

Approved _____ Date 3-21-85

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL & FINANCIAL INSTITUTIONS

The meeting was called to order by Rep. Harold P. Dyck at _____
Chairperson

3:30 ~~xxx~~ p.m. on March 20, 1985 in Old Supreme Court Room of the Capitol.

All members were present except:

Committee staff present: Bill Wolff, Legislative Research
Bruce Kinzie, Revisor of Statutes Office
Myrta Anderson, Legislative Research
Virginia Conard, Committee Secretary

Conferees appearing before the committee:

Paul Fleener, Director of Public Affairs, Kansas Farm Bureau
Ivan W. Wyatt, President, Kansas Farmers Union
Fred Allen, Executive Secretary, Kansas Association of Counties
Bernard A. Griffiths, President, Kansas Independent Bankers Association; President,
Commercial State Bank, Long Island, Kansas
Linda F. Woolsey, Senior Vice President, Midland National Bank, Newton
George Williams, Publisher, The Daily News-Bulletin, Brookfield, Missouri
Howard Tice, Executive Director, Kansas Wheat Growers Association

Chairman Dyck opened the second day of hearings on SB102 and called on the first opponent, Paul Fleener, Director of Public Affairs, Kansas Farm Bureau. (For Mr. Fleener's full testimony, see Attachment I.)

The second opponent to testify against SB102 was Ivan W. Wyatt, President, Kansas Farmers Union. (See Attachment II)

Third opponent Fred Allen, Executive Secretary, Kansas Association of Counties, pointed out that Article #20 of the "Kansas County Platform of the Kansas Association of Counties" states the association's opposition to legislation authorizing multi-bank holding companies. (See Attachment III)

Bernard Griffiths, Pres., Commercial State Bank; and Pres., Ks. Independent Bankers Assoc., was the fourth speaker to testify against SB102. (See Attachment IV)

Mrs. Linda F. Woolsey, Senior Vice President, Midland National Bank, Newton, and a former staff member of multi-bank holding companies in Missouri, gave her testimony in opposition to SB102. (For details of her testimony, see Attachment V)

George Williams, Publisher, The Daily News-Bulletin, Brookfield, Mo., told of his experiences with multi-bank holding companies in Brookfield. (See Attachment VI.)

The last opponent against SB102, was Howard Tice, Executive Director, Kansas Wheat Growers Association. (See attachment VII)

Following a question and answer period, Chairman Dyck pointed out that the committee would meet in their regular committee room, 527-S, tomorrow.

Rep. Dorothy Nichols moved that the minutes of yesterday's meeting be approved.
Rep. Ivan Sand seconded the motion. Motion carried.

The meeting adjourned at 5:20 pm.

DATE March 20, 1985

GUEST REGISTER

HOUSE

COMMERCIAL & FINANCIAL INSTITUTIONS

NAME	ORGANIZATION	ADDRESS
Paul E. Fleener	Kansas Farm Bureau	Manhattan
Larry Dodge		
Mary Harper	AAM	Healy, Ks.
HOWARD W. TICE	KAWG.	Hutchinson, Ks.
Donald Griffiths	Commercial State Bk	Long Island, Ks.
Linda Douglas	Midland Natl Bk	Newton Ks.
Rye Kenneth Green	State Ry 75 dist	Ellislab. Ks.
Fred Allen	K.A.C.	Topeka
Bev Bradley	KS. Assoc. Counties	Lawrence
Chip Wheeler	Leg. Policy Group	Topeka
John Peterson	Ks Assn for Economic Growth	Topeka
Jim Ploger	Gov Ofc	Topeka
Shirley Allen	Governor's office	Topeka
Anna Chandler	Kansas Bankers Assn	Topeka Ks
Jim Maag	" " "	" "
Morvin C. Umboly	KAC	Topeka
CHARLES BELT	CHAMBER OF COMMERCE	WICHITA
Pauline Lane	LWVK	Topeka
BEN NEILL	KIBA	Topeka
John Blythe	K.F.B.	Manhattan
Jim McBride	united way	Topeka
Clara F. Mann	KIBA	Cardonok, Ks.

DATE _____

GUEST REGISTER

HOUSE

COMMERCIAL & FINANCIAL INSTITUTIONS

NAME	ORGANIZATION	ADDRESS
Kathryn Sughave	State Rep.	Dodge City
John C. Bottenberg	K.T.B.A.	Topeka
Bill R. Miller	KFB	Manhattan
Howd Stuer	ICBA	Topeka
JB Wanner	Famous State Bank	Salva
Ron Calbert	United Transportation Union	Newton
Larry Kambrows	Highland Park Bank	Topeka
Denny Burgess	KHEG	Wamego
Gene Mc Gill	KIBA	Topeka
Quincy	Government Office	Topeka
Nancy Weiden Kerina		Lincoln
Shida M. Gill	KIBA	Topeka
Pat Hurley	—	Topeka
Patrick Hurley	KKB6	Topeka
Larry Shauer	Farm. Finance Co.	Wichita
John Hurdock	Rep - Dist 103	Buhler
Guth Bowden	Rep - 93rd Dist.	St. Paul
K Bessler	L.P. GASSN	TOPEKA

Statement To:
HOUSE COMMERCIAL AND FINANCIAL INSTITUTIONS

RE: S.B. 102 - Providing for Multi-Bank Holding Companies
March 20, 1985
Topeka, Kansas

Presented By:
Paul E. Fleener, Director
Public Affairs Division
Kansas Farm Bureau

Mr. Chairman and Members of the Committee:

My name is Paul Fleener. I am the Director of Public Affairs for Kansas Farm Bureau. It had been our hope that Edie Dahlsten, Seventh District Woman Chairman for Farm Bureau, and Vice Chairman of the Kansas Farm Bureau Resolutions Committee, would have been the one to make our statement. Mrs. Dahlsten did provide testimony on behalf of Farm Bureau for the Senate Committee regarding multi-bank holding companies. Unfortunately Mrs. Dahlsten is ill and could not be with you today. If she had been here she would have described the farming operation she and her husband Larry, and their two children have in McPherson County near Lindsborg. She would have told you that they - the Dahlsten's - are assisted in their farming operation by their "friendly, home-town, full service banker." Their "financial partner" is the Farmers State Bank of Lindsborg, Kansas.

Her testimony, Mr. Chairman, and Members of the Committee, and ours today, is IN OPPOSITION to S.B. 102, the proposed multi-bank holding company legislation.

We have already mentioned that Edie Dahlsten serves as Vice Chairman of the Kansas Farm Bureau Resolutions Committee.

It is the Resolutions Committee which serves as the eyes and ears for county Farm Bureau policy chairmen and vice chairmen for national, state and local affairs. The Resolutions Committee directs the work of the Public Affairs Division of Kansas Farm Bureau. It is the Public Affairs Division which develops research papers and other study materials for our farmers and ranchers throughout the state.

Mr. Chairman and Members of the Committee, from this point on the testimony is that of Mrs. Dahlsten, given to the Senate Committee on Financial Institutions and Insurance. The words are hers until near the end when I want to point out to you some things that are being stated or alluded to by the proponents of multi-bank holding company legislation. But now if Mrs. Dahlsten were here she would be telling you this:

We did not have a policy position on this issue until December, 1982. In April, 1982, we directed the Public Affairs Division to prepare a reasearch paper on the banking structure in Kansas and some of the controversies that were surfacing at the time. That paper was developed. It was not only provided to our membership. Those in the Legislature at the time also received copies of that and other research papers prepared by the Public Affairs Division. In the research paper on CONTROVERSIES IN BANKING, the basic outline of the banking structure was laid out. The pros and cons of the multi-bank holding company issue were examined. I want to report to you that we were pleased by the reception given this paper by those involved in this "contro-

versy." They said it was very objective and very well done. Several people communicated with our Public Affairs Division in regard to the paper and pointed out some things they wished had been said. I'm going to share with you one or two of those items later on. The point is this: We did study the issue. Our members overwhelmingly responded to the questions attached to the research paper as to whether or not Farm Bureau should have a policy position regarding the banking structure in Kansas and what that position should be. I will tell you parenthetically that our people are not bashful about expressing themselves and responding to the questions and telling us exactly what they think should be said in a Farm Bureau resolution. At the December, 1982 annual meeting, a short, concise policy statement, or resolution, was adopted. It has been readopted at the December, 1983 annual meeting and at the December, 1984 annual meeting. It is the position of our members as of this date. It guides our efforts and brings us before you today to make these comments. Here is our policy position.

BANKING FACILITIES AND SERVICES

We believe there should be no further development of detached facilities or services by banks or other financial institutions. We are opposed to branch banking and to the acquisition of banks or other financial institutions by multi-bank holding

companies.

Mr. Chairman, and Members of the Committee, much of the testimony which you have received, or will receive, comes to you from bankers on both sides of this question. Much of it has been available to those of us on the outside of the Legislature. The point I want to make here is this: This should not be viewed as a banker's issue. It's an issue on which there should be a public debate. You are here today providing that kind of forum. We believe it must be the public that helps you decide whether or not to abandon the laws which have been designed to protect the public from the inordinant concentration of financial resources through a change in the banking structure. We believe the present system allows for size, if that's desirable, for power, if that is desirable and justified through superior service. Those things have nothing to do with the structure for banking in Kansas today. Let me tell you something that helps lead us to that conclusion.

As you know, last fall the Governor, who grew up on a farm not far from Lindsborg in neighboring Saline county, publicly endorsed multi-bank holding companies. He wrote to the President of the Kansas Bankers Association, also a resident of McPherson County, and said that he believes "Our banking industry today is structurally hobbled by our current restrictive state laws." Then, on page 2 of his letter to the KBA President, the Governor indicated: "We have been fortunate in this state to have a banking industry of great diversity and competitiveness com-

prised of more than 600 commercial banks. Kansas bankers have been fiercely dedicated to serving the needs of Kansans." I want to pause here - not to read the quote again, but to give us all time to reflect on what the Governor really said. Well, I think we all know what he said. We have a good banking structure in this state. We have bankers who have been serving the people of this state with a great number of services and with a great community-mindedness.

We believe it would ill-behoove the Kansas Legislature to now change the structure that has given us this "diversity and competitiveness" and has allowed the development of banks and bankers who have been "fiercely dedicated to serving the needs of Kansans."

The arguments of the proponents say that we are among the last to permit multi-bank holding companies or branch banking. That we should join some parade. That has not been the thought process of Kansas Legislators over the course of the years. They, and you have been and are innovators and leaders. You have been recognized as the outstanding Legislature in the nation. I will have to hasten to add this is not a blanket endorsement for everything that is done nor every bill or resolution passed or adopted. But it is the history of the Kansas Legislature to develop a climate in Kansas for the growth and advancement of Kansans, notwithstanding what is done in other states.

Back to the banking structure. Very often the customers of small banks, particularly those in rural areas, have a legitimate

need for a loan which may well be larger than the local bank can make. There are constraints on the bank. Well, our current system meets that need by allowing the local bank to find a participant - a correspondent bank - to take a part of the loan that is in excess of what it can handle. I submit to you that is part of our structure today and it works well. If it did not work, if it were not permitted, I can tell you there would be farmers and consumers and small businessmen here asking you to lead the charge for the panacea that is painted as multi-bank holding companies if, indeed, that were the answer. It is not.

The proponents tell you that the bill before you contains a provision, a "safety net" provision requested by the Kansas Bank Commissioner, to assure that there are bidders in the case of failing banks. We suggest to you that that procedure, certainly one that bears your examination, could and should be dealt with separately.

In conclusion, Mr. Chairman and Members of the Committee, I want to share with you one comment from a banker in Tonganoxie who indicated he had reviewed, in 1982, our research paper on CONTROVERSIES IN BANKING. Included in his comments were these thoughts:

"I felt that it was important to let you know that I feel the most vital concern in the banking controversy was not covered in your study. Specifically, what I am referring to is the problem of removal of the local decision-making process through the liberalization of banking laws. A case in point is the

situation that I am familiar with in a multi-bank holding company state where an edict from the lead bank curtailed all swine loans because of the bad experience with a disease problem in one of the affiliated banks. Can you imagine the affect that action had on the approximately two dozen rural communities involved?"

That strikes very close to home, Mr. Chairman. We are pork producers on the Dahlsten farm. You and your colleagues in the Kansas Legislature are the jury. It seems to me the prosecution -- the proponents -- must prove beyond a reasonable doubt, and you must believe a structure change will benefit all Kansans. We do not believe such change will be beneficial. We appreciate the diversity and competitiveness of the present structure. Should such a situation be permitted to happen in Kansas? Should we be changing something that has given us today a banking industry of "great diversity and competitiveness?" Should we, today, in the 1985 Session of the Kansas Legislature, revamp a system that has provided for Kansans a structure with bankers "fiercely dedicated to serving the needs of Kansans." We think not. We urge that you report unfavorably S.B. 102.

