Annual Report 1967

The Administrator of National Banks

William B. Camp

Comptroller of the Currency

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Letter of Transmittal

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
WASHINGTON, D.C., AUGUST 15, 1968

SIRS: Pursuant to the provisions of Section 333 of the United States Revised Statutes, I am pleased to submit the 1967 *Annual Report of the Comptroller of the Currency.*

Respectfully,

WILLIAM B. CAMP,
Comptroller of the Currency.

THE PRESIDENT OF THE SENATE
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES

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I. *Condition of the National Banking System*

National banks experienced excellent growth in 1967. Total assets reached $263.4 billion, an increase of 11.6 percent. This compares with an asset growth of 7.7 percent during 1966. The gain in liquidity within the National banking system during 1967 was dramatized by a larger absolute increase in securities holdings than in loans: the figures were $12.0 billion and $9.9 billion, respectively. These figures, in turn, represented increases of 20.8 percent for securities and 7.8 percent for loans during the year. By year end, securities accounted for 26.5 percent of National banks' total assets, compared with 24.4 percent a year earlier. Meanwhile, the proportion of loans to total assets declined from 53.8 percent to 51.9 percent. The differential rates of growth for securities and for loans were in sharp contrast to the 1966 picture, when loans and discounts increased by 8.6 percent, while securities increased by only 0.6 of 1 percent.

Within the securities category, for the second straight year holdings of securities of Federal agencies and corporations showed the highest rate of increase, 59.9 percent in 1967. However, the absolute total of these holdings, $4.8 billion, remained small relative to year end totals of $34.3 billion for U.S. Governments and $29.0 billion for State and local obligations. National bank holdings of the latter increased by 22.0 percent during 1967, while the increase in U.S. Governments was 13.0 percent.

Total deposits of National banks increased by $24.9 billion, or 12.1 percent during 1967. Of this increase, $10.7 billion was in demand deposits and $14.3 billion in time and savings deposits. As has been the case in recent years, the rate of growth in time and savings deposits, 15.2 percent, exceeded the 9.5 percent figure for demand deposits. At year end, total time and savings deposits equalled 46.8 percent of total deposits; the comparable figures were 45.6 percent at the end of 1966, 44.4 percent in 1965, and 41.8 percent in 1964.

The total capital accounts of National banks showed a 6.9 percent increase during 1967, compared with a 5.9 percent increase in 1966. Total capital of $19.7 billion yielded a capital-to-assets ratio of 7.49 percent at year end, compared to 7.82 percent at the end of 1966.

TABLE 1

Assets, liabilities, and capital accounts of National banks, 1966 and 1967

[Dollar amounts in millions]

