

NORTHWESTERN Banker Newsletter

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Rep. Patman Calls for GAO Audit of Fed

A bill to require the Federal Reserve System to submit to audit by the GAO "will be submitted within the next 60 days" according to the Hon. Wright Patman, chairman of the House Banking and Currency Committee. Mr. Patman revealed his intention to pursue the Fed audit with this bill when he addressed the 44th annual convention of the Independent Bankers Association of America in Dallas, Tex., on March 22.

Mr. Patman later was asked by the Northwestern Banker at a press conference, "Why doesn't the GAO have the authority now to audit the Federal Reserve?" Mr. Patman replied, "They *do* have the authority. I sent word to the GAO to have the New York Fed audited and the Fed refused to let them in."

Mr. Patman said when the Federal Reserve audit is made and the Fed actions exposed the results will "be bigger than Watergate." He stated that unlike other government agencies the Fed doesn't come to Congress for appropriations. "Instead it draws down \$4 billion annually from the Treasury Department in the form of 'interest' on paid-up bonds being held in the portfolio of the Federal Reserve's Open Market Committee. These are bonds that have been paid for once with the money and credit of the U.S. Government - the taxpayers money - yet the Federal Reserve continues to hold them and draw interest . . . out of this . . . finances its far-flung

operations including those directed against small banks.

"These bonds are in the vaults of the New York Federal Reserve Bank and today total nearly \$80 billion - about 20% of our entire national debt. These bonds have been paid for and they should be cancelled, retired, and subtracted from the national debt. Even William McChesney Martin, former chairman, says they have been paid for."

Mr. Patman demanded that the Fed should then have to appear before Congress for its appropriations and defend its policies.

Mr. Patman stated that only 50 banks of 13,500 banks control 49% of the bank deposits. Also, bank trust departments control \$404 billion, with 49% of this in the hands of 25 banks.

He said the Federal Reserve is acting in violation of the 1970 Bank Holding Company Act. He said a "laundry list" was prepared by the Joint Committee to resolve details of the 1970 bill and Fed Governors were called in. After a lengthy discussion in which agreement was reached that the Fed would act in concert with the mind of Congress, Mr. Patman recalled, it was agreed to have the Fed administer the Act. However, he said, the Fed has disregarded its agreement with Congress and is acting illegally in its regulations and interpretations of the Act. He said he would call for a re-hearing on the Act to prohibit the

Fed's current actions and try to undo what it has done "against the will of Congress."

Mr. Patman accused the Fed of making a power grab for itself and big multi-bank holding companies by approving more than 90% of all holding company formations or acquisitions . . . trying to "establish a 'national branching law' by fiat." He said, "Congress makes the law but the Federal Reserve takes upon itself the duty, which it does not have, to interpret the law."

Mr. Patman is unalterably opposed to Chairman Burns' proposal for mandatory requirements on reserves for all non-member banks. "This proposal is nothing but a raw power grab by the Federal Reserve," he stated. He further opposes the Fed's present plan to create an electronic funds transfer system . . . "another tool for domination by the big banks."

He concluded by saying, "I think the American public is fed up with secrecy in government. We have just about had our fill, and the Federal Reserve is a likely starting place for cleaning up the mess and putting an end to policies which allow the public to be shut out of the public's business."

Flying Bankers Meet in Georgia

The annual convention of the International Flying Bankers Association will meet April 7-10, at Callaway Gardens, Georgia.

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IOWA NEWS

The 53rd annual Spring Banking Conference sponsored by the Iowa Bankers Association will be held Wednesday, April 3, at the Des Moines Hyatt House. Hosts are the Federation of County Bankers Associations and the Iowa Junior Bankers Association. Topics to be discussed include student loans, community analysis and legislation.

Registration begins at 8 A.M. and the program begins at 9.

CEDAR FALLS: Construction recently began on a Cedar Falls office of the Waterloo Savings Bank.

MARION: The First National Bank has announced the promotion of Donald E. Boland to assistant cashier. Mr. Boland joined the bank in December of 1972 in the instalment loan department.

MASON CITY: Hawkeye Bancorporation, Des Moines bank holding company, has announced it has received approval from the Federal Reserve Board for the purchase of the American State Bank here. The acquisition will become effective prior to May 1, 1974.

American State with assets of \$10.6 million on Dec. 31, 1973, becomes the 14th bank owned by Hawkeye. Officers and directors of American State will continue.

