

NORTHWESTERN Banker Newsletter

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Justice Asks Review of Sponsorship Plan

A case with important ramifications for larger banks in many states has been brought to the Supreme Court by the Justice Department. The Department has filed a jurisdictional statement with the high court seeking the overturn of a District Court approval of the acquisition by Citizens and Southern National Bank, Atlanta, of certain "correspondent associate" banks in the Atlanta area.

Justice has asked the Supreme Court to review the case with the aim of a ruling that the detailed contract by C & S of six small and legally independent banks violates both Section 1 of the Sherman Act and Section 7 of the Clayton Act. All parties concede that the small banks are being operated as de facto C & S branches.

The District Court ruled that while C & S held only five per cent of the stock of the smallest banks, the maximum permissible under Georgia law, much of the rest of the stock in the de facto branches was held by C & S officers and stockholders; there were no substantial shareholdings outside of C & S shareholders, and all concerned "recognized the virtually complete direction and control by C & S" and the relationship had been much closer than the normal correspondent banking relationship.

Evidence in the District Court indicated that C & S not only was "intimately involved in all aspects of the six banks' establishment" but has also furnished from its corporate ranks the president and other managing officials of each bank, had selected directors, had arranged for the banks "to use the C & S name and logo to increase their public identification with C & S" and had provided other services.

The District Court ruled that since there had never been any real competition among the sponsoring and sponsored banks because they were new, the de facto control by C & S could not adversely affect competition and did not violate Section 1 of the Sherman Act. Similarly, the court ruled the situation would not substantially lessen competition in the Atlanta area banking market so as to violate Section 7 of the Clayton Act.

Justice hopes to present three issues to the court:

First, Section 1 of the Sherman Act is actually violated by C & S control of these "independent business entities" since the stipulated findings of pervasive control by C & S "establish that the arrangements have eliminated all meaningful price and service competition."

Second, Justice disputes the District Court conclusion that federal court jurisdiction of the Sherman act controversy is eliminated by provisions of the Bank Holding Company Act of 1956, 12 USC 1841 et. seq., that give "exclusive primary jurisdiction" over the underlying controversy to the Federal Reserve Board.

Third, Justice suggests that "under established market share criteria, C & S's acquisition of the 'five-percent banks' would violate Section 7 of the Clayton Act."

Some sources see the Justice Department's current appeal of the case to the Supreme Court as being inconsistent on the issue of "sponsorship-acquisition" by large banks. Justice, in *U. S. v. Marine Bancorporation*, argued that this type of acquisition, in which a bank hoping to circumvent rigid state branching restrictions, helps to organize and charter "legally independent" banks which the organizer bank can ultimately acquire, is a proper and feasible means by which banks may effect geographical market extensions.

In the *Marine Bancorporation* case, Justice maintained a Seattle bank was "sponsoring" a new bank into Spokane, a different geographic market (300 miles away), which it says is "a far cry" from the relationship between C & S and its "sponsored" banks.

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Named in Kansas City

Commerce Bank of Kansas City has named Paul N. Shy, vice president, to head its national accounts division, replacing Frank Boesche, senior vice president, who will work in operations for Commerce Bancshares.

Iowa News

The Instalment Lending School, sponsored by the Iowa Bankers Association, will be held August 4-9 at Drake University.

ADEL: Dennis J. Vande Lune has joined the Dallas County State Bank under the bank's officer trainee program.

ALTA: Lorene Schuelke has been promoted to assistant cashier in charge of operations, new accounts and data processing at the First Trust & Savings Bank. She joined the bank in 1960 and has worked in all departments.

CLARION: Brenton Bank and Trust Company has announced the following promotions: George L. Mechem, president and trust officer; Donald D. Fox, vice president, cashier and assistant trust officer; Alice Rodriguez, vice president and assistant trust officer; and Harlan Lemke, assistant vice president. Robert McKee, former president, is moving to Adel the first week of August to

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National Bank of Waterloo

become president of the Dallas County State Bank. He will remain a director and vice chairman of the board of Brenton Bank.