What Mrs. Dahlsten did not tell the Senate Committee, because the communication of the proponents has been since that hearing, is this: Statements of the proponents being circulated to you and your colleagues in the House seem to allude to economic conditions in one of our sister states. The phrases in their communication go something like this: There is no proof that multi-bank holding

company legislation in Nebraska has done any harm to agriculture in Nebraska. They also say there is no evidence that there has been any harm to rural communities in Nebraska. Mr. Chairman and Members of the Committee, the proponents should be coming to you with factual information to show the positive benefits of what they are proposing, not that "there is no evidence that multi-bank legislation has done no harm to agriculture or rural communities." They should be telling you of all of the wonderful things it has done for agriculture. All of the fine things it has done for rural communities. They cannot do that. We have a system that is working well in Kansas. I repeat the statement Mrs. Dahlsten made to the Senate Committee. We have a banking industry of "great diversity and competitiveness" . . . one "fiercely dedicated to serving the needs of Kansans." That's the kind of banking system we want. That's the kind of banking system the citizens, farmers, ranchers, businessmen, younger and older Kansans want and deserve. We have it today. We don't need to change the structure to accommodate the people of the state. And we shouldn't be changing it just to satisfy the desires of the banking community. We urge you to report S.B. 102 unfavorably.

Thank you very much for this opportunity to present a statement to you today.



STATEMENT BY
IVAN W. WYATT, PRESIDENT
KANSAS FARMERS UNION
ON
SENATE BILL NUMBER 102
(BANK HOLDING COMPANY)
BEFORE THE HOUSE
COMMITTEE ON FINANCIAL INSTITUTIONS

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN WYATT, PRESIDENT OF THE KANSAS FARMERS UNION.

FOR OVER A DECADE THE KANSAS FARMERS UNION HAS HAD A POLICY SUPPORTING THE UNIT SYSTEM OF BANKING IN KANSAS, AND OPPOSED A CENTRALIZED STRUCTURE OF BANKING.

MANY THINGS HAVE BEEN SAID IN SUPPORT OF WHY WE SHOULD CHANGE FROM THE PRESENT UNIT SYSTEM OF BANKING IN KANSAS TO A MULTI-BANK HOLDING COMPANY SYSTEM.

AFTER EXAMINATION, MOST OF THE REASONS HOLD LITTLE WATER FACTUALLY.

SOME SAY A MULTI-BANK SYSTEM WILL BETTER SERVE THE PEOPLE OF KANSAS. THIS IS NOT A PROVEN FACT. PERHAPS IT WILL SERVE A FEW BETTER, BUT FOR THE VAST MAJORITY OF PEOPLE OF THE STATE THIS IS NOT TRUE, ESPECIALLY FARMERS, LIVESTOCK PRODUCERS, LOCAL BUSINESSMEN, AND RURAL COMMUNITIES.

WE ARE ALREADY SEEING BANKS IN LARGER TOWNS AND CITIES TURNING AWAY FROM MAKING AGRICULTURAL AND RURAL LOANS, AND IN NUMEROUS CASES HAVE GIVEN AGRICULTURAL AND LIVESTOCK BORROWERS PRESENTLY DOING BUSINESS WITH THEM 30 TO 60 DAYS TO FIND SOMEWHERE ELSE TO DO THEIR BUSINESS, BECAUSE THE BANK IS CLEARING ITS BOOKS OF ALL AGRICULTURAL LOANS.

IT HAS BEEN SAID MULTI-BANK HOLDING COMPANIES WILL INSURE ECONOMIC DEVELOPMENT IN KANSAS BY MAKING MORE CAPITAL AND SERVICES AVAILABLE FOR BANK CUSTOMERS.

SUCH STATEMENTS INFER A MULTI-BANK HOLDING COMPANY SYSTEM WILL INCREASE THE SUPPLY OF MONEY AVAILABLE FOR LENDING. THIS IS A MISLEADING STATEMENT.

MULTI-BANK HOLDING COMPANIES WILL NOT INCREASE THE TOTAL AMOUNT OF CAPITAL AVAILABLE, IT WILL ONLY TRANSFER ASSETS FROM MANY COMMUNITIES TO A LARGER POOL IN A LARGER COMMUNITY. THIS IS HOW THEY GET THE HIGHER LENDING LIMITS -- FOR LARGER BUT FEWER LOANS.

A NEWS STORY IN A METROPOLITAN NEWSPAPER (WICHITA EAGLE-BEACON 11-18-84) SPELLED THIS OUT. ONE BANK OWNS THE LEGAL 24.9% INTEREST OF FIVE BANKS IN FIVE DIFFERENT TOWNS, SHARING IN THEIR EARNINGS, BUT THE ASSETS OF THE FIVE BANKS ARE NOT ON ITS BOOKS.

HOWEVER, WITH MULTI-BANK LEGISLATION, THAT ONE METROPOLITAN BANK WOULD BE ABLE TO ACQUIRE CONTROL OF THE FIVE BANKS AND THEIR ASSETS OF \$493 MILLION, THEREBY INCREASING THE PARENT COMPANY'S LENDING LIMIT BY 50% AT THE EXPENSE OF THE FIVE LOCAL BANKS. THERE WOULD BE NO CREATION OF NEW MONEY FOR LENDING PURPOSES.

IT HAS BEEN SAID IF WE SET UP A FEW LARGE BANK HOLDING COMPANIES, LARGE OUT OF STATE, REGIONAL OR INTERSTATE BANKS WOULD BE LESS LIKELY TO MOVE INTO KANSAS.

HISTORY SHOWS THAT MERGERS OR BUYOUTS ARE USUALLY CARRIED OUT BY LARGE CORPORATIONS GAINING CONTROL OF OTHER LARGE CORPORATIONS.

THERE ARE INDICATIONS THAT SOME OF THE STATE'S LARGE BANKS ARE ALREADY BEING EYED AS ACQUISITION TARGETS IN THE EVENT OF AN INTERSTATE BANKING ENVIRONMENT.

THE DEPOSITS OF THIS COUNTRY'S LARGEST BANKS, BECAUSE OF HIGH INTEREST RATES, ARE MADE UP OF TO 74% FOREIGN DEPOSITS. IF AND WHEN INTEREST RATES DROP, THOSE DEPOSITS COULD DISAPPEAR OVERNIGHT.

THOSE DEPOSITS COULD ONLY BE REPLACED BY DRAWING ASSETS FROM THE OUTLYING BANKS OF THE MULTI-BANK CORPORATION. SUCH A MOVE WOULD DEVASTATE THE STATE'S LARGEST INDUSTRY, AGRICULTURE, AND THE STATE'S RURAL COMMUNITIES.

THE KANSAS LEGISLATURE MUST NOT FORGET WE ARE DEALING WITH THE PEOPLE'S FINANCIAL RESOURCES AND SAVINGS, NOT THE ASSETS OF THE BANK. ALL IS BASED ON THE DEPOSITS AND SAVINGS OF THE PEOPLE, AND THE ABILITY OF THE BANK TO GENERATE A PROFIT FROM THE LENDING OF THOSE DEPOSITS.

THE MOST EFFECTIVE WAY TO SERVE THE CITIZENS OF THE STATE OF KANSAS AND TO PROTECT THEM FROM THE PREDATORY MONEY CENTERS IS NOT TO PUT ALL OF THEIR FINANCIAL NEST EGGS IN A FEW BASKETS.

IF THE KANSAS LEGISLATURE PASSES MULTI-BANK LEGISLATION, IN JUST A MATTER OF A FEW YEARS, OR LESS, YOU WILL BE CONSIDERING REGIONAL BANKING.

IN MISSOURI, THEY ARE NOW SAYING THEY NEED REGIONAL BANKING TO PROVIDE "TREMENDOUS OPPORTUNITY FOR JOB CREATION IN ST. LOUIS AND KANSAS CITY" AND TO OPPOSE THE THREAT OF "NATIONAL BANKING" THAT WOULD SIPHON JOBS FROM MISSOURI TO NEW YORK. IT WOULD APPEAR ONCE THE CONCENTRATION IN FINANCIAL INSTITUTIONS BEGINS WITH THAT FIRST STEP OF MULTI-BANK HOLDING COMPANIES, IT JUST GOES ON AND ON AND ON.

YOU HAVE HEARD HOW THERE ARE SAFEGUARDS IN THIS BILL TO PROTECT THE PEOPLE, THE SMALL BANKS AND RURAL COMMUNITIES.

I WOULD REMIND YOU IN THE SENATE HEARINGS ON THIS BILL, AN ADVOCATE FOR MULTI-BANK HOLDING COMPANIES, FROM NEBRASKA, CLAIMED THAT THERE WERE SUCH SAFEGUARDS IN THE NEBRASKA LEGISLATION, BUT UNDER QUESTIONING HAD TO ADMIT THAT AFTER THE LEGISLATION HAD BEEN IN EFFECT LESS THAN A YEAR, THERE IS ALREADY A MOVE ON TO DILUTE OR REMOVE THESE SO-CALLED SAFEGUARDS.

YOU HAVE NO DOUBT HEARD THAT FARM FAILURES WERE NO WORSE IN MISSOURI UNDER A MULTI-BANK SYSTEM THAN IN KANSAS.

A REPORT PUT OUT BY DUN AND BRADSTREET INDICATES OTHERWISE.

DURING THE 2ND HALF OF 1983, FARM BANKRUPTCY IN MISSOURI WAS ALMOST 3 TIMES AS HIGH AS IN KANSAS. IN 1984 FARM BANKRUPTCIES IN MISSOURI WAS WELL OVER 3 TIMES AS HIGH AS IN KANSAS.

HOW WELL IS KANSAS' UNIT BANK SYSTEM SERVING THE STATES LARGEST INDUSTRY (AGRICULTURE)?

KANSAS RANKS NO. 1 IN THE NATION IN PERCENTAGE OF TOTAL FARM LOANS HELD IN BANKS AMONG STATES WITH OVER \$1 BILLION IN FARM LOANS AND IS IN A 3 WAY TIE FOR 2ND IN NON-REAL ESTATE FARM LOANS HELD BY BANKS.

YOU WILL BE TOLD THAT NEBRASKA'S MOVE TO A MULTI-BANK SYSTEM HAS NOT BEEN AS BAD AS THEY THOUGHT.

REMEMBER THOUGH NEBRASKA'S MOVE TO MULTI-BANK SYSTEM HAS BEEN IN EFFECT LESS THAN A YEAR, SECONDLY REMEMBER IN LESS THAN A YEAR THERE IS ALREADY MOVES BEING MADE TO REMOVE SOME OF THE SAFEGUARDS PROTECTING RURAL BANKS AND THEIR COMMUNITIES.

RECENTLY I HAD THE OPPORTUNITY TO VISIT WITH AN EMPLOYEE OF 11 YEARS OF ONE OF ARIZONA'S THREE MULTI-BANKS. ARIZONA HAS ONLY THREE BANKS.

HE SAID FROM HIS EXPERIENCE THE SYSTEM WAS NOT THAT GOOD. HE RELATED THERE WAS VIRTUALLY NO COMPETITION, THEY JUST WATCH EACH OTHER, AND THAT SMALL BUSINESSES AND FARMERS FIND IT DIFFICULT TO GET LOANS.

TODAY THE INTEGRITY OF AMERICA'S BANKING SYSTEM IS BEING THREATEN BY THE NEW ERA OF GO-GO BANKING, WHICH CAN BE TRACED TO THE DEREGULATION FEVER OF THE LATE 70'S THAT HAS SPREAD TO BANKING IN THE 80'S.

IN THE EARLY 30'S LEGISLATION WAS PLACED ON THE BOOKS BY LEGISLATORS WHO REALIZED THE DANGERS OF A FREE-WHEELING BANKING SYSTEM.

TODAY BANKING IS PLUNGING HEADLONG DOWN A PATH OF UNCONTROLLED EXPANSION. AS IN THE ROARING 20'S, PROFITS AND GROWTH RATES HAVE REPLACED SERVING THE PUBLIC INTEREST AS THE DOMINANT FOCUS OF AMERICAN BANKING.

BANKING IS ONE OF THE FEW INDUSTRIES WHOSE FAILURE WOULD UNDERMINE OUR ENTIRE DEMOCRATIC SYSTEM.

THEREFORE I WOULD URGE THE MEMBERS OF THIS COMMITTEE NOT TO GIVE INTO PEER PRESSURE TO PLUNGE THIS STATE'S BANKING SYSTEM INTO ONE SUCH AS ARIZONA'S OR MISSOURI'S, OR NEBRASKA'S. JUST BECAUSE IT'S THE IN THING TO DO.

THE FACTS ARE, KANSAS' PRESENT BANKING SYSTEM HAS SERVED THE PEOPLE WELL. THERE IS NO SUBSTANTIATING EVIDENCE THAT MULTI-BANK HOLDING COMPANIES WILL BETTER SERVE THE PEOPLE OF THE STATE.



KANSAS

County Platform

Kansas Association of Counties

Kansas Association of Counties

Serving Kansas Counties

Suite D, 112 West Seventh Street, Topeka, Kansas 66603

Phone 913 233-2271

1984 - 1985

OFFICIAL STATEMENT OF POLICY

This Statement of Policy was adopted by conference action at the annual Kansas Association of Counties meeting in Wichita on the 13th day of November, 1984. It is the means through which the counties of Kansas make known their common aims and purposes and move together for the improvement of local government.

This Statement of Policy represents the foundation upon which the counties will build their 1985 State Legislative Program. It does not attempt to set forth the counties position on many of the specific bills which may be considered by the Legislature during the coming session. However, it does set forth basic principles and policies which will serve as a guide for action by legislative committees and county officials.