POCAHONTAS: Funeral services were held recently for Chas. E. Watts, 84, one of the organizers of the Commercial State Bank and the chief executive officer until

his retirement in 1960. Prior to that, he was a principal in the bank at Plover, Ia.

TABOR: Funeral services were held recently for Leonard F. Selko, president of the First State Bank. He began his banking career in Harvard, Nebr., in 1945 and has been with the Tabor bank since 1957.

TIPTON: Funeral services were held March 25 for L.D. (Vern) Suchomel, 56. He served as chairman and president of Tipton St. Bk. before he retired in 1968.

NEBRASKA NEWS

ALBION: Newly-elected officers of the First Natl. Bk. include Gary Morgan, v.p. & cash., and John A. Cookson, a.c.

GRAND ISLAND: David R. Johnson has resigned as exec. v.p., Omaha Natl. Bk. to become pres. and chief adm. off. of the Commercial Natl. Bk. & Tr. Co. here. W.W. Marshall, who has been serving both as chmn. and pres. will continue as chmn. and chief exec.

NORFOLK: The DeLay First Natl. Bk. & Tr. Co. has applied to the Reg. Adm. of Natl. Bks. to establish an office at 609 South 13th St. in Norfolk.

NORTH PLATTE: Hugh W. Hansen has been advanced from sr. v.p. to pres. of the North Platte St. Bk. He joined the bank in 1958.

OMAHA: John M. Shonsey, chairman of the board of West Omaha National Bank, has announced the promotion of three employees. Robert L. Zabawa, vice president, has been promoted to senior vice president responsible for all loan

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departments. Named assistant vice presidents were Jerry K. Miller and David M. Simcho.

OMAHA: Frank Sibert has been promoted from vice president to senior vice president at the Northwestern National Bank. Other promotions were for Margie Bowen to personal banking officer and Michael Mason to loan administrative officer.

OMAHA: William March has been elected president of Robert E. Schweser Co. He has been a vice president.

OMAHA: Kermit Hansen, pres., United State Natl. Bk., has been named chief exec. off., succeeding Edward W. Lyman, retired.

OMAHA: Kermit Hansen, president of the United States National Bank, has announced the following promotions. Named vice presidents were J. Richard English, James R. Schumacher and Ben V. Stanislav. Promoted to assistant vice president is Joseph P. Henry and elected assistant cashiers are Murray Anderson, Anita Gardner and Sylvia Myers.

ILLINOIS NEWS

CHICAGO: Group I of the Illinois Bankers Assn. will meet at the Conrad Hilton Hotel on April 2.

KANKAKEE: First Bank of Meadowview has announced the following promotions: Walter J. Charlton, formerly president, named Chairman of the board; Donald V. McCann, executive vice president and cashier, named president; Wayne C. Wilson, vice president, named vice president and cashier, and Donna L. Meadows, auditor, named assistant cashier.

RANTOUL: An application for a permit to organize The Piggy Bank of Rantoul has been filed by the following: Mike Flessner, Charles Teater, E.E. Rogers, all of Rantoul; Ralph Johnson, Thomasboro; Floyd

