

Court Says No-No to Nonbank Banks

FOR the second time in two months, southern courts have dealt severe blows to the nonbank banks that were granted charters so liberally by the Federal Reserve Board and the Comptroller of the Currency. The latest setback for nonbank bank advocates was handed down May 21 by the three judges comprising the U.S. Circuit Court of Appeals for the 11th Circuit Court in Atlanta.

The judges reversed a March, 1984, decision of the Federal Reserve Board that permitted U.S. Trust Corp. of New York to convert its Florida trust operation into a "nonbank bank" that would offer all banking services except commercial loans.

Fed Violated BHC Act

Circuit Court Judge John R. Brown wrote on behalf of his colleagues that the Fed's action actually violated Bank Holding Company intent which is to allow a state to decide itself whether it wants to open its borders to out-of-state banks.

Judge Brown said that even though the U.S. Trust subsidiary would technically not fit the Fed's definition of a "bank," the Fed Board should have looked beyond that narrow interpretation. "We hold that the board should have

used its power under (the law) to prevent expansion of U.S. Trust of the fundamental purpose of the (Bank Holding Company) Act," Judge Brown wrote.

When the Fed OK'd the U.S. Trust application in 1984, the Florida Bankers Association and the Comptroller of the State of Florida joined in suing the Fed over the decision. The Appeals Court verdict is a result of that suit.

IBAA Halts Comptroller

The other recent setback for nonbank banks also came in Florida when the Independent Bankers Association of America prevailed in its suit against the Comptroller for granting nonbank bank charters in that state. The suit still is in the courts, but in April the district court in Jacksonville, Fla., granted a preliminary injunction prohibiting the Comptroller from issuing final approval notices for those charters he had granted. The court stated further that its injunction applied nationwide, not just to the nonbank bank charters the Comptroller had granted in Florida.

Along with those two courts decisions, a number of states have passed legislation prohibiting such charters within their boundaries.

Judge Brown negated U.S. Trust's contention that its nonbank

will have an "innovative and competitive effect on the market for financial resources in Florida," calling that assertion "erroneous" for it deters the State of Florida's rightful policy of having local money available for local development.

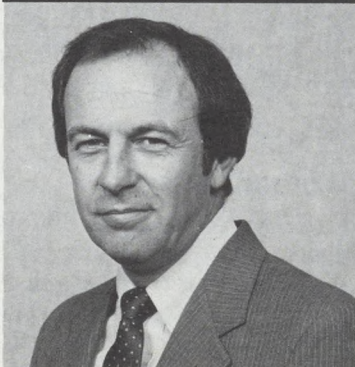
The IBAA hailed the Appeals Court decision. The ABA Leadership Council had called on Congress to close the nonbank loophole. □

Iowa News

The Iowa Bankers Association is sponsoring a Problem Loan Workshop June 13-14 at the Savery Hotel in Des Moines. The program will feature John Barrickman, expert and instructor in the area of problem loans and senior vice president of the Bank of Earnings International in Atlanta, Ga. Registration begins June 13 at 8:30 with the workshop running from 9:00 to 5:00, with lunch from noon to 1:00. On June 14 the workshop runs from 8:30 to 4:30, with lunch noon to 1:00. Registration may be made through the IBA office in Des Moines.

DES MOINES: Stanley R. Engel has been elected to vice president in the lending division of Valley National Bank. He was previously assistant vice president with First National Bank & Trust Company of Bismarck, N. Dak.

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John Cretzmeyer

has been appointed senior vice president and manager of Norwest card services for Norwest Bank Des Moines. He previously served as operating manager for the division, having joined Norwest in 1973.

INDEPENDENCE: C.A. Handfelt has retired from Security State Bank after 30 years of service. He has been president of the bank since 1976. Mr. Handfelt will remain as a trust officer at Security State and as president of Independence Bancshares Inc. Gary Short was elected the new president, having served as executive vice president of the bank since 1982.