..... A platform for building better county government in Kansas

MEMBERS OF THE BOARD:

Gayle Landoll, Marshall County Clerk, President
Mike Billinger, Ellis County Treasurer, Vice President
Keith Devenney, Geary County Commissioner
Steve Flint, Smith County Register of Deeds
Don Gordon, Douglas County Appraiser
John Magnuson, McPherson County Commissioner
Claude Shelor, Sedgwick County Public Works Director
Clyde Townsend, Wyandotte County Commissioner
Ralph D. Unger, Decatur County Commissioner
Paul Weidner, Haskell County Commissioner

We commend the Legislature for its courage in taking positive action in facing the financial needs of our state and local highway systems and express our sincere appreciation. We offer full dedication and cooperation in your further efforts to serve our constituents/taxpayers with research information, public relations and good will. We request that you give consideration to the following in your 1985 deliberations.

1. BANK SECURITY - We request that K.S.A. 75-4218 be amended to increase the security to 100 percent for county bank accounts.
2. PROPERTY TAXATION - We request that K.S.A. 79-1412a be amended by the addition of the following:

(b) The director of property valuation shall give notice to county and district appraisers and county boards of equalization of any proposed changes in the guides, schedules or methodology for use in valuing property prescribed to the county and district appraisers for use in setting values for property within the county or district. Changes and modifications in guides, schedules or methodology for use in valuing property which are prescribed by the director of property valuation and certified to county and district appraisers on or after August 26 in any year shall not be utilized in establishing the value, for the current tax year, of any property, the value of which has previously been established for such year unless the county board of equalization shall determine and certify to the county or district appraiser findings that such changes or modifications are in the best interests of the county and taxing subdivisions located therein and will not disrupt the orderly and timely execution of budgetary and taxing procedures prescribed by law for such year.

3. FINANCE AND TAXATION - To improve the financial status of counties and to provide relief to the property taxpayer, we recommend the following--

(a) We request that K.S.A. 68-1135 and 68-1136 be amended to allow the expenditure of "Special Bridge" funds for culverts as well as bridges.

(b) Because the special bridge fund is being called upon to finance increasing numbers of bridge replacements, we urge the Legislature to remove this fund from the aggregate tax lid.

4. RECORDS AND RECORD BOOKS - We request a new act modeled after K.S.A. 58-2224 that would amend the statutes that refer to "records" or "record books" to include computer tape or disks.
5. SALE OF COUNTY PROPERTY - We request that K.S.A. 19-211 be amended to be applicable only to real estate.

6. RAILROAD CROSSINGS - The Kansas Association of Counties urges the legislature to pass a law that requires trains to have reflective paint or tape applied to all railroad cars in the State of Kansas.

7. ANNEXATION
 - (a) We request that all annexations be approved by the county commissioners as well as the City Governing Board, unless written request is made for annexation by land owner or owners.

 - (b) We request that cities be required to annex road ways when adjacent property on both sides have been annexed.

8. CODIFICATION OF STATUTES - We request the initiation of a general ongoing program for the codification and clarification of outdated and obsolete statutes including revenue sources relating to townships, cemetery districts and drainage districts.

9. MENTAL HEALTH - We urgently request and recommend that the state aid for community mental health centers be increased to 50% as provided by the 1974 Legislature in K.S.A. 65-4401 et seq.

10. EXTENSION COUNCIL BUDGETS - K.S.A. 2-610 should be amended to provide for the approval of the Extension Council Budget by a majority of the County Governing Board and a study made of existing statutes relating to the date of the budget approval and its expenditure.

11. COMMUNITY COLLEGE TUITION PAYMENTS - We request to pay tuition only on verified completion of prescribed courses in our community colleges.

12. COURTS - We support the activities of the Judicial Council in its study of the effects of court unification and request further review of statutes relating to court fines and fees. Additional funding is needed at the county level. We feel it would be appropriate for fines levied for violations of county resolutions on county roads and other county territory to remain with the county.

13. DEBT LIMITATIONS - The debt limitations for counties as provided in K.S.A. 10-301 et seq no longer parallel the needs at the county level and are frequently by-passed by special legislation. We request an update of these statutes.

14. COUNTY BOARD OF EQUALIZATION - We oppose the erosion of the role of the county governing board as a board of equalization.

15. EXEMPTIONS - We object to the granting of the farm machinery and business aircraft exemption and oppose any other exemptions that further erode the ad valorem tax base and recommend a study of existing exemptions in an attempt to arrive at a uniform and equitable method of taxation. We support a "sunset" concept on all existing exemptions and oppose the passage of legislation without the opportunity for public input at committee hearings.
16. ASSESSMENT - We support the taxation of agricultural land by valuing under the land-use concept provided in the State constitution as amended in 1976.
17. STATEWIDE REAPPRAISAL - We strongly urge counties to continue efforts to maintain property values at an equalized level with state assessed property and generally oppose a reappraisal directed and administered by the state.
18. COMPUTERIZED ASSESSMENT ROLLS - We encourage county use of computerized equipment but oppose the installation, usage and control of a centralized state computer system of assessment rolls.
19. STATE MANDATES - We strongly oppose the imposition of additional mandatory functions or activities, on local governments by the state unless the state also provides funds other than ad valorem taxes to finance such functions.
20. MULTI-BANK HOLDING COMPANIES - We oppose legislation authorizing multi-bank holding companies.
21. RETIREMENT BENEFITS -
 - (a) Whereas current home rule authority exists to provide for county law enforcement and fire department personnel to be covered by the Kansas Police and Firemen's Retirement System we oppose all state mandates for this change in retirement coverage.
 - (b) Provided KPERs funds are available, the Kansas Association of Counties supports retirement with full benefits when the sum of an employees years of service and age totals 90.
22. FINANCE AND TAXATION -
 - (a) We support an expansion of the state-local revenue sharing plan and recommend that this fund be annually financed by the use of two and one-half percent of the total state income tax revenue and one and one-half percent of the total state sales tax revenue. Current formulas relative to distribution should not be changed.
 - (b) We support the home rule local option tax lid approach, whereby the elected board can adjust the state-imposed tax lid according to local conditions, subject to voter petition for a referendum. motor fuels tax.
 - (c) Local governments should be exempt from the payment of the motor fuels tax.

TESTIMONY BEFORE
THE HOUSE COMMERCIAL AND FINANCIAL COMMITTEE

ON S.B. 102

BY BERNARD A. GRIFFITHS

MR. CHAIRMAN, LADIES AND GENTLEMEN OF THE COMMITTEE, MY NAME IS BERNARD GRIFFITHS. I AM PRESIDENT OF THE COMMERCIAL STATE BANK IN LONG ISLAND, KANSAS. I SINCERELY APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO PRESENT THE REASONS WHY YOU SHOULD OPPOSE MULTIBANK CORPORATION OWNERSHIP AS PROPOSED UNDER SENATE BILL 102. I HAVE BEEN IN THE BANKING BUSINESS FOR 34 YEARS. CURRENTLY, I AM SERVING AS PRESIDENT OF THE KANSAS INDEPENDENT BANKERS ASSOCIATION.

YOU WERE TOLD YESTERDAY BY MR. DON STEFFES, PRESIDENT OF THE KANSAS BANKERS ASSOCIATION THAT BANK LAWS PROTECT BANKERS. I COULD NOT DISAGREE MORE. NINETY-TWO PERCENT OF THE MONEY AVAILABLE IN ANY BANK BELONGS TO THE DEPOSITORS. ONLY EIGHT PERCENT BELONGS TO THE BANK AND ITS STOCKHOLDERS.

BANK LAWS WERE PUT IN PLACE TO PROTECT THE PEOPLE -- YOUR CONSTITUENTS.

SO THE ISSUE AT HAND IS WHICH TYPE OF BANK SYSTEM IS BEST FOR KANSAS AND THE PEOPLE OF KANSAS? WHICH SYSTEM OF BANKING WILL ALLOW DEPOSITORS TO MAINTAIN LOCAL CONTROL OVER THEIR MONEY THEY PLACE IN A KANSAS BANK? WHICH SYSTEM OF BANKING IS MOST BENEFICIAL TO THE KANSAS ECONOMY? HAS THE CURRENT SYSTEM SHOWN AN INADEQUACY TO THE PEOPLE AND THE BUSINESSES IT SERVES?

BASED ON INFORMATION CURRENTLY AVAILABLE ON THE KANSAS ECONOMY AND FROM OTHER STATES, I BELIEVE THAT INDEPENDENT BANKING IS THE BEST BANKING SYSTEM FOR CITIZENS, SMALL BUSINESS AND THE AGRICULTURAL INDUSTRY OF KANSAS. HERE ARE THE BASIC REASONS WHY:

INDEPENDENT BANKS CAN BEST SERVE THE CREDIT AND OTHER FINANCIAL NEEDS OF THE PEOPLE AND BUSINESS OF ITS COMMUNITY, BECAUSE OF ITS NATURAL COMMITMENT TO THAT COMMUNITY. LOSS OF LOCAL FINANCIAL DECISION MAKERS, WHICH OCCURS UNDER MULTIBANK OWNERSHIP, CAN BE CRITICAL FOR SMALL BUSINESS.

SMALL BUSINESS IN KANSAS IS 99% OF ALL THE BUSINESS ESTABLISHMENTS IN THE STATE. IT PROVIDES 82% OF THE JOBS.¹ KANSAS HAS CONSISTENTLY RANKED IN THE TOP 10 NATIONALLY IN SMALL BUSINESS CLIMATE AND OVERALL BUSINESS CLIMATE OVER THE PAST SEVERAL YEARS. DURING THE FIRST HALF OF 1984, IT RANKED SIXTH IN THE NATION FOR PERCENT OF INCREASE IN NEW BUSINESS START-UPS.²

LOCAL DECISION MAKING IS THE HEART-AND-SOUL OF THE INDEPENDENT BANK. DEPOSITS GENERATED IN THAT COMMUNITY ARE REINVESTED AND USED THERE IN THE FORM OF LOANS AND THE PURCHASE OF MUNICIPAL BONDS TO BUILD SCHOOLS AND OTHER MUNICIPAL FACILITIES. THE OFFICERS AND DIRECTORS KNOW THE COMMUNITY AND THEY KNOW THE PEOPLE....THEIR FEELINGS AND DESIRES. YOU HAVE LOCAL PEOPLE MAKING FINANCIAL DECISIONS

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CONCERNING THEIR LOCAL ECONOMY.

YOU AS A REPRESENTATIVE FROM YOUR RESPECTIVE DISTRICT DO THE SAME THING FOR YOUR CONSTITUENTS. YOU KNOW THE LOCALE, YOU UNDERSTAND ITS UNIQUE PROBLEMS, AND YOU ARE FAMILIAR WITH THE PARTICULAR INTERESTS OF YOUR DISTRICT.

POINT NUMBER 2: MULTIBANKING TAKES CONTROL OF DEPOSITS AWAY FROM THE LOCAL COMMUNITY AND THEREFORE RESULTS IN A LOSS OF POLITICAL AND ECONOMIC POWER. MONEY MEANS POWER, AND CONTROL OF MONEY BRINGS ECONOMIC AND POLITICAL POWER. WHEN A FEW MAJOR BANK CORPORATIONS ARE ALLOWED TO MAKE THE DECISIONS FOR THE PEOPLE IN A STATE LIKE KANSAS, THE ECONOMIC HEALTH OF THE STATE AS A WHOLE IS GOING TO SUFFER. COMPARE THIS TO PERSONAL INVESTMENTS YOU MIGHT MAKE AS AN INDIVIDUAL. IS IT BETTER TO PUT ALL YOUR MONEY IN ONE STOCK OR BOND, OR TO SPREAD THIS RISK OVER SEVERAL DIFFERENT COMPANIES AND TYPES OF INVESTMENTS.

MR. BEVERAGE, NEBRASKA BANK COMMISSIONER, IN TESTIMONY YESTERDAY ADMITTED TO YOU THAT MULTIBANKING WAS NOT A PANACEA - his word - BUT JUST ANOTHER OPTION. AND YET, MULTIBANKING IN NEBRASKA JUST TWO YEARS AGO WAS HAILED AS NECESSARY TO THE STATES ECONOMY FOR ALL THE SAME REASONS YOU ARE HEARING FROM PROPONENTS FOR KANSAS MULTIBANKING. LEGISLATION WAS ADOPTED IN NEBRASKA WITH LIMITATIONS AND RESTRICTIONS WHICH SUPPOSEDLY SATISFIED THE PROPONENTS. SENATE BILL 102

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CONTAINS SOME OF THOSE SAME LIMITATIONS AND RESTRICTIONS.
WHY THEN, IN JUST TWO YEARS TIME, HAVE MULTIBANK PROPONENTS
IN NEBRASKA COME BACK ASKING FOR AN INCREASE IN THOSE
LIMITATIONS PLUS BRANCHING....AND RECEIVED IT? MONEY IS
POWER!

THOSE LIMITATIONS WEREN'T LARGE ENOUGH TO SATISFY THE
GREED OF THOSE THAT WISH TO GAIN CONTROL OVER A LARGER AND
LARGER SHARE OF THE PUBLIC'S DEPOSITS. WHY? BECAUSE THERE
ARE JUST SO MANY BANKING DOLLARS AVAILABLE AND THOSE DOLLARS
ARE ESSENTIAL TO HAVE MONEY TO LEND. SO COMPETITION FOR THE
SAME DOLLARS INTENSIFIES. BUT TO BENEFIT CONSUMERS AND
BUSINESS, THOSE DOLLARS SHOULD BE EARNED THROUGH SERVICE TO
BANK CUSTOMERS NOT THROUGH ACQUISITION OF EXISTING BANKS.

