

NORTHWESTERN Banker Newsletter

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March 8, 1976

ABA Forced to Battle House Bill

An all-out battle against the proposed Financial Institutions Act of 1976, now before the U. S. House of Representatives, has been launched by the American Bankers Association. After a thorough review of detailed proposals in the FIA, the ABA, through President J. Rex Duwe, wrote a letter February 20 to Rep. Henry S. Reuss (D., Wis.), chairman of the House Committee on Banking, Currency and Housing, informing Mr. Reuss why the ABA would have to oppose the bill.

Hearings began March 4 and continue through March 18 by the House committee.

In his letter, Mr. Duwe recalled that "during the past 4½ years ... banking has supported a comprehensive approach to financial reform in which all financial consumers and institutions, including bank customers and banks, would be fairly treated ... We, therefore, were extremely disappointed with the description of the Financial Institutions Act of 1976 that emerged from the Committee. Instead of fostering competitive equality, the proposal as a whole is unfair to bank customers and to banks ... With great disappointment, we have asked our membership to launch a campaign of all-out opposition."

Mr. Duwe cited several specific points of objection—maintaining an interest rate differential favoring thrifts, disparate reserve requirements between banks and thrifts, opposition to a single regulatory agency, opposition to payment of interest on demand deposits, and opposition to the proposed approach to the housing problem.

Earlier, in its December 17 testimony on the FINE Study, ABA "presented what we believed were a serious set of responses and alternative proposals for fair and equitable reform," Mr. Duwe stated in his letter. He continued, "None of those recommendations are reflected in the Banking Committee's explanation of FIA."

The ABA prepared for its membership two documents. One was headed "Major Points in the 'Financial Reform Act of 1976,'" and the other was titled "The Financial Reform Act of 1976—What's Wrong with It." As delineated in these reports, Mr. Reuss' committee and their staffs have structured the bill in such a way that thrifts and credit unions are granted all kinds of favored options, while banks are granted no new powers; in fact, suffer from further legal and competitive restrictions.

The ABA position as pointed out

in the above two documents has been furnished to all banks and has been reviewed in detail in meetings held in every state in recent weeks. The lengthy details come up with the above conclusions. Practically no new powers or efforts at innovation are granted banks, while thrifts and credit unions are being granted "hunting licenses" on commercial banking business while operating under different ground rules.

Because of the unfavorable position in which practically every phase of the FIA places commercial banks, the banking industry has no alternative, Mr. Duwe reports, than to oppose the bill.

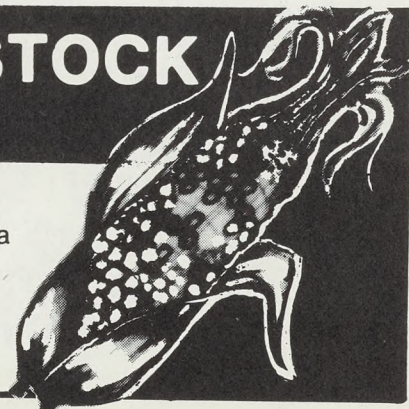
If the FIA should be enacted, Rep. Reuss wants it crammed through Congress in coming weeks in time to have differences with the Senate FINE Act resolved so the bill can be on the President's desk by July 4. If the bill should be enacted, it would have to go to a conference committee with the Senate to resolve the differences between the House bill and the Senate legislation voted last fall. Since both bills are anti-banking interests, the ABA warns its members that either bill or a conference of the two would serve only to harm banking's competitive position.

HOUSE BILL
[Continued on page 5, please]

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Comptroller Names Denver Regional Administrator

The retirement of John R. Thomas as Regional Administrator of National Banks in Denver and the appointment of Kent D. Glover as his successor recently were announced by Comptroller of the Currency James E. Smith.

Mr. Thomas, a veteran of 30 years with the Comptroller's office, had been administrator for the 12th region since 1962. Mr. Glover, who has been with the Comptroller's office since 1951, has served as deputy Regional Administrator in San Francisco since 1964.