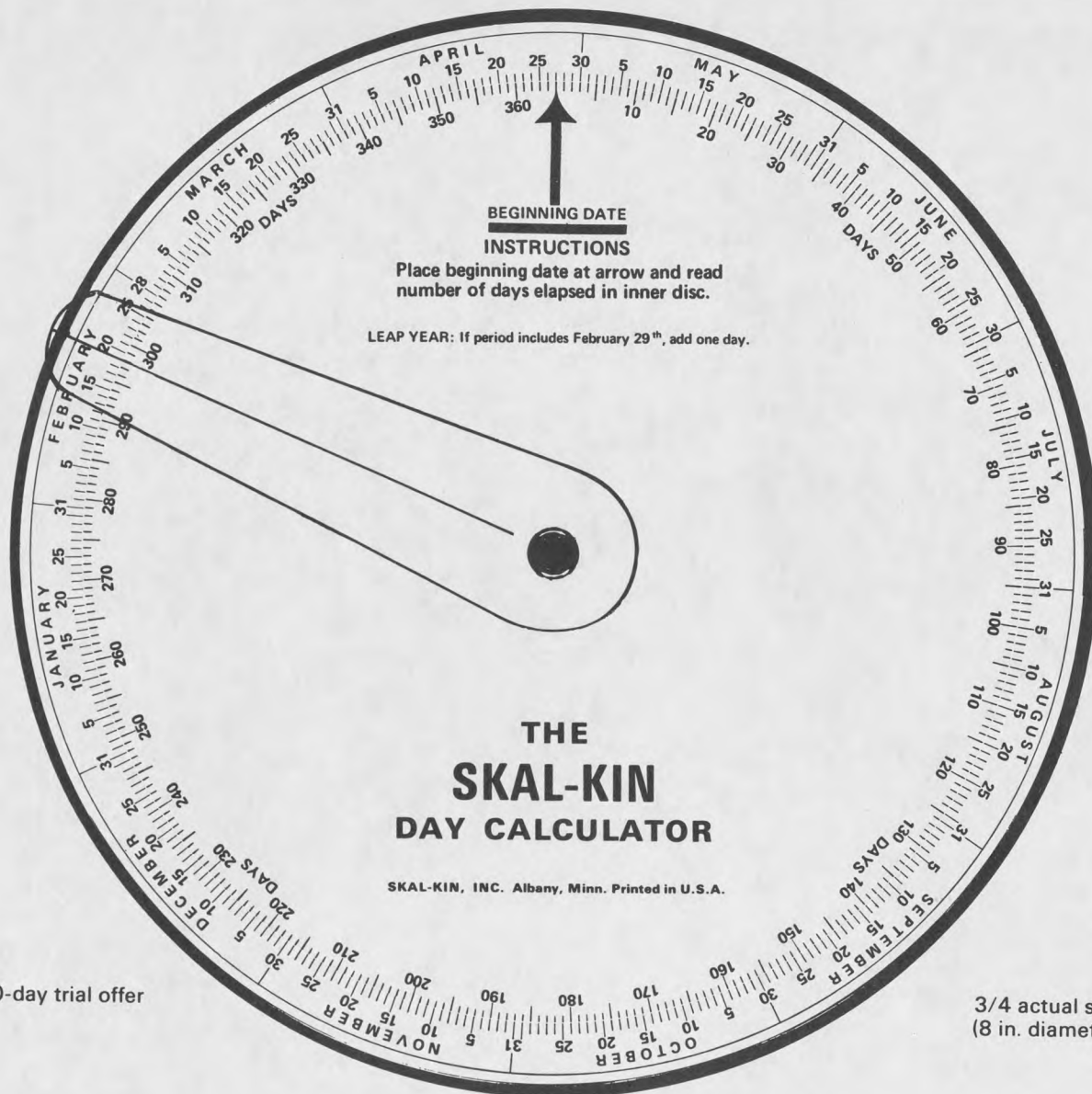
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Birkey, Paxton; Arthur Busboom, Gifford, and H. Frank Middleton, Champaign. Total capitalization will be \$600,000.

ROCK FALLS: A charter has been issued for the organization of the Community State Bank. Total capitalization of the new bank will be \$750,000, consisting of \$300,000 in capital, \$300,000 in surplus and \$150,000 in reserve. Officers are: Louis J. Pignatelli, chairman; Lawrence D. Smith, Sr., president; John E. H. Cassens and Henry G. Bright, vice presidents, and Paul Selmi, acting cashier. Directors are: Mr. Bright, LeRoy Danreiter, Mr. Pignatelli and Paul Selmi, Rock Falls; Mr. Cassens, Ernest M. Chandler, Mr. Smith and Marlin M. Kinney, Sterling.

SUGAR GROVE: A permit to organize has been issued for the Bank of Sugar Grove at the northeast intersection of Cross Street and Illinois Route 47. Total capitalization will be \$650,000, consisting of \$260,000 in both capital and surplus and \$130,000 in reserve. The 26,000 shares have a par value of \$10 each. Organizers are John J. Case, Eldon H. Hatch and G. Ward Stearns, Naperville, James D. Polivka, La Fox, and Leigh Sauer, Jr., Sugar Grove.

MINNESOTA NEWS

The Minnesota Bankers Association lending conference will be held at Hotel Leamington in Minneapolis April 16-17.

BENSON: Funeral services were held recently for R. J. Black, cashier of the Swift County Bank. Mr. Black joined the bank in July of 1965.

DULUTH: Work recently began on a new Northwestern Bank of Commerce auto bank at Second Avenue West and First Street. The facility will have four drive-in lanes. Construction is to be completed in August.

GLENCOE: Funeral services were held last week for Art Hoese, chmn., Security St. Bk. A former MBA pres., Mr. Hoese was

on a trip with the Independent Bankers Assn. in Mexico City when he died.