YOU WERE TOLD YESTERDAY THAT THERE IS NO EVIDENCE THAT
AGRICULTURE IS HARMED BY MULTIBANKING. BUT THERE IS NO
EVIDENCE THAT IT HELPS. THE ARGUMENT WAS "TRUST US".

IN HIS TESTIMONY YESTERDAY, DERYL SCHUSTER, THE BANKER
FROM LIBERAL, GAVE YOU EXECLLENT EVIDENCE THAT KANSAS BANKS
PRESENTLY SERVE AGRICULTURE BETTER THAN THE BANKS OF OTHER
STATES. HE JUST COLORED HIS APPLES AND ORANGES - - HE MADE
THEM ALL ONE COLOR.

IN ALL BUT ONE OF HIS CHARTS, HE SHOWS KANSAS RANKED
LOWER THAN OTHER LEADING AGRICULTURAL STATES BY USING DOLLAR
VOLUME. MR. SCHUSTER USED HIS CHARTS NUMBERS 1, 2 AND 3 TO

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SHOW YOU THAT KANSAS BANKS RANK BEHIND OTHER AGRICULTURAL STATES IN VOLUME OF REAL ESTATE, NON-REAL ESTATE AND TOTAL FARM LOANS. HE TOOK HIS FIGURES FROM A CHART WE HAVE DISTRIBUTED TO YOU TITLED AGRICULTURAL LOAN TOTALS, JANUARY 1, 1984, FROM THE AGRICULTURE BANKING DEPARTMENT OF THE AMERICAN BANKING ASSOCIATION. THAT CHART ALSO DEALS WITH PERCENTAGES, NOT JUST DOLLARS. OF COURSE, TEXAS, CALIFORNIA AND MISSOURI WILL RANK ABOVE KANSAS IN DOLLARS, BUT AS DEPICTED IN MR. SCHUSTER'S CHART NO. 7, KANSAS RANKS FIRST IN PERCENTAGE OF AGRICULTURAL LOAN TOTALS.

ONE OF YOU - - IN QUESTIONING MR. SCHUSTER YESTERDAY APPARENTLY SUSPECTED THAT DOLLAR VOLUME WAS NOT THE PROPER YARDSTICK TO MEASURE AG/BANK PERFORMANCE. YOUR QUESTION HAD TO DO WITH THE POPULATION OF OTHER STATES RELATIVE TO KANSAS AND ALTHOUGH POPULATION IS SIGNIFICANT, IT IS THE PERCENTAGE OF FARM LOANS HELD BY BANKS THAT IS TELLING. KANSAS RANKS NUMBER ONE IN THE NATION IN THE PERCENT OF TOTAL FARM LOANS HELD IN BANKS AMONG STATES WITH OVER \$1 BILLION IN FARM LOANS - - AHEAD OF NEBRASKA, MISSOURI AND OKLAHOMA. A MULTIBANK HOLDING COMPANY SYSTEM COULD NOT IMPROVE ON NUMBER ONE. KANSAS RANKS NUMBER FOUR IN THE NATION IN PERCENT OF NON-REAL ESTATE FARM LOANS, A FRACTION OF ONE PERCENT BEHIND CALIFORNIA AND SOUTH DAKOTA, BUT 10% AHEAD OF OKLAHOMA, 4% AHEAD OF NEBRASKA AND 2% AHEAD OF MISSOURI.

MR. SCHUSTER DID USE PERCENTAGE FIGURES IN HIS PIE CHARTS NUMBERS 5 AND 6 TO PROVE THAT MISSOURI'S MULTIBANKS SERVE AGRICULTURAL CUSTOMERS ALMOST AS WELL AS KANSAS INDEPENDENT BANKS. PERHAPS WE SHOULD THANK HIM. THE EVIDENCE, IN ANY CASE, IS BEFORE YOU. IN A STUDY ON THE INPACT OF BANK STRUCTURE ON FARM LENDING FROM THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, IT WAS CONCLUDED THAT ON THE AVERAGE FARM LOANS TENDED TO DECREASE SOON AFTER BANKS BECAME AFFILIATED WITH HOLDING COMPANIES WHILE AT THE SAME TIME, FARM LOANS AT OTHER BANKS WERE CONTINUING THEIR UPWARD TREND.¹

IN CONTRAST, KANSAS BANKS, WITH THE CURRENT BANKING SYSTEM, FINANCE 60% OF THE TOTAL NON-REAL ESTATE FARM DEBT IN THE STATE. THAT MEANS KANSAS BANKS PROVIDE MORE DOLLARS IN AGRICULTURAL LOANS FOR PRODUCTION, OPERATION, SUPPLIES, ETC. THAN ALL OTHER KANSAS FARM LENDING INSTITUTIONS AND AGENCIES COMBINED. THOSE FIGURES RANK KANSAS NUMBER ONE IN THE NATION FOR PERCENT OF TOTAL STATE FARM DEBT FINANCED.

KANSAS INDEPENDENT BANKS WORK FOR AGRICULTURE, NOT AGAINST IT, AND AGRICULTURE IS OUR NUMBER 1 INDUSTRY.

AND, FINALLY, POINT NUMBER 3 -- MULTIBANKING IS A LOGICAL PRECEDENT TO INTERSTATE BANKING.

IN MANY STATES WHERE MULTIBANKING HAS BEEN ADOPTED, IT HAS BEEN THE CATALYST, THE SPRINGBOARD FOR INTERSTATE

¹ "Improved Fund Availability at Rural Banks" Report and Study Papers of the Committee on Rural Banking Problems, Board of Governors of the Federal Reserve System June, 1975.

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BANKING. MULTIBANKING PROVIDES THE VEHICLE NEEDED FOR INTERSTATE BANKING TO BECOME SUCCESSFUL.

NOW, LET'S TAKE A LOOK AT THE RATHER STRANGE SCENARIO IN KANSAS. WHEREAS, IN OTHER STATES WHERE MULTIBANKING IS IN EFFECT, THE BANKS ARE LOBBYING FOR INTERSTATE BANKING, THE PRO-MULTIBANKING PEOPLE IN KANSAS HAVE JOINED THE UNIT BANK PEOPLE IN OPPOSITION TO INTERSTATE BANKING. THEY ARE AS OPPOSED TO THE ENTRY OF MARK TWAIN BANCSHARES AS WE ARE. WHY? BECAUSE THEY ARE NOT YET READY TO PROFIT FROM INTERSTATE BANKING.

THE BANKING COMMISSIONER OF NEBRASKA TOLD YOU YESTERDAY THE MULTIBANKING LAW PROPOSED FOR KANSAS IS ALMOST IDENTICAL TO THE ONE ADOPTED TWO YEARS AGO IN NEBRASKA. THEIRS ALSO EXCLUDED INTERSTATE BANKING. NOW HE FAVORS INTERSTATE BANKING. LET ME ASSURE YOU, LADIES AND GENTLEMEN, THE PROPONENTS OF MULTIBANKING IN KANSAS, WHO DON'T WANT INTERSTATE BANKING IN KANSAS TODAY, WILL BE BACK TO ASK FOR IT IF YOU GIVE THEM WHAT THEY ASK FOR TODAY.

IT'S MONEY THEY WANT; IT'S POWER THEY WANT; AND THEY DON'T WANT MARK TWAIN TO HAVE IT; THEY WANT IT THEMSELVES.

THE MOVE TO KANSAS BY MARK TWAIN BANCSHARES SHOULD MAKE THINGS CLEARER FOR THOSE WHO WONDER WHAT IS BEHIND THE MULTI-BANKING MOVEMENT IN KANSAS. THERE IS A CERTAIN DESPERATION IN BIG BANK CORPORATIONS IN THIS NATION TO

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ACQUIRE MORE AND MORE OF THE PEOPLE'S DEPOSITS TO COVER LARGE LOANS OUTSTANDING TO ARGENTINA, SOUTH AFRICA AND OTHER FOREIGN COUNTRIES. SO THE MARK TWAIN MOVE IS JUST ONE MORE BIT OF EVIDENCE OF THE NEED OF THE LARGE BANKS TO REPLACE DEPOSITS LOST IN OTHER LOCATIONS WITH THE DEPOSITS OF THE SOLID HEART OF THE NATION.

MR. GARD, VOLUNTEER RESEARCHER FROM JOHNSON COUNTY, MADE A STRONG ARGUMENT YESTERDAY IN FAVOR OF THE WAY KANSAS BANKS TODAY SUPPORT KANSAS. IN ARGUING THAT KANSAS' AVERAGE LOAN-TO-DEPOSIT RATIO RANKS BELOW THE NATIONAL AVERAGE, HE SAYS "INTERESTINGLY" KANSAS RANKS ABOVE COLORADO, INDIANA, IOWA AND MISSOURI IN TERMS OF PER CAPITA LOAN AVERAGES.

BUT - - AND THIS IS IMPORTANT - - HE SAYS WE ARE SUBSTANTIALLY BELOW THE NATIONAL AVERAGE AND THAT OF ILLINOIS. "IT MUST BE RECOGNIZED," HE TOLD YOU, "THAT U.S. DATA, AND TO SOME EXTENT THE ILLINOIS NUMBERS, REFLECT THE INTERNATIONAL LOAN PORTFOLIOS OF LARGE MONEY-CENTER BANKING ORGANIZATIONS."

LADIES AND GENTLEMEN, LET ME CALL TO YOUR ATTENTION THE CARTOON FROM THIS MORNING'S TOPEKA CAPITAL-JOURNAL WHICH YOU HAVE BEFORE YOU. IT IS EXACTLY THAT INTERNATIONAL LOAN PORTFOLIO WHICH SKEWS THE FIGURES AGAINST KANSAS - - AND WE CAN THANK GOD FOR THAT.

THIS ALSO IS IMPORTANT: MR GARD SAID THAT ON THE

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BASIS OF "PER CAPITA LOAN DATA IT APPEARS THAT KANSAS' CREDIT NEEDS ARE ACCOMMODATED BY BANKS AS WELL AS IN OTHER FARM STATES." I THANK HIM FOR THAT, BUT ACTUALLY WE DO BETTER THAN OTHERS.

LADIES AND GENTLEMEN, IT IS NOT ONLY MY GREAT FEAR THAT THE STATE'S LARGEST BANK, FOURTH NATIONAL OF WICHITA, WILL TAKE CONTROL OF THE DEPOSITS OF YOUR CONSTITUENTS IN THE COMMUNITY BANKS OF KANSAS -- ALTHOUGH THAT'S AN IMPORTANT CONCERN. NO, MY GREAT FEAR IS THAT IN JUST A FEW YEARS, AFTER IT HAS BEEN POSITIONED FOR IT, THE FOURTH WILL BE TAKEN OVER BY CITICORP OF NEW YORK, OR COMMERCE OF KANSAS CITY, OR BY WHOEVER CAN MAKE FORTUNES FOR ITS OFFICERS AND PRINCIPALS. THEN WHERE WILL THE KANSAS ECONOMY BE? FOR OUR FARMERS, OUR SMALL BUSINESS PEOPLE AND FOR ALL THE CITIZENS IN KANSAS, WE NEED TO KEEP CONTROL OF OUR FINANCIAL RESOURCES AT HOME. REMEMBER. . . .NINETY-TWO PERCENT OF THE MONEY AVAILABLE IN YOUR LOCAL BANK BELONGS TO THE DEPOSITORS. ONLY EIGHT PERCENT BELONGS TO THE BANK AND ITS STOCKHOLDERS. THE ONLY WAY THE DEPOSITOR BENEFITS FROM THOSE DEPOSITS IS IF THEY ARE USED LOCALLY.

THERE IS NOTHING BANKS CAN DO UNDER MULTIBANKING OWNERSHIP THAT THEY CANNOT ALREADY DO NOW EXCEPT ONE THING, THEY CANNOT REMOVE YOUR SAVINGS ACCOUNTS AND DEPOSITS OUT OF YOUR CITIES AND COMMUNITIES FOR THE BENEFIT OF MONEY CENTER

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BANKS AND BIG BUSINESS WHICH CONSTITUTES LESS THAN 1% OF ALL
BUSINESS ENTERPRISES IN KANSAS.

FOR THE WELFARE OF KANSAS AND KANSANS, I URGE YOU TO
VOTE AGAINST SENATE BILL 102. DON'T TAKE AWAY THE ABILITY OF
KANSAS BANKS TO SERVE THE PEOPLE OF KANSAS. THE EVIDENCE IS
THAT WE ARE DOING IT VERY WELL.

Jack Anderson

Topeka Capital-Journal, Wednesday, March 20, 1985

Washington merry-go-round



Argentina

fights losing money war

President Reagan's meeting this week with Argentine President Raul Alfonsin comes at a time of growing concern over Argentina's \$45 billion foreign debt. A default could start a chain reaction among the world's debtor nations.

Reagan will be trying to paper over the last traces of Argentine bitterness that remain from his pro-British stance during the Falkland Islands war three years ago. The administration dearly wants Argentina on the U.S. side in its efforts to contain the spread of communism in the hemisphere.

But Argentina won't be worth much as an ally if its tottering economy collapses. Without continued international loans, there is little chance that the inflation-weakened economy will ever regain its strength.

Yet this vital infusion of money is precisely what's being threatened by Alfonsin's failure so far to straighten out Argentina's economy.

