

NORTHWESTERN Banker Newsletter

Vol. 5 No. 9

Des Moines, Iowa

June 28, 1976

Minnesota President Answers AFL/CIO

John D. Chisholm, outgoing president of the Minnesota Bankers Association, and president, Marquette Bank & Trust Company, Rochester, responded point by point to a call made recently by David Roe, president, AFL/CIO in Minnesota, for tougher banking laws because of what Roe called an "almost depositor-be-damned" attitude in the banking industry. Here are Mr. Chisholm's comments made at the 86th MBA convention:

"The shrill cry of a prominent labor leader was heard the other day calling for 'tougher' banking laws. He asked financial institutions to disclose the location of their loans and to delineate the areas where deposits are generated. He complained the recent exemption in the usury statute relating to real estate lending had not had the promised effect on the housing industry or has it resulted in additional employment for the building trades. Bank charters, he said, should not be perpetual, but reviewed periodically and revoked if the institution's performance was not up to some nebulous standard. He asked that interest rates on escrow accounts be increased and complained banks that made

out-of-state investments had a 'depositor be damned' attitude."

Loan Status

"In regard to the situs of loans and deposits, such information is generally available. Effective June



J. D. CHISHOLM

28, 1976, federally insured or regulated depository institutions with \$10 million or more in assets located in standard metropolitan statistical areas (SMSA's) will be required to disclose publicly the geographic location of their mortgage loans involving one to four family residents. A few weeks ago, such a request made by a consumer group, was answered in specifics and the percentage variation between deposits generated and the location of the loans was not significant. This was no surprise to commercial bankers, but, I am

sure, disappointing to a vocal public. Commercial banks have no fear to share this information for the purpose intended, but object to the cost of breaking out the statistics and sharing marketing information in regard to location of deposits with any interested competitor. To make a general request of the industry for this information is ludicrous."

"The law permitting an exemption of loans relating to real estate from the usury statute has been in effect little more than 60 days. To make a statement at this early date that it has failed in its purpose is, frankly, just irresponsible. It should also be understood that this legislation was not offered as a solution to the housing problem. Contrary to the complaint, it has made more money available and people can now obtain a loan to buy a house. But the inflationary cost of housing is another matter. Young people and people with moderate incomes are priced out of this market, and labor rather than faulting the banks should offer some positive assistance to the solution of the problem."

Bank Charters

"The suggestion to review bank charters periodically, while never offered seriously, has been used to

[Turn to page 3, please]

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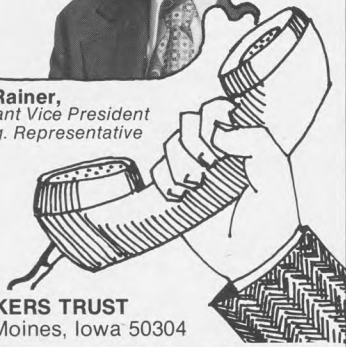
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Comptroller Smith Resigns

James Smith has resigned as comptroller of the currency, the White House announced last week.

Previously deputy undersecretary of the treasury, Mr. Smith, 46, has served as comptroller for the past three years. His resignation is effective of a date to be determined. His term was to end March 23, 1977. This past week, he spoke at the Michigan Bankers Convention.

Starting his political career as an assistant to the late Senator Karl Mundt from South Dakota, Mr. Smith earlier this year received substantial congressional criticism

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for the amount of money he spent attending conferences. He has also been under attack from independent bankers for his views on CBCTs.

Iowa News

CEDAR RAPIDS: B. L. Anderson, president of B. L. Anderson, Inc., has been elected to the board of Banks of Iowa, Inc. He also is a director of The Merchants National Bank here.

DES MOINES: Bankers Trust has announced the appointment of Jack I. Conner as senior vice president in charge of the bank's investment department. Mr. Conner has moved from the First National Bank in Jackson, Miss., where he was vice president and manager of the investment department.

OSKALOOSA: R. L. (Dick) Cousin has joined the Iowa Trust and Savings Bank as executive vice president. He was vice president and cashier at the State Bank of Waverly.

Nebraska News

OMAHA: Howard Sunderman has been named vice president and cashier of the Cornhusker Bank. He formerly was vice president and cashier of the Ames Bank.

OMAHA: Michael B. Yanney, executive vice president, has been appointed to assume additional responsibility as cashier of The Omaha National Bank.

ORD: The Federal Reserve has announced its denial of the application of Nebraska Banco, Inc., to become a bank holding company through the acquisition of Nebraska State Bank here.

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Illinois News

CHICAGO: The Federal Reserve has announced its denial of the applications of North Lawndale Economic Development Corporation here to become a bank holding company through acquisition of Community Bank of Lawndale and to continue to engage in various nonbank activities.

Minnesota News

BURNSVILLE: Arthur I. Nelson recently was elected executive vice president and director of First Burnsville State Bank. He joins the bank from the American National Bank and Trust Company, St. Paul, where he was vice president, correspondent banking.

DETROIT LAKES: Gregory M. Lecy has joined the Detroit State Bank as assistant vice president. He formerly was an examiner at the St. Paul office of Bremer Service Co.

ST. PAUL: Steven R. Ashley, Dennis K. Dingman, John A. Edwardson, Jr., and Craig R. Johnson have been named assistant vice presidents of the First National Bank.

EDINA: Darrell G. Knudson recently was elected president and chief executive officer of First Edina National Bank succeeding Warren R. Hinze who was elected chairman. Mr. Knudson formerly was president and managing officer of the First Bloomington Lake National Bank, Minneapolis.

