treasury Department, mentioning that the IBA could not encourage implementation of a legislative package that would result in such drastic changes in our financial system.

"The proposals attempt to deal with symptoms instead of underlying problems," the IBAA president said. "The basic problems we see are inflation, a runaway interest rate market, inadequate administrative attempts to control these

economic forces and an ineffective monetary policy. These problems are aggravated by policies of the federal regulatory agencies which encourage concentration of control of resources in both banking and thrift institutions."

Mr. Brooks referred to the deliberate support these agencies give to branching and holding company expansion, "which is proceeding at the greatest rate ever." He continued:

"This causes inequitable availability of credit and makes large institutions larger while the small are less able to compete or disappear. Restructuring alone, as proposed in the package, will not correct these basic economic problems or hinder destructive concentration."

Some of the more controversial provisions have been eliminated in the Administration package. Not included were proposals for statewide branch banking in all 50 states and mandatory membership in the Federal Reserve System for all commercial banks and all S&Ls and mutual savings banks that offer third-party payment services. But generally speaking, there were few surprises in the Administration's version.

Mr. Brooks concluded, "The Administration contends that financial institutions would be strengthened by phasing out Regulation Q over a 5 1/2-year period.

"Two, all federally chartered banks and thrift institutions would be allowed to offer a full range of checking and savings accounts.

"Third, federally-chartered thrifts —
(Turn to back page, please)

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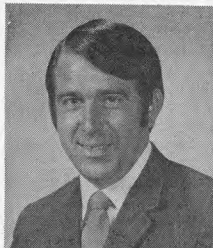
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IOWA NEWS

DAVENPORT: Steve Rovner has been appointed assistant cashier and assistant manager of the installment loan department of the First National Bank.

DES MOINES: Hawkeye Bancorporation has announced that the purchase of Farmers Savings Bank at Grundy Center has been approved by the Federal Reserve Board. This bank, with assets of \$12 million, will become the 13th owned by Hawkeye, boosting total assets of the holding company to more than \$368 million. Total deposits of Hawkeye Bancorporation now stand in excess of \$290 million with the addition of \$11 million from the Farmers Savings Bank.

IOWA CITY: Fred J. Wiebersch has joined the Hawkeye State Bank as assistant vice president in the installment loan department.

IOWA CITY: Brian R. Brannon, 29, has joined the staff of the Iowa State Bank and Trust Company as trust officer.

MANNING: The board of directors of the Manning Trust & Savings Bank has elected R. E. Squires president of the bank. Mr. Squires joined the bank in December of 1971 as executive vice president.

MUSCATINE: Grand opening for the Central State Bank's new facility in the Plaza Shopping Center will be September 15-16.

SPENCER: The promotion of two officers of the Farmers Trust and Savings Bank has been announced. Bob Woods, vice president in commercial loans, has been elevated to vice president and cashier, the position held by Ken Edge who is resigning. William A. Kramer has been promoted from assistant vice president to vice president and commercial loan officer.

NEBRASKA NEWS

LINCOLN: About 800 bankers and wives are expected to attend the 13th annual Conference for Correspondent Bankers to be hosted September 7 and 8 by First National Bank & Trust, according to Charles R. Leffler, vice president in charge of the correspondent bank division. Tom Osborne, new head football coach at the University of Nebraska, will address the men's luncheon Friday and give his assessment of the season, especially the opening game Saturday afternoon against UCLA which will be nationally televised from Nebraska Stadium starting at 3:50 p.m.

Speakers include Dr. Jaromir Ledecy, v.p.-economics and investment coordination, Renfret-Boston Associates, New York; Dr. Ronald L. Smith, new dean of Nebraska's College of Business Administration, and Dr. Frank Baker, dean, Animal Science Division, U of N, who will moderate a panel "Nebraska Agriculture — What Lies Ahead." Panelists represent areas of hogs, cattle, grains and retail stores. Vice Presidents Joe Crimmins, international banking, and Gerald Schmid, computer department, of the host bank, also will speak.

The ladies will have luncheon Friday at the Lincoln Country Club. The social hour and banquet for all Friday evening will be at Hotel Cornhusker. Breakfast will be served starting at 8:00 a.m. in the Cornhusker ballroom, with luncheon at

12:30 p.m. Following the football game, a buffet supper will be served in the 8th floor dining room of the First National Bank Building.