Politically, he found it impossible to resist demands for pay raises, with the result that inflation is getting worse instead of better. And that makes the International Monetary Fund and other lenders nervous.

Argentina is in the same predicament as other debtor nations — or, for that matter, any hard-up individual trying to get a bank loan: Unless it can show that it's financially solid, it won't get the loan. But if it were financially solid, of course, it wouldn't need the loan.

Argentina remains, in the phrase of one internal U.S. economic report I've seen, "the chief problem in Latin America."

The seriousness with which Alfonsin views his country's debt crisis was shown recently when he fired his personal friend, Economics Minister Bernardo Grinspun.

Alfonsin's decision closely followed an extraordinary meeting between Grinspun and IMF Director Jacques de Larosiere in Washington. They discussed the IMF's demand that Argentina demonstrate fiscal discipline by imposing an IMF-drafted austerity program.

But the meeting in de Larosiere's

elegant office reportedly degenerated into a shouting match. Grinspun became so "obnoxious," according to an IMF source, that de Larosiere showed him the door. The exasperated IMF chief is believed to have used his influence on Alfonsin to have Grinspun sacked.

Grinspun's replacement, Harvard-educated Juan Sourrouille, is enjoying a brief honeymoon with the IMF, thanks largely to his tough talk about bringing inflation under control and encouraging exports as a solution to the country's long-term debt problem.

But the latest figures indicate Sourrouille has a tough job ahead.

In the 12 months that ended Jan. 31, inflation topped 750 percent. That's depressing enough, but in

February inflation ran at an annualized rate of 1,000 percent. If Sourrouille is to maintain the approval of Argentina's creditors, he'll have to figure out a way to bring inflation down to "only" about 100 percent a year. And that would border on the miraculous.

Argentina under its first freely elected government in years has taken one important step toward cutting its international trade deficit: It has reduced imports by more than 50 percent. But it has yet to take the equally important step of increasing its exports by the massive amount necessary. Despite a modest trade surplus at the moment, my banking sources privately doubt Argentina's ability to boost its exports enough to repay its huge foreign loans.



AGRICULTURAL LOAN TOTALS

January 1, 1984

<u>State</u>	<u>Non-Real Estate Loans Held by Banks</u> (Millions)	<u>Real estate Loans Held by Banks</u> (Millions)	<u>Total Farm Loans Held by Banks</u> (Millions)	<u>State Total***</u> (Millions)	<u>Bank %</u>
Kansas	\$2,408 (60%)*	\$246 (6%**)	\$2,654	\$7,826	34%
Nebraska	3,065 (56%)	178 (4%)	3,243	9,723	33%
Missouri	1,501 (58%)	616 (16%)	2,117	6,528	32%
Oklahoma	1,368 (50%)	277 (10%)	1,645	5,548	30%
California	4,136 (60%)	632 (7%)	4,768	15,980	30%
Illinois	2,586 (65%)-	588 (9%)	3,174	10,387	31%
Kentucky	651 (45%)	434 (19%)	1,085	3,771	29%
Texas	2,810 (48%)	708 (11%)	3,518	12,126	29%
South Dakota	1,366 (60%)	59 (3%)	1,425	4,390	32%
Iowa	3,842 (58%)	410 (5%)	4,252	15,519	27%
Minnesota	2,356 (46%)	328 (6%)	2,684	10,899	25%
Wisconsin	1,148 (39%)	519 (13%)	1,667	6,859	24%
Indiana	1,065 (48%)	544 (12%)	1,609	6,913	23%
North Dakota	970 (31%)	98 (4%)	1,068	5,478	19%

* % of all agricultural non-real estate loans held by banks

** % of all agricultural real estate loans held by banks

*** Total of all agricultural loans by all lenders

Kansas ranks number one (#1) in the nation in % of total farm loans held in banks among states with over \$1 Billion in farm loans. (National average = 28%. Kansas = 34%)

Kansas ranks #4 in the nation in the % of non-real estate farm loans held by banks. (National average = 52%. Kansas = 60%)

TESTIMONY BEFORE
THE HOUSE COMMERCIAL AND FINANCIAL COMMITTEE

ON S.B. 102

BY LINDA F. WOOLSEY

MR. CHAIRMAN, LADIES AND GENTLEMEN OF THE COMMITTEE, I AM LINDA WOOLSEY, SENIOR VICE PRESIDENT OF MIDLAND NATIONAL BANK IN NEWTON, KANSAS. I HAVE BEEN IN BANKING FOR 18 YEARS, MOST OF WHICH HAS BEEN WITH MULTIBANK HOLDING COMPANIES OF VARIOUS STRUCTURE AND MANAGEMENT PHILOSOPHY -- FROM A HOLDING COMPANY CONCENTRATING ITS EFFORTS IN ONE GEOGRAPHIC LOCATION TO A STATEWIDE HOLDING COMPANY.

I FEEL I HAVE SOME FIRSTHAND KNOWLEDGE OF THE WORKINGS OF MULTIBANK HOLDING COMPANIES THAT I WOULD LIKE TO SHARE.

FIRST, THE PRINCIPLE OF MULTIBANK HOLDING COMPANIES IS CONSOLIDATION - -

CONSOLIDATION IS NOT BAD WITHIN THE CONTEXT OF CONSOLIDATION. FOR EXAMPLE, WE USED TO HAVE SMALL GENERAL (OR MOM AND POP) STORES AND NOW WE HAVE LARGE CHAIN STORES. NOT BAD IT HURT 'MOM AND POP' OPERATIONS BUT THE COMMUNITY IN GENERAL HAD MORE PRODUCTS AVAILABLE AT A BETTER PRICE - - THEY STILL EMPLOYED A CERTAIN NUMBER FROM THE COMMUNITY AND THAT'S PROGRESS. EVERYONE'S HAPPY EXCEPT 'MOM AND POP'.

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THE REASON CONSOLIDATION IS DIFFERENT WHEN APPLIED TO BANKING IS THE VERY NATURE OF BANKING. WHERE THE CHAIN STORE HAS AN ENDLESS SUPPLY OF ITS PRODUCTS - - WHATEVER THE DEMAND - - BANKS DO NOT! BANKS ARE REGULATED AND HAVE REQUIREMENTS OTHER TYPES OF BUSINESSES DO NOT - - BANKS ARE SAFEKEEPERS AND RE-CHANNELERS OF OTHER PEOPLE'S MONEY - - WITH NEEDED RESTRICTIONS ON THEM TO INSURE THE CONFIDENCE OF THEIR DEPOSITORS AND THE STABILITY OF THE INSTITUTION.

IF THE CHAIN STORE DOES A BAD JOB AND GOES OUT OF BUSINESS, IT IS THE OWNER'S PROBLEM. IF A BANK DOES A BAD JOB, IT IS THE DEPOSITORS' MONEY AT STAKE. THIS IS THE REASON WE MUST HAVE REGULATIONS. ONE SUCH REGULATION LIMITS BANKS AS TO THE TOTAL OF LOANS THEY CAN MAKE BY A % OF THE DEPOSITS THEY HAVE, AND THE AMOUNT THEY CAN LOAN TO ANY ONE CUSTOMER BY THEIR CAPITAL SO REGARDLESS OF HOW MANY BANKS CONSOLIDATE IN A MULTIBANKING HOLDING COMPANY, EACH BANK STILL HAS THAT SAME RESTRICTION. WHAT HAS CHANGED IS WHO IS MAKING THE DECISION ABOUT WHAT HAPPENS TO THAT LOAN LIMIT. THE LOAN LIMIT IS STILL WITH THE BANK - - THE CONTROL IS WITH THE HOLDING COMPANY. I SIMPLY DON'T UNDERSTAND WHY MULTIBANK HOLDING COMPANY PROPONENTS HAVE USED SO STRONGLY AS AN ARGUMENT SOME NEW ABILITY TO ACCOMMODATE LARGE CUSTOMER LOANS NEEDS.

RIGHT NOW IF A SMALL COMMUNITY BANK HAS A LARGE CORPORATE CUSTOMER WITH A LARGER LOAN DEMAND THAN THE BANK CAN HANDLE, THE COMMUNITY BANK CAN STILL TAKE CARE OF THAT CUSTOMER.

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IF THE COMMUNITY BANKER, BEING FAMILIAR WITH THE CUSTOMER, APPROVES THE LOAN, HE SIMPLY PREPARES THE LOAN INFORMATION AND SELLS IT AS A PARTICIPATION TO ONE OF HIS CORRESPONDENTS THAT HAS LOAN FUNDS AVAILABLE. IF HE HAS PROBLEMS WITH ONE CORRESPONDENT ACCOMMODATING HIM, THEN HE SIMPLY GOES TO ANOTHER CORRESPONDENT. IN TODAY'S MARKET PLACE, CORRESPONDENT BANKING IS VERY COMPETITIVE AND IF YOU HAVE A PRODUCT TO SELL, YOU CAN FIND A CORRESPONDENT THAT WANTS YOUR BUSINESS. HERE'S THE DIFFERENCE: WITH MULTIBANK HOLDING COMPANIES YOU WOULD TAKE YOUR LOCAL CUSTOMER'S DEMAND FOR A LOAN TO THE HOLDING COMPANY'S MOTHER BANK - - THAT'S WHAT WE CALLED THE LEAD BANK - 'MOTHER' - - AND IF MOTHER WANTED TO HELP THEM, SHE COULD PARTICIPATE AND ORDER ALL OTHER AFFILIATES TO PARTICIPATE OR SHE COULD DO BUSINESS WITH A CORRESPONDENT. IF THE HOLDING COMPANY PARTICIPATES AND ORDERS OTHER AFFILIATES TO DO THE SAME, THEN THE MONEY IS COMING OUT OF SOMEONE ELSE'S COMMUNITY - - NOT NECESSARILY WITH THEIR BLESSING AND INTO YOURS. IF MOTHER DOES NOT WANT TO PARTICIPATE, THAT'S IT! THE COMMUNITY BANKER GAVE UP ANY ROUTE TO OTHER CORRESPONDENTS BECAUSE DECISIONS ARE NOT MADE AT THE INDIVIDUAL BANK LEVEL; SO HE TELLS HIS CUSTOMER - - SORRY! MOTHER MIGHT JUST SAY, "I HAVE THE EVEN LARGER ACCOUNT I'VE COMMITTED ALL OF US TO. SO YOU KEEP TAKING IN

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ALL THAT COMMUNITY'S DEPOSITS AND I'LL LOAN THEM OUT AT HEADQUARTERS FOR YOU." WHEN YOU CONSOLIDATE BANKING, YES, YOU CAN GET BETTER DEALS ON LARGE AD CAMPAIGNS AND BULK BUYING OF SUPPLIES AND VARIOUS OTHER AREA OF THE BUSINESS THAT IS COMMON WITH OTHER BUSINESS STRUCTURE, BUT THE BIGGEST DIFFERENCE IS STILL THAT THERE IS NOT AN UNLIMITED PRODUCT. THERE IS STILL A LIMIT ON THE TOTAL DOLLARS, AND THAT HAS NOT CHANGED - - ONLY THE CONTROL HAS CHANGED. THIS BRINGS IN THE OTHER AREA I WOULD LIKE TO POINT OUT. WITH THE ANNOUNCEMENT LAST YEAR OF THE MERGER OF ONE LARGE HOLDING COMPANY WITH ANOTHER, THE CHAIRMAN OF THE BOARD ANNOUNCED HE NOW HAD TWICE AS MANY EMPLOYEES AS WAS NECESSARY TO RUN THE BUSINESS - - TRUE - - USING THE PRINCIPLE OF CONSOLIDATION - - CREATING REGIONAL CENTERS FOR BOOKKEEPING, YOU DON'T NEED A BOOKKEEPING DEPARTMENT IN EVERY BANK - - MAKING ALL DECISIONS AT HEADQUARTERS, YOU DON'T NEED DECISION MAKERS AT EVERY LOCATION - - YOU DON'T NEED ANY MORE THAN A FEW FUNCTIONAL PEOPLE IN THE SMALL BANKS TO FOLLOW THE ORDERS OF HEADQUARTERS. THE REASON I FEEL THIS PRINCIPLE IS NOT AS GOOD FOR BANKING AS IT COULD BE WITH SOME BUSINESS, IS THE NEED TO REINVEST IN THE COMMUNITY WHERE THE DEPOSITS ARE COMING FROM. CONSOLIDATION INSTANTLY ELIMINATES HIGH LEVEL JOBS AT LOCAL BANKS. IT CHANGES THE SERVICES AVAILABLE ON THE LOCAL LEVEL.

EXCERPTS FROM THE TESTIMONY OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS BEFORE THE SENATE SMALL BUSINESS COMMITTEE ON THE EFFECT OF BANKING CONSOLIDATION, FEBRUARY 25, 1983, SHOULD BE OF CONCERN TO US. IT STATED:

QUOTE: "THE RUSH TOWARD NATIONAL BANKING IS TENDING TO MAKE BANK LOANS LESS AVAILABLE TO SMALL BUSINESS THAN THEY SHOULD BE.

"WE REFER SPECIFICALLY TO THE CONTINUING DECLINE OF THE SMALL AND LOCAL BANKS. SMALLER BANKS PROVIDE APPROXIMATELY THREE-FOURTHS OF ALL COMMERCIAL LOANS TO SMALL BUSINESS. TRADITIONALLY, THE SMALLER BANK, KNOWING THE CHARACTER AND HISTORY OF ITS CUSTOMERS, TYPICALLY HONORS A CLOSE WORKING RELATIONSHIP WITH THEM.