	Dec. 31, 1966, 4,799 banks		*Dec. 31, 1967, 4,758 banks*		*Change, 1966–67*	
	Amount	*Percent distribution*	*Amount*	*Percent distribution*	*Amount*	*Percent*
ASSETS						
Cash, balances with other banks, and cash items in process of collection	$41, 690	17.67	$46, 634	17.71	$4, 944	11.86
U.S. Government obligations	30, 355	12.86	34, 308	13.03	3, 953	13.02
Obligations of States and political subdivisions	23, 778	10.08	29, 002	11.01	5, 224	21.97
Securities of Federal agencies and corporations	3, 026	1.28	4, 838	1.84	1, 812	59.88
Other securities	509	.22	1, 508	.57	999	196.27
Total securities	*57, 668*	*24.44*	*69, 656*	*26.45*	*11, 988*	*20.79*
Federal funds sold and securities purchased under agreements to resell	2, 301	.97	2, 562	.97	261	11.34
Direct lease financing	331	.14	412	.16	81	24.47
Loans and discounts	126, 881	53.76	136, 753	51.92	9, 872	7.78
Fixed assets	3, 451	1.46	3, 876	1.47	425	12.32
Customers' liability on acceptances outstanding	1, 077	.46	1, 182	.45	105	9.75
Other assets	2, 597	1.10	2, 300	.87	−297	−11.44
Total assets	235, 996	100.00	263, 375	100.00	27, 379	11.60
LIABILITIES						
Demand deposits of individuals, partnerships, and corporations	84, 434	35.78	92, 686	35.19	8, 252	9.77
Time and savings deposits of individuals, partnerships, and corporations	83, 025	35.18	95, 104	36.11	12, 079	14.55
Deposits of U.S. Government	3, 212	1.36	3, 297	1.25	85	2.65
Deposits of States and political subdivisions	16, 839	7.13	18, 511	7.03	1, 672	9.93
Deposits of foreign governments and official institutions, central banks, and international institutions	2, 944	1.25	3, 483	1.32	539	18.31
Deposits of commercial banks	12, 595	5.34	13, 963	5.30	1, 368	10.86
Certified and officers' checks, etc.	3, 407	1.44	4, 330	1.65	923	27.09
Total deposits	*206, 456*	*87.48*	*231, 374*	*87.85*	*24, 918*	*12.07*
Demand deposits	*112, 377*	*47.62*	*123, 038*	*46.72*	*10, 661*	*9.49*
Time and savings deposits	*94, 079*	*39.86*	*108, 336*	*41.13*	*14, 257*	*15.15*
Federal funds purchased and securities sold under agreements to repurchase	2, 802	1.19	3, 182	1.21	380	13.56
Liabilities for borrowed money	174	.07	297	.11	123	70.69
Acceptances executed by or for account of reporting banks and outstanding	1, 105	.47	1, 205	.46	100	9.05
Other liabilities	7, 000	2.97	7, 587	2.88	587	8.39
Total liabilities	217, 537	92.18	243, 645	92.51	26, 108	12.00
CAPITAL ACCOUNTS						
Capital notes and debentures	1, 161	.49	1, 235	.47	74	6.37
Preferred stock	29	.01	55	.02	26	89.66
Common stock	5, 109	2.17	5, 312	2.02	203	3.97
Surplus	8, 246	3.49	8, 832	3.35	586	7.11
Undivided profits	3, 350	1.42	3, 549	1.35	199	5.94
Reserves	564	.24	747	.28	183	32.45
Total capital accounts	18, 459	7.82	19, 730	7.49	1, 271	6.89
Total liabilities and capital accounts	235, 996	100.00	263, 375	100.00	27, 379	11.60

II. *Income and Expenses of National Banks*

The principal influences on 1967 operating results of National banks were the significant relative shift from loans to securities, the high rates prevailing on both securities portfolios and loans, and continued upward pressure on operating expenses, notably interest paid on time and savings deposits. Net income after taxes reached $1.76 billion, an increase of 11.1 percent from 1966.

Current operating revenue showed a 11.9 percent increase, to $12.7 billion. With current operating expenses rising by 14.2 percent, the gain in net current operating earnings was pared to 5.0 percent. Of the major revenue accounts, interest on U.S. Governments increased by 13.7 percent, while interest and dividends on other securities spurted by 24.5 percent. The latter reflected the significant additions to bank holdings, as well as higher interest received. Interest and discount on loans moved up by $881.1 million, equalling an 11.6 percent increase. The proportion of National banks' 1967 current operating revenue accounted for by loan income declined very slightly from the 1966 figure, 66.9 percent compared to 67.0 percent.

On the expense side, $685 million of the $1.2 billion increase in total operating expenses was accounted for by interest paid on time and savings deposits. The fraction of total expenses represented by interest paid on deposits has increased steadily in recent years; from 38.2 percent in 1964, it has mounted steadily to 41.6 percent in 1965, 44.0 percent in 1966, and 45.6 percent in 1967. Of the other major expense items, employees' salaries and wages increased by 12.3 percent and officers' salaries by 9.6 percent over the previous year.

The below-the-line adjustments—recoveries, charge-offs, profits and losses on securities sales, and transfers to and from valuation reserves—resulted in a net deduction of $518 million from total net operating earnings of $2.96 billion, leading to before-tax net income of $2.44 billion. Deduction of $680 million in Federal and State income taxes led to net income of $1.76 billion.