Iowa News

• The House Commerce Committee on February 27 voted to restrict EFT operations so that customers could deposit their money only through terminals located in the same county as the financial institution's business offices or in counties contiguous to those offices. This controversial provision is one favored by the

Iowa Independent Bankers and opposed by the Iowa Bankers Association, and is expected to be debated on the floor of the house as an amendment to the present electronic banking bill which is to become fully effective July 1.

• The Senate Committee on Cities has recommended for passage a bill which would substantially alter the depositing of public funds. Under the bill, s&ls would be authorized as depositories for funds. Also, the provision that funds which cannot be deposited for at least 90 days is changed to eliminate the 90 day requirement and the bill now simply states that public funds which are not deposited may be invested.

The IBA maintains the bill is a radical and unnecessary change. It ignores extensive services provided by Iowa banks and the fact that banks invest a vast majority of their deposits back into their communities; whereas, s&ls, particularly in rural communities, export deposits, much of them for investment outside of the state.

AMES: William R. Hurd has joined the Union Story Trust and Savings Bank as vice president. He formerly was with the Exchange State Bank in Adair. Ona Lee Kelly was promoted to assistant vice president and Alice M. Bechtel to assistant cashier.

DES MOINES: Capital City State Bank has received permission to establish an office at 1237 Grand Avenue in West Des Moines.

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National Bank of Waterloo

HAMPTON: R. R. (Ron) Hirth has been appointed to the board of Hampton State Bank. He has been with the bank for 14 years and has been cashier for the past two years.

KALONA: Farmers Savings Bank has announced the following promotions: D. G. Yoder to senior vice president, Jan M. Skola to vice president, Larry Kern to vice president and cashier, Eileen Yotty to assistant vice president, Margaret Miller to assistant cashier and Belle Davis to honorary vice president.

KNOXVILLE: Iowa State Savings Bank has received permission to establish a banking office at 413 East Main Street here.

MUSCATINE: James V. Pulliam has been named manager of the Muscatine Mall office of First National Bank.

NEWTON: Greg Cranston was promoted to agricultural representative at the Newton National Bank.

STANTON: James W. Grotenhuis recently was elected president of the Security State Bank. He succeeds his father, W. J. Grotenhuis who was elected chairman.

URBANDALE: Craig W. Jorden

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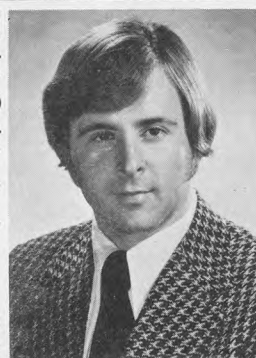