DES MOINES: The Iowa-Des Moines National Bank has filed an application with the Regional Administrator of National Banks requesting permission to establish an office on the south side of Army Post Road between S. W. 5th and S. W. 6th Streets.

DES MOINES: The new Urbandale office of the Iowa-Des Moines National Bank will officially open on Monday, July 29. The building is situated on 6.2 acres, and the main building is 50' by 80'. Eight teller stations will open.

EVANSDALE: Wayne F. Smith has purchased controlling interest in the First National Bank from Donald E. Noller and succeeds Mr. Noller as chairman and president August 1. Mr. Smith will continue as executive vice president and director of the Sloan State Bank, Sloan, Ia., in which he also has controlling interest.

LAKE PARK: James R. Krumm has been promoted from cashier to vice president and cashier of the Security State Bank.

OAKLAND: Opal Rogers has been named cashier of the Oakland Savings Bank.

OCHEYEDAN: C. E. Spengler of the Ocheyedan Savings Bank has announced the retirement of his father, E. C. Spengler, as

president. C. E. Spengler, who has been chief executive officer and chairman, has been elected bank president. E. C. Spengler has been in banking for 68 years, the past 35 as president of the bank.

OSKALOOSA: Steve Ferguson has been appointed an officer trainee in the agricultural department of the Iowa Trust and Savings Bank. He is a recent graduate of Iowa State University, Ames.

POCAHONTAS: Mike Wiggins has been named assistant cashier and loan officer at the Commercial State Bank.

SIOUX CITY: Charles H. Walcott has been appointed executive vice president of First National Bank. He also will assume duties as chairman of the loan committee and will continue to serve as director and a member of the management committee. Mr. Walcott previously was senior vice president of the bank.

TINGLEY: Leonard O. Mason has been named cashier of the Tingley State Savings Bank.

Nebraska News

EAGLE: The Federal Reserve Bank of Kansas City has announced its approval of the application by Eagle Capital Co., for prior approval of the formation of a bank holding company through the acquisition of 94% of the voting shares of Eagle State Bank.

FREMONT: D. Jeff Draemel has been elected assistant vice president of the First State Bank, according to James H. Moore, Jr., bank president. Roberta Wagner has been elected assistant cashier.

HASTINGS: Doris Decker has been named manager of the First National Bank West which will be completed early this fall. Jerre Woelfle has been named operations officer, accounting, at the main bank.



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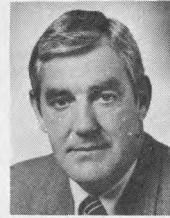
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OMAHA: Thomas Brader and Richard Lupardus have been name assistant vice presidents of the Southwest Bank of Omaha. Both were formerly assistant cashiers. Thomas Wade, supervisor of collections in the instalment loan department, has been appointed assistant cashier.

Illinois News

CHICAGO: Lakeside Bank has elected James A. Cooke, vice president; James E. Tomkiewicz, assistant vice president, and Leo A. Anderson, assistant cashier.

CHICAGO: Kenneth Kline has been named assistant cashier of the Ashland State Bank. Mr. Kline joined the bank in 1973 as a trainee.

CHICAGO: Alfred Imertreijns was recently appointed assistant cashier of the Central National Bank.

CHICAGO: Certificates of authority to establish banking offices in Chicago have been issued to Commerzbank, Aktiengesellschaft, Germany (registered agent—Jeremiah Marsh), European Banking Company Limited, England (registered agent—David J. Rosso of Isham, Lincoln & Beale, Chicago), and Credit Lyonnais, Paris, France (registered agent—Donald Murphy, Chapman & Cutler, Chicago).

LOVES PARK: A charter has been issued for the First Bank of Loves Park to Howard E. Bell, chairman

and president of the new bank. John O. Benson will be executive vice president and Brad E. Anderson will be cashier. The new bank will open in late August in a temporary facility in the Harlem Alpine Shopping Center.

WOODSTOCK: Donald P. Witty is the new assistant vice president and assistant trust officer of the State Bank of Woodstock. Mr. Witty comes to the bank from the McHenry County Title Company where he served as title examiner.