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TABLE 2

Income and expenses of National banks, calendar 1966 and 1967*

[Dollar amounts in millions]

	1966		1967		Change, 1966–67	
	Amount	Percent distribution	Amount	Percent distribution	Amount	Percent
Number of banks	4, 799	....	4, 758	....	−41	....
Current operating revenue:						
Interest and dividends on—						
U.S. Government obligations	$1, 231. 8	10. 89	$1, 401. 0	11. 07	$169. 2	13. 74
Other securities	901. 1	7. 97	1, 122. 0	8. 87	220. 9	24. 51
Interest and discount on loans†	7, 577. 8	67. 03	8, 458. 9	66. 86	881. 1	11. 63
Service charges and other fees on banks' loans	135. 2	1. 20	169. 5	1. 34	34. 3	25. 37
Service charges on deposit accounts	532. 6	4. 71	576. 8	4. 56	44. 2	8. 30
Other charges, commissions, and fees	194. 9	1. 72	230. 0	1. 82	35. 1	18. 01
Trust department	395. 3	3. 50	435. 3	3. 44	40. 0	10. 12
Other current operating revenue	336. 7	2. 98	257. 4	2. 04	−79. 3	−23. 55
Total current operating revenue	11, 305. 4	100. 00	12, 650. 9	100. 00	1, 345. 5	11. 90
Current operating expenses:						
Officers' salaries	822. 9	9. 69	901. 7	9. 30	78. 8	9. 58
Employees' salaries and wages	1, 489. 9	17. 55	1, 673. 1	17. 26	183. 2	12. 30
Officer and employee benefits	351. 2	4. 13	391. 2	4. 03	40. 0	11. 39
Fees to directors	39. 9	. 47	43. 3	. 45	3. 4	8. 52
Interest on time and savings deposits	3, 733. 0	43. 96	4, 418. 0	45. 57	685. 0	18. 35
Interest and discount on borrowed money‡	53. 6	. 63	153. 8	1. 58	100. 2	186. 94
Net occupancy expense of bank premises	449. 6	5. 29	489. 4	5. 05	39. 8	8. 85
Furniture and equipment—depreciation and other costs	271. 5	3. 20	313. 1	3. 23	41. 6	15. 32
Other current operating expenses	1, 280. 2	15. 08	1, 311. 8	13. 53	31. 6	2. 47
Total current operating expenses	8, 491. 8	100. 00	9, 695. 4	100. 00	1, 203. 6	14. 17
Net current operating earnings	2, 813. 6	....	2, 955. 5	....	141. 9	5. 04
Recoveries, transfers from valuation reserves, and profits:						
On securities:						
Profits on securities sold or redeemed	38. 0	16. 62	91. 2	36. 10	53. 2	140. 00
Recoveries	3. 3	1. 44	2. 6	1. 02	−. 7	−21. 21
Transfers from valuation reserves	79. 5	34. 78	36. 7	14. 53	−42. 8	−53. 84
On loans:						
Recoveries	7. 2	3. 15	6. 7	2. 64	−. 5	−6. 94
Transfers from valuation reserves	40. 2	17. 59	28. 7	11. 36	−11. 5	−28. 61
All other	60. 4	26. 42	86. 7	34. 35	26. 3	43. 54
Total recoveries, transfers from valuation reserves, and profits	228. 6	100. 00	252. 6	100. 00	24. 0	10. 50
Losses, chargeoffs, and transfers to valuation reserves:						
On securities:						
Losses on securities sold	252. 5	29. 61	76. 0	9. 86	−176. 5	−69. 90
Chargeoffs on securities not sold	4. 7	. 55	4. 5	. 58	−. 2	−4. 26
Transfers to valuation reserves	53. 5	6. 28	52. 2	6. 77	−1. 3	−2. 43
On loans:						
Chargeoffs	15. 1	1. 77	13. 6	1. 76	−1. 5	−9. 93
Transfers to valuation reserves	435. 5	51. 08	519. 0	67. 35	83. 5	19. 17
All other	91. 3	10. 71	105. 4	13. 68	14. 1	15. 44
Total losses, chargeoffs, and transfers to valuation reserves	852. 6	100. 00	770. 7	100. 00	−81. 9	−9. 61
Net income before related taxes	2, 189. 6	....	2, 437. 4	....	247. 8	11. 32
Taxes on net income:						
Federal	545. 6	....	594. 0	....	48. 4	8. 87
State	61. 4	....	85. 9	....	24. 5	39. 90
Total taxes on net income	607. 0	....	679. 9	....	72. 9	12. 01

See footnotes at end of table.

