

NORTHWESTERN Banker Newsletter

Vol. 12 No. 41

Des Moines, Iowa

January 30, 1984

FDIC Seeks Broker Deposits Limit

FOR SOME months FDIC Chairman William Isaac has been proposing various ways to make greater risk-taking by banks be reflected in their FDIC coverage. One proposal would increase the premium refund for about 85% of the banks, cut in half the refund for an additional number, and wipe out any refund for a few high-risk banks, through a risk assessment process based on bank examinations.

A second proposal would curb deposit insurance on brokered deposits. On January 13 the FDIC and Federal Home Loan Bank Boards proposed that deposits placed in banks through money brokers be limited for insurance coverage to \$100,000 per broker per bank. If adopted, the regulation would be effective October 1. The proposal most likely will be considered in one of the federal legislative packages taken up by Congress.

Money broker firms, such as Merrill Lynch, immediately denounced the proposed regulation, saying it would kill off the brokerage deposit route for funneling badly needed deposits into banks, and would deny insurance coverage to investors who would otherwise have the same insurance coverage if they placed the

deposits directly.

One voice raised in opposition to brokered deposits came from the State of Iowa when Assistant Attorney General Howard O. Hagen wrote the FDIC on November 19 stating, "We wish to advise you of the State of Iowa's opposition to the brokering of deposits." In the letter he referred to litigation the Iowa department of banking has been pursuing for well over a year based on investment firms soliciting local deposits in Iowa, then transferring them out-of-state through an out-of-state bank for placement in various other institutions outside of Iowa. The Iowa superintendent of banking challenged the procedure, stating it was violating Iowa law by conducting a banking business without a charter. Mr. Hagen in his letter said his objection is based on Iowa law and Eighth Circuit Court precedent saying such activity constitutes unlawful branching and interstate activity on the part of banks or s&ls.

Other banks have sided with the money brokers in this matter. Readers who wish to express an opinion on this proposal by FDIC and the FHLBB may send comments to the NORTHWESTERN BANKER at 306 15th St., Des Moines, Ia. 50309. □

Iowa News

At its meeting on January 21, the Iowa Bankers Association board of directors took a position on the proposed subject of interstate banking. The board supported reciprocity with contiguous states, but with a distinct limitation. An Iowa institution to be acquired must be a multi-bank holding company with 10 or more banks of \$750 million deposits in the MBHC.

In addition, the IBA board voted to support expansion of the current 8% limitation on total deposits a holding company can own, by including deposits of Iowa savings and loans and savings banks. Under present Iowa law, a holding company could purchase a savings bank and not have to count those deposits in its total against the 8% limitation. Thus, including these thrift institutions in the proposed bill means that 8% of the broadened base of deposits equates to 10.6% of the present base of commercial bank deposits. An out-of-state owned holding company (only Norwest at this time) could not take advantage of this expansion until its home state (in this case, Minnesota) has voted reciprocity with Iowa banks, or until July 1, 1988, whichever comes first.

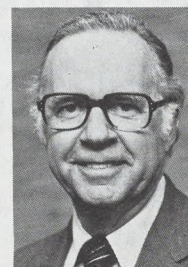
The IBA board vote was 11-1 in favor, with two not present. Those

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Mark Conway

two board members indicated they favored the majority vote.

At its most recent meeting the Iowa Independent Bankers Association executive committee had voted to retain the present holding company limitations, which forbid acquisition of Iowa banks by an out-of-state bank or holding company. The IIB group further supported the present 8% limitation on ownership of Iowa bank deposits by MBHCs. The IIB said it will study the recommendation of the IBA board.

AMES: FBS Agricultural Credit Corporation, the agricultural finance subsidiary of First Bank System, Inc., Minneapolis, has opened an office in Ames, located at 230 S.E. 16th St., Suite 2 in Camelot Of-



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rice Park. Neil H. Stadlman has been named assistant vice president and manager of the Ames office. He most recently was vice president and agricultural representative at Sac City State Bank.

ANKENY: At Hawkeye-Ankeny Bank & Trust, James W. Anderlik has been promoted to executive vice president and marketing/sales manager; Robert D. Hanes was promoted to senior vice president, and Laura L. Davis succeeds Mr. Anderlik as cashier.

DUBUQUE: John Koppes has been promoted to vice president of Key City Bank. He joined the bank in 1980 and has served as loan officer and office manager.

FREDERICKSBURG: Dale Mohling has been promoted to vice president of First State Bank.

SPIRIT LAKE: C.W. Wetzeler and family have purchased controlling interest in the State Bank of Spirit Lake from E.W. Youell, Jr., and his wife. Mr. Wetzeler will continue as president of the bank, which has assets of \$16,900,000.

Nebraska News

NELIGH: The National Bank here has promoted Ralph C. Schrader to senior vice president, and William

R. Bates and Kirk K. Cisler to vice president.

OMAHA: James R. Campbell, chairman of Norwest Bank Omaha and president of region V of Norwest Corporation, has announced changes in the duties and responsibilities of three top executives at Norwest Bank. John R. Cochran, president since 1982, will assume the additional post of chief executive officer. G.W. "Sam" O'Keefe, in addition to his position as executive vice president and chief credit officer at the bank, will serve as chief credit officer for region V. Jon A. Lindhjem, chief financial officer, was elected executive vice president.

TILDEN: At The Tilden Bank, Francis W. Giehler has been promoted to senior vice president; Brad Lee Wagner to vice president; Peggy Remmereid to vice president and compliance officer, and Susan Galven to assistant cashier.

Minnesota News

ADA: Kenneth H. Recker has joined The Ada National Bank as president, chief operating officer and a member of the board. He previously was executive vice president of The First Mitchell National Bank in Mitchell, S.D.

LUVURNE: Greg Burger has been named vice president of Norwest Bank here. He previously served as vice president and assistant manager of the Exchange Bank of Gibbon since 1980.

Wisconsin News

The 80th Annual Meeting of the Wisconsin Bankers Association Group 1 will be held February 17-18 at the L'hotel Sofitel in Minneapolis.

Kenneth A. Heiser, group 1 president, and president of First National Bank, Hudson will preside at the business meeting. Glen D. Johnson,

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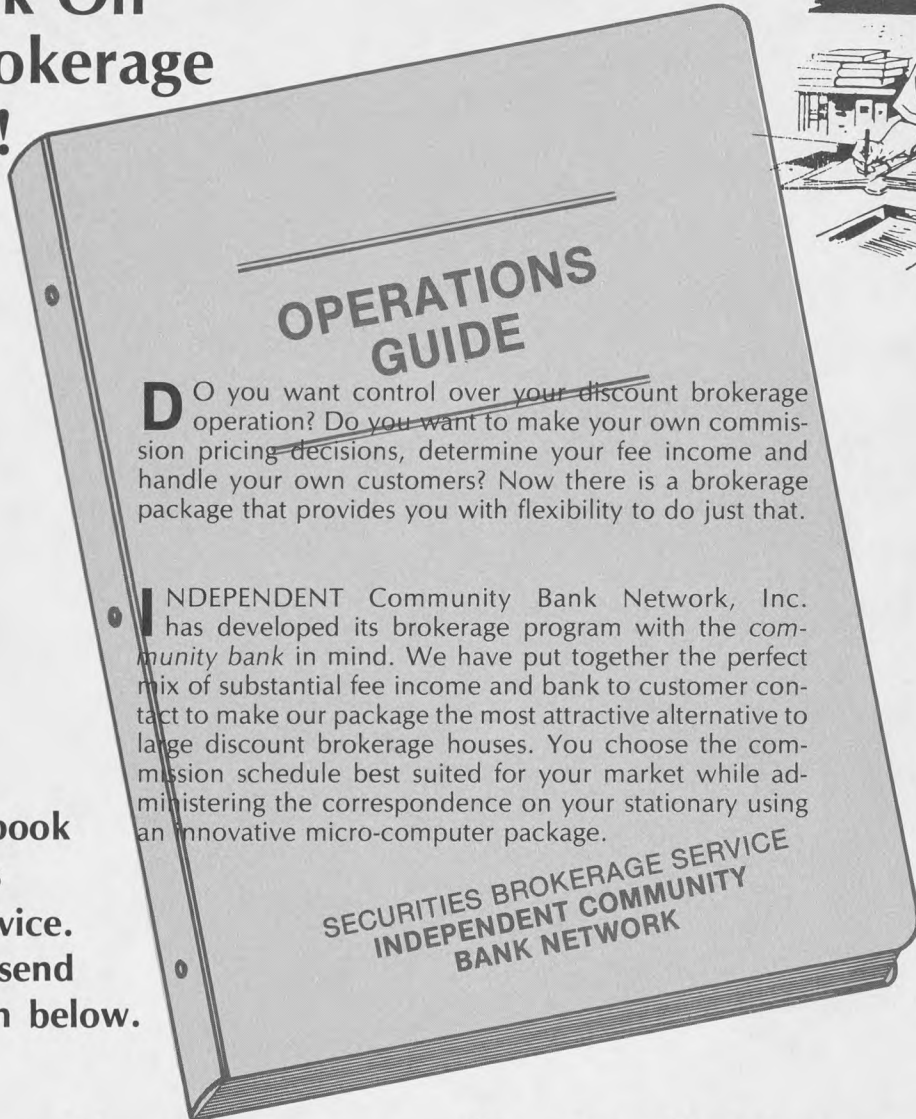
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group vice president, and president, First Bank of Grantsburg, will assume the presidency at the Saturday morning session.

JOHNSON CREEK: Steve Meloy has been named president of Mansfields State Bank. He joined in 1971 and most recently served as executive vice president. He succeeds William Owens, who was elected chairman.

MANITOWOC: First National Bank here has elected Thomas J. Bare president, according to Nicholas B. Jagemann, chairman. Mr. Bare has been serving as acting president since September, 1983, when Richard H. Wirth resigned.

South Dakota News

RAPID CITY: Ronald E. Brue has been elected president of First Bank of South Dakota, N.A., here, and western division head. He joined the Rapid City bank in 1981 as vice president and second officer and was elected a senior vice president in 1983.

YANKTON: Keith H. Warrelman has been advanced to executive vice president of Valley State Bank. He joined the bank last June after having served since 1981 as executive vice president and cashier at Emerson State Bank in Emerson, Ia.

North Dakota News

Bank of North Dakota "Mid-Winter Break" is scheduled for February 15-17 at the Kirkwood Motor Inn, Bismarck.

Registration will begin at 9:30 a.m. on the 15th. A welcome at 11:20 will be followed by lunch and entertainment. At 1:20 p.m. the conference will open with remarks by

Governor Allen I. Olson. Afternoon speakers include Gilbert Hamblet, TRW Information Services, Orange, Calif.; Gail Martell, E.F. Hutton & Co. Inc., Milwaukee, Wis., and Commissioner of Banking & Financial Institutions Marilyn Foss.

On the 16th, the day will begin at 9:00 with call to order by R.E. Caudel, senior vice president, Bank of North Dakota, followed by the news of the day by Al Gustin, KFYZ radio & TV. Dr. William Dando, geography department, University of N.D., will speak on "The Weather-Past, Present and Future." The morning will conclude with Thomas Olson, president, Lisco State Bank, and chairman of the IBAA Ag Committee.

Following a 12:15 lunch, the meeting will resume at 1:15 with "Bankers Letter of the Law" by Professor Robert Volk, Boston University. E.A. Marks, Metter, Marks & Associate, Chicago, will follow with "Workouts, Turnarounds and Re-

covery," and the afternoon will conclude with Professor Dwight M. Baumann, Carnegie-Mellon University, Pittsburgh.

Following a continental breakfast at 8:15 a.m. on the 17th, presentations will be given by Maxine McIntyre, Fair Oakes, Calif. and Oliver Niehouse, president, Oliver Niehouse Assoc., Forest Hills, N.Y. Meeting will adjourn at noon.

Wyoming News

MILLS: Harley G. Davis has been elected president and director of the State Bank of Mills. He succeeds Robert L. Wonio, who retired. Mr. Davis joins the bank with 29 years of banking experience from various Illinois banks.

JACKSON: Craig J. Miller has been promoted to assistant vice president and commercial loan department head of First Wyoming Bank, N.A. Jackson Hole. He joined the bank in 1981.

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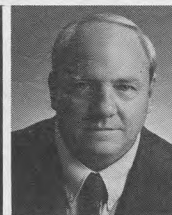
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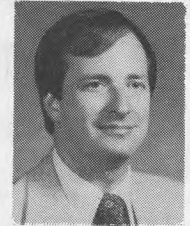
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