OMAHA: The American Institute of Banking will sponsor a noon luncheon-style show at the Radisson-Blackston Hotel Ballroom, September 15. Cocktail hour starts at 11:30. Members and guests are invited to attend. Tickets may be obtained from bank counsels or Bonnie Thompson, Federal Reserve Bank, 17th and Dodge Streets.

Special speaker will be Private Investigator Robert O. Lickert, known in some corners as Omaha's Mannix. He will give a humorous talk on a serious subject, "Steps to Staying Secure."

OMAHA: The Ames Plaza Bank has filed an application with the State Banking Department to operate a drive-in and walk-in facility in the vicinity of Ninetieth and Fort Streets.

YORK: Former Yorkite Ron Kranz has been named assistant cashier at York State Bank and Jon Strong has been promoted to vice president in charge of consumer installment loans. Mr. Kranz has worked the past five years for the U. S. Department of Treasury, Comptroller of the Currency office, as an assistant national bank examiner.

ILLINOIS NEWS

BURNHAM: An application for a permit to organize a new Illinois state bank, Bank of Burnham, at the northeast corner of Saginaw Avenue and State Street has been filed. Total capitalization would be \$1 million, consisting of \$400,000 in both capital and surplus and \$200,000 in reserve. Applicants include: Robert J. Breski, Robert P. Kearney, Edward A. Antonietti and Robert W. Rajewski, Calumet City; Henry F. Lindner and Jack E. Walker, Lansing.

CHAMPAIGN: An application by The Commercial Bank of Champaign to establish a motor facility at 74-78 East University Avenue has been approved.

CHICAGO: Fred E. Newman, prominent area banker, and B & B Management Co. have sold 27,837 shares out of 100,000

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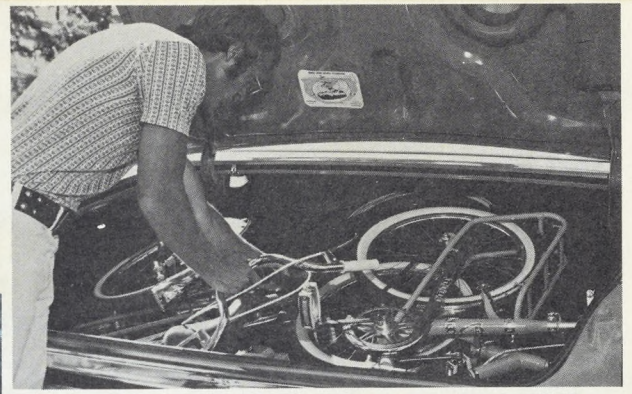


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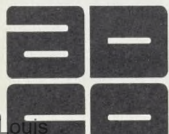
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shares in North Bank to Floyd H. Abramson, attorney.

CHICAGO: Richard Linyard has been appointed chief executive officer of Seaway National Bank, replacing Harold R. Algar who resigned because of illness.

DOWNERS GROVE: James F. Russ has been appointed executive vice president at the Downers Grove National Bank. He entered banking four years ago after nine years in financial management with Rex Chainbelt Inc.

HOFFMAN ESTATES: An application for a permit to organize The Bank of the Northwest on Hassell Road has been filed. Total capitalization of the new state bank would be \$1,500,000, consisting of: \$600,000 in both capital and surplus and \$300,000 in reserve for operating expense. Applicants include: Patrick J. Mullady, Libertyville; Christian F. Henning, Jr., Wheaton; Joseph Laraia, Glen Ellyn; Daniel Henning, Bloomingdale, and Anthony P. Ross, Addison.

ROCK FALLS: The FDIC has approved an application for Federal deposit insurance by the Community State Bank of Rock Falls. Total capital accounts are \$750,000.

MINNESOTA NEWS

BARNUM: Harold E. Martin, former vice president and cashier of the State Bank of Barnum, has purchased controlling interest in the bank from Edwin E. Manni, former president. Mr. Martin became bank president September 1 and his wife, Helen, became a member of the board of directors. Mr. Manni continues working on a semi-retirement basis until his 62nd birthday in March, 1976.

DULUTH: The board of directors of the Park State Bank recently elected Willard R. Maynard president. He was formerly cashier of the Western National Bank of Duluth.

