

NORTHWESTERN Banker Newsletter

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Proposes New Federal Banking Authority

Frank Wille, FDIC chairman, previously has opposed centralization of all federal bank supervisory authority in one office, stating as his reason "because we believe it would eliminate any meaningful choice between the regulatory options now available to the nation's insured banks."



F. Wille In a November 17 address to the fall meeting of the Association of Registered Bank Holding Companies, he said, "I am now prepared to offer an intermediate proposal—a proposal which could realize a significant number of benefits which ought to flow from a greater centralization of bank regulatory functions at the Federal level, yet retains what I believe to be the key benefits of innovation, state-by-state diversity and protection against bureaucratic rigidity and inflexibility which flow from the regulatory choice presently available to almost all insured banks."

(Mr. Wille was New York superintendent of banks for six years, then became FDIC chairman six years ago. He has just announced his intention to retire

from that position when his term expires March 16, 1976.)

Mr. Wille said his proposal contains these elements:

1. The Office of the Comptroller of the Currency would be continued with only two significant modifications in its existing powers and jurisdictions. The first would give the Comptroller authority over one-bank holding company acquisitions relating to national banks. The second would transfer authority over mergers and acquisitions relating to national banks to a multi-member board (described below).

2. The bank examination and supervisory powers of the Fed and FDIC dealing with state-chartered banks would be combined in a new office, headed by a single administrator, as suggested by the Hunt Commission. This official, serving a five-year term like the Comptroller, might be named Federal Supervisor of State Banks.

3. A five-member Federal Banking Board would be created with three ex-officio members: the Comptroller, the Federal Supervisor of State Banks, and one Governor of the Fed System designated by the Fed Board. The two remaining members would be appointed by the President, confirmed by the Senate for terms of five years each, and one would be

designated by the President as Chairman.

This Banking Board would administer the FDIC, the bank holding company powers presently vested in the Fed Board, bank acquisitions under the Bank Merger Act, uniform regulations applicable to all insured banks which Congress heretofore has assigned to the Fed Board, and would also collect basic financial data and other essential information from insured banks.

4. The Federal Banking Board should have certain powers of oversight in the examination and supervision of insured banks. Since it would be administering the deposit insurance program, the new Board should routinely examine a small percentage of national and state banks annually to evaluate the quality of the examination reports it receives from the respective supervisors.

5. The Federal Banking Board should maintain close working relationships with the Federal Reserve System as the nation's central bank, which would continue as "lender of last resort," formulator of monetary policy and the nation's representative among central banks of the world. "The Federal Reserve System should have regular input into the decisions of the Comptroller of the Currency, the Federal Supervisor of BANKING AUTHORITY..."

(Turn to page 3, please)

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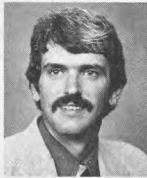
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Congressional Hearings

Three weeks of hearings will be held in December on the House Banking Committee-Financial Institutions subcommittee preliminary proposals for restructuring the nation's financial institutions and the federal regulatory agencies.

Lasater Returns to Mercantile as Chairman

By unanimous vote of the boards of directors of Mercantile Bancorporation, Inc., and Mercantile Trust Co., St. Louis, Donald E. Lasater has returned to his position as chairman of both the holding company and the bank. This followed his acquittal of perjury charges by a federal grand jury in connection with the personal finances of former Missouri Governor Warren E. Hearnes. Mr. Lasater from the first maintained he was innocent of such charges but resigned his posts until the matter was cleared in the courts.

Iowa News

ADAIR: Gerald R. Anderson has

been elected president of Exchange State Bank, according to Gerald Nordbrock, chairman. Mr. Anderson has been second vice president-marketing at The Omaha National Bank, Omaha, and is a native of Walnut, Ia.

DES MOINES: A Federal Reserve Bank of Chicago spokesman has confirmed that Gen. George Olmsted's International Bank of Washington, D.C., has applied to sell its interest in Central National Bancshares of Des Moines to Simon Casady, a major stockholder and an executive of Pioneer Hi-Bred International, Inc., Des Moines.

