

NORTHWESTERN Banker Newsletter

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Amid Banker Controversy

Governor Amends Illinois Bill

ACTION by Illinois Governor James Thompson to amend SB 635, a bill approved by the General Assembly to allow banks to have a location across the street from the main bank, has aroused controversy among bankers in the state. As passed by the legislature, SB 635 provides that a state-chartered Illinois bank may go across an alley or street from the main bank building and not have such a location counted as a detached facility. This was intended among other things, apparently, to resolve some traffic flow conflicts that impeded customers trying to use the main bank facility.

SB 635 was supported by the Illinois Bankers Association and by the Association for Modern Banking in Illinois. It was unopposed by the Independent Community Banks in Illinois, which has 524 members, practically all of whom are among the 950 members of the IBA. AMBI has a membership of about 250, including most of the major banks in the state.

A provision in the bill apparently states that a bank could go only one way from its main bank building in its effort to go "across the street" and that direction would be directly from the building, rather than "across the street" in any direction

from the block in which the bank is located.

An Illinois Governor has about the broadest amendatory powers of any Governor in the nation and may line veto a bill, or may go so far as to strike out everything after the enacting clause and rewrite the bill. Governor Thompson elected to add a provision that treats the downtown Chicago Loop area in a manner that allows banks in the limited area to go "across the street" in any direction from the block in which the main bank is located. His provision further adds that such unit "across the street" is not considered a part of the main banking house in order to prevent a Loop bank from leap-frogging by reasoning that it could then also go "across the street" again from the facility. Also, Governor Thompson's provision would prevent a bank from measuring from that facility to establish the 1,500 foot distance to which any bank is limited for one of its two previously authorized detached facilities. In other words, all such measurement for detached purposes would still have to be from the main banking house.

The Governor's action was looked on by AMBI bankers as a preventive definition and one that recog-

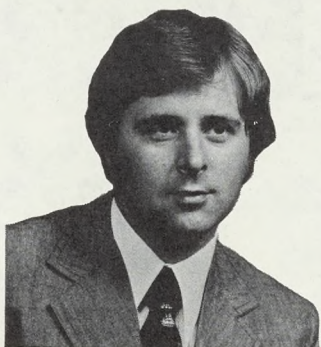
nizes the physical limitations in the Loop area due to high-rise buildings and traffic flow.

It is supported by AMBI. The Governor's action is strongly opposed by ICBI members. The ICBI's contention is that such an amendatory veto provision by the Governor "is a serious departure from the purpose and intent of the legislation and was never considered by either house as a branching measure," according to James L. Winningham, president of the ICBI. His organization feels that by rewriting the bill the Governor is creating branch banking authority. ICBI expressed its objections to Illinois Commissioner of Banks William C. Harris, but the recommended changes by the Governor have been sent to the Senate and are on the fall agenda.

The legislature will convene in veto session October 3. Illinois law requires a simple 50% majority of both Houses to uphold changes written into a bill by the Governor.

Mr. Winningham said "the Governor's changes in the bill create two banking areas in the state with separate treatment. They provide that banks in the Central Business District of Chicago would have the power to create an indeterminate number of such 'across the street' additions and specify that these

ILLINOIS BILL . . .
(Turn to page 4, please)



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Federal Reserve Ups Discount Rate to 11%

The Federal Reserve Board of Governors raised the discount rate to banks last week to 11%, a record high. A day later, Bankers Trust Company of New York increased its rate to stockbroker firms to 13%, apparently signaling a further increase in the prime rate from its present record high of 13% which was established within recent days.

Iowa News

The 93rd Iowa Bankers Association annual convention opened Sunday, September 23, at Des Moines' beautiful new Civic Center and will continue through Tuesday evening. Registration at the nation's largest state bankers convention again exceeds 4,000.

DAVENPORT: Brenton First National Bank has received permission from the regional administrator of national banks to operate a CBCT unit at 320 West Kimberly Road.

DES MOINES: Richard C. Remer has been elected senior vice president and senior loan officer of Northwest Brenton National Bank. He was formerly vice president and manager of the bank's branch offices. Jack W. Schlemmer, senior vice president and trust officer, has been named manager of the Johnston office.

LISBON: Frank Farrar has purchased an interest in Lisbon Bank and Trust Company and in partnership with Vice President Eugene

Kaiden will own controlling interest in the bank. Mr. Kaiden moved to Lisbon from the Farmers Savings Bank of Walford in May, 1978, and purchased the majority control from Harry Sizer and other stockholders. Mr. Sizer died in July of this year. Joseph D. Petra, formerly senior vice president at Citizens National Bank, Boone, was elected president July 16, as reported earlier.

TRAER: Kupka's, Inc. here has received consent from the Federal Reserve Board to acquire the First Community Bank and Trust.

Nebraska News

BELLEVUE: Harold Engelkamp has been named marketing officer of the First National Bank here. An assistant loan officer for the past year and a half, he will continue to serve as supervisor of the bank's Old Towne office.

BROKEN BOW: Security State Bank has received consent from the state department of banking and finance to establish a detached auxiliary teller facility at 451 S. First Ave. here.

DANNEBROG: The Dannebrog State Company has received consent from the Federal Reserve Bank of Kansas City to acquire the voting shares of the State Bank of Dannebrog.

HEBRON: Thayer Agency, Inc. here has received consent from the Federal Reserve Bank of Kansas City to acquire the voting shares of the Thayer County Bank here.

OAKDALE: Melvin E. Johnson, who purchased the First State Bank in 1968, has resigned as president but will continue active in the bank and on the board of directors. Succeeding him as president is Robert D. Zuehlsdorf, who joined the bank February 1, 1979, as executive vice president, chief executive officer and director.