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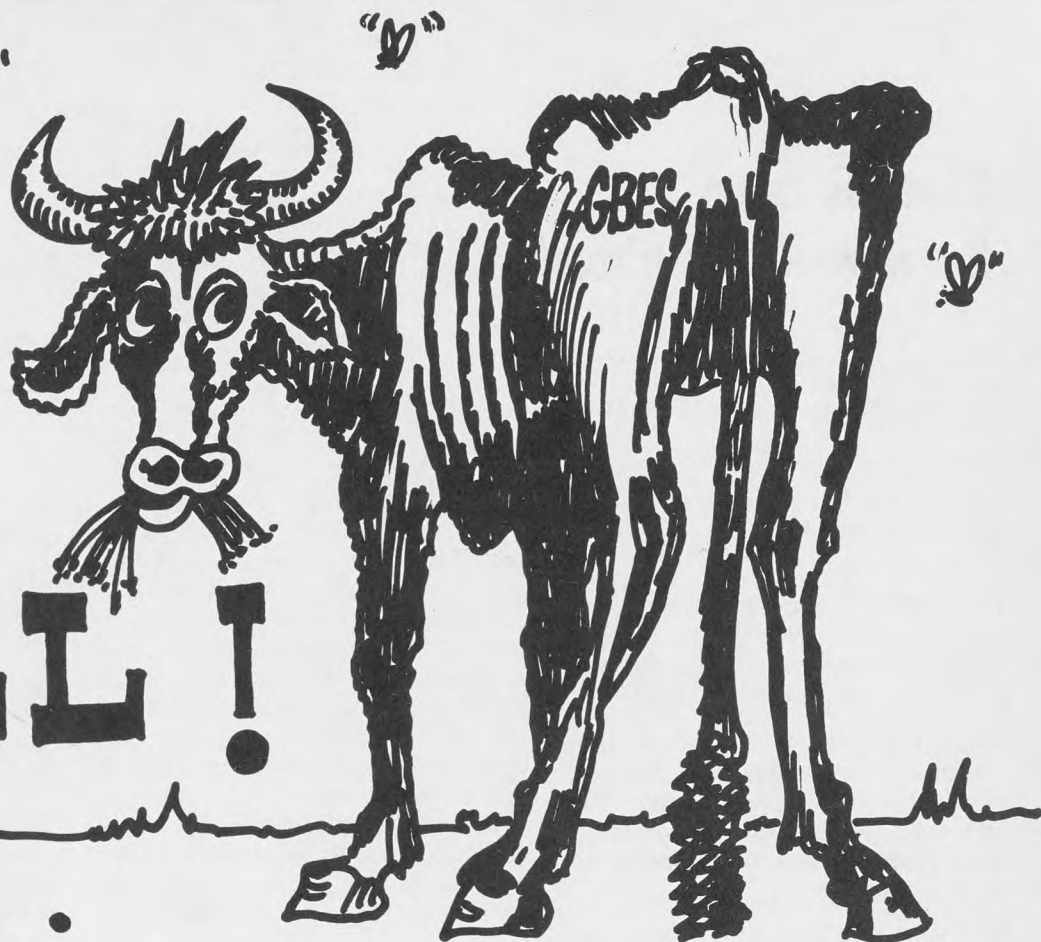


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has been elected assistant cashier of the Brenton Bank and Trust Company.

WAVERLY: The State Bank of Waverly has promoted Larry Skinner to vice president and Betty Suntken to assistant cashier.

WESLEY: LeRoy H. Klein has resigned as chairman and director of the Exchange State Bank. He had been an officer and director since 1942 and is now in retirement at Spirit Lake.

MISSOURI VALLEY: Everett Brown has resigned as a vice president in the correspondent bank division at U. S. National Bank, Omaha, to become vice president at Peoples State Bank here March 1.

Nebraska News

A bill containing an amendment that would permit Omaha National Bank to retain its present three detached facilities in Omaha is expected to come up for final consideration in the legislature this week. Such retention was approved 34-2 last week as an amendment to LB763, an unrelated bill. Omaha National for some years has had a drive-up facility at 17th and Dodge in the same block as the main bank, and has been considered as part of

the bank property, connected by tubes. A recent Circuit Court decision ruled connection by pneumatic tubes does not constitute "attached." Several other Omaha banks brought the action. Omaha National has two other facilities under Nebraska law which authorizes one within three miles, the other within the city limits. The amendment would rule that a facility within 200 feet of the bank and connected by pneumatic tubes, walkways or tunnels would be considered part of the bank.

SCOTTSBLUFF: James P. Colgan has been elected president of Nebraska Savings Co. He joined the company, which is a subsidiary of NBC Co. of Lincoln, in 1974 from the National Bank of Commerce in Lincoln.

Minnesota News

ARLINGTON: Jerry L. Julius recently was promoted from installment loan officer to assistant cashier of the Arlington State Bank.

EMMONS: C. C. Cavanaugh has been elected executive vice president of the First National Bank. He was appointed vice president in 1973 and director in 1975.

FOUNTAIN: First State Bank has

announced the promotion of Marjorie Spelhaug to assistant cashier.

HERMAN: First National Bank has announced the promotion of Carol Richards to assistant cashier.

MADISON: Steven Payne has been promoted to vice president of the State Bank of Madison. He has been with the bank since 1973.

MORGAN: Clark Connell, 25, has joined the State Bank of Morgan. He formerly was with the First Bloomington-Lake National Bank in Minneapolis.

