

NORTHWESTERN Banker Newsletter

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S&L's Oppose Structural Change

"Adoption of the Administration's legislative package for restructuring America's financial system would mean nothing less than the elimination of the savings and loan system as we know it."

This was the statement made recently by the United States Savings and Loan League. Under the plan President Nixon has sent to Congress, the League charged the nation would replace the present home mortgage system with "a risky venture into the unknown."

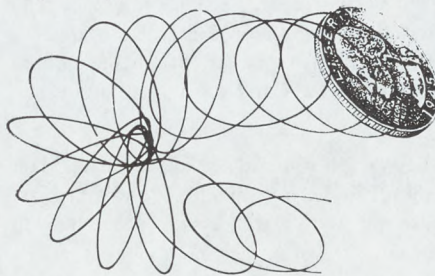
The Administration's reform "package" is generally based on the recommendations of the President's Commission on Financial Structure Regulation, commonly termed as the Hunt Commission.

Savings and loan associations would be largely absorbed into the commercial banking system, the League declared in a special position paper. It warned that "the world's largest private enterprise system for financing home buyers would be no more."

Members of the American Bankers Association have endorsed the Administration bill, suggesting several modifications, including: (1) continuation of regulatory controls over interest rates on savings and other time deposits, (2) elimination of all interest rate differentials on time deposits held by competing financial institutions, (3) acceptance of broadened powers for thrift institutions, including — authority to make consumer loans, opportunity to choose between state and federal chartering, and authority to offer personal checking accounts. Equality in taxes, reserves, interest

paying powers, and supervision would be stressed.

The United States Savings and Loan League opposes at least two key Ad-



ministration proposals. One would eliminate savings rate ceilings, and the other would substitute mortgage-lending tax credits for the present way of taxing thrift institutions.

According to USSLL, the success of the tax credit plan hinges on "the questionable assumption that a tax incentive for all types of lenders could serve the housing market more efficiently and effectively than does the present system of savings and loan institutions."

"In effect, the League paper continued, "the Administration would substitute a speculative and untried idea for a time-tested system of retail savings and home-lending outlets."

The League explained that the tax laws the Administration would replace are aimed at making savings associations specialized mortgage credit institutions where home buyers are preferred borrowers, and need not compete for credit

with corporations, as they must do at banks.

The League also observed that the Administration seems so determined to eliminate savings-rate ceilings "that it is willing to see the nation's \$260 billion savings and loan business and the nation's \$100 billion mutual savings bank business phased out to accomplish that objective."

The system of savings rate controls has served the country well, the League said, and until partially dismantled by the introduction of free-rate, wild-card savings certificates last July, "had avoided ruinous price competition between financial institutions."

It also said that while thrift institutions cannot pay rates high enough to prevent savings outflows to money market instruments during inflationary periods, the ceilings have prevented institutions from bidding against one another "and upsetting the whole balance of competition."

"Clearly, without a system of interest rate ceilings, savings and loan associations would have to become more like commercial banks," the League noted.

"But, given the continuation of interest rate ceilings and traditional rate differentials as compared with banks, savings and loan associations, with only minor changes in their operating authority and investments powers — can continue to function as the major source of home mortgage credit."

Rather than experimenting with home credit, the League suggested that the government begin dealing with inflation's causes instead of its effects.

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Des Moines Hosts 87th Iowa Convention

Over 5,000 bankers and their wives are currently attending the 87th annual convention of the Iowa Bankers Association in Des Moines. Complete on-the-spot news and picture coverage will be featured in the November magazine issue of the *NORTHWESTERN BANKER*.

IOWA NEWS

CEDAR RAPIDS: Bezanson Investment, Inc., and MorAmerica Financial Corp. have filed application with the Fed for prior approval to acquire 76% or more of the voting shares of First Trust and Savings Bank, Wheatland.

DES MOINES: Central National Bancshares, Inc., has received Federal Reserve Board approval to acquire United Home Bank and Trust Co., Mason City, and Security State Bank, Algona, according to B. C. Grangaard, chairman and president of CNB. The holding company's principal bank is Central National Bank and Trust Company.

Mr. Grangaard said the acquisition will now be completed at the earliest possible date. The agreement to affiliate was signed about a year ago. It was indicated by the FRB that approval would be forthcoming soon on Central National Bancshares' application to acquire Adair County State

Northeast Iowa Banks

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Bank, Greenfield. Robert H. Isensee is president of United Home Bank and Trust, Grodon C. Hull is president of Security State and T. N. Howe is president of Adair County State Bank.

MASON CITY: Bernard Z. Miller has been elected senior vice president of The First National Bank. He will continue to hold the title of cashier. Mr. Miller joined the bank in 1939 and was named auditor in 1947.

OELWEIN: Funeral services were held last week for H. Jay Pinch, president, First National Bank. Death was attributed to cancer.

SIOUX CITY: The board of directors of Security National Bank has promoted James M. Hongslo, banks and bankers division, to assistant vice president, and elected Richard A. Waller, customer service department, assistant cashier.

SIOUX CITY: Joe T. Grant, president, First National Bank, announced October 16 an agreement has been reached for Gilbert C. Swanson, Jr., to purchase major control of the bank. Mr. Swanson would purchase the 68% share presently owned by Minnesota Small Loan Company, a subsidiary of M.E.I. Corp., Minneapolis, and would make a tender offer to all other remaining shareholders, for a purchase total not less than 80% of all outstanding stock as of November 30. Mr. Swanson is a prominent Omaha businessman. He is president, Gilbert C. Swanson Foundation, director of The Omaha National Bank and official and director of several other enterprises. No change in management is contemplated.

NEBRASKA NEWS

LINCOLN: William P. Norris has been named manager, Master Charge department, of the National Bank of Commerce. He succeeds Ralph W. Tyler, Jr., who has retired.

OMAHA: Frank O. Starr, president and chief executive officer of The Omaha National Bank, has announced the promotion of Dennis R. Wood to second vice president, and the appointments of Kenneth A. Strother and John A. Nigh to agricultural loan officers. Thomas N. Moore, executive vice president in charge of the estate and trust division, has been elected to the board of directors.

VALENTINE: Betty Day has been appointed assistant vice president of the First National Bank.

ILLINOIS NEWS

Illinois banks were providing farmers with more credit and other financial services than any other lenders at the beginning of this year, according to James L. Wingham, vice president, State Bank of Arthur, who is chairman of the IBA committee on agriculture.

Based on the 32nd annual farm lending summary of the agricultural division of the ABA, he reported that Illinois banks were helping farmers with \$1 billion \$170 million in loans, 10% more than in 1972. This total included \$917 million in production loans and \$253 million in farm mortgages. At the same time, \$319 million in farm loans was held by life insurance companies; \$420 million by Federal Land Banks; \$216 million by Production Credit Associations and \$24 million in nonreal estate loans, plus \$5 million in real estate loans by the Farmers Home Administration. About 79% of the credit for production extended by lending institutions to Illinois farmers came from banks.

CHICAGO: John M. Finnegan has been appointed senior vice president in charge of the new trust department of Mid-City National Bank.

CHICAGO: Donald L. Matthes has been elected vice president, national division, commercial lending group, of the Pioneer Trust & Savings Bank, according to Russell T. Cramer, president.

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Terry Martin
Assistant Vice President

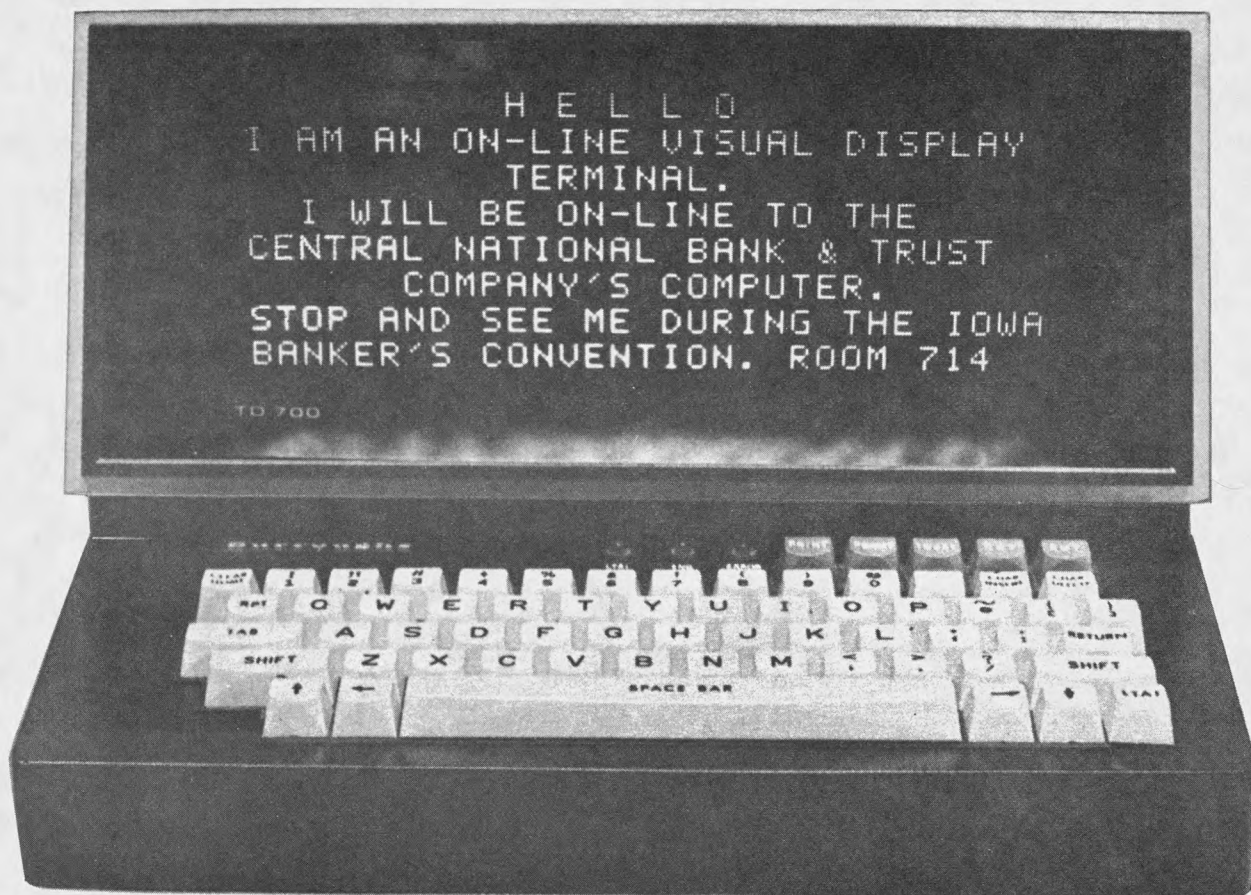


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1917-1918

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LISLE: Herman Tatz has been elected president of the Bank of Lisle. Mr. Tatz, formerly executive vice president, succeeds William J. Callahan who accepted a position with a bank in Bettendorf, Ia., in July of this year, but had continued to serve the Bank of Lisle as president and director.

MINNESOTA NEWS

Lewis D. Halla, security officer, First National Bank of St. Paul, has been elected president of the 150-member Minnesota chapter, Society of Former Special Agents of the Federal Bureau of Investigation, Inc. Other new officers include Gordon M. Malen, public relations director, First National Bank of Minneapolis, secretary-treasurer.

APPLETON: D. J. (Bud) Strand, president, Northwestern State Bank, has announced the following staff changes. Rollie Schmidt, assistant vice president, has been named vice president. Jim Rittenour, insurance representative, has been named assistant vice president and will have duties in bank operations and credit. Les Schneider has joined the bank.

DULUTH: Raymond C. Sink has been promoted to assistant vice president in the operations department of First American National Bank. He joined the bank in 1956.

HASTINGS: Arvid B. Evensvold was elected president of the First National Bank, replacing James P. Kayfes, who became board chairman.

HOYT LAKES: A. J. Carlson, general supervisor of technical services for Erie Mining Company, has been elected a director of the First National Bank.

MINNEAPOLIS: Members of the Independent Bankers of Minnesota will hold their 12th annual convention at Hotel Leamington, October 24-25.

WAHPETON: Raymond Marr has been



Dwayne Smith

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IOWA-DES MOINES NATIONAL BANK

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promoted to assistant vice president of the First National Bank. He joined the bank's staff in June of 1969 as a management trainee.

COLORADO NEWS

BROOMFIELD: United Banks of Colorado, Inc., has announced that Federal Reserve Board approval has been received for its acquisition of the Broomfield Bank. The bank is controlled by Roger D. Knight, Jr., chairman of the board of United Banks of Colorado, and members of his family.

COLORADO SPRINGS: The First Bank of America's application for Federal deposit insurance has been approved.

DENVER: American National Bank has announced the promotion of C. Scott Kayser to vice president, trust and Marion G. Ilgen to vice president, systems.

DENVER: The following promotions have been announced by United Bank of Denver.

Edward L. Fogle, David E. Bailey and Jed J. Burnham were named commercial banking vice presidents. Evelyn M. Ebbert and Jerrold B. Joy were appointed commercial banking officers. Other appointments include Jerome M. Hause, personal banking officer; Bruce G. Lokey, trust officer; Doris F. Shortridge, trust operations officer, and Stephen J. Peterson, personal trust officer.

NORTHGLENN: The charter for a new bank, Adams County Bank, has been approved by the Colorado State Banking Board. It will be located on the northeast corner of 112th Avenue and Huron Street.

Organizers are Edward F. Hanifen, Charles R. Sillstrop, George T. Sweeney, Thomas A. Waters, Vincent N. Schmitz and Leon E. Hayden, Jr. Mr. Hanifen is currently president of Aurora National Bank and Mr. Sillstrop is president of Montbello State Bank.

Construction plans and an opening date will be announced soon.



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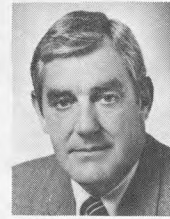
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NORTH DAKOTA NEWS

JAMESTOWN: The Stutsman County State Bank has announced the promotion of Ardis Johnson to auditor. She joined the bank in 1968.

LANGDON: Herbert H. Paulson has been appointed president and chief executive officer of the newly-organized Farmers and Merchants State Bank. He is former president of the Citizens State Bank of Neche.

NECHE: A public rehearing will be held in the Office of Commissioner, Department of Banking and Financial Institutions in Bismarck October 29 at 2 p.m. concerning the application by the Citizens State Bank of Neche to move its corporate headquarters from Neche to Cavalier.

SOUTH DAKOTA NEWS

HAWARDEN: George L. Adams has joined the staff of the Farmers State Bank.

VERMILLION: Robert B. Stark has been elected assistant vice president of the Vermillion office of the National Bank of South Dakota.

WEBSTER: The board of directors of Security Bank and Trust Co. has announced the election of Neil Smith as cashier and Jerald Zubke as vice president.

WYOMING NEWS

GILLETTE: Application for a charter for a new national bank here to be called The Wyoming National Bank of Gillette, has been filed with the Comptroller.

The organizers are all Directors of the Wyoming National Corporation, a Casper, Wyoming based registered bank holding company.

Proposed capitalization of the new Gillette bank calls for 10,000 shares of common stock at \$50.00 per share. The proceeds of the capitalization would be allocated; \$200,000 to capital, \$200,000 to surplus, and \$100,000 to undivided profits for a total capital structure of \$500,000.

The move to establish the bank is prompted by the sizeable mineral development plans presently being implemented and formulated by many companies in the Powder River Basin, which contribute greatly to the potential for sizeable population growth in Gillette and increased economic expansion in the entire area.

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