	1966		1967		Change, 1966–67	
	Amount	*Percent distribution*	*Amount*	*Percent distribution*	*Amount*	*Percent*
Net income	$1, 582. 6		$1, 757. 5		$174. 9	11. 05
Dividends on capital:						
Cash dividends declared on common stock	736. 6		794. 1		57. 5	7. 81
Cash dividends declared on preferred stock	1. 4		2. 1		. 7	50. 00
Total cash dividends declared	738. 0		796. 2		58. 2	7. 89
Net income after dividends	844. 6		961. 3		116. 7	13. 82
Occupancy expense of bank premises:						
Officers' salaries	1. 9	. 33	2. 1	. 35	. 2	10. 53
Employees' salaries and wages	58. 8	10. 39	62. 1	10. 16	3. 3	5. 61
Officer and employee benefits	7. 7	1. 36	8. 1	1. 33	. 4	5. 19
Recurring depreciation on bank premises and leasehold improvements	107. 4	18. 97	115. 4	18. 88	8. 0	7. 45
Maintenance, repair, and uncapitalized alteration costs of bank premises, and leasehold improvements	67. 4	11. 90	78. 4	12. 82	11. 0	16. 32
Insurance, utilities, etc	94. 9	16. 77	100. 3	16. 40	5. 4	5. 69
Rents paid on bank premises	143. 0	25. 27	156. 2	25. 56	13. 2	9. 23
Taxes on bank premises and leasehold improvements	84. 9	15. 01	88. 6	14. 50	3. 7	4. 36
Gross occupancy expense	566. 0	100. 00	611. 2	100. 00	45. 2	7. 99
Less:						
Rental income from bank premises	111. 5	19. 69	116. 3	19. 04	4. 8	4. 30
Other credits	4. 9	. 88	5. 5	. 90	. 6	12. 24
Total	116. 4	20. 57	121. 8	19. 94	5. 4	4. 64
Net occupancy expense	449. 6	79. 43	489. 4	80. 06	39. 8	8. 85
Recoveries credited to valuation reserve (not included in recoveries above):						
On securities	2. 3		3. 8		1. 5	65. 22
On loans	93. 4		105. 8		12. 4	13. 28
Losses charged to valuation reserves (not included in losses above):						
On securities	45. 5		69. 1		23. 6	51. 87
On loans	326. 4		378. 2		51. 8	15. 87
Stock dividends (increases in capital stock)	119. 2		160. 9		41. 7	34. 98
Ratio to current operating revenue:		*Percent*		*Percent*		
Salaries, wages, and fees		20. 81		20. 70		
Interest on time and savings deposits		33. 02		34. 92		
All other current expenses		21. 28		21. 02		
Total current expenses		75. 11		76. 64		
Net current earnings		24. 89		23. 36		
Employees at year end:						
Building occupancy and maintenance:	*Number*		*Number*			
Officers	179		274		95	53. 07
Other employees	17, 691		17, 730		39	. 22
Banking operations:						
Officers	72, 092		75, 808		3, 716	5. 15
Other employees	346, 817		369, 780		22, 963	6. 62

*Includes all banks operating as National banks at year end, and full year data for those State banks converting to National banks during the year.

†Includes revenues from the sales of Federal funds.

‡Includes expenses incurred in purchasing Federal funds.

III. *Structural Changes in the National Banking System*

There were 4,758 National banks in operation at the end of 1967. While this figure was slightly less than the number of National banks in operation at the end of 1964, the number of National banking offices spurted from 12,733 to 14,747 during the same 3 years, a rise of almost 16 percent. As of December 31, 1967, the 9,989 branches of National banks were operated by 1,477 banks, while the remaining 3,281 National banks were unit banks.