"THE RECENT TREND TOWARD CONSOLIDATION WITHIN THE BANKING INDUSTRY JEOPARDIZES THIS RELATIONSHIP. AS LOCAL BANKS BECOME BRANCHES OF SUBSIDIARIES OF LARGER ORGANIZATIONS, THEY TEND TO PUT GREATER EMPHASIS ON ACHIEVING THE MAXIMUM RETURN ON THEIR LENDABLE FUNDS, OFTEN TO THE DETRIMENT OF BUSINESS IN THE COMMUNITIES

WHICH PROVIDE THOSE FUNDS." UNQUOTE.

BESIDES LIMITING AVAILABILITY OF SMALL BUSINESS LOANS IN MULTIBANK SYSTEMS, BANK COMPETITION DECREASES AND CUSTOMERS HAVE LESS CHOICE IN RATES AND SERVICES.

IN "WASHINGTON BUSINESS" FEBRUARY 6, 1984, JANE BRYANT QUINN REFERRED TO A 1983 AMERICAN BANKERS ASSOCIATION STUDY THAT FOUND THAT,

QUOTE: "SMALL COMMUNITY BANKS CHARGE FEWER, AND LOWER, FEES THAN LARGE BANKS. IN GENERAL, THE BIGGER THE BANK, THE BIGGER THE FEE." UNQUOTE.

I EXPERIENCED THIS TYPE OF REPRICING MORE THAN ONCE IN MY MULTIBANKING EXPERIENCES.

RIGHT NOW IN KANSAS, WE HAVE OVER 629 INDIVIDUAL BANK CHOICES, BECAUSE EACH BANK IS A SEPARATE ENTITY. EACH BANK MAKES ITS OWN DECISIONS, SO IF YOU ARE TURNED DOWN BY ONE OR BECOME UNHAPPY WITH ITS SERVICE, YOU CAN GO TO ANOTHER IN THE NEAR VICINITY.

IN A MULTIBANK SYSTEM, IF YOU ARE TURNED DOWN BY ONE AFFILIATE, YOU ARE TURNED DOWN BY ALL AFFILIATES.

IN MISSOURI, AS OF 1983, THOUGH THERE WERE OVER 700 BANK OFFICES, OVER 350 WERE CONTROLLED BY THE 6 LARGEST MULTIBANK HOLDING COMPANIES, ACCORDING TO THE HOLDING COMPANY STATISTICS

Testimony - Woolsey
March 20, 1985
Page -7-

PUBLISHED BY THE FEDERAL RESERVE BANK. NOW THAT IN 1985 TWO OF THE LARGEST - - BOATMAN'S BANCSHARES AND CHARTER-CORP HAVE MERGED - - 46 BANKS WITH 99 BANK OFFICES HAVE BEEN CONSOLIDATED UNDER ONE HOLDING COMPANY CONTROLLED BY ONE MANAGEMENT PHILOSOPHY.

IN CLOSING, I WOULD LIKE TO SAY I DO NOT BELIEVE MULTIBANKING OR INTERSTATE BANKING OR INTERNATIONAL BANKING IS INEVITABLE FOR KANSAS. I STILL BELIEVE DESTINY DOES NOT SHAPE OUR FUTURE - - WE DO. WE STILL HAVE A VOICE. I CERTAINLY WOULD NOT HAVE BOTHERED TO COME TO SPEAK TO YOU TODAY IF I DIDN'T BELIEVE YOU HAVE THE AUTHORITY TO CONTROL THIS ISSUE FOR KANSAS. THAT WE ARE STILL A PART OF A DEMOCRATIC SYSTEM THAT ALLOWS US THE FREEDOM TO MAKE THESE DECISIONS. IF WE BELIEVE THE PHILOSOPHY THAT BECAUSE EVERYONE ELSE IS DOING IT, THAT MEANS IT IS BEST FOR US THEN WE COULD SAVE A LOT OF TIME, EFFORT AND MONEY BY ELIMINATING OUR GOVERNMENT IN KANSAS. WE COULD JUST INSTALL A COMPUTER WITH AN OPERATOR TO INPUT STATISTICS AND LET IT TELL US WHEN THE MAJORITY OF OTHER STATES HAS REACHED A DECISION ON AN ISSUE. THEN WE COULD ACCEPT THAT THEY HAD DECIDED FOR US AS WELL.

I BELIEVE THAT WOULD BE RIDICULOUS, AS I'M SURE YOU DO. I SAY THAT TO EMPHASIZE THE NEED FOR US TO BE SURE WE ARE

Testimony - Woolsey
March 20, 1985
Page -8-

TAKING ACTION BECAUSE WE BELIEVE IT TO BE BEST FOR KANSAS

-- NOT BECAUSE EVERYONE ELSE IS DOING IT!

VI

DNB

Daily News-Bulletin

THE BROOKFIELD PUBLISHING COMPANY
GEORGE P. WILLIAMS, PUBLISHER

PHONE: (816) 258-7237

107 - 109 North Main St.
BROOKFIELD, MISSOURI 64628

I am George Williams. I'm from Brookfield, Missouri. I am the publisher of the Daily News - Bulletin there. I also am a member of the Brookfield Industrial Development Authority, our local industrial development commission.

I'm here at the invitation of the Kansas Independent Bankers Association because of what happened to our town. Involved was a holding company bank, one of the United Missouri Bank chain.

The City of Brookfield lost a total of 600 jobs when two industries, Brown Shoe Company and Whitaker Cable, closed. We had been able to bring in only about 200 jobs since that occurred in 1981.

We had an opportunity for industry, Brookfield Fabricating, which would add another 55 jobs for our community. However, as with most industries which want to come into a community, there were stipulations. Local financial institutions, four in number, were asked to put up \$100,000 each for city-issued bonds at 9 percent interest.

Originally United Missouri Bank of Brookfield agreed to be a participant. However, as things progressed, it became apparent that if the United Missouri Bank in Kansas City was not designated as trust agent for the bonds, the local bank would not participate in the bonds.

This became fact when the trust job was given to Citizens Bank and Trust, Chillicothe, for about one-third the price quoted by United Missouri. As a result, two of the institutions were required to pick up an additional \$50,000 each.

That wasn't the first time United Missouri had pulled the plug on proposed Brookfield industrial financing. When we had another industry interested in Brookfield, at the last minute United Missouri indicated they were not interested in assisting with financing. Their negative action in this case did not cause us to lose the industry. It chose another location.

ATTACHMENT 6 3/20/85

DNB

Daily News-Bulletin

THE BROOKFIELD PUBLISHING COMPANY
GEORGE P. WILLIAMS, PUBLISHER

PHONE: (816) 258-7237

- 2 -

107 - 109 North Main St.
BROOKFIELD, MISSOURI 64628

But probably the worst aspect of United Missouri Bank of Brookfield is its lack of concern for the borrowing public, be it farmer, wage earner or commercial customer. In its latest bank statement, which I have here, the loan ratio to deposits is only 18 percent. It has been as low as 16 percent. It's also interesting that United Missouri Bancshares, the multi-bank holding company which owns United Missouri of Brookfield, reports overall that its loans to deposits ratio is 51 percent.

In our community the other two banks, First Security Bank and Bank of Brookfield-Purdin, are at 37 and 43 percent respectively in the loan-to-deposit ratio.

All of this is set forth in an article and two letters to the editor by members of United Missouri Bank and Bancshares and three editorials which I wrote. Mrs. Anderson tells me she has copies of these which you may have.

I apparently raised the ire of R. Crosby Kemper, who is chairman of the board of United Missouri Bancshares, and Malcom Aslin, who is president of United Bancshares.

I might also add that I wrote the story on the United Missouri refusal to participate in the bond issue.

However, I am telling you what our experience has been: refusal to participate in community needs by this holding company bank; failure to assist with local loans while the parent holding company apparently loans money with abandon, probably on Kansas City projects.

I personally wish a multi-bank holding company did not own a bank in our town, and that another independent banker was running the show -- for the good of the community.

THE DAILY NEWS-BULLETIN and The Marceline News

BROOKFIELD PUBLISHING COMPANY.
GEORGE WILLIAMS, PUBLISHER
BROOKFIELD, MISSOURI 64628

—MEMBER OF THE ASSOCIATED PRESS—

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IF YOUR PAPER IS MISSED BY PERSONAL CARRIER: In Brookfield call 258-7237 between 7 and 7:30 p.m. ONLY. Your paper will be delivered as soon after 7:30 as possible the same night. In other cities: call your individual carrier. Your paper will be delivered the same night.

The Twenty-Third Hour

Upset, to Say the Least

The news was almost incredulous: United Missouri Bank of Brookfield had decided not to participate in the financing offered an industry which would provide this area with 50-55 jobs.

Here was something which would give back at least a portion of the employment so desperately needed by Brookfield and the area around it.

Yet United Missouri had elected to refuse help to the community which has provided that bank with enough capital to make it the largest bank in the county.

Because of its size, United Missouri would probably receive more additional deposits than any other in the county, as the result of the additional employment.

It's rather unbelievable the powers that be with United Missouri would snub the city this bank serves. That should show folks how little the United Missouri organization cares about Brookfield.

And it's interesting that in addition to First Security, Bank of Brookfield-Purdin and Brookfield Federal Savings and Loan, that three banks outside Brookfield — Linn County State Bank, Regional Bank and the Bank of Rothville, all indicated their willingness to participate in the funding.

This isn't the first time United Missouri has backed out of a financing arrangement which could have helped Brookfield. About two years ago it reneged when the city was seeking to get Best Manufacturing, a Kansas City firm, to locate in this city.

At the time negotiations were going on with Best, all financial institutions in the city had agreed to help fund the move.

This included United Missouri — until the last minute. The bank then pulled out before the final presentation to Best was made.

In the end it was not as bad as it might have been, for Best opted to go to Colorado instead of Brookfield. Nonetheless, that set a precedent for United's action this time.

United Missouri's lack of concern for Brookfield has shown itself in yet another way.

If you looked at the United Missouri Bank of Brookfield statement when it was last published, you found that only 20 percent of the funds deposited in that institution were used for loans.

The other two banks were much higher in the ratio of loans to deposits. Bank of Brookfield-Purdin stood at 48 percent; First Security Bank at 40.5 percent in their last statements.

This indicates United Missouri is much more interested in turning its assets to other places and other investments rather than turning them toward Brookfield and area businesses, individuals and farmers.

This is not the first time that fact has been mentioned in the Twenty-Third Hour. A couple of years ago it was a subject in this column. At that time I believe the ratio was 17 percent loans in relation to deposits.

The combination of these two facts would most certainly indicate that the only thing United Missouri is interested in is itself. It seems to care nothing about the city and the area it supposedly serves.

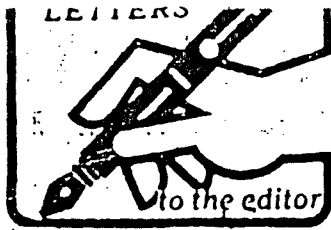
A community cannot live and grow without a bank's support. And by support I mean financial support more than just contributing to fund drives and belonging to civic organizations. Fortunately, others are available.

Surely a bank would want to put money back into its own community. This is certainly not being done by United Missouri.

★ For only one-fifth of its deposits are going out as loans. And there is absolutely no assurance that these loans are to area people, businesses or farmers.

They might be to Kansas City projects, to anywhere or anyone else, for that matter.

-- Think about it.



United Missouri
Bancshares, Inc.

December 28, 1984

Mr. George Williams,
Publisher
The Brookfield Daily News-
Bulletin.
107-109 North Main
Brookfield, Missouri, 64628

Dear George:

I was astonished at the article you wrote maliciously attacking our bank concerning just about everything. We have been a great citizen and patron of the city of Brookfield over the years, and I am largely responsible for bringing such businesses as L.T. York and Whitaker Cable to Brookfield. I have done all I could to help the city and I think you will remember when I bought Brownlee Moore Bank it only had \$200,000 in loans in the bank. We built a beautiful new building and the loans have grown, from \$200,000 in the years since I bought the bank to over \$9 million. I think, in anybody's book, that would be a pretty hearty increase.

Our deposits swelled abnormally several years ago when \$10 to \$12 million came over to our bank one weekend from the Security Bank due to the lack of confidence in the former management. Also, we recently took over the deposits of the Bucklin State Bank, in order to continue providing banking service in the town of Bucklin. This also abnormally swelled our deposits.

We run a good bank, George, and we were very willing to participate in the IRB on the right basis. United Missouri is not mossback, as you suggest, or we wouldn't have grown from a \$400,000 institution to the largest and most profitable bank in Kansas City and one of the largest and certainly most successful banking companies in the state of Missouri.

Your anger toward us is misplaced and you do the town of Brookfield, United Missouri Bank, and your newspaper no service when you spread untruths and misinformation. Get a little better control of

yourself, George. Know the facts before you speak out, so that you will not shame yourself and further embarrass Brookfield, Missouri.

Yours very sincerely
/s/ R. Crosby Kemper

P.S. George, I must insist you publish both the letter from Mick Aslin and Barbara Smith, and this letter from me as our response to your malicious attack.