PERHAM: Dennis Awes has been elected to the board of Perham State Bank. He has been with the bank since 1972 and is serving as assistant cashier.

PINE CITY: Bob Salonek has been named real estate officer and Lois Walz has been elected assistant cashier of the First National Bank.

Illinois News

BEARDSTOWN: The First State Bank was issued a state bank trust certificate. Robert Buck was named executive trust officer.

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CHICAGO: A permit to organize the First Security Bank at Pearson and Seneca Streets has been issued. The state bank's total capitalization of \$3 million will consist of \$1,200,000 in both capital and surplus and \$600,000 in reserve. Organizers are James W. Baschen, Oak Brook; George M. Burditt, LaGrange; Richard E. Burow, Wheaton; Vernon S. Hoesch, Naperville; James D. Polivka, LaFox; Daniel Ruge, Chicago; Robert L. Stuhr, Wilmette, and Joseph E. Wyse, Winnetka.

DWIGHT: Ralph F. Sodini has joined the board of the First National Bank. He has been with the bank since 1927.

PANA: The Peoples Bank was issued a state bank trust certificate. Harrison Mansfield is the executive trust officer.

SCHAUMBURG: Woodfield Investment Corporation here has received approval to become a bank holding company through acquisition of Woodfield Bank.

North Dakota News

BISMARCK: Ron Lamphear has been promoted to assistant vice president and manager of the instalment loan department of the State Bank of Burleigh County. LeRoy Moore, formerly manager of a local finance company, has joined the bank's instalment loan department.

MINOT: American Bank and Trust Company has increased its capital from \$1.5 million to \$2 million by stock dividend.

NEW ROCKFORD: First State Bank has increased its capital from \$150,000 to \$200,000 by stock dividend.

South Dakota News

The Governor has signed the EFT enabling bill passed by the legislature and it will become law on July 1. The bill provides for manned or unmanned remote units; requires mandatory sharing; requires 30-day prior notice to the director of banking and financial institutions; provides for use by customers of banks from across state lines, and rules that remote units are not branches or branch offices.

The legislature will study this summer the Financial Institutions Franchise Tax to determine if it needs revision.

SIOUX FALLS: Gerald B. Feldhaus recently was named vice president and manager of the United National Bank at the 10th and Main Avenue office following the merger of Union Bank & Trust and United National Bank.

Colorado News

The Colorado Senate Business Affairs and Labor Committee has approved a bill authorizing the establishment of electronic funds transfer systems in the state by a 7-2 vote. Late last week the bill was sent to the Senate floor for debate. The Colorado Bankers Association wrote the bill, sponsored by Senator Fred E. Anderson (R.-Loveland), which provides for generally unrestricted establishment of competing EFT systems.

The committee also approved an amendment suggested by Lee Bennett, who spoke on behalf of retailers. The amendment says that a proprietor of a retail establishment who owns and operates a point-of-sale terminal on his own premises can refuse access to his system by other systems operated either by financial institutions or third parties.

HOUSE BILL [Continued from page 1]

When the 217-page bill was made public last week to a standing room only crowd, Rep. Fernand J. St. Germain (D., R. I.) said "I doubt very seriously that the end of 5½ years will be the end of Regulation Q." Mr. Reuss disputed this.

Ed. Note: In response to his letter to Rep. Reuss, Mr. Duwe received a reply dated February 26. A review of the letter shows it to be personally insulting to Mr. Duwe, insulting to the ABA, inflammatory against banking in general and big banks in particular, accusatory in nature to David Rockefeller and Walter Wriston, who were referred to in the letter by name, and patronizing in complete tone as typified by this closing paragraph:

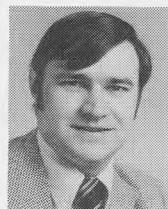
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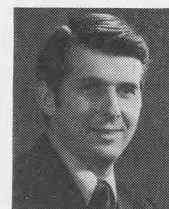
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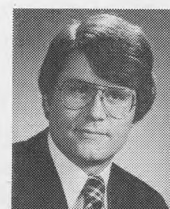
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