

# NORTHWESTERN Banker Newsletter

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October 21, 1974

## Approve Broad Financial Package

A House-Senate Committee has approved a broad financial regulatory package that includes a Federal deposit insurance ceiling increase, a Fair Credit Billing proposal, changes in the system for handling public deposits, and a sex discrimination statute.

The compromise package still must be approved by the House and Senate, but most authorities feel that this will be routine. The new laws would become effective when signed by President Ford.

Probably the item with the greatest interest to the public is the increase in Federal deposit insurance from \$20,000 to \$40,000.

The legislation approved by the Conference Committee would permit Federal insurance of public deposits up to \$100,000 per account on all but demand deposits in banks and thrift institutions. Deposit rate ceilings, which permit thrift institutions to pay a slightly higher rate, would apply. The bill also provides for a two-year study of this new program.

Presently, the law requires that such public funds—deposited by state and local governments—must be backed by municipal bonds. This requirement has worked to the disadvantage of thrift institutions.

### Consumer Protection

The package approved also includes consumer protection provisions, and a section to limit consumer action against lenders.

The Fair Credit Billing section would require card companies to correct billing errors within 90 days or forfeit collections. It also



contains other consumer protection features including one allowing merchants to give discounts up to 5% to those who buy with cash or checks, rather than credit cards.

A section lobbied into the bill by lenders limits court settlements against financial institutions arising from class action suits under the Truth in Lending Law.

The provision sets a ceiling on such settlements of \$100,000 or 1% of net worth, whichever is less.

The legislation would prohibit any creditor from discriminating against any applicant for credit on the basis of sex or marital status.

The legislation would extend to June 30, 1978, a Federal law banning S&L conversions, but it did make an exception.

The final version permits the Federal Home Loan Bank Board to establish a test conversion program involving about 43 S&Ls so the agency can collect some data on such corporate changes.

Congress has been apprehensive about allowing S&Ls to convert to stock companies.

The conferees, with little dissent, approved another proposal banning until June 30, 1976, conversion of mutual savings banks to commercial banks.

In a move to strengthen regulation of bank holding companies, the Senate-House negotiators adopted a provision granting the Fed authority to halt questionable practices and policies by bank holding companies and their subsidiaries.

Federal regulatory agencies now have the power to issue cease-and-desist orders to financial institutions, but not bank or S&L holding companies. The Fed had requested this authority.

The conferees voted down a related proposal which would have given the Federal Home Loan Bank Board the same cease-and-desist power over S&L holding companies.

### EFTS

The package also includes legislation proposing a two-year study of how to establish an electronic funds transfer system. The study would be done by a national commission on electronic funds transfers composed of members from government, the financial community, and the public.

Other provisions in the massive package would:

- Extend until Dec. 31, 1975, the law which permits Federal agencies
- (Turn to page 3, please)

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## Iowa News

**CROMWELL:** The Iowa State Savings Bank, Creston, has assumed the deposit liability of the Cromwell State Bank, and an office of the Creston bank has been opened in Cromwell, according to Joe Knock, president of the \$19 million Creston bank.

The Cromwell bank was closed two weeks ago after an examination determined unsafe and unsound banking practices were in existence.

**DAVENPORT:** Mathew P. Zieringer has been named trust officer of the First Trust and Savings Bank.

**DES MOINES:** George Milligan, vice president, has been named head of the correspondent banking department of the Iowa Des Moines

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**Merchants National Bank**  
Cedar Rapids, Iowa 52401 A BANKS OF IOWA BANK

National Bank, replacing Dale Luckow, who has been elected president of the Dyersville National Bank. Robert Buenneke, assistant vice president, has been named vice president and Dorthea Wolfe has been named administrative officer at the Des Moines bank.

**DES MOINES:** The Small Business Administration will hold a management conference for small businesses at Eddie Webster's, 35th and Freeway on Wednesday, Nov. 6. Details may be obtained from the Greater Des Moines Chamber of Commerce.

**DES MOINES:** Bankers Trust has announced the appointment of Paul P. Gergen as senior vice president and trust officer. Mr. Gergen comes from the American City Bank and Trust Company and the First Wisconsin Trust Company, Milwaukee, where he performed similar duties.

**DYERSVILLE:** Dale Luckow, former head of the correspondent banking department of the Iowa Des Moines National Bank, has purchased controlling interest in the Dyersville National Investment Company, holding company for the Dyersville National Bank. He has been named president and director, replacing B. F. McGee.

**JEFFERSON:** Karl Shoger has

### FOR SALE

Two Herring-Hall-Marvin Five Star Drive-up windows. Commercial Savings Bank, Carroll, Iowa 712/792-4346.

joined the Jefferson State Bank as farm loan officer.

**RED OAK:** The Houghton State Bank (Hawkeye Ban) has made application to acquire the assets and assume the deposit liability of the Cumberland Savings Bank. If approved by regulatory authorities, an office will be operated in Cumberland.