OMAHA: Hal F. Childs, a veteran municipal bond salesman who has been well-known to bankers throughout Nebraska, Iowa, South Dakota and Colorado for many years, is recuperating at home from a serious illness after an extended stay in a local hospital. Mr. Childs lives at 2815 So. 126th Plaza, Apt. 18, Omaha, Neb. 68144.

Minnesota News

BLAINE: Judy O'Hagan has been promoted to cashier of the First Northtown National Bank here. Karen Reider and Joe Kelsey have been named personal banking officers.

DANVERS: Open house was held last Friday at State Bank of Danvers to celebrate completion of the bank's new building and the 75th anniversary of the Connolly family in the banking business. Thomas C. Connolly is president of the bank.

MINNEAPOLIS: Bradley C. Krohn has been appointed vice president and manager of loan participations and allocations at First System Services, a subsidiary of First Bank System, Inc. He joined FBS in 1970 as a trainee at First Bank Albert Lea and went into First System Services in 1973 as an examiner. Most recently he has been vice president of First Plymouth National Bank, Minneapolis, since 1977.

Illinois News

ELMHURST: Frank C. Rathje has been elected president of Elmhurst National Bank effective November 1 to succeed Donald M. Carlson, who will continue as a director and chairman of the executive committee. Mr. Rathje is vice president and world relationship manager in the

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LINCOLNSHIRE: Jack W. Sharp has been elected president of the First National Bank, according to Chairman Charles G. Freund. Mr. Sharp most recently has been vice president of the Elgin National Bank and prior to serving that bank was president of the Buffalo Grove National Bank.

STRONGHURST: The Bank of Stronghurst sponsored a recent breakfast to honor K. C. Parrish, a local farmer who pioneered irrigation of farm land in the area. When Mr. Parrish purchased his 80-acre farm in 1944 the corn production was about 21 bushels per acre. With fertilizer he raised it to 35 bushels, and by adding nitrogen brought it up to 65 bushels. After installing irrigation he boosted production to an average of 130 bushels per acre, with a high one year of 152 bushels. Henderson County here now has 50 units irrigating 7,000 acres.

South Dakota News

The South Dakota Bankers Association will conduct its annual Instalment Credit Conference October 4-5 at the Holiday Inn, Mitchell. Dan Gasper, assistant vice president, First National Bank of the Black Hills, Rapid City, will extend the welcome. "How Does a Bank Cope with Compliance?" will be presented in three segments starting at 10:30 a.m. and continuing until 4:00 p.m. These sessions will cover establishing a compliance program,

loan application and disclosure, a workshop, and a question and answer period.

Samuel J. Rasmussen of Sun City, Ariz., will be the banquet speaker that evening. On Friday morning, John M. Patton, assistant vice president at First Mitchell National Bank, Mitchell, will discuss "Formulating a Lending Policy." The closing speaker on "Bankruptcy" will be Robert Warder, a Rapid City attorney who is western South Dakota trustee for bankruptcy.

North Dakota News

FARGO: Paul P. Feder has been appointed president of the Union State Bank of Fargo. He formerly served as vice president and has been a director since the bank's opening in 1972. D. Benjamin Clapp, formerly assistant vice president, was named executive vice president. B. Kim Aschemeyer, formerly assistant vice president and cashier, was named vice president and cashier, and Rodger St. Michel was named vice president.

Wyoming News

CASPER: Joe Mangum has been advanced to senior vice president at First Wyoming Bank-Casper. He joined the bank in March, 1978, as vice president in commercial loans.

CHEYENNE: Ms. Shirley Nagengast has been named regional auditor for Wyoming Bancorporation and is based in Casper.

RIVERTON: Ron Davis has resigned as executive vice president of

the First National Bank to enter into other business here.

SHERIDAN: Paul D. Koehler has been appointed cashier of the First Wyoming Bank, N.A.-Sheridan. He formerly served as assistant treasurer of Wyoming Bancorporation in Cheyenne since 1975.

Montana News

HELENA: Timothy J. Healey has been elected president and chief executive officer of the First Trust Company of Montana. He succeeds Bruce R. Thomson, who retired August 31 from that post and as chairman of the First National Bank of Helena.

Colorado News

KERSEY: The newly chartered Kersey State Bank opened September 4 for business here in a new building. Edward Clowers, president, reports capital is \$250,000, surplus is \$200,000 and undivided profits are \$100,000. Located nine

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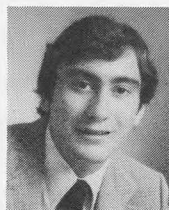
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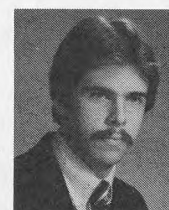
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4 miles east of Greeley, the Kersey State Bank board is made up of local area citizens. Vice president and cashier of the bank is Larry Neuschwanger, formerly vice president in the loan department at Cache National Bank in Greeley. He has nine years of banking experience. Mr. Clowers formerly was cashier at First National Bank of Holyoke and has been in banking 12 years. Kersey has a population of 1,100.

ILLINOIS BILL . . .

(Continued from front page)

additions are not part of the main bank's premises. Since they would offer full banking services to the public, they would be branches, although this terminology is not used in the amendment.

"Branch banking," Mr. Winningham continued, "would be possible statewide through the Governor's proposal, which would allow all other banks in the state to create one 'across the street' addition which also would not be considered part of the main bank's premise. ICBI has historically opposed branch banking in Illinois. During the past several years, our organization of 425 member banks has worked cooperatively to create a statewide electronic funds transfer system which is now pending the Governor's approval. We must continue to strongly oppose granting authority for brick and mortar branch banking."

AMBI officials were meeting for their annual convention last week at the Continental Plaza Hotel in Chicago and were slated to take up the matter at an executive session, according to James B. Watt, AMBI executive vice president.

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