Nebraska News

Ogallala banker Mel Adams has taken over as president of the Nebraska Bankers Association, and York County banker C.G. Holthus was named president-elect of the bankers group. Mr. Adams succeeds A.C. Hove. He is chairman of the Adams Banks.

* * *

In a surprise move on May 29, the Nebraska Legislature adopted 26-8 a motion by Sen. John DeCamp to substitute the Nebraska Bankers Association's suggested alternative taxing plan for banks to replace LB 717, which had been opposed by the NBA. The alternative had been formed by NBA at the invitation of the Legislature's Revenue Committee.

The NBA alternative was completed May 7 by NBA leaders, discussed with the membership at the NBA state convention on May 8 and handed to the Revenue Committee, which rejected it. The alternative calls for a 5% tax rate on financial income listed on a bank's call report. A credit of one-half per cent (4½ tax rate) then would be given for banks with municipal and federal securities of less than 12% of assets, and a credit of one per cent (4% tax rate) for those banks with municipal and federal securities in excess of 12% of assets. Each bank then would figure a tax based on 40¢ per thousand of total average deposits. Whichever tax is larger of the two methods is the one the bank would pay the state.

A motion to reconsider Sen. DeCamp's amendment lost 24-20 and the bill then was advanced to final reading 27-0. Final action is expected this week, although there is a threat of veto by Gov. Kerrey.

* * *

The Nebraska Department of Banking will hold daily seminars this week, June 3-7 at five locations to explain its voluntary program of "self-examination" bank reports. Details were described in an exclusive article in the May NORTHWESTERN BANKER. Glenn W. Callaway, assistant director, and Tom Shambo, computer staff, will conduct the seminars. All Nebraska

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banks, both state and national, as well as s&ls and credit unions are invited. A fee of \$10 will cover costs of the meetings which run from 9 a.m. to about 3 p.m. They are scheduled for: Monday—Ogallala Holiday Inn; Tuesday—Kearney Holiday Inn; Wednesday—Norfolk Villa Inn; Thursday—York Camelot; Friday—Omaha New Tower.

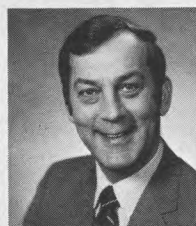
BELLEVUE: At the Bank of Bellevue, Carl Comte has been named vice president in charge of branch facilities administration. Prior to joining the bank in 1979, Mr. Comte served as assistant chief of staff at Strategic Air Command headquarters.

LINCOLN: The National Bank of Commerce has announced the resignation of Thomas D. Potter, president and CEO. He plans to participate in the development of a company in the field of information technology. On August 1, when the resignation becomes effective, Jim Stuart, Jr. will assume the responsibilities of chairman and chief executive officer. He is currently president of Commerce Group, Inc., the parent of NBC. Tom Henning, who is currently president and CEO of Overland National Bank of Grand Island, will become the new president.

OMAHA: Maryland National Bank, Baltimore, has signed a preliminary agreement with Norwest Corp. to buy Norwest American Bank S.A., a Luxembourg-chartered bank. The sale is subject to approval by Luxembourg and U.S. regulatory authorities. Terms of the agreement were not disclosed. On March 31, Norwest American Bank had assets of \$178 million, a loan portfolio of \$117 million and capital and reserves of \$12.2 million.

Wisconsin News

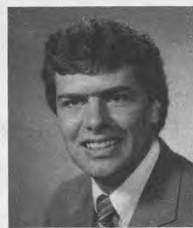
SHEBOYGAN: John S. Williams has been promoted to regional vice president of First Interstate Bank of Wisconsin. He was formerly assistant vice president of business banking at the bank, dealing with business accounts in Sheboygan.



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Montana News

The Montana Bankers Association is sponsoring a Real Estate Lending Conference on June 13-14 at the Outlaw Inn in Kalispell.

The program will feature Scott Potter speaking on qualifying the self-employed borrower, and Mark Simmons of the Montana Economic Board discussing the "Industrial Revenue Bond Program."

