

NORTHWESTERN Banker Newsletter

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March 30, 1987

Bank Groups Unite to Oust Title II

A FULL-SCALE effort to amend Title II from the Senate Banking Committee's S.790—the 1987 Competitive Equality Banking Act—was supported jointly last week by the American Bankers Association, the Association of Bank Holding Companies, the Association of Reserve City Bankers, the Bank Capital Markets Association, and the Consumer Bankers Association. Those five groups presented a united front of leadership and membership to Senators last mid-week who were getting ready to vote on an amendment by Sen. John B. Breaux (D., La.) that would eliminate Title II from the bill. They co-sponsored a full-page advertisement in the *Washington Post* March 19 asking Senators to "Reject Title II." Title II would place a one-year moratorium on Congressional consideration of increased bank powers in the areas of insurance, securities and real-estate products. The bill sponsored by Sen. Wm. Proxmire, (D.-Wis.) originally was aimed at allowing banks to offer those services. Other parts of the bill address the financial plight of the FSLIC fund (Title III) by pumping \$5 to \$8 billion into that beleaguered s&l insurance fund, and also was aimed at curbing the non-bank banks from expansion (Title I).

In the days following Sen. Proxmire's proposal to the Senate Bank-

ing Committee, which he chairs, committee members emasculated the bill. They changed Sen. Proxmire's desired goal of cutting non-bank bank formation back to an earlier cutoff date previously agreed upon, and voted instead to leave practically all such institutions alive and well as of the day of their vote, a big defeat for Sen. Proxmire and for the banking industry. The moratorium on such institutions effectively grandfathered those currently in operation, although it limits them.

In addition, Title II was given a 180 degree turn by Senators who succumbed to intense joint lobbying by the insurance, securities and real estate industries and decided that instead of voting for increased powers, they would change Title II to impose a one-year moratorium against banks by postponing any action for another year. This action moved ABA to change its support of the bill to opposition.

ABA coordinated a "fly-in" of nearly 100 bankers and state association executives during the week of March 16 to lobby heavily with their home-state Senators to delete Title II or change it back to its original state. Sen. Breaux's amendment would delete Title II from consideration as part of S.790.

Bankers persuaded the top three federal regulators to join them in a call for deletion of Title II or for con-

sideration of expanded powers.

ABA *Bankers Weekly* of March 24 quoted several newspapers and several state association leaders on their feelings about the bill, including these comments from NORTHWESTERN BANKER area bankers:

• **John A. Berg**, Community Bankers Council vice chairman and president and chief executive officer, The Bank of Wayzata, Wayzata, Minn. "I'm concerned at the lack of competitive equity in the Proxmire bill. We are not looking for competitive advantage, just looking for competitive equity with our competitors. Instead of competitive equity, the bill singles out community bankers for discrimination.

"Many community bankers are not thinking of or not interested in offering new products or services, but we should have the opportunity if we want to and should not be locked out by congressional action."

• **C.G. "Kelly" Holthus**, Community Bankers Council member and president and chief executive officer, The First National Bank of York, York, Nebr. "I'm very disappointed. There isn't anything in the bill for banking.

"The moratorium on additional services is really disappointing because a lot of banks want real estate and insurance and cannot do that for one year even though the big nonbank players—American Express, Merrill Lynch, Sears Roebuck, for instance—can. That puts

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us at a competitive disadvantage. The bill is so unfair to bankers. I don't know where the committee was coming from."

• **Russell S. "Russ" Howard Jr.**, Iowa Bankers Association president and chairman, Mahaska Investment Co., Oskaloosa, Iowa. "We have really gone backward on this legislation. Sen. Proxmire's reversal of his statements made to the ABA Banking Leadership Conference one month ago has really done banking a great disservice.

"We've got to stop legislating against banks. We've never asked for protection from our competitors, but only to be able to compete with them on an equal basis."

• **Harvey H. Huber**, North Dakota Bankers Association president and

president, Union State Bank, Hazen, N.D. "I'm angry and totally frustrated that banking has no regard in [Washington, D.C.]. I'm surprised the closing of the nonbank bank loophole was as liberal as it is.

"Title II seems like it was written by the real-estate, insurance and securities industries. It does not make sense and does not seem to be well thought out by the Senate Banking Committee. I'm asking [North Dakota Democrat] Sen. Kent Conrad to sponsor the amendment [to delete Title II] because it is good for North Dakota and it is good for the country."

• **N.P. "Van" Van Maren Jr.**, Wyoming Bankers Association president and vice chairman, Hilltop National Bank, Casper, Wyo. "I'm disappointed. This is so far from what Sen. Proxmire talked about at the ABA Banking Leadership Conference. There is no other way to talk about it. I don't want banking to lose its options. We can't afford to lose our options anymore."

Editorials were cited from the *Chicago Sun-Times*, *The Cincinnati Enquirer*, *The Minneapolis Star and Tribune*, *The Dallas Times Herald* and the *Wall Street Journal*, all supporting the concept of increased banking powers to allow banks to compete as opposed to restricting competition on the other side.

Kenneth A. Guenther, executive director of the Independent Bankers Association of America, which sup-

ports the bill in its present form in order to close the non-bank bank loophole, told the **NORTHWESTERN BANKER** on March 25:

"The conventional wisdom here is that if Title II is defeated (by the Breaux amendment), then this will mean a clean FSLIC bill, which would be a big defeat for Sen. Proxmire and would be the last chance to remove the non-bank bank loophole, and that would be disastrous." Mr. Guenther explained by saying it is IBAA's feeling that if II is stripped from the bill, the Senate would also delete Title I and make the bill address only the emergency status of FSLIC.

