

House OKs statewide banking

By Tim Richard
staff writer

Blanchard supports bill

"It's a bit rare when all parties are in agreement," said state Rep. John Bennett in a political understatement.

After 45 years, the first major change in Michigan banking laws sailed through the House of Representatives last week, was assured of passage in the state Senate and was embraced by Gov. James J. Blanchard.

The bill would permit statewide branch banking for the first time since the Great Depression and interstate banking for the first time in history.

"This could make Michigan and Detroit a financial center of the Midwest," said Bennett, D-Redford, whose House Corporations Committee reported out the bill 14-0 Wednesday.

diversified geographically and promote more convenient banking services."

Blanchard vetoed a similar Keith bill last spring. Among other things, he was concerned that interstate banks entering the Michigan market might be able to "import" higher interest rates from their home states, thus avoiding Michigan's relatively tight usury laws.

"I'm personally quite enthusiastic, and Doug Ross (Commerce Department director) is enthusiastic," said Eugene Kuby, former West Bloomfield businessman and Democratic activist, who is now Blanchard's commissioner of financial institutions.

"THERE'S BEEN a lot of pressure for Michigan to participate in regionalized banking," said Keith, a former banker and Garden City school board member who has been working on this problem more than a decade.

"Ohio and Indiana have passed legislation, and Illinois is ready. If we don't act, Michigan would sit here, dried up like a prune."

Keith was born on a significant day in banking history — Oct. 24, 1929, the day two major bank holding companies failed, "the day the bottom fell out, my mother used to tell me."

Afterwards, state laws were designed to protect local banks. Banks

were forbidden to have branches more than 25 miles from the home office. Later the laws were modified to allow large holding companies such as NBD, Michigan National and Comerica to own many banks — but not to consolidate their operations.

"My constituents live in Garden City, work in Plymouth or Dearborn, have cottages at Clare — but there's no NBD or Comerica there to serve them. It's a tremendous inconvenience," he said.

Keith said such a banking structure is inefficient because "each little bank has to have its own board, print its own checks and meet its own reserve requirements. There's no 25-mile limit on

where Sears and McDonald's can do business."

"SUPPORTING THE bill was attorney William Brodhead, former state representative from northwest Detroit and congressman from suburban Oakland and Wayne counties. He was representing NBD Bancorp.

"With interstate banking, Michigan banks will be able to acquire banks in surrounding states, and vice-versa," Brodhead said in a State Capitol interview.

"It's a nationwide trend. Ohio and Indiana have signed it. Illinois is to have it this fall, and Wisconsin is working on it."

NBD Bancorp is Michigan's largest bank holding company, with assets at Sept. 30, of \$18.1 billion.

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Richard M. Brady is the new director of advertising and promotion of the 12 Observer & Eccentric Newspapers.

He will oversee the advertising, promotion and research staffs of the twice-weekly papers which circulate in the suburbs of Wayne and Oakland counties. He reports to general manager Dick Isham.

A native and lifetime resident of the metropolitan Detroit area, Brady most recently was assistant to the publisher of Shamie Publishing Co., which produces Grocers' Spotlight.

Brady spent 10 years with the Detroit Free Press as advertising account executive, advertising group sales manager and financial advertising manager. He also worked as an account executive for Yaffe, Stone & August. He attended Wayne State University.



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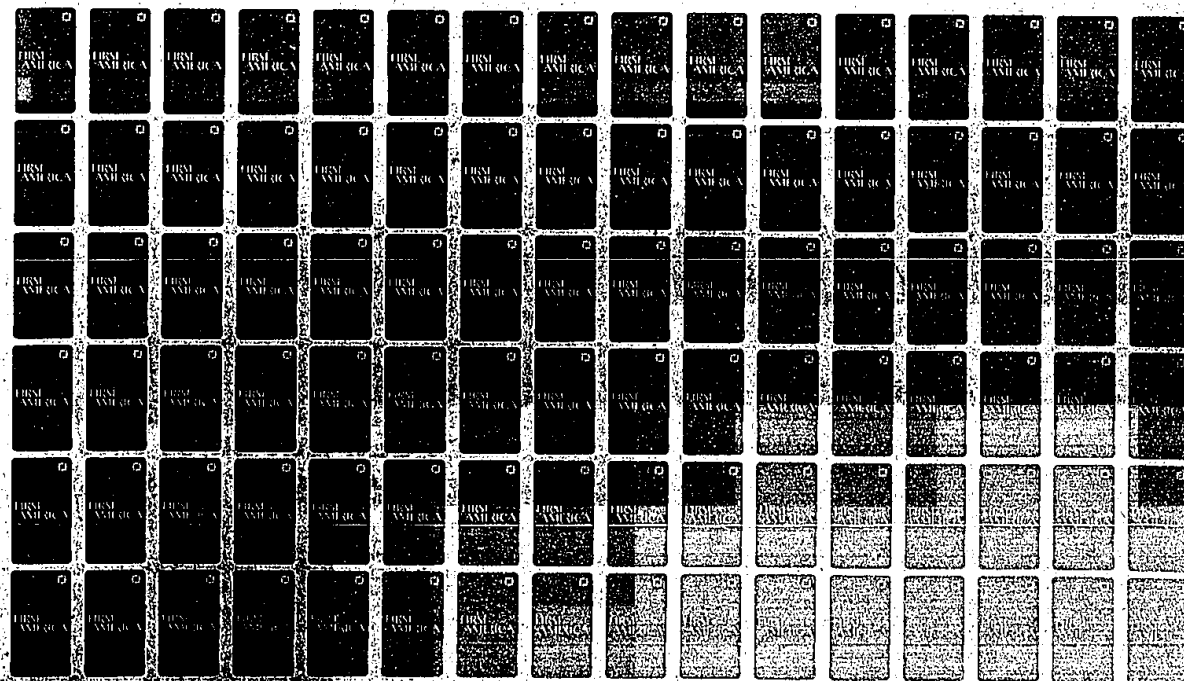
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