HENDERSON: Fred B. Johnson is the new president and director of Sibley County Bank. He formerly was executive vice president and director of Citizens State Bank, St. Louis Park.

MINNEAPOLIS: Robert W. Torvik, vice president, has been elected president and managing officer of the First Bloomington Lake National Bank. He succeeds Darrell G. Knudson now president of First Edina National.

Wyoming News

Kenneth C. Naramore, president, Stockmen's Bank of Gillette, recently was elected president of the Wyoming Bankers Association at its annual convention at Jackson Lake Lodge in Moran. He succeeds

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Harmon H. Watt, president, First National Bank, Riverton. Other officers elected include first vice president Orin G. Geesey, president, First National Bank, Kemmerer, and second vice president E. J. Haines, president, The First National Bank of Laramie. A complete convention report will appear in the July issue of the Northwestern Banker.

Montana News

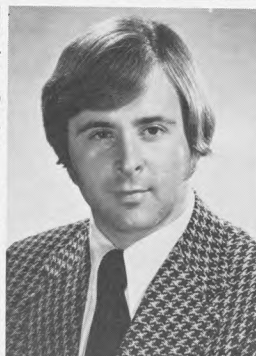
Phil A. Yates, president of Citizens Bank of Montana, Havre, was elected president of the Montana Bankers Association at its annual convention last week in Sun Valley, Idaho. He succeeds Al F. Winegardner, president, First National Bank and Trust Co., Billings. W. R. (Bill) Tait, president of the First National Bank in Butte, was named president-elect. A complete convention report will appear in the August issue of the Northwestern Banker.

ANSWERS AFL/CIO [Continued from page 1]

harass bankers as long as I can remember. Why confine this review to banks? Why not include such corporations as Minnesota Mining, General Mills, the AFL-CIO - big industry and big labor also have tremendous impact on the public and the public interest. In my opinion I think there should be a 'sunshine' bill for big labor—the public has a right to know e.g., how pension funds are invested and administered."

"Interest rates on escrow ac-

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Jerry Trudo
Asst. Vice President

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counts can be increased, but the cost will be reflected in higher interest rates on loans or the assessment of service charges—there is no 'free lunch'. The volatility of these deposits, the cost of record keeping and now payment of interest have made the maintenance of these accounts by our smaller banks impractical."

"The 'depositor be damned' attitude would better be attributed to big labor in this instance, than to the commercial banks. It was their stubborn insistence on maintaining an antiquated and outmoded usury statute that drove money out of this state these past three years. It also should be noted, the exemption, while helpful in-state, will do nothing presently to assist us in the secondary mortgage market out-state, as our current rate is not competitive."

Changing Public

"While the railings of an uninformed and prejudiced labor leader can be discounted, we would be remiss if we were to summarily disregard the changing interest of the public and of legislators in

regulatory and supervisory reform. There is, as Governor Gardner said the other day, 'considerable public dissatisfaction with the status quo.' The plain fact is that the public believes there are concentrations of power and inequalities of services in our present financial industry. We are looked to and have been an attractive target for those seeking redress for many economic ills."

"The actions of private enterprise have always impacted on the public. What is different today is the extent of which there is interest and concern on the part of the public about just what these impacts entail. And to the degree that private industry impacts on the public in ways seeming to detract from life's quality, rather than adding to it, there has been an active response from the public to change the existing state of affairs."

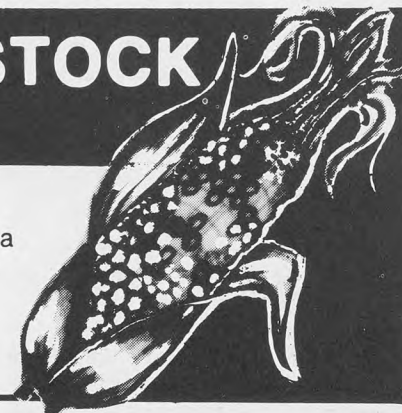
"Our industry is not excepted in this inquiry and difficult questions must be answered. For example, is it our social responsibility to better assure that those who can least afford credit do not wind up paying

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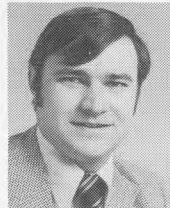


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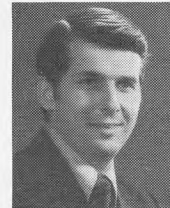
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more than anyone else for it? Is it our social responsibility to refuse loans to corporations whose actions clearly detract from the quality of life?"

"We are no different in this respect than other organizations. The acts of banks, just as with other corporations, impact in material ways on the public welfare and consequently, these acts are the public's business. The label private enterprise misleads us if we believe banks have the right to seek profits, in privacy and secrecy, without regard to the negative impacts that may be inflicted on society as economic gain is pursued."

"Because the public is increasingly aware of the powerful influence we have on the direction and quality of life there will be an increasing demand on their part for a much fuller disclosure of the policies and activities of our banking institutions."

"We literally were pushed into full disclosure of interest rate charges under truth-in-lending legislation; now are experiencing pressure for disclosure of investment, loan policies, source of funds and descriptions of security holdings in the trust area. We can expect increasing pressures to disclose practices in other areas of our business, as well. We will be expected, and it perhaps will be mandated that we make publicly

available any information that the public has a right to have to determine whether or not our banks are operating in the public interest."

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