FERGUS FALLS: The Fergus Falls National Bank and Trust Company has changed its name to the Northwestern National Bank of Fergus Falls.

GRANITE FALLS: The Granite Falls Bank has announced the following promotions: James Diebold to executive vice president-managing officer; Arlin Opdahl to senior vice president and board secretary; Earl Knutson to vice president and cashier and Ed Thulin to vice president-agricultural representative.

MINNEAPOLIS: Conditional approval has been granted by the Federal Reserve Board to the application of Northwest Bancorporation to acquire T. G. Evensen & Associates, Inc., also of Minneapolis.

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vice to state and local governmental units — an activity that has been determined by the Fed to be closely related to banking.

MINNEAPOLIS: David B. Bosselmann has been promoted to investment officer in the First Total Plan Division of the First National Bank. Mr. Bosselmann has been with the bank one year.

PIPESTONE: Gerald F. Kennedy, D.V.M., Pipestone Veterinary Clinic, and Curtis J. Sabie, general manager, Southwestern Minnesota Cooperative Electric, have been elected to the board of directors of the Pipestone National Bank, according to Donald E. Jensen, president.

ST. CLOUD: An application by the Zapp National Bank for permission to establish a bank office has been approved. The location of the office will be 127-9th Avenue North in St. Cloud.

VIRGINIA: Nels G. Loiland has been elected vice president of the First National Bank, succeeding A. C. Schneiderhan, now president of The First National Bank of Sauk Centre.

ST. PAUL: Steelwork for 21 stories of the new American National Bank & Trust Co. has been completed. Four more stories will be added soon.

WACONIA: Lowell G. Wakefield, executive vice president, First National Bank of Waconia, has announced the appointment of Dirk Miller to the bank as assistant cashier.

Market Day in St. Joseph

First Stock Yards Bank, Saint Joseph, Mo., will present its 17th annual Market Day Wednesday, Sept. 5. Registration will be at 9 a.m. in the bank's lobby and tours of the Missouri Valley Walnut Company, St. Joseph, will begin at 9:30.

NORTH DAKOTA NEWS

GRAND FORKS: Clayton M. (Ike) Isaacson has been elected assistant vice president and manager of the First National Bank in Grand Forks bank facility at Grand Forks Air Force Base. He joined the bank staff in January, 1973.

GRAND FORKS: An application by the Red River National Bank and Trust Company to establish a bank office has been approved. The office will be located on the northeast corner of 13th Avenue South and Columbia Roads in Grand Forks.

WILLISTON: The First National Bank in Williston has changed its name to First National Bank & Trust Co. of Williston.

MONTANA NEWS

HELENA: F. B. Weed, owner and president of Helena Abstract and Title Company, and Jack P. McDonald, vice president and general manager of Mountain Bell in Montana, have been elected to the board of directors of the First National Bank & Trust Company. The retirement of Howard J. Doggett, director of the bank, was also announced. President of the bank is Robert F. Burke.

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WYOMING NEWS

SHERIDAN: A charter application by the Bank of Wyoming, National Association, has been approved. Paul L. Howes, president of Wyoming Bancorporation, was the agent.

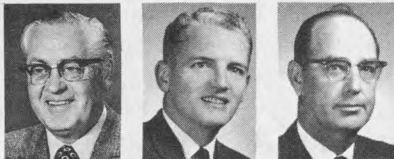
CHEYENNE: Robert A. Johnson has been elected senior vice president and controller of the American National Bank, according to Robert J. Sorensen, president.

SHERIDAN: The board of directors of the Bank of Commerce has appointed Mary Lou Sare as trust administrative officer. Mrs. Sare joined the bank in 1949.

HUNT PROPOSALS.....

(Continued from Page 1)

S&Ls and savings banks — would be allowed to offer consumer loans in competition with commercial banks. FHA and VA interest rates would be unrestricted and thereafter interest ceilings would be determined by market rates. All institutions would be allowed to have third-party payments systems or checking accounts. All institutions would pay interest on demand deposits called NOW (Negotiable



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Order of Withdrawal) accounts. Credit unions would have additional powers plus a newly created liquidity device. The Administration proposed federal charters for stock and mutual savings banks. Finally the tax structure for banks and thrift institutions would be modified."

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