Registration begins at 8:00 a.m. on June 13, with the conference commencing at 9:00, lunch at 12:15, and an afternoon session from 1:30-4:45. On June 14, the conference will run from 8:00 a.m. to noon. For more information or to register, contact the MBA office in Helena.

GREAT FALLS: LaVonne R. Kirkhorn has been elected vice president and manager at First Bank West Great Falls. She succeeds Phillip B. Johnson who has been named executive vice president at affiliate First Bank Helena. She joined the bank as vice president and assistant manager in November 1984, having previously held positions at First Bank Great Falls since 1968.

Minnesota News

BLOOMINGTON: Michael R. McHugh has been named executive vice president at Norwest Bank Bloomington. He has been with the bank since 1981.

HOPKINS: William G. Weiler has been elected president and a director

of Norwest Bank MetroWest, N.A. He succeeds William D. Wilkening, who has been elected president and chief operating officer at Norwest Bank Bloomington, N.A. Most recently Mr. Weiler was vice president/loan administration at Norwest Bank Bloomington.

MINNEAPOLIS: Richard P. Ferris and Scott M. Peterson have both been named vice president, cash management at Norwest Bank Minneapolis. Mr. Ferris joined the bank in 1982 as assistant vice president in the national accounts department. Mr. Peterson has been at the bank since 1983, most recently as assistant vice president and manager of cash management product development.

South Dakota News

HURLEY: Dean Witter Financial Services Group, a Sears subsidiary, has reached an agreement in principle to acquire the \$12 million asset Hurley State Bank. Hurley State would then join with the Greenwood Trust Co. in Greenwood, Del. in supporting Sears' planned credit and financial services card, Discover. A source said Sears will pay three times the book value, or \$3 million, for the bank, but officials would not comment on the purchase price.

North Dakota News

BISMARCK: The Bismarck State Bank is under new ownership, but the change will not effect staff or policies. The new owners are Arthur

A. Link, James J. Moses, Joseph M. Hauer, Albert A. Wolf and Myron Pfeifle. The five men will serve as board of directors, with Mr. Pfeifle as bank president.

COOPERSTOWN: Joe Thomas has been named vice president of the First Bank. He most recently served as senior vice president of the American State Bank of Erskine, Minn.

MINOT: Richard A. Campbell has been appointed vice president and manager of commercial banking at Norwest Bank Minot. He has served the bank in various positions since 1970, most recently assistant vice president.

NORTHWOOD: Northwood State Bank has named Cecil Tinderholt as its president. He has been executive vice president and chief operating officer since January of 1985. D.R. Larson was elected to the board of directors. He is a senior vice president with First National Bank in Grand Forks.

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Eastern Iowa bank seeking a self motivated individual with 2-5 years loan experience. Available position will focus on **AG LOANS** but will also include commercial, real estate, consumer loans, and collections. Excellent opportunity, good benefits. Send resume and salary requirements to file WDF, c/o Northwestern Banker. (PA)

AG LOAN OFFICER—\$26 MM NE Iowa bank has opening for an ag-loan officer with 2-3 years experience. Salary and benefits commensurate with education and experience. Send resume to file WDG, c/o Northwestern Bank. (PA)

ASSISTANT TRUST OFFICER for Eastern Nebraska Bank. Trust assets of \$27,000,000. Candidate should have 2+ years experience in trust department or equivalent. Some investment experience helpful. Send resume to Thomas G. Kelly, Assistant Trust Officer, First National Bank & Trust Co. of Fremont, P.O. Box 1209, Fremont, Ne. 68025. (PA)

PRESIDENT for \$100 million independent S. Dak. bank. Ag and commercial lending a must. Knowledgeable in all areas of banking. Capable of supervising people and promoting the bank. An excellent opportunity and benefits. Send complete resume, references and salary requirements to file WDH c/o Northwestern Banker. (PA)

AG LOAN OFFICER for \$70 million eastern Iowa bank. Individual must have minimum of five years ag lending experience and be self-motivated. Excellent opportunity, good benefits. Send resume, references and salary requirements to file WDI, c/o Northwestern Banker. (PA)

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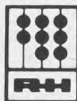
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