**SIOUX CITY:** Tentative plans for the open house for Toy National Bank's new building is Friday, November 15.

**WASHINGTON:** Lee Holland, director, Washington State Bank, and former IBA president, is a patient at Washington County Hospital.

## IIB vs. Northwest Banco

The Iowa Independent Bankers Petition for Review of the decision by the Board of Governors of the Federal Reserve System approving Northwest Bancorporation's acquisitions of the Bettendorf Bank and Trust Company, Bettendorf, and Security State Bank of Keokuk has been set for hearing and presentation of oral arguments at 9:30 A.M., October 21, 1974, before the U. S. Circuit Court of Appeals, District of Columbia Circuit.

## Wyoming News

**GREEN RIVER:** First National Bank has announced the appointment of Vern Bliss, formerly of Zion National Bank in Salt Lake City, Utah, as a vice president.



**Greg Scharnberg**

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## Nebraska News

OMAHA: Gary Ragnow has been named vice president and trust officer of the Douglas County Bank. Rafael David has been named vice president and head of the control division. Both men have been with the bank four years.

GORDON: Robert W. Isham, president of The First National Bank, has announced the following staff changes: Gary Ruse, vice president and cashier; Keith Peterson, assistant vice president; DeLores Sanders, assistant cashier, and Betty Hensley, operations officer.

## Illinois News

CAROL STREAM: A permit to organize the Suburban Bank of Carol Stream at 411 North Gary Avenue has been issued. Total capitalization of the new bank will be \$1,250,000, \$500,000 in both capital and surplus and \$250,000 in reserve. Organizers include William C. Atten and Kenneth W. Obrecht, Wheaton; Wallace E. Carroll, Lake Forest; Joseph A. Donovan, Naperville; and William E. Mastbaum, Western Springs.

CHICAGO: Seaway National Bank has named Marilyn M. King, manager of the bank's new, off-premises drive-in facility; and Ronald D. Sevier, personnel officer.

GLENVIEW: John H. Beaulieu, vice chairman, has announced the appointments of Jessica Cesaroni and Carl Heine as banking officers.

## Minnesota News

OLIVIA: The American State Bank has announced the addition of Jerry L. King of Winona to its staff as cashier. He formerly was associated with the Town & Country State Bank at Winona.

ORTONVILLE: Glenn Kindt has joined the Tri-County State Bank as assistant cashier.

SHAKOPEE: Daniel G. Steil has been appointed instalment lending officer of The First National Bank.

## North Dakota News

BISMARCK: Donald Anderson has joined the loan department of the Bank of North Dakota.

DEVILS LAKE: The Ramsey National Bank & Trust Company has announced the following promotions: James A. Ridley, loan officer; Mary Dosh and Marilyn Burckhard, assistant cashiers.

MARION: The State Bank of Marion has increased its capital stock from \$25,000 to \$75,000 by stock dividend.

MINOT: The North Dakota Bankers Association will hold its second annual Women's Bank Conference at the Ramada Inn here November 7-8. The conference is for all female bank employees. Registration begins at 4 p.m., Thursday, Nov. 7.

## Colorado News

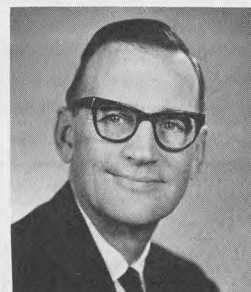
GREELEY: Conrad Greicar has been named vice president and head of the trust department of the First National Bank.

FINANCIAL PACKAGE. . . .  
(Continued from Page 1)

to set varying deposit rate ceilings for financial institutions—the statute known as Regulation Q.

- Permit the Fed to spend \$800 million to construct branch buildings for Fed regional banks, with an admonition that the Fed should consider economic conditions before using the money, and a reminder that the Postal Service has postponed temporarily construction of new post offices as an anti-inflation move.

- Reinstate the authority of the Fed to purchase public debt



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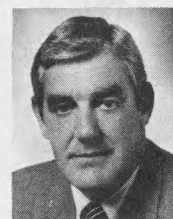
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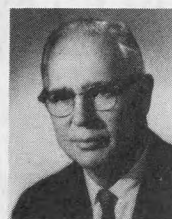


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obligations directly from the Treasury, up to a limit of \$5 billion outstanding at any one time, until Oct. 31, 1975.

Allow Federal financial agencies to submit their legislative recommendations to Congress without first clearing them with the Office of Management and Budget or any other executive agency.

- Increase to \$6 billion from \$4 billion authority of the Treasury to buy Federal Home Loan Bank obligations, and providing that this authority can only be used when the Home Loan Bank system cannot effectively find alternative sources to supply funds to housing.

- Provide for a cash rebate to S&Ls whose balances in the secondary reserve fund of the Federal Savings & Loan Insurance Corporation "are excessive," and would not be reduced within a reasonable time under the present premium repayment structure.

- Allow proceeds of abandoned money orders and traveler's checks to be turned over to the state in which they were purchased.

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