Minnesota News

CHASKA: Charmaine Wolf has been promoted to assistant cashier at the First National Bank. She joined the bank over two years ago.

ORTONVILLE: Alan Maurer has joined the Tri-County State Bank.

OWATONNA: A. M. Severson, president of Northwestern National Bank, has announced the promotions of Kenneth J. Bloomerader, Jr., to cashier, and Daniel K. Collins to assistant vice president and agricultural representative.

PAYNESVILLE: Norm Melvin has become time pay manager of the First State Bank. He formerly was associated with the National Bank of South Dakota, Rapid City.

ST. CLOUD: St. Cloud National Bank & Trust Co. has announced

the promotions of Marian Anderson, data processing officer; Helen Schlangen, assistant cashier, and Margaret Nystrom, loan servicing officer.

ST. PAUL: Felton Dean has been promoted to commercial banking officer at the First National Bank.

TOWER: Evelyn Helin has been named vice president and loan officer at the State Bank of Tower. Mrs. Helin joined the bank in 1954 and has held the positions of assistant cashier and cashier.

VIRGINIA: Wayne Moss has been promoted to assistant cashier, timepay department, at The First National Bank. He had been a management trainee at the bank for over a year.

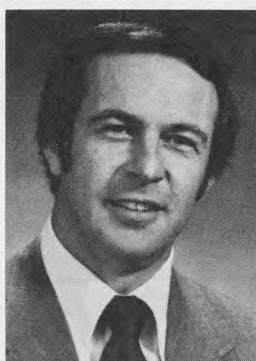
North Dakota News

FARGO: Dennis Larive has been elected vice president and cashier of the First National Bank and Trust Co. of Fargo. He joined the bank in 1972.

GRAFTON: Gary Lloyd has become a loan officer at the Walsh County Bank. Previously he was a national bank examiner for the Comptroller of the Currency.

MINOT: Richard A. Ruud has been appointed agricultural representative at the First National Bank. Stephen B. Mays has become manager of the Air Base branch

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Vice President

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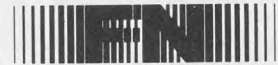
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FIRST NATIONAL LINCOLN

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and Richard A. Campbell, formerly at the base facility, has joined the instalment loan department of the main bank.

South Dakota News

ARTESIAN: The Live Stock State Bank has filed an application requesting permission to move its main office to Mitchell and retain a branch bank here.

BALTIC: The Dakota State Bank has increased its capital stock from \$50,000 to \$125,000.

Colorado News

DENVER: James W. Mathews has been elected a loan officer at the Northeast Colorado National Bank.

DENVER: Paul A. Hutt and Robert M. Munroe both were appointed assistant cashiers at Lakeside National Bank recently, according to Walter M. Orr, Jr., bank president.

FORT COLLINS: Alvin G. Treiber has been named agricultural field representative of the First National Bank.

Wyoming News

GILLETTE: Ron Wright has joined the First National Bank as vice president. He formerly was with the First National Bank of Greysbull.

SHERIDAN: The Bank of Wyoming will officially open for business on August 1, according to Paul L. Howes, president of Wyoming Bancorporation. He said the bank is capitalized at \$400,000 with cost of land, building and furnishings representing more than \$300,000.

Montana News

MILES CITY: An application by the First Citizens Bank for Federal deposit insurance has been approved. The bank's capital accounts total \$750,000.

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Second person needed for \$10 million central Iowa community bank. Should have one to three years experience. Send resume and salary requirements to File KWG, c/o NORTHWESTERN BANKER, 306 15th St., Des Moines, Iowa 50309.

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JR. INST. LN.—(Mo) (Iowa).....	\$12,000
SR. AG. LN.—(Iowa) (Mo).....	\$20,000
SEC. ANALYST—(Iowa).....	\$20,000
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PRES.—suburban K.C. (need 8).....	OPEN

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PRES.—(Iowa) will buy \$12MM bank.....	OPEN
OPER.—(Iowa) Sr. officer up to \$50MM bk.....	\$18,000
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