The Twenty-Third Hour

An Answer

Usually I do not answer letters to the editor. However, I feel compelled to today answer R. Crosby Kemper's letter to this newspaper, and later in the week to answer the letter from two other United Missouri Bank officials.

First I would like to answer the postscript in Mr. Kemper's letter:

No one orders this newspaper to do anything, Mr. Kemper. We published your letter because it is our policy to print every letter bearing a writer's signature. We do this because we care about the wishes and opinions of the residents of this area.

Sometimes our contributors include a courteous request that the letter be published, but even that is not necessary. The only exception would be when the letter's content may be cause for libel.

You would do yourself more service by simply submitting what you have to say. I do not react well to "orders." How would your bank react if I came in and demanded a loan?

Now, let's take your letter — paragraph by paragraph.

For starters, you state "we (the bank) have been a great citizen" of Brookfield. I wouldn't argue that point. However, I would be reluctant to say my newspaper has been a "great citizen." That is a judgment and opinion to be formed by the people we serve, not by me.

As for you being largely responsible for bringing L.T. York and Whitaker Cable to Brookfield — well, I've always believed that it takes a great deal of effort from many people to bring an industry into an area. And, somehow I seem to recall Father Fred Barnett being quite instrumental in bringing Whitaker to our city.

Yes, we are aware United Missouri has a "beautiful new building". We recall the problems you mention years ago about Security State Bank. We know your deposits probably "swelled abnormally" when you took over Bucklin State bank. Our readers also know, because we've carried news stories, the public meeting about your takeover of Bucklin State, and letters to the editor regarding that issue.

Yes, we understand you are "the largest and most profitable bank in Kansas City"...and "one of the most successful banking companies in the state of Missouri."

But, Mr. Kemper, this newspaper and its stories and its editorials are vitally interested in Brookfield and surrounding area. We can't rejoice about how large your bank is today. We fight a sagging economy due to our factories closing. We are struggling to attract even the smallest of industries. Unfortunately, Brookfield is NOT growing as your bank has grown!

The stories we published were hardly attacks. They were statements of fact. They were not my statements nor my information. I know little about banking.

Instead they were statements made by a local person involved in the local financial/banking scene.

Regarding United Missouri of Brookfield's loans, it is still indefensible, in my opinion, that any bank will have only 20 percent of its deposits on loan in a community.

As I pointed out, at that same point in time, First Security Bank had 40 percent on loan; Bank of Brookfield-Purdin was at 48 percent; United Missouri of Brookfield was 20 percent.

As for your comment about "untruths and misinformation", let me make it very clear, Mr. Kemper, I was, and still am, a member of the Brookfield Industrial Development Authority. Anything you can point as being erroneous should be specifically stated.

Your local people were offered an opportunity to make their own comment in the published stories before they were printed. Barbara Smith was told what would be in the article, but decided not to respond.

I was present also at the meeting when there was a conflict between what the new industry wanted and what you were willing to give.

And here we agree. United Missouri wanted their Kansas City trust officer to handle the industrial bonds for an estimated \$15,000. Citizens Bank and Trust of Chillicothe offered the same service for \$5,000.

This saving was important to the new industry.

Before our stories on the new industry were published, Mr. Kemper, I spent most of four days contacting the heads of our local financial institutions, the City Manager, the City Attorney and the Chamber of Commerce president. Each read the stories.

Each was asked to make additions or deletions, and to correct anything that might be erroneous.

Surely all those listed above should not be so "shamed" and "embarrassed" as the last paragraph of your letter indicates.

United Missouri
Bancshares, Inc.
December 28, 1984

Mr. George Williams
Publisher
Brookfield Daily News
Bulletin
107-109 North Main
Brookfield, Missouri 64623

Dear Mr. Williams:

We at United Missouri Bank of Brookfield and United Missouri Bancshares, Inc. are as happy as anyone in Brookfield that a new industry will be coming to town. We have, after all, a vested interest in the economic health of Brookfield and all of Linn County; we have a substantial investment in Brookfield; we and our employees pay taxes; support the schools and churches; participate in the service and civic organizations; we employ several of the citizens, and protect the hard-earned savings of many other citizens. United Missouri is anxious to assist with furthering the economic health of the area! The one thing we are not willing to do in the name of economic development is to compromise our standards for thoroughness and professionalism — since that is key to the safekeeping of the deposits entrusted to us.

In your column, "The Twenty-Third Hour," and in articles preceding that column relating to the financing necessary to bring the new industry to Brookfield, you repeatedly quoted an unnamed Brookfield Industrial Development Authority (BIDA) official as saying United Missouri Bank of Brookfield refused to participate in the financing. That is absolutely untrue! We did, in fact, write several commitment letters. Each letter was specifically written to meet the needs of the company moving to town. Apparently neither BIDA nor the other banks who were in the lead on this matter knew of or understood the company's needs in the beginning. The only "string" that was attached by UMB was that a fully qualified trustee be retained to handle this matter over the projected 20-year life of bonds. The United Missouri

system handles many industrial revenue bond issues, many of which are in out-state Missouri. We understand the complexities and feel strongly that a trustee with experience and a depth of expertise should handle the bond issue. In addition, we cannot understand placing any part of an issue that requires certain concessions on the part of the purchasers of the bonds with an institution that does not support Brookfield in any way. When a highly-qualified company such as ours that supports the city could be retained, why go to Chillicothe?

We, like you Mr. Williams, are not satisfied with how this matter was handled. We are not now asking, nor have we ever asked, for any special consideration on this matter — only that everyone operate in a spirit of cooperation. We did not, nor will we ever, "snub" the city that we serve. We agree with you that a community cannot live and grow without a bank's support; and we realize, probably better than you, the responsibilities we have in order to maintain a sound institution. We have seen what happens where banks did not pay attention to every detail of doing business and relied solely on someone else getting the job done. Isn't that exactly what we saw in the problems at Continental Illinois, to name one well-known company?

You made reference to another situation in which the BIDA spokesman indicated we had refused to assist. Our files and recollections, however, indicate only that we participated through a contact with the company to attempt to persuade them to move to Brookfield. We do not recall, nor do our files indicate, there was ever any formal discussion of a possible loan package. Most recently, Mr. Williams, we again spent much time and energy in assisting the City Manager in putting together a presentation to be used to attract a manufacturing concern to Brookfield, as well as made several personal contacts with the company in an effort to sell the city.

In closing, we want to again express our extreme disappointment over the manner in which this issue was handled. However, we will not let these actions stand in the way of our future assistance in the development of the town. We can only hope you and whoever the unnamed BIDA spokesman was, will be willing to act in the same way.

Sincerely yours,
/s/ Malcolm M. Aslin
/s/ Barbara A. Smith
Executive Vice President
United Missouri Bank
of Brookfield

The Twenty-Third Hour

Answer No. 2

This is the answer to the letter-to-the-editor which appeared in Friday's News-Bulletin. It was sent under the signatures of Malcolm Aslin and Barbara Smith. Mrs. Smith is the executive vice-president of United Missouri Bank of Brookfield.

Aslin, who I do not know, is, according to his stationery, president of United Missouri Bankshares, Inc., the holding company which owns United Missouri Bank of Brookfield. That was omitted in his letter to the editor.

It is interesting that their letter starts its first paragraph about United Missouri paying taxes, supporting schools, belonging to civic clubs and so on.

This is, of course, what every businessman and professional person in this area does. We all — or nearly all — are interested in the community, for it provides us and our associates with the wages, and hopefully, the profits which we need.

Continuing with my answers to you: your commitment letters all contained clauses which said a "fully qualified trustee" must be employed.

But when it really got down to the nitty gritty, your representative at those meetings finally admitted the "only qualified trustee," acceptable to United Missouri would be United Missouri. This is part of the minutes of one BIDA (Brookfield Industrial Development Authority) meeting. In other words, if BIDA didn't do it your way, you would not participate.

And the fact that you handle "many industrial revenue bond issues" doesn't make you any more qualified than would be Chillicothe Bank and Trust or for that matter, any other bank having a trust department.

I really don't understand your statement that "Apparently neither BIDA nor the other banks who were in the lead on this matter knew of or understood the company's needs in the beginning."

Apparently they did know. The company is coming to town despite your refusal to participate in the financing package.

The statement "In addition, we cannot understand placing any part of an issue that requires certain concessions on the part of the purchasers of the bonds with an institution that does not support Brookfield in any way," is a bit erroneous in itself.

For actually, the money wouldn't be going to Brookfield if we took the United Missouri offer. All of it would be handled in Kansas City. In addition, by going to Chillicothe Bank and Trust which I'm sure is well qualified, we saved the industry several thousand dollars.

Then in the next long paragraph you say, "We have seen what happens where banks did not pay attention to every detail of doing business and relied solely on someone else getting the job done."

I was under the impression that a bank can do it both ways — provide local help for its area and still keep a profitable bank in operation.

Certainly if the other banks in this area followed your loan policy, the city and the area could be in trouble. Your loan ratio is 20 percent to deposits, up from a low of 16 percent. First Security's was at 40 percent for the same period that you were 20; Bank of Brookfield-Purdin was at 48 percent.

As to your statement, "We do not recall, nor do our files indicate, there was ever any formal discussion of a possible loan package," the fact is that you were apprised of the need for a loan to help Best Signs. Whether action was taken to refuse here or in Kansas City, the matter was turned down by United Missouri. I have that on authority of three of the participants who were directly involved in the drive to get the industry.

I also am aware of your participation in the attempt to get Wolverine Shoes to locate here, the matter you refer to in one paragraph, and we do appreciate it. Unfortunately for Brookfield, that was not successful.

Certainly we, too, hope United Missouri will change its mind and assist without reservations should another opportunity arise to bring an industry to Brookfield.

I might also add that the industrial procurement department of United could give some needed help in our drive to replace the now 300 jobs we've lost and still need because Brown Shoe Company and Whitaker Cable left us.

We have a fine building — the old Brown Shoe plant — available now, and this would and should be a "plus" for many industries.

NEWS - BULLETIN

BIDA Reveals Financial Problems

in Obtaining New Factory

The lengthy financial negotiations preceded today's announcement of a new industry for Brookfield. More details were revealed today by officials of Brookfield Industrial Development Authority. BIDA, the group responsible for putting together the package of bonds which will fund the new industry here, cited the role of United Missouri Bank of Brookfield in the program, and that bank's decision not to participate.

A BIDA spokesman revealed that United Missouri at first indicated willingness to help in the project, but later withdrew when the other financial institutions decided to choose another bank as trustee for project funds.

The three institutions which are participating are The Bank of Brookfield-Purdin, Brookfield Federal Savings and Loan Association and First Security Bank Brookfield United Missouri

Bank had originally proposed that Kansas City United Missouri be selected as fiscal agent for the bonds.

A spokesman for United Missouri Bank noted that the group of financial institutions, in a second meeting held to consider local loans for the industry, had voted to allow the United Missouri affiliate in Kansas City to act as trustee. However, in a subsequent meeting the vote was reversed by the other three institutions.

The spokesman for the BIDA said, however, that the cost from United Missouri to the industry would have been about \$15,000 as compared to the \$5,000 fee agreed to by Citizens Bank and Trust Company of Chillicothe which was selected to serve as trustee.

United Missouri contended its fee would have been about \$12,000. It was also noted by United Missouri that legal fees for those who represent United Missouri would have probably been less than those

to be charged by Poisinelli, White and Vardeman, the Kansas City firm named to serve as counsel for the bonds.

The BIDA spokesman said also that even after the Chillicothe bank had been suggested as fiscal agent, United Missouri had said it would participate, but failed to provide the necessary letter needed to reassure the industrial project of funding from local sources.

It was also noted that the local United Missouri Bank

had, during each meeting, agreed to share the total funding with the other three, but had in each case not sent the necessary letter to the city for inclusion with the other information required by the industry's principals.

"This caused a two- to three-month delay in getting the project underway," the spokesman said, "and it delayed the start of construction by probably six months or more. Had United Missouri provided a letter of

commitment, as did the other three, it's possible the project could have been underway by now, and the actual start for manufacturing moved ahead by the same time span.

"This is not the first time this has happened with United Missouri," the Brookfield industry spokesman continued, "When we were negotiating with Best Manufacturing in Kansas City, United Missouri originally agreed to participate in a financing

package, then pulled out before the final decision. Best was reached."

In that case, it was noted, made no difference while Brookfield was at the top as far as serious concerns, the firm eventually decided on Colorado.

United Missouri was contacted by The Daily Bulletin to provide its statement of reasons it did not participate, declined comment.

BULLETIN

the New Cambria Leader

Single Copy

20¢

Brookfield, Missouri

12/4/34

NUMBER 159

Metal Fabricator Will Build New Plant Here

Brookfield will become the location for a new industry eventually employing more than 50, it was announced jointly by the Brookfield Industrial Development Authority and the new industry, named Brookfield Fabricating Corporation.

The announcement is the result of several months' work and negotiation between the group which will be directing the industry and the BIDA.

A new building will be constructed on a plot at the southeast end of the Brookfield Industrial Park located at the west edge of Brookfield. It will be located directly across the street from Stanbury Uniforms. Brookfield Fabricating will use about 6.9 acres of the site for its building, parking and for possible future expansion.

The move will be funded by a \$700,000 bond issue provided through the Industrial Development Authority and the City of Brookfield. These will be used to construct and equip a metal building approximately 100-by-150 feet with another 36-by-70 foot building attached to the central structure. It is to be constructed by Rhodes Construction Company, Brookfield.

