

NORTHWESTERN Banker Newsletter

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February 25, 1974

Public Deposits Insurance to Senate

Fireworks will be breaking out again in the nation's capital on March 19 when the Financial Institutions Subcommittee of the Senate Banking Committee will begin a three-day hearing on H.R. 11221. That is the official designation for the bill that would increase Federal deposit insurance from \$20,000 to \$50,000, but more importantly would provide 100% deposit insurance for public funds.

Supporters of the legislation turned back all major efforts on February 5 to water down the measure as the House, after a confusion ridden debate, passed the House Banking Committee bill (H.R. 11221) by a 282 to 94 vote.

However, the key ballot came on a motion by Rep. Chalmers P. Wylie (R., Ohio) to strike the 100% insurance feature from the bill. This lost on a vote of 170 to 202.

In addition to the House-passed H. R. 11221, the Senate Financial Institutions Subcommittee will also be considering S. 2735 which, among other things, also provides for 100% insurance coverage for public funds and an increase in individual deposit insurance from \$20,000 to \$50,000.

However, S. 2735 deals with much more than just deposit insurance. For example, it would permit Federal S&Ls to make line-of-credit loans to home builders; raise from \$45,000 to \$55,000 the amount which Federals could lend on single family residences; and permit Federals to make loans primarily for residential up to 10% of assets without regard to other limits set forth in section 5(c) of the Home Owners Loan Act.

Also, S. 2735 would increase the capacity of the Federal Home Loan Mortgage Corporation to purchase conventional loans and clarify the ability of various financial institutions to purchase obligations and other securities sold by FHLMC as well as mortgages previously sold to the Corporation without regard to certain legal limit actions. In addition, it would greatly liberalize the mortgage lending powers of national banks.

On announcing the hearings March 19, 20 and 21, Subcommittee Chairman Thomas J. McIntyre (D., N.H.) stressed that, "in view of the interest in this legislation," all witnesses must submit written statements to the Banking Committee at least 48 hours in advance of their appearance and must limit their oral presentations to 15 minutes.

In its actions February 5, the House did amend H.R. 11221 to make the 100 per cent insurance feature apply only to public time deposits, thus excluding public demand deposits. However, these would be covered under the new \$50,000 insurance ceiling provided by the bill.

This amendment, offered by Rep. Robert G. Stephens (D., Ga.), also makes clear that the Federal insuring agencies may by administrative action limit the insurance on public fund deposits but not the deposits. The bill as reported by the Banking Committee said the insuring agencies could limit the amount of public funds that could be deposited in an insured institution. The Stephens amendment was said to carry out the intention of the Banking Committee.



PICTURE OF THE WEEK — United Bank of Denver recently honored the 1973 Rodeo Cowboys Association Rookie of the Year with a \$1,500 cash award at the National Western Stock Show. **Marlin Cone**, left, v.p., agribusiness, presented the award to **Bob Blandford**, right, San Antonio, Tex., 1973 Rookie of the Year.

As noted, however, all other efforts to modify the legislation failed. The first, an amendment by Rep. Albert W. Johnson (R., Pa.), to require that maximum rates of interest or dividends payable on comparable public deposits be the same for insured banks, S&Ls and credit unions, lost on a point of order as not being germane to the bill.

Another proposal that was lost by vote would have placed a ceiling of \$100,000 on the insurance coverage of public deposits. Still another amendment that failed would have cut the increase in individual deposit insurance from \$50,000 to \$35,000.

Opponents of the bill appear to include just about everyone except Savings & Loan

(Turn to back page, please)



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Bob Thom in Hospital

Robert Thom, vice president of First National City Bank, New York, is recovering from open heart surgery at Downstate Medical Center, 445 Lenox Rd., Brooklyn, N.Y. 11203. Mr. Thom is well-known throughout several midwestern states where he traveled for several years as a member of Citibank's midwest division calling on banks. He was reported last week to be recovering in the intensive care unit.

IOWA NEWS

Record registrations were recorded earlier this month for Group 1 at Sioux City and Group 11 at Burlington when more than 1,000 persons attended each of the group meetings. Details and photos will appear in the March issue of NORTHWESTERN BANKER.

ALTON: Reynold Van Gelder and John H. Krogman have been elected directors of the Alton Savings Bank. Mr. Van Gelder is associated with the Tri-State Auction Company in Sioux Center. Mr. Krogman is assistant vice president of the bank.

CENTER POINT: Karen K. Imhoff has been elected assistant cashier of the Iowa State Bank and Trust Company. Jack Sholes, owner of Jack & Jill Grocery, has been elected a director.

DES MOINES: Gordon Smith, with Merrill, Lynch, Pierce, Fenner & Smith,

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has been elected president of the Iowa Investment Bankers Association. Jay Orr, of Becker & Cownie, Inc., was elected first vice president and William T. Kirke, Dean Witter, was chosen second vice president. Secretary-treasurer is Fred Kammeier of Loewi & Co.

EMMETSBURG: Gary L. Hughes has been named cashier and Ed Norland vice president of the Iowa Trust & Savings Bank. Mr. Hughes joined the bank in 1966 as assistant cashier and Mr. Norland joined in 1960.

KEOKUK: Security State Bank has announced the following staff changes: J. Agnew Rovane, elected senior vice president; Terry Oltmann, vice president and cashier, and B. Malcom Larsen, director.

LEMARS: Roger (Hap) Reuter has joined the First National Bank as assistant farm representative.

OSCEOLA: Ken Muller has been promoted to operations and loan officer at the Osceola State Bank and Trust Co. Mr. Muller joined the bank in August of 1973.

STORM LAKE: Dennis Robinson has joined the Citizens First National Bank.

WAVERLY: Two Waverly men have joined the First National Bank as trainees. They are Richard Dewey and Tom Leary.

NEBRASKA NEWS

BEATRICE: The Beatrice National Bank and Trust Company has announced the following changes. Eldon F. Goble, senior vice president, has been elected director. Officer promotions include: Kenneth A. Cain, from cashier to vice president and

cashier; Gerald C. Davison, from assistant cashier to assistant vice president, and Dennis Weigel to assistant vice president, installment loans.

GRAND ISLAND: Stockholders of Bankshares of Nebraska, Inc., has authorized the stock of the Corporation to be split 20 for 1 and also an additional authorization to issue 20,000 additional shares of stock was made. Bankshares is a one-bank holding company which owns directly and indirectly four local subsidiaries including First National Bank of Grand Island, First Savings Company, First Holiday Tour & Travel and First Grand Island Company.

IMPERIAL: Joy L. Smith has been promoted to a.c. at the Chase County Bank & Trust Company. She has been with the bank 18 years and is the first active woman officer.

OMAHA: Beverly Raser and Terry Coffman have been named a.c.'s, installment loan department, at the Douglas County Bank.

PAPILLION: Donna R. Palmer has been elected a.c. of the Bank of Papillion. Her career with the bank began in 1966.

OMAHA: Beth Romine, assistant cashier, has been named manager of Omaha State Bank's new teller office in the Montclair Shopping Center, 132nd and West Center Road. The office will open later this month.

TECUMSEH: Joe V. Johnson, Sr., chairman of Johnson County Bank, is recuperating in Tecumseh Hospital following major surgery.

YORK: Three promotions recently were announced by Dean Sack, president and chairman of the York State Bank. Harold Martin was appointed vice president, Jon Strong, vice president and manager of the installment loan department, and Nellie Jean Martin, assistant cashier and manager of the real estate loans department.

ILLINOIS NEWS

BIGGSVILLE: S. W. Grotenhuis, vice president, The Casey National Bank, has purchased the \$4.7 million First State Bank. Mr. Grotenhuis also is president of the New Vienna Savings Bank in Iowa.

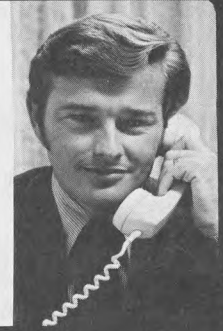
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BRIDGEVIEW: An application for a permit to organize the First State Bank and Trust Company has been filed. Total capitalization would be \$1 million. Applicants are Marvin A. Siensa and C. V. Carlson, Palos Heights; George J. Paetow, Edward J. Puschak and Leslie Wiles, Palos Park.

CHICAGO: South Central Bank and Trust Co. has announced that Marc B. Grayson has been elected executive vice president, and Ernest E. Coe, vice president and cashier.

ELGIN: William E. Redeker, president and chief executive officer of the First National Bank, recently was elected chairman. Wilber G. Smith succeeds Mr. Redeker as president and was named chief operating officer.

HERSCHER: Charles M. Riker, vice president and cashier of the Manteno State Bank, will become chief executive officer of the State Bank of Herscher on March 1.

HICKORY HILLS: Bank of Hickory Hills has appointed Michael A. Wilson assistant cashier. A former Iowan, Mr. Wilson entered banking in 1970 as an assistant examiner with the Federal Reserve Bank of Chicago.

MANTENO: Dolores Knupp has been elected cashier of the Manteno State Bank.

MINNESOTA NEWS

BIG LAKE: Gordon E. Winzenburg, formerly of Western State Bank of Marshall, has been elected loan officer of the Citizens State Bank. He joined the bank in October of 1973.

BRAINERD: Donald E. Green has been named installment loan officer of the Citizens State Bank.

CARLOS: Paul W. Bergien, pres. of the First State Bank, has sold his interest to Lowell A. Pogatchnik and has retired. He remains a dir.

CYRUS: Richard Alama, Morris, has been named vice president and director of the State Bank of Cyrus.

ELK RIVER: Donna McPherson and Carol Johnson have been promoted to assistant cashiers at the First National Bank.

EVELETH: Dwight Randall has been promoted to assistant cashier at the First National Bank. He joined the bank on July 9, 1973.

MONTEVIDEO: First National Bank has announced the following promotions: Glen Herfurth, senior vice president and cashier; Genora Brown, Richard Benson, Arlin Jibben and Gary Sonstegard, vice presidents, and Roland Boll, assistant vice president.

MOUNTAIN IRON: Barbara H. Sartori has joined the Mountain Iron First State Bank as assistant vice president. She formerly was an assistant cashier at the Northwestern State Bank of Virginia.

PIERZ: Harvey L. Sedlacek of Marion, Ia., has joined the officer staff of the Farmers and Merchants State Bank as assistant cashier.

ROSEVILLE: Donlee J. Eger has been named a vice president of Mid America National Bank.

ST. PAUL: The Phalen Park State Bank has increased its capital stock from \$250,000 to \$330,000 by sale of new stock.

SLAYTON: The Northwestern State Bank has increased its capital stock from \$200,000 to \$400,000 by stock dividend.

STAPLES: Edwin L. Bounds has joined the staff of the Staples State Bank as a.c.

STILLWATER: Richard Kutz has been elected assistant cashier of The First National Bank. He formerly was auditor.

WAYZATA: Inger Holm is the newly appointed asst. operations officer at the First Nat'l Bank.

COLORADO NEWS

BOULDER: Ken Kinkel has been placed in charge of marketing for Affiliated Bankshares of Colorado. He formerly was associated with the National Bank of Detroit and Greeley National Bank.

BOULDER: Paul Troyer has been appointed senior vice president of National

State Bank. He was with the First National Bank of Denver.

COLORADO SPRINGS: Garden Valley State Bank has filed an application for a charter. The proposed bank plans to locate within a half-mile radius of 2860 S. Circle Drive.

DENVER: Robert L. Christianson has been promoted from assistant cashier to assistant vice president of the Guaranty Bank & Trust Co.

LAKEWOOD: Harry Black has been named senior vice president of Jefferson Bank & Trust. Other appointments announced include: Frank Barnett and Mark Pingrey, vice presidents; Sara Vansant, assistant vice president, and Chris Pankow and Richard Jorgenson, assistant cashiers.

NIWOT: Colorado State Banking Board will hold a public hearing Thursday, May 16, on an application for a charter for Boulder County State Bank. The proposed location would be within a half-mile of the intersection of Niwot Road and 79th St. Incorporators are J. E. Facer and Walter E. Emery, Denver; Jerry B. Smith, Colorado Springs; Arlie A. O'Kelly, Littleton, and Lee M. Johnson, Boulder.

NORTH DAKOTA

ASHLEY: The following promotions have been announced by the McIntosh County Bank: Lowell D. Overbo, to executive vice president; Lydia Weber, to vice president and cashier, and Loretta Haas, to assistant cashier.

CASSELTON: Muriel Bartholomay has been promoted to cash. at the Casselton State Bank.

FARGO: Jack Holm, assistant vice president, has been elected manager of the installment loan department at the First National Bank and Trust Company. J. R. McFarland has been transferred to the commercial loan department as vice president.



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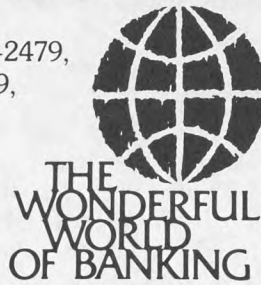
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SOUTH DAKOTA NEWS

The South Dakota National Association of Bank Women Workshop and Annual Meeting will be held April 17 and 18 at the Marvin Hughitt Hotel in Huron.

BELLE FOURCHE: Gale D. Ballenger and John Helmbaugh have been elected assistant cashiers of the Bank of Belle Fourche.

WYOMING NEWS

KEMMERER: An agreement between First National Bank and Wyoming Bancorporation for the two financial organizations to become affiliated has been announced. The action is subject to the approval of the Board of Governors of the Federal Reserve and other regulatory authorities.

SHERIDAN: Bob Barkley has been named loan officer for the First National Bank.

Deposits Insurance.....
(Continued from Page 1)

groups, which stand to gain by another incursion into commercial bank deposits. Commercial banks, the municipal investment industry and all state and local government units oppose the bill because of its potential effect on the holdings of municipal bonds and potential adverse effect on the future of municipal financing.

Banks currently pledge municipal bonds, among other collateral, against public deposits and buy large quantities of municipals, thus satisfying two needs — protection for government deposits and a purchase outlet at reasonable rates for the financing of municipal projects.

Making 100% insurance coverage mandatory would drastically curtail the need for municipals by banks, these groups say, and dry up part of the financing source for the continuing needs of municipal financing. In the absence of these bond purchasers, remaining issues would cost more.

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