

NORTHWESTERN Banker Newsletter

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Senate Committee To Study Branching

A comprehensive study of national policy concerning all forms of geographic expansion by banking institutions with emphasis on branching will be launched shortly by the Senate Banking Committee's Subcommittee on Financial Institutions.

The major study was announced by Subcommittee Chairman Thomas J. McIntyre (D., N.H.) in a recent talk to the Northern New England School of Banking in Durham, N.H.

Present national policy on branching -- which restricts national bank branching to the same geographic areas permitted state banks by state law -- has resulted in a "mishmash pattern of branching laws nationwide," the New Hampshire Democrat declared.

"But this is merely the tip of the iceberg," he continued. "A further probe will unveil a bewildering, even ludicrous, system of branching laws which defies any rational explanation ...

"It is ludicrous that in 1975, the authority of banks to branch in many jurisdictions is still based upon laws and practices not designed to promote competition, but based upon the fact that existing institutions, however non-competitive they may be, will not be adversely affected ...

"The plain fact is that in 1927 and 1933, the Congress inadvertently made it possible for banks to carve up their markets in such a way as to insulate themselves from competition, and thus, from serving the public to a maximum



degree. It is as if a blanket exemption to the most elementary antitrust principle -- market division -- was awarded the banks of this nation.

"I believe that the Congress has an overriding responsibility to address and formulate a national policy on the underlying issue; namely, the geographic expansion of banking services in the future."

First Step

As a "first step" in the branching study, Senator McIntyre said his subcommittee will "seek to compile and publish a compendium of papers; one, on the history and background of the Federal branching laws which Congress enacted some 40 years ago and, two, on the issue of whether the policy on

geographic expansion by banking institutions contained in those laws is consistent with timely national goals for a sound and competitive financial system serving the best interest of the public today and well into the future. Numerous experts in and out of government will be invited to provide factual and analytical materials to be included in the compendium.

"Once the materials are collected and published, I anticipate the need for eventual subcommittee hearings to determine what new federal legislative initiatives are necessary," Senator McIntyre said.

EFTS Bill

"I, for one, have discovered that few people really took the time to study our EFTS bill, S. 1899, in order to comprehend and appreciate a significant policy directive which was implicit in its provisions. EFTS is a new animal and it would be a classic error for Congress to wrap this new animal in the old clothing of 40 year old branching laws. EFTS branching issue is appropriate for Congress, and Congress alone, to decide. And if ever there was an effective stimulus to reassess the McFadden Act, EFTS was that stimulus. But hiding under the robes of the judicial branch was not only an

BRANCHING
[Turn to page 3, please]

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Iowa News

AMES: James Stienstra has been appointed auditor of the University Bank and Trust Co. He joined the bank last July. The bank also announced that its Time and Temperature Sign now flashes both Celsius and Fahrenheit temperatures as well as time.

DUBUQUE: The Dubuque Bank and Trust Co. has announced the following promotions: Mabel Hartmann to cashier; Richard A. Bean to auditor and Donald T. Schonhoff to assistant vice president.

IOWA CITY: Earl W. Nelson, president, Associated Bank Corporation, reports that the ABC board has approved the previously announced merger of that holding company into Northwest Bancorporation of Minneapolis. The Banco board, meeting last week in Sioux City, approved the merger, setting the rate of exchange for stock at 26 shares of ABC for one share of Banco. After further details are resolved, regulatory approval must be obtained to consummate the merger.

PACKWOOD: Controlling interest in the Farmers Savings Bank has been sold to J. Bill Williams and

Donald Nachtman of Des Moines, according to M. O. Strait, president. Mr. Williams is currently vice president of the Plaza State Bank, Des Moines, and Mr. Nachtman is regional manager of National Fidelity Insurance Co. of Kansas City, Mo. Mr. Williams will be moving to Packwood. Mr. Strait will continue as executive vice president, cashier, and a director.

SIDNEY: Mark J. Orr, vice president and cashier of the Fremont County Savings Bank, was honored at a community dinner recently for 40 years of service.

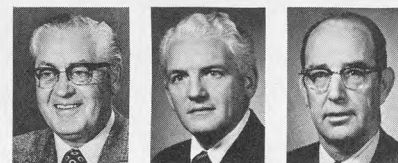
Nebraska News

HOLDREGE: The new First Security Bank Drive-In at 4th and Burlington has opened.

OMAHA: Richard K. Flory has been elected president of the First West Side Bank succeeding James A. Irving who continues as board chairman and chief executive officer. Mr. Flory formerly was vice president and head of the commercial banking division of the Union National Bank in Springfield, Mo.

OMAHA: The North Side Bank has announced the following three appointments: W. Charles Radford, instalment loan department manager; Mariann Shanno, manager of the office at 31st and Willit Streets, and Robert C. Stringer, instalment loan officer.

NORTH PLATTE: William H. Riley, director of banking, has approved North Platte State



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9TH AND MAIN, DUBUQUE, IOWA
MEMBER FDIC - FRS

Bank's application for permission to operate a trust business.

Minnesota News

GRANITE FALLS: William M. Richter has been elected to the board of Granite Falls Bank. He is owner of Readi-Mix plant and co-owner of the Granite Bowling Center.