Financing is provided by the company itself and by three local financial institutions, First Security Bank, Bank of Brookfield-Purdin and Brookfield Federal Savings and Loan Association. United Missouri Bank of Brookfield chose not to participate.

In addition, three other area banks, the Bank Of Rothville, Regional Missouri Bank at Marceline and Bynumville and Linn County State Bank of

Linneus and Laclede, have tentatively agreed to take a portion of the bonds, which will be at the rate of nine percent per year over a 15-year period. The banks agreed to provide the low interest rate to help get the industry to locate in Brookfield.

The city has made arrangements to transfer the real estate to the project owners.

The bonds will be issued through the Industrial Development Authority to provide non-taxable interest to the institutions. These industrial revenue bonds will be payable from revenue and will be secured by the assets of the Brookfield corporation.

In addition, the company will have capital provided by its owners and stockholders.

The industry came as the result of a personal contact to BIDA member Barbara Moore. She in turn contacted City Manager Nancy Olinger, and the group, consisting of Olinger, BIDA member Gerry

Elson and the Rev. Kenneth Kelley of the Chamber of Commerce, met July 5 with Hank Price, Ft. Worth, Tex., and a group of his associates.

A meeting of Brookfield financial institutions was held July 27 to see if they were interested in buying the \$400,000 in bonds which was required.

That amount has since been raised to \$500,000.

Initially all four Brookfield financial institutions agreed to finance the bonds.

The financing and other details were finalized at an Oct. 10 meeting, and all documents were received by BIDA attorney Jeff Elson last

week.

According to a spokesman for Brookfield Fabricating, work on the building will start as soon as possible in the spring, hopefully in early March. With favorable weather it is hoped completion will be made within 90 days.

The firm will start with 10 to 15 people. The spokesman said most will be men, as there will be heavy work. Eventually the total number of employees should rise to about 55, he said. The firm will buy raw steel and aluminum products and turn them into saleable products, it was noted. He said he expected to be supplying

(Continued on Page 8)

New Industry

(Continued From Page 1)

customers in more than half of the nation's states, mostly in the midwest and the south. Eventually the firm will own and operate a fleet of trucks to deliver the products they manufacture, he said.

After the bonds are sold, the funds are to be placed in Citizens' Bank and Trust Co., Chillicothe, acting as trustees. Construction monies from the bonds will be disbursed by Citizens Bank, as will payments to bond holders.

Polsinelli, White and Vardeman, Kansas City, were selected as bond counsel.

REPORT OF CONDITION

of the

First Security Bank

of Brookfield

In the state of Missouri

at the close of business on December 31

1984

Statement of Resources and Liabilities

		Thousands of dollars
ASSETS	Cash and balances due from depository institutions	1,823
	Noninterest-bearing balances and currency and coin	none
	Interest-bearing balances	13,338
	Securities	3,500
	Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs	10,125
	Loans and lease financing receivables:	
	Loans and leases, net of unearned income	101
	LESS: Allowance for loan and lease losses	none
	LESS: Allocated transfer risk reserve	10,024
	Loans and leases, net of unearned income, allowance, and reserve	none
	Assets held in trading accounts	372
	Premises and fixed assets (including capitalized leases)	none
	Other real estate owned	none
	Investments in unconsolidated subsidiaries and associated companies	none
	Customers' liability to this bank on acceptances outstanding	none
Intangible assets	637	
Other assets	none	
Total assets	29,694	
LIABILITIES	Deposits:	
	In domestic offices:	
	Noninterest-bearing	27,156
	Interest-bearing	4,967
	In foreign offices, Edge and Agreement subsidiaries, and IBFs	22,189
	Noninterest-bearing	none
	Interest-bearing	none
	Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs	none
	Demand notes issued to the U.S. Treasury	none
	Other borrowed money	none
	Mortgage indebtedness and obligations under capitalized leases	none
	Bank's liability on acceptances executed and outstanding	none
	Notes and debentures subordinated to deposits	100
	Other liabilities	427
	Total liabilities	27,683
Limited-life preferred stock	none	
EQUITY CAPITAL	Perpetual preferred stock	none
	Common stock	400
	Surplus	100
	Undivided profits and capital reserves	1,511
	Cumulative foreign currency translation adjustments	none
	Total equity capital	2,011
	Total liabilities, limited-life preferred stock, and equity capital	29,694

Allen H. Fischer
Name

Pres.
Title

of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Assets	December 31		
	1984	1983	1982
Cash and due from banks	\$ 424,647	\$ 373,641	\$ 323,329
Time deposits with other banks	—	980	2,399
Loans:			
Commercial	\$ 471,809	\$ 413,257	\$ 346,159
Consumer	427,002	350,295	276,076
Real estate	123,019	126,672	148,790
Agricultural	30,061	24,520	27,049
Lease financing	17,226	8,177	6,081
Unearned interest	(15,977)	(17,096)	(17,606)
Reserve for possible loan losses	(12,666)	(11,459)	(11,215)
Net loans	\$1,040,474	\$ 894,366	\$ 775,334
Investment securities: <u>Market Value 1984</u>			
U.S. Treasury	\$112,562	\$ 112,269	\$ 232,759
U.S. agencies	279,662	278,426	179,181
State and political subdivisions	287,651	290,954	268,013
Common stock and other	14,649	11,594	8,174
Total investment securities	\$694,524	\$ 693,243	\$ 688,127
Trading account securities		71,941	54,362
Federal funds and resell agreements		578,513	523,650
Bank premises and equipment		50,417	46,207
Accrued income		32,678	28,256
Premium on purchased banks		10,262	10,217
Other assets		20,018	18,753
	<u>\$2,922,193</u>	<u>\$2,638,559</u>	<u>\$2,718,799</u>

Liabilities

Deposits:			
Non-interest bearing demand	\$ 734,759	\$ 707,528	\$ 716,141
Interest bearing demand and savings	440,435	407,875	286,328
Time deposits under \$100,000	519,042	500,023	498,191
Time deposits over \$100,000	334,277	271,688	280,363
Total deposits	\$2,028,513	\$1,887,114	\$1,781,023
Federal funds and repurchase agreements	608,282	503,514	711,362
Notes payable	18,366	15,373	14,638
Accrued expenses and taxes	35,279	33,226	27,611
Other liabilities	16,992	7,184	11,065
	<u>\$2,707,432</u>	<u>\$2,446,411</u>	<u>\$2,545,699</u>

Shareholders' Equity

Common stock (\$12.50 par)	\$ 93,032	\$ 84,712	\$ 77,151
Capital surplus	49,272	37,213	27,991
Retained earnings	74,833	72,550	69,702
Treasury stock	(2,376)	(2,327)	(1,744)
	<u>\$ 214,761</u>	<u>\$ 192,148</u>	<u>\$ 173,100</u>
	<u>\$2,922,193</u>	<u>\$2,638,559</u>	<u>\$2,718,799</u>



UNITED MISSOURI BANK

Member FDIC

United we grow. Together.

Close of Business Date: December 31, 1984

Dollar Amounts in Thousands

		Mil	Thou
ASSETS			
1. Cash and balances due from depository institutions:			
a. Noninterest-bearing balances and currency and coin ^{1,2}	RCON 0081	2	266
b. Interest-bearing balances	RCON 0071	1	000
2. Securities (from Schedule RC-B)	RCON 0390	38	342
3. Federal funds sold and securities purchased under agreements to resell	RCON 1350		750
4. Loans and lease financing receivables:			
a. Loans and leases, net of unearned income (from Schedule RC-C)	RCON 2122	9	005
b. LESS: Allowance for loan and lease losses	RCON 3123		108
c. LESS: Allocated transfer risk reserve	RCON 3126		none
d. Loans and leases, net of unearned income, allowance, and reserve (item 4.a minus 4.b and 4.c)	RCON 2125	8	897
5. Assets held in trading accounts	RCON 2146		none
6. Premises and fixed assets (including capitalized leases)	RCON 2143		504
7. Other real estate owned	RCON 2150		6
8. Investments in unconsolidated subsidiaries and associated companies	RCON 2130		none
9. Customers' liability to this bank on acceptances outstanding	RCON 2155		none
10. Intangible assets	RCON 2143		none
11. Other assets (from Schedule RC-F)	RCON 2150	1	468
12. Total assets (sum of items 1 through 11)	RCON 2170	53	233
LIABILITIES			
13. Deposits:			
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E)	RCON 2200	48	781
(1) Noninterest-bearing	RCON 2201	5	655
(2) Interest-bearing	RCON 2202	43	126
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs			
(1) Noninterest-bearing			
(2) Interest-bearing			
14. Federal funds purchased and securities sold under agreements to repurchase	RCON 2205		none
15. Demand notes issued to the U.S. Treasury	RCON 2206		none
16. Other borrowed money	RCON 2207		none
17. Mortgage indebtedness and obligations under capitalized leases	RCON 2208		none
18. Bank's liability on acceptances executed and outstanding	RCON 2209		none
19. Notes and debentures subordinated to deposits	RCON 2210		none
20. Other liabilities (from Schedule RC-G)	RCON 2211		847
21. Total liabilities (sum of items 13 through 20)	RCON 2212	49	628
22. Limited-life preferred stock	RCON 2213		none
EQUITY CAPITAL			
23. Perpetual preferred stock			none
24. Common stock			200
25. Surplus			1,000
26. Undivided profits and capital reserves			2,405
27. Cumulative foreign currency translation adjustments			
28. Total equity capital (sum of items 23 through 27)		3	605
29. Total liabilities, limited-life preferred stock, and equity capital (sum of items 21, 22, and 28)		53	233

NOTE: The Reports of Condition and Income must be signed by an authorized officer and the Report of Condition must be attested to by not less than two directors for State nonmember banks and three directors for State member and National banks.

I, Barbara Smith, Executive Vice President

Name and Title of Officer Authorized to Sign Report

of the named bank do hereby declare that these Reports of Condition and Income (including the supporting schedules) have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true to the best of my knowledge and belief.

1-22785

Date of Signature

Barbara A. Smith

Signature of Officer authorized to sign report.

We, the undersigned directors, attest to the correctness of this Report of Condition (including the supporting schedules) and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Jim W. Scholer
John M. Perry
Phillip J. Smith

117 West Brooks Street
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Brookfield • 258-7406

12 North Livingston Street
Bucklin • 695-3211

KA. ASSOCIATION
OF WHEAT GROWERS



T

TESTIMONY

HOUSE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS

Wednesday, March 20, 1985

Senate Bill 102

My name is Howard Tice, and I am the Executive Director of the Kansas Association of Wheat Growers. I appreciate this opportunity to testify today in opposition to Senate Bill 102.

As you are no doubt aware, Kansas is, and probably will continue to be the nation's number one producer of wheat. Our state is also among the top producing states in several other agricultural products. Agriculture is without a doubt the state's number one industry. It is a capital intensive industry, and for many years, now a highly leveraged industry.

Speaking for producers of Kansas' number one crop, I would like to call the attention of this committee to the concerns of those producers regarding multi-bank holding companies.

We have heard the testimony of proponents that would have us believe that our concerns have no foundation. However, most of that testimony consists of the assertion that fears of money being transferred from rural areas to urban centers are ungrounded. They also insist that fears of insensitive metropolitan bankers making credit decisions for farmers are groundless. . . But a spokesman for proponents of Senate Bill 102 told the Senate Committee in February that many credit decisions for rural banks would indeed be made in Wichita, Topeka or Kansas City.

A survey made in 1975 which involved Ohio State University, the Ohio Agricultural Research and Development Center, Indiana University and Purdue University concluded that independent banks were offering a range of auxiliary services at least as complete as affiliated banks, and in certain areas such as farm management counseling, the independent banks were clearly superior. This underscores the assertion that there is no substitute for immediate knowledge of local conditions and immediate knowledge of the integrity and honesty of the potential borrower.

We are also told that legalizing multi-bank holding companies in Kansas would insure that buyers could be found for banks that fail and must be sold. In 1984, of the 79 banks which failed, there were only four found to be unmarketable. They were all in multi-bank states. All seven failed banks in Kansas were successfully sold, and remain in service to their communities. Incidentally, I understand that of those seven bank failures, only two were caused by bad agricultural loans.

While we are assured that this bill would not allow interstate multi-banking, it is undeniable that legalizing intra-state multi-banking would remove a barrier to the interstate systems. Common sense also tells us that it is much easier to prevent something from getting started than it is to remove it from the system once it has been installed.

In short, we believe that multi-bank holding companies in Kansas would be bad for agriculture, and therefore we urge defeat of this bill.

ATTACHMENT 7
3/20/85

January 18, 1984



Kansas Legislative Policy Group
200 Jayhawk Tower, 700 Jackson, Topeka, Kansas 66603, 913-233-2227

WHEREAS: The Kansas Legislature has established policies which govern bank ownership in the State; and

WHEREAS: The unit system of bank ownership has served the needs of Kansas citizens and the general economy to make Kansas a great state in which to live and work.

THEREFORE BE IT RESOLVED: The Kansas Legislative Policy Group, Inc. supports and endorses the existing unit system of bank ownership; and

BE IT FURTHER RESOLVED: The Kansas Legislative Policy Group, Inc. opposes any statutory amendments or federal legislation which would permit multibank holding companies to own banks in the State of Kansas.