GARNER: Spencer Ollenburg has been advanced to vice president at Hancock County National Bank, and Jerry Nedved was promoted from assistant cashier to succeed him as cashier.

Nebraska News

LOUP CITY: Larry N. Nelson has joined the Sherman County Bank as vice president. He was formerly manager of United National Bank's branch in Canistota, S.D.

SEWARD: Rhoda Bredow, cashier and director of the Cattle National Bank, has also been elected a vice president of the bank.

North Dakota News

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Vi Wickenheiser have been elected assistant cashiers at First National Bank and Trust Co. Mr. Danielson will continue in marketing, handling advertising and public relations. Mrs. Wickenheiser will supervise bookkeeping, transit and messengers.

Minnesota News

MADELIA: Approval for Citizens Bancshares of Madelia, Inc., as a holding company and acquisition of Citizens National Bank of Madelia has been given by the Fed.

MENDOTA HEIGHTS: Mid America State Bank has changed its name to Dakota County State Bank.

NEW MARKET: Gregory S. Schmitz, 60, director of the New Market State Bank, died recently.

RUSHFORD: Ted Robertson, Jr., has resigned from Peat, Marwick, Mitchell & Co. in Minneapolis to become cashier of the Rushford State Bank in his home town.

ST. PAUL: Directors of First State Bank have elected Otto B. Klett chairman, effective January 1, 1976. Succeeding him as president will be Herbert J. Wogsland, vice president and liaison officer in First Bank System's banking division.

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SAUK RAPIDS: Ronald Havlik, a native of Cedar Rapids, Ia., has been elected president of Northwestern State Bank, replacing Keith Winge, who resigned recently for health reasons. Mr. Havlik most recently has been vice president and cashier at First National Bank in Denison, Ia.

SPICER: Robert G. Johnson, a former FDIC examiner, has been elected vice president at Green Lake State Bank.

Illinois News

CHICAGO: A. Robert Abboud, deputy chairman of The First National Bank of Chicago, has been elected to the nine member board of the Federal Reserve Bank of Chicago. Oscar Mayer, chairman, executive committee, Oscar Mayer & Co., has been re-elected to the Fed board.

WOODHULL: A charter has been issued to Woodhull State Bank, 174 North Division St. The bank has \$200,000 capital, \$200,000 surplus and \$100,000 reserve. Officers are Richard C. Geiger, president; Lawrence A. Lord, executive vice president and cashier; J. Wayne Rehn and C. W. Rodelius, vice presidents.

South Dakota News

ELKTON: Dennis Hart has joined the Corn Exchange Bank as ag rep, a position he formerly held at Farmers State Bank of Flandreau.

PIERRE: The South Dakota division of banking and finance has approved the application of a new state chartered bank here to be known as American State Bank.



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BANKING AUTHORITY... (Continued from page 1)

State Banks and the Federal Banking Board," Mr. Wille states, "with respect to the activities of foreign banks and their affiliates in this country as well as activities of U. S. banks overseas."

6. The Federal Banking Board should pay all costs of examination and supervision incurred by the Comptroller of the Currency and the Federal Supervisor of State Banks and should have further authority to defray the expenses of qualified state banking departments which take over by contract any of the examination or supervisory functions of the Federal Supervisor of State Banks. (The latter refers to the program initiated by Mr. Wille through

which a state, such as Iowa is now doing, prepares examination reports for the FDIC as a by-product of the state department examinations.)

He stated further: "Competition among bank regulators, in other words, can be a healthy thing if it leads to better examining techniques, better administrative procedures, improved financial services for the public, or a more competitive banking environment.

"Accordingly, I believe our system of national and State banks, separately chartered and regulated, is worth preserving. This accounts for the prominence I would continue to give to the Office of the Comptroller and for the role I would envisage for the proposed Federal Supervisor of State Banks vis-a-vis state banking departments."

Ben Eilders,



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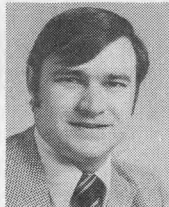
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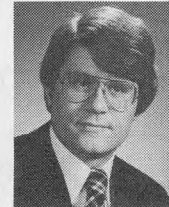
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