HAYFIELD: Funeral services were held recently for Paul H. Arendts, 58, president of the Citizens State Bank.

OWATONNA: Owatonna State Bank has increased its capital stock from \$180,000 to \$210,000 by sale of new stock.

ST. PAUL: Eastern Heights State Bank has increased its capital stock from \$400,000 to \$1,200,000 by stock dividend.

Illinois News

CLARENDON HILLS: The board of directors of the Bank of Clarendon Hills has voted unanimously to become a member of the Charter Bank Group which includes three other suburban banks: Wheaton National Bank, Bank of Northfield and Bank of Winfield. An offer from the Charter Bank Group to purchase up to 100% of the Bank of Clarendon Hill's outstanding common stock has been made to its more than 300 shareholders.

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MARSHALL: An application for a permit to organize Marshall Bank & Trust Co. has been filed. The bank's total capitalization would be \$750,000.

WESTMONT: The application by Heritage Bank of Oakwood here for Federal deposit insurance has been approved. The bank's capital accounts total \$1,500,000.

Wyoming News

JACKSON: Melvin D. Hutchings, vice president, has been appointed president and director of The First National Bank. He will serve as chief executive officer.

Approve Checking Accounts for S&Ls

Federal Home Loan Bank Board acting chairman Garth Marston has announced that the Board has proposed regulatory amendments which would, if adopted, permit state-chartered institutions insured by the Federal Savings and Loan Insurance Corporation to offer checking accounts where they are authorized to do so by appropriate state authority. The proposal would not affect Federal savings and loan associations, which are precluded by statute from offering checking accounts.

The proposal is intended to enable FSLIC-insured institutions to compete with noninsured state-chartered thrift institutions in states where such noninsured institutions are authorized to offer checking accounts. It would have immediate applicability primarily in Maine and Connecticut, where recently enacted state laws will shortly permit state-chartered

thrift institutions to offer checking accounts. The Maine law takes effect on October 1, 1975, and the Connecticut law becomes effective January 1, 1976.

ABA Ads To Promote Social Security Deposits

The American Bankers Association (ABA) will launch a nationwide, television advertising campaign October 7 to promote consumer participating in the Treasury Department's Social Security direct deposit program.

Focus of the commercial is on the safety and convenience of direct deposit, pointing out that participation in the Treasury's program by using bank services enables Social Security recipients to deposit payments in either checking or savings account. This feature is unavailable in other financial institutions.

The ABA commercial, which runs through December 10, will be aired 20 times on the CBS morning news, 11 Fridays on NBC's Today Show, two times on the baseball divisional playoffs and 13 times total on three game shows.

In addition, the ABA has prepared a commercial on another aspect of the direct deposit program—automatic payroll deposit. The 30-second spot is scheduled to run early in 1976 on NBC's Today Show and during coverage of the winter Olympics.

Using the theme, "Your Bank—Helping You Change Things for the Better," the ABA's advertising program has, for the past two years, sought to illustrate banking's role in community growth.

BRANCHING [Continued from page 1]

evasion of duty, it runs the further risk of encouraging continued litigation which will only have the unfortunate effect of providing precedent once the issue presents itself inevitably to the Congress for resolution.

"My differences with the Comptroller of the Currency are a matter of record, but I sincerely regret that the courts are now deciding the legality of the Comptroller's EFTS actions on the basis of the McFadden Act.

"While it is conceptually possible that the Congress may enact an EFTS McFadden Act, I feel strongly that it will not; that the environment of the 1980s and beyond calls for rules and regulations which are less, rather than more, restrictive and which recognize the national and international markets in which we do business and the increasing mobility and financial sophistication of our population.

"While litigation remains inevitable in the short-run, I still remain fully convinced, even in the absence of the legislative framework of S. 1899, that the time has come to tackle the branching issue head on."



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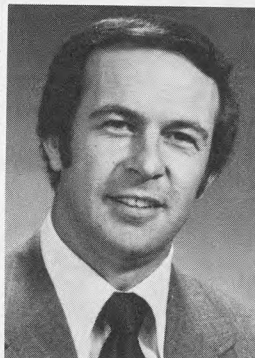
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Colorado News

BOULDER: The First National Bank has announced the following appointments: Kenneth W. Charlton, Paul C. Gilman and Robert I. Spengler, senior vice presidents, and John W. Sidwell, vice president and controller.

DENVER: First National Bancorporation has filed an application with the Federal Reserve Board for permission to acquire the First National Bank of Montrose.

North Dakota News

WESTHOPE: The Peoples State Bank here has filed an application with the Federal Deposit Insurance Corporation requesting permission to establish a branch paying and receiving station in Newburg.

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FOR SALE

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FOR SALE

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- #3033—Installment Loan & lite Commercial; 23 yrs. old, single, Nebraska person with 2 yrs. bank experience \$ 9,600
- #3053—Agri-representative; 27, married, degree. Livestock marketing and management background \$12,000
- #3055—Agri-Loan Dept. Head; 47, married, agri-economics degree; 20 yrs agri-loan exper. in 3 banks \$24,000

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