MINNEAPOLIS: Funeral services were held Friday, March 29 for Otto H. Preus, 77, vice pres., Marquette Natl. Bk. Mr. Preus was escorting a tour of independent bankers in Mexico City at the time of his death. Survivors include his wife, Ruth, who lives at 4500 Dunham Drive, Edina.

MOORHEAD: American State Bank recently broke ground for its new downtown building, according to P. J. Canton, bank president. Construction will begin immediately.

NEW YORK MILLS: Farmers and Merchants State Bank recently held an open house honoring E. H. Buerkle, Sr., bank president, in celebration of his completion of 50 years in banking. Mr. Buerkle joined the bank in September of 1924.

SAUK RAPIDS: A ground breaking ceremony was held recently for the new Northwestern Bank to be located on the corner of 2nd Avenue and 1st St. South. Keith Winge is the bank's president.

NORTH DAKOTA NEWS

The second annual workshop of the North Dakota Group of the National Association of Bank Women will be held on April 19 and 20 at the Plainsman Hotel in Williston. Ruth N. Davidson, chairwoman of the Group and assistant cashier of the American State Bank of Williston, is in charge of the workshop which includes sessions on communications, motivation, changes in the banking world and operations.

DICKINSON: The Badlands chapter of Bank Administration Institute will meet at Congress Inn at 6:30 P.M. on April 10.

FARGO: The Minn-Dak chapter of BAI will meet at the Holiday Motel, West Acres, at 6:30 P.M., April 16.

MANDAN: The North Dakota Bankers Association annual consumer credit con-

ference will be held at the Seven Seas Inn, April 4-5.

SOUTH DAKOTA NEWS

The South Dakota Bankers Association will hold its Annual Agricultural Conference at Kings Inn, Pierre, April 9-10. Registration begins at 9 A.M. Some of the topics to be discussed include Feedlot Operations, What's Expected of You as a Lending Officer, How to Raise Corn, Soybeans and Your Bankers Eyebrows, Land Use Planning, Durum Wheat, Energy Crisis, Uniform Probate Code, Futures and other agricultural issues. Adjournment will be at noon on April 10.

COLORADO NEWS

DENVER: Stephen S. Clough was named operations officer, and Ronald D. Dickman was named real estate loan officer at Colorado Natl. Bk. The bank also named Robert S. Hart as an operations officer.

DENVER: Fern Epler has been named assistant cashier at Metro National Bank.

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MONTANA NEWS

BUTTE: John J. Mitchell has retired from the First Natl. Bk. after 45 years of service. After working in all areas of the bank, he was elected exec. v.p. in 1967. He headed the commercial and agricultural lending divisions of the bank in Butte. He and his wife, Lucille, were awarded a two-week Caribbean cruise.

NORTH DAKOTA NEWS

FARGO: Jon C. Goodman has been elected a.c. of the First Natl. Bk. & Tr. Co. He has been with the instalment loan dept. of the bank since last September.

LIDGERWOOD: Milford Haaland has been named v.p., and LaVerne Honl was named cash. at the First Natl. Bk. Mr. Haaland will continue to manage the insurance agency, as well as work in commercial lending. Mr. Honl will continue to manage the Timepay dept.

NEW ROCKFORD: Construction is continuing on the new building for the First State Bank. A rock facing is being used on the exterior of the bank.

SOUTH DAKOTA NEWS

ABERDEEN: Donald C. Anderson, well-known cattle buyer in the area is joining the First Natl. Bk. to assist in the ag dept.

ESTELLINE: The Farmers St. Bk. will celebrate the opening of its new building on April 5 and 6, according to Walter K. Johnson, pres.

MILLER: Funeral services were held recently for Arthur B. Cahalan, 91, one of the area's most prominent citizens. He retired from the First Natl. Bk. as pres. in 1947. He was a former pres. of the South Dakota Bankers Assn. and a 50-year banker. At the time of his death, he was the oldest banker in South Dakota.

SIOUX FALLS: C. Lawrence Thomas, exec. v.p., United Natl. Bks., announced the following 3 promotions: Richard Schultz to asst. v.p. and mgr. of United Natl. Bk. at Brandon; Donald Ockenga, asst. v.p. in Brandon, has been advanced to asst. mgr., and David Bork has been named asst. v.p. and mgr., United Natl. Bk., Valley Springs.

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