By late afternoon of March 25 Sen. Breaux, who had addressed the FSLIC.

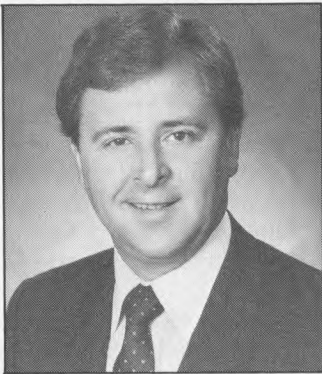
Before Sen. Breaux presented his amendment to delete Title II on Wednesday afternoon, March 25, Sen. David Boren (D., Okla.) presented a motion to delete both Titles I and II from the bill, leaving it with Titles III (FSLIC rescue) through VI. That motion was scheduled for consideration Thursday morning, March 26. □

FDIC Revises Capital Forbearance Guidelines

Charles E. Thacker, regional director of the FDIC, Kansas City, reported last month that FDIC has changed its guidelines on capital forbearance. Instead of the previous floor of 4% capital required to qualify for the forbearance program, Mr. Thacker said that floor has been deleted in favor of leaving it to the discretion of the regional director to determine whether an applicant bank's plan is viable.

Iowa News

ITS, Inc. will sponsor its 1987 EFT Conference on April 15-17 at the Marriott Hotel in Des Moines. Among topics to be addressed are EFT operations, marketing, information on Regulation E and Iowa



Jerry Trudo

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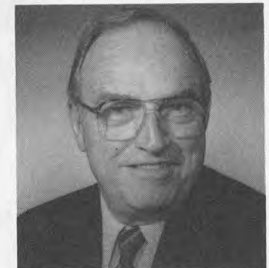
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Code 527, ITS's EFT efforts in Illinois, the National Automated Clearing House Association, and a recent BAI survey on quality service. Registration begins at noon on the 15th, with sessions running from 2:00 to 5:00, followed by a reception. On the 16th there is a continental breakfast at 8:00, lunch from 12:30 to 2:00, and sessions from 9:00 a.m. to 5:00 p.m. In the evening there is a reception at 5:00 followed by dinner at Babe's restaurant. On the 17th continental breakfast is at 9:00, sessions from 10:00 to 12:30 and lunch from 12:30 until 1:30. Fee is \$150 for the first registrant, \$100 for the second for the members; \$200 for the first registrant, \$150 for the second for non-members.

KANAWHA: James E. Mallen, president of Farmers State Bank, was convicted March 24 on two counts of federal felony charges for failing to disclose that he had financial interests in ventures outside the bank and for falsifying information he submitted to the FDIC in 1982. The case was heard in U.S. District Court starting March 16 by a 12-member jury.

Nebraska News

Harley D. Bergmeyer, president of the Saline State Bank in Wilber, was nominated for the position of president-elect of the Nebraska Bankers Association for 1987-88 by the nominating committee in its report to the recent NBA executive committee in Kearney. Mr. Harley's name and those of the eight nominees to the executive council will be submitted to the NBA membership for election during the convention May 15 in Lincoln.

KEARNEY: Ronald H. Bielenberg has been appointed city executive in charge of the Kearney branch of FirstTier Bank Omaha. He joined FirstTier in February. He formerly was executive vice president and chief administrative officer at Platte Valley State Bank and Trust Company of Kearney.

Minnesota News

BLOOMINGTON: Metropolitan Bank and The Bank of Minneapolis and Trust Company have announced that the latter will be acquired by and operated as a branch of Metropolitan Bank Bloomington. The transaction will be finalized upon approval by the FDIC. Total assets of the combined banks will be over \$160 million.

Illinois News

WEST FRANKFORT: Andy Rogers, 52, chairman and CEO of First Community Bank since August 4, 1986, died March 15, five days after he had been diagnosed with cancer. Mr. Rogers had apparently been ill only three to four weeks prior to his last hospitalization. A native of New London, Ia., where he began his banking career, Mr. Rogers worked at Farmers Savings Bank in Mineral Point, Wis., before joining The First National Bank of Galena, Ill., in 1974, where he served as executive vice president before moving to West Frankfort last August.

North Dakota News

BISMARCK: Warren L. Hintz has been elected vice president/lending officer at First Bank Bismarck. He began his career with First Bank Minot in 1965, and most recently held the position of senior vice president and senior credit officer at First Bank Jamestown.

Colorado News

Deluxe Check Printers invite independent bankers of Colorado to a breakfast meeting at 15 locations in April to learn about their new custom check program. The meeting runs from 8:00 to 10:00 a.m., features a full breakfast, and is free. Dates and locations are: 1st—Greeley Heritage Inn, 2nd—Sterling Holiday Inn, 3rd—Aurora Doubletree Hotel, 7th—Colorado Springs Antlers Hotel, 8th—Denver Regency Hotel, 9th—Limon Fireside, 10th—Las Animas Bent's Fort Inn, 14th—Pueblo Holiday Inn, 15th—Burlington Econo Lodge, 16th—Durango Strater Hotel, 17th—Alamosa Inn, 21st—Grand Junction Hilton Hotel, 22nd—Montrose Village Inn Restaurant, 23rd—Glenwood Springs Hotel Colorado, 24th—Steamboat Springs Overlook Inn. To register or for more information, call the Independent Bankers of Colorado office at (303) 480-1856.

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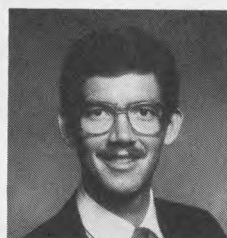
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