During 1967, charters were issued for 18 newly organized National banks. These were distributed among nine States, with Wisconsin receiving four, New York and Florida three each, and Georgia and Kansas two each. Nine charters were issued allowing the conversion of State banks to National banks. These cases were scattered among nine different states.

The year saw 650 branches initially opened for business as National bank branches. This total included 502 *de novo* branches and 148 branches of newly converted banks and banks acquired via merger. The net increase in National bank branches was 583 during the year, as 67 branches were closed or consolidated. Of the 502 *de novo* branches, 295, or about 59 percent, were located in communities with a population of less than 25,000, and 139, or 28 percent were in communities with less than 5,000 population. The 502 *de novo* branches included 185, or 37 percent, opened by banks with less than $25 million in total resources. Banks with $1 billion or more in assets accounted for 103 branches, or 20 percent, of the total.

During 1967, there were 84 bank mergers, consolidations, and purchases in which a National bank was the resulting bank. This figure may be compared with 75 in 1966 and 76 in 1965.

TABLE 3

National banks and banking offices, by States, Dec. 31, 1967

	National banks			Number of branches	Number of offices
	Total	Unit	With branches		
United States	4,758	3,281	1,477	9,989	14,747
Alabama	88	52	36	151	239
Alaska	5	0	5	41	46
Arizona	4	1	3	185	189
Arkansas	67	36	31	70	137
California	80	27	53	1,903	1,983
Colorado	118	118	0	0	118
Connecticut	30	8	22	189	219
Delaware	5	3	2	4	9
District of Columbia	9	1	8	54	63
Florida	200	200	0	0	200
Georgia	61	32	29	137	198
Hawaii	2	0	2	41	43
Idaho	9	3	6	102	111
Illinois	422	414	8	8	430
Indiana	123	54	69	285	408
Iowa	102	65	37	43	145
Kansas	171	146	25	25	196
Kentucky	80	39	41	122	202
Louisiana	47	15	32	148	195
Maine	21	6	15	76	97
Maryland	48	18	30	207	255
Massachusetts	89	21	68	372	461
Michigan	98	31	67	490	588
Minnesota	195	193	2	6	201
Mississippi	36	7	29	109	145
Missouri	98	79	19	19	117
Montana	48	47	1	1	49
Nebraska	127	109	18	18	145
Nevada	3	1	2	37	40
New Hampshire	52	30	22	29	81
New Jersey	144	36	108	496	640
New Mexico	34	14	20	59	93
New York	184	83	101	1,078	1,262
North Carolina	25	7	18	292	317
North Dakota	42	33	9	9	51
Ohio	223	89	134	606	829
Oklahoma	220	190	30	30	250
Oregon	12	7	5	220	232
Pennsylvania	336	182	154	885	1,221
Rhode Island	4	0	4	56	60
South Carolina	26	4	22	209	235
South Dakota	35	25	10	48	83
Tennessee	77	20	57	242	319
Texas	542	542	0	0	542
Utah	12	8	4	56	68
Vermont	27	13	14	38	65
Virginia	113	36	77	396	509
Washington	27	12	15	370	397
West Virginia	80	80	0	0	80
Wisconsin	116	104	12	24	140
Wyoming	40	40	0	0	40
Virgin Islands	1	0	1	3	4
District of Columbia—all*	14	1	13	91	105

*Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

TABLE 4

Applications for National bank charters, and charters issued,* by States, calendar 1967*

	Received†	Approved	Rejected	Abandoned	Pending Dec. 31, 1967	Charters issued
United States	67	9	40	2	16	18
Alabama	4	0	3	0	1	0
Alaska	0	0	0	0	0	0
Arizona	0	0	0	0	0	0
Arkansas	1	0	0	0	1	0
California	0	0	0	0	0	0
Colorado	1	0	1	0	0	1
Connecticut	1	0	1	0	0	0
Delaware	0	0	0	0	0	0
District of Columbia	0	0	0	0	0	0
Florida	10	2	6	0	2	3
Georgia	3	1	2	0	0	2
Hawaii	0	0	0	0	0	0
Idaho	0	0	0	0	0	0
Illinois	8	0	4	1	3	0
Indiana	0	0	0	0	0	0
Iowa	1	0	0	0	1	0
Kansas	1	0	1	0	0	2
Kentucky	0	0	0	0	0	0
Louisiana	1	1	0	0	0	0
Maine	0	0	0	0	0	0
Maryland	0	0	0	0	0	0
Massachusetts	2	0	2	0	0	0
Michigan	3	0	3	0	0	0
Minnesota	3	0	3	0	0	0
Mississippi	2	1	1	0	0	0
Missouri	0	0	0	0	0	0
Montana	0	0	0	0	0	0
Nebraska	1	0	1	0	0	0
Nevada	0	0	0	0	0	0
New Hampshire	1	1	0	0	0	0
New Jersey	1	0	1	0	0	0
New Mexico	0	0	0	0	0	0
New York	0	0	0	0	0	3
North Carolina	1	0	0	0	1	0
North Dakota	0	0	0	0	0	0
Ohio	2	0	2	0	0	0
Oklahoma	1	0	0	0	1	0
Oregon	0	0	0	0	0	0
Pennsylvania	1	0	1	0	0	0
Rhode Island	0	0	0	0	0	0
South Carolina	1	0	0	0	1	1
South Dakota	1	0	0	0	1	0
Tennessee	0	0	0	0	0	0
Texas	5	0	3	0	2	1
Utah	1	1	0	0	0	0
Vermont	0	0	0	0	0	0
Virginia	2	0	0	1	1	0
Washington	3	1	2	0	0	1
West Virginia	2	0	1	0	1	0
Wisconsin	1	1	0	0	0	4
Wyoming	1	0	1	0	0	0
Puerto Rico	1	0	1	0	0	0

*Excludes conversions.
†Includes 20 applications pending as of Dec. 31, 1966.

TABLE 5

Applications for conversion to National bank charters, and charters issued, by States, calendar 1967

	*Received**	*Approved*	*Rejected*	*Abandoned*	*Pending Dec. 31, 1967*	*Charters issued*
United States	18	14	2	0	2	9
Alabama	1	1	0	0	0	1
Alaska	0	0	0	0	0	0
Arizona	0	0	0	0	0	0
Arkansas	1	1	0	0	0	1
California	0	0	0	0	0	0
Colorado	2	1	1	0	0	1
Connecticut	0	0	0	0	0	0
Delaware	0	0	0	0	0	0
District of Columbia	0	0	0	0	0	0
Florida	0	0	0	0	0	0
Georgia	0	0	0	0	0	0
Hawaii	0	0	0	0	0	0
Idaho	0	0	0	0	0	0
Illinois	0	0	0	0	0	1
Indiana	1	0	0	0	1	0
Iowa	0	0	0	0	0	0
Kansas	0	0	0	0	0	0
Kentucky	0	0	0	0	0	0
Louisiana	0	0	0	0	0	0
Maine	0	0	0	0	0	0
Maryland	0	0	0	0	0	0
Massachusetts	0	0	0	0	0	0
Michigan	0	0	0	0	0	0
Minnesota	1	1	0	0	0	1
Mississippi	0	0	0	0	0	0
Missouri	0	0	0	0	0	0
Montana	4	4	0	0	0	0
Nebraska	1	1	0	0	0	1
Nevada	1	1	0	0	0	0
New Hampshire	0	0	0	0	0	0
New Jersey	1	1	0	0	0	0
New Mexico	0	0	0	0	0	0
New York	1	1	0	0	0	1
North Carolina	1	1	0	0	0	1
North Dakota	0	0	0	0	0	0
Ohio	1	0	1	0	0	0
Oklahoma	0	0	0	0	0	0
Oregon	0	0	0	0	0	0
Pennsylvania	0	0	0	0	0	0
Rhode Island	0	0	0	0	0	0
South Carolina	0	0	0	0	0	0
South Dakota	1	1	0	0	0	1
Tennessee	0	0	0	0	0	0
Texas	0	0	0	0	0	0
Utah	0	0	0	0	0	0
Vermont	0	0	0	0	0	0
Virginia	0	0	0	0	0	0
Washington	0	0	0	0	0	0
West Virginia	0	0	0	0	0	0
Wisconsin	1	0	0	0	1	0
Wyoming	0	0	0	0	0	0

*Includes four applications pending as of December 31, 1966.

TABLE 6

Branches of National banks, calendar 1967

	Branches in operation Dec. 31, 1966	De novo branches opened for business Jan. 1–Dec. 31, 1967	Branches acquired through merger or conversion Jan. 1–Dec. 31, 1967	Existing branches discontinued or consolidated Jan. 1–Dec. 31, 1967	Branches in operation Dec. 31, 1967
United States	r 9,406	502	148	67	9,989
Alabama	137	13	1	0	151
Alaska	42	0	0	1	41
Arizona	182	3	0	0	185
Arkansas	62	7	1	0	70
California	1,791	106	23	17	1,903
Colorado	0	0	0	0	0
Connecticut	179	11	0	1	189
Delaware	4	0	0	0	4
District of Columbia	53	1	0	0	54
Florida	0	0	0	0	0
Georgia	127	11	0	1	137
Hawaii	41	0	0	0	41
Idaho	101	2	0	1	102
Illinois	0	8	0	0	8
Indiana	267	19	0	1	285
Iowa	38	3	2	0	43
Kansas	25	1	0	1	25
Kentucky	120	5	0	3	122
Louisiana	145	5	0	2	148
Maine	71	5	0	0	76
Maryland	196	11	0	0	207
Massachusetts	351	20	4	3	372
Michigan	r 459	32	4	5	490
Minnesota	6	0	0	0	6
Mississippi	96	9	4	0	109
Missouri	19	1	0	1	19
Montana	0	0	1	0	1
Nebraska	18	2	0	2	18
Nevada	36	1	0	0	37
New Hampshire	26	3	0	0	29
New Jersey	459	25	17	5	496
New Mexico	54	5	0	0	59
New York	1,015	32	37	6	1,078
North Carolina	275	16	9	8	292
North Dakota	8	1	0	0	9
Ohio	570	31	6	1	606
Oklahoma	27	3	0	0	30
Oregon	217	4	0	1	220
Pennsylvania	840	33	16	4	885
Rhode Island	54	2	0	0	56
South Carolina	191	17	3	2	209
South Dakota	42	2	4	0	48
Tennessee	226	16	1	1	242
Texas	0	0	0	0	0
Utah	55	1	0	0	56
Vermont	33	2	3	0	38
Virginia	369	18	9	0	396
Washington	r 352	15	3	0	370
West Virginia	0	0	0	0	0
Wisconsin	24	0	0	0	24
Wyoming	0	0	0	0	0
Virgin Islands	3	0	0	0	3
District of Columbia—all*	89	2	0	0	91

*Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

r Revised.

TABLE 7

De novo branch applications of National banks, by States, calendar 1967

	*Received**	*Approved*	*Rejected*	*Abandoned*	*Pending Dec. 31, 1967*
United States	1,012	438	254	61	259
Alabama	18	14	1	1	2
Alaska	2	0	1	1	0
Arizona	12	4	6	2	0
Arkansas	10	9	0	0	1
California	153	56	57	5	35
Colorado	0	0	0	0	0
Connecticut	16	9	2	2	3
Delaware	0	0	0	0	0
District of Columbia	3	1	2	0	0
Florida	0	0	0	0	0
Georgia	11	6	1	1	3
Hawaii	3	2	1	0	0
Idaho	6	2	2	0	2
Illinois	26	22	0	1	3
Indiana	25	15	6	1	3
Iowa	9	5	0	1	3
Kansas	3	2	0	1	0
Kentucky	10	7	0	1	2
Louisiana	15	11	1	0	3
Maine	6	4	2	0	0
Maryland	35	11	15	4	5
Massachusetts	27	19	3	0	5
Michigan	70	26	24	7	13
Minnesota	0	0	0	0	0
Mississippi	14	6	3	0	5
Missouri	1	1	0	0	0
Montana	0	0	0	0	0
Nebraska	1	0	0	0	1
Nevada	3	1	2	0	0
New Hampshire	9	2	4	2	1
New Jersey	35	19	4	4	8
New Mexico	2	2	0	0	0
New York	110	23	51	8	28
North Carolina	31	13	4	2	12
North Dakota	4	2	1	0	1
Ohio	59	43	6	4	6
Oklahoma	7	6	0	0	1
Oregon	19	4	7	0	8
Pennsylvania	75	41	24	2	8
Rhode Island	3	3	0	0	0
South Carolina	21	12	5	0	4
South Dakota	3	3	0	0	0
Tennessee	11	7	0	1	3
Texas	0	0	0	0	0
Utah	3	1	0	1	1
Vermont	0	0	0	0	0
Virginia	28	12	7	2	7
Washington	33	12	12	1	8
West Virginia	0	0	0	0	0
Wisconsin	80	0	0	6	74
Wyoming	0	0	0	0	0
Virgin Islands	0	0	0	0	0
District of Columbia—all†	3	1	2	0	0

*Includes 263 applications pending as of Dec. 31, 1966.

†Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

Table 8

De novo branches of National banks opened for business, by community size and by size of bank, calendar 1967

Category	*Branches*
In cities with population:	
Less than 5,000	139
5,000 to 24,999	156
25,000 to 49,999	69
50,000 to 99,999	42
100,000 to 249,999	31
250,000 to 499,999	28
500,000 to 1,000,000	17
Over 1,000,000	20
Total	502

Category	*Branches*
By banks with total resources (in millions of dollars):	
Less than 10.0	83
10.0 to 24.9	102
25.0 to 49.9	47
50.0 to 99.9	37
100.0 to 999.9	130
Over 1,000.0	103
Total	502

Table 9

Mergers, calendar 1967*

Applications carried over from 1966	14
Applications received 1967	85
Disposition of applications 1967:	
Approved†	75
Disapproved	1
Withdrawn	4
Applications pending December 1967	19
Transactions completed 1967:	
Mergers	68
Consolidations	6
Purchase of assets	10
Total	84

The aggregate total of capital stock and capital accounts for the certificates issued are as follows:

	Charter or purchasing bank	*Merging, consolidating, or selling banks*	*Combined*
Capital stock	\$302, 209, 707	\$62, 211, 285	\$350, 620, 001
Capital accounts	1, 229, 465, 703	209, 721, 811	1, 413, 856, 951

*Includes mergers, consolidations, and purchase and sale transactions, where the resulting bank is a National bank.

†Includes three applications approved in 1967, which were abandoned: one in 1967, two in 1968.

IV. *Bank Examinations and Related Activities*

The National Bank Act requires that each National bank be examined twice in each calendar year, but the Comptroller, in the exercise of his discretion, may waive one such examination in a 2-year period or may cause such examinations to be made more frequently if considered necessary. In addition, the District Code authorizes the Comptroller to examine each non-National bank and trust company in the District of Columbia.

During the year ended December 31, 1967, 6,579 examinations of banks, 10,399 examinations of branches, 1,570 examinations of trust departments and trust branches, 132 examinations of affiliates, and 286 special examinations and special visitations were conducted. Three State banks were examined in connection with conversions to National banks. Investigations were conducted in connection with applications for 44 new charters and 651 new branches. Furthermore, examinations included direct verification of a substantial percentage of loan and deposit accounts in banks where internal controls were deemed inadequate.

In 1967, the examination division was active in developing and adopting new examining procedures in response to the ever changing techniques of modern banking. To assist in the administration of these new procedures and to upgrade the quality of our examinations, the Washington reviewing staff was increased significantly to provide closer supervision over the field force.

The examination report was enlarged to include sections relating to credit card programs and other revolving credit plans not operated as part of a credit card program. Another section, dealing with security and controls against external crimