

NORTHWESTERN Banker Newsletter

Vol. 12 No. 45

Des Moines, Iowa

February 27, 1984

Fed Allows FBS Move into Iowa

AFTER more than a year and a half of deliberation, the Federal Reserve Board of Governors has ruled that First Bank System, Inc., Minneapolis, can enter Iowa by owning 21% of the stock in Banks of Iowa, Inc., Des Moines, a statewide holding company that owns 14 Iowa banks.

This is the second case in recent weeks in which the Fed has ruled in favor of an out-of-state holding company buying less than 25% of the stock in an Iowa bank or holding company. Earlier, the Fed approved the purchase by Omaha National Corp. of 24% of First National Bank in Council Bluffs.

Thomas Huston, Iowa superintendent of banking, asked the Fed for a reconsideration of the Council Bluffs ruling. When it was denied, his department filed an appeal with the 8th Circuit Court of Appeals in St. Louis, maintaining that Iowa law specifically prohibits such transactions. It is not yet determined what course of action he will take in the FBS-Banks of Iowa case.

First Bank System first announced its agreement with Banks of Iowa in November, 1981. Mr. Huston notified both parties he would pursue the matter in the courts if they proceeded and, if the purchase was made, he would seek divestiture.

The agreement at that time did not meet the Fed's own regulations, but it held the proposal open when the purchase was made in the spring of 1982 so attorneys for the applicants could revise the application for reconsideration in Washington. Fed guidelines later were revised and the application now has been approved, providing the agreed upon modifications are approved by directors of both holding companies. The Fed's revised guidelines generally authorize such an interstate purchase provided the out-of-state company does not gain control.

FBS made the initial agreement with the announced intention of merging Banks of Iowa into FBS at some point in the future if interstate banking gains approval by federal law. Since that time, however, regional interstate banking has been approved by states in some parts of the nation. Several upper midwest states, including Iowa, presently have reciprocal banking legislation under consideration. The Iowa legislature is considering a bill that would authorize any out-of-state bank or holding company in a contiguous state (and including North Dakota and Kansas) to acquire an Iowa bank or holding company. The Iowa bill would require that if more restrictive legislation is passed by

any state, then banks or holding companies in that state would be subject to the same limitations if moving into Iowa. If that bill should be passed, the Council Bluffs and the FBS-Banks of Iowa cases would be academic, since Banks of Iowa owns 14 banks and has deposits of about \$1.5 billion. The Iowa Independent Bankers, which joined Mr. Huston in his opposition to the Fed over the Banks of Iowa purchase, opposes the proposed Iowa bill.

After the two years of negotiations with Fed staff, the FBS attorneys and officials agreed to these modifications in the contract:

1. Banks of Iowa could sell its stock to a third party at any price acceptable to it, in which case FBS' share would go from 21% to 24.9% of the outstanding stock. Previously, Banks of Iowa could not do this and the contract tied up the stock for 14 years, unless interstate banking would be authorized before that.

2. FBS can't sell its stock in units greater than 2% unless that stock is sold to a party having control of Banks of Iowa.

3. Banks of Iowa may enter non-banking enterprises, which it was restricted from doing in the earlier contract. If BofI chooses to sell more than 50% of its deposits, FBS could cancel the merger.

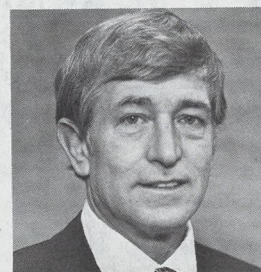
4. BofI can acquire banks by issu-

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ing stock, even if the new shares are equal to 10% or more of outstanding shares.

5. FBS will not try to exercise control over management or policies of BofI without Fed approval.

Holmes Foster, president of BofI, said he does not believe the Iowa holding company's shareholders will have to vote on the modifications agreed upon. He stated further that he does not believe the modifications change the agreement that BofI will pay FBS a dividend rate three times higher than is paid on common stock.

In the original agreement, FBS bought about 500,000 shares of BofI stock from Ben Schwartz, the largest owner in BofI, paying him \$29 million for his 21% share in the holding

company. That stock was converted to Class B nonvoting stock. FBS also agreed to pay at least 1½ times book for the rest of BofI stock if interstate banking becomes legal prior to 1996. That payment could go higher, depending on BofI performance.

The Nebraska legislature has killed in committee its proposed reciprocal banking bill. □

Iowa News

CHARLES CITY: O.J. Thomson, president and chairman of Citizens National Bank, has announced the promotion of Colin B. Robinson to executive vice president; Elizabeth G. Regan to assistant to the president; Darrel L. Posegate to cashier, and Joyce M. Kingery to data processing manager.

DES MOINES: At Norwest Bank Des Moines, N.A., the following personnel were named vice presidents: Jerry C. Houser, commercial banking, and Colleen K. Monahan and Mitchell A. Christensen, operations.

IOWA CITY: Clark Houghton, president of First National Bank here, has announced the promotion of Robert M. Sierk to executive vice president.

MAQUOKETA: Mary Ann Treva-
than was recently promoted to se-

nior vice president of Maquoketa State Bank.

Nebraska News

BELLEVUE: Bank of Bellevue has announced the formation of a new investments department. Michael J. Walts has been named senior vice president and chief financial officer to head the department. Previously vice president in charge of financial planning and trust department activities, Mr. Walts has been with the Affiliated Midwest Banks, of which the bank is a member, since 1981. Rick R. Sanders was named to succeed Mr. Walts as vice president.

FREMONT: Dennis L. Ball has been promoted to vice president and agricultural representative at First National Bank & Trust Company. He previously was with McCook National Bank.

OMAHA: John Cochran, president and CEO of Norwest Bank Omaha, N.A., has promoted three persons in addition to the incorporation of Norwest Information Services into the bank as of first of the year. Terry Heig was named vice president, operations group manager, and named second vice presidents were Jack Hoffman, manager of the data processing services, and Michael Hanson, operations manager.

RAVENNA: Ravenna Bank has announced the addition of Larry L. McMaster as vice president. He formerly served as vice president of the First National Bank at Wisner.

Minnesota News

FERGUS FALLS: Samuel P. Adams, Jr., chairman of First National Bank here, has announced the promotion of Patricia J. Bratton to vice president and cashier and the election of Patricia Lampy as assistant vice president. Mrs. Bratton



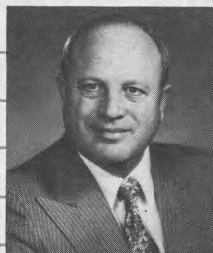
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joined the bank in 1969. Ms. Lampy joined in 1971.

MANKATO: Promoted at National Bank of Commerce were Philip J. Adams to senior vice president, and Michael J. Boike and Dennis M. Zellmer to vice president. Mr. Adams joined the bank in 1981, serving as vice president in ag lending.

ST. PAUL: Dennis Passeri has been promoted to senior vice president of Cherokee State Bank. He has been with the bank 14 years and is the bank's senior lending officer.

WEST ST. PAUL: David W. Gustafson was elected president of West St. Paul State Bank at the annual meeting January 24. He had been executive vice president since August, when the Anchor Bancorp, Wayzata, purchased the controlling interest in the bank. He previously was with First National Bank of Waconia and the Union State Bank of Browns Valley.

Wisconsin News

BROOKFIELD: John J. Van Beckum, first vice president of First Wisconsin National Bank, Milwaukee, was recently elected president of First Wisconsin National Bank of Brookfield. Mr. Van Beckum has been with the Milwaukee bank 23 years, the last nine as head of the metropolitan group, commercial lending division. He succeeds Chris Bauer, who will assume an administration position with First Wisconsin Corporation, parent company of both banks.

Illinois News

NORTHBROOK: Robert E. Lind-

quist has been elected vice president and chief financial officer of Lane Banks. Mr. Lindquist joins Lane Banks from American National Bank & Trust Company of Chicago, where he served as vice president, financial and bankwide services.

North Dakota News

The dates of April 2-4 have been selected for this year's North Dakota Bankers Association Washington Legislative and Administrative Conference.

Headquarters for the NDBA will be the L'Enfant Plaza Hotel. Registration should be made with the NDBA office by March 9.

Preliminary itinerary includes travel to Washington on your own on the 2nd. On April 3, Optional White House tours will begin at 8:00 with ABA dialogue at 9:00. A luncheon meeting and briefing will be with officials of a regulatory agency. The Federal Reserve System briefing will follow at 2:30 p.m. and a reception for North Dakota Congressional delegation and staff at the Senate Office Building is planned for 5:30-7:30.

On April 4, tours will begin again at 8:00 a.m., with breakfast meeting and briefing with FDIC officials from 8:00-9:30. 10:00 is set for a Comptroller briefing and luncheon with regulatory officials at 11:30. Afternoon will be free for sightseeing.

Wyoming News

CASPER: Judith Brennan has been promoted to vice president and cashier at the Bank of Casper. She has been with the bank four years, most recently as internal auditor and operations supervisor.



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Larry Russell



Steve Panknin



Jeff Goble



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Montana News

SIDNEY: Robert A. Wanago has been named president of Montana Bank of Sidney, N.A. He formerly served as senior vice president and second officer at First Bank Havre.

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EXPERIENCED TRUST OFFICER to form and head a trust department in a \$200 million financial institution. Position requires law degree with approximately 5 years experience in all phases of trust services. Applicants should be aggressive and personable in order to be considered. Excellent benefits and salary commensurate with experience. Send resume, salary history and requirements to file WAH, c/o Northwestern Banker. All inquiries confidential. AN EQUAL OPPORTUNITY EMPLOYER. (PA)

EDP AUDITOR needed to establish EDP audit functions in \$1 billion bank. Degree required plus a minimum of three years experience in auditing/data processing CPA desirable. To \$26,000. An Equal Opportunity Employer. Write file WAK, c/o Northwestern Banker. (PA)

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IMMEDIATE OPENING—\$50 million west central Minnesota bank seeks Senior Loan Officer experienced in commercial and agricultural loans. Must have good references and administrative ability. Salary commensurate with experience. Contact Paul W. Gandrud, Pres., Swift County Bank, Box 289, Benson, MN 56215. Phone 612/843-4411. (PA)

BRANCH OFFICER—Position requires knowledge in all areas of lending with emphasis in commercial/agri lending. Position will require full responsibility of branch operations and business development. Salary commensurate with experience. Send resume to: Roger A. Wichelman, P.O. Box 85, Waconia, MN 55387. (PA)

COMMERCIAL LOAN OFFICER—Due to exceptional growth, we have an immediate opening for a commercial loan officer. Individual to be responsible for all commercial/agri lending, directly accountable to sr. lending officer. Additional lending experience a plus. Salary commensurate with experience. Send resume to: Roger A. Wichelman, P.O. Box 85, Waconia, MN 55387. (PA)

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Maturities: June 1, 1985/1999

Callable: June 1, 1993

Legal: Ahlers, Cooney, Dorweiler, Haynie, Smith & Allbee

\$2,000,000 General Obligation Bonds

Sale Date & Time: Tuesday, March 13, 1984
@ 11:00 A.M., C.T.

Dated: April 1, 1984

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Callable: June 1, 1993

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For further information please contact:



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Ag Lender for South Dakota bank, located in eastern part of state. Salary \$30,000

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Vol. 12 No. 45 Northwestern Banker Newsletter (USPS 873-300) is published weekly by the Northwestern Banker Company, 306 Fifteenth Street, Des Moines, Iowa 50309, (515) 244-8163. Subscriptions \$1.00 per copy, \$18.00 per year. Second class postage paid at Des Moines, Iowa. Address all mail subscriptions, changes of address (Form 3579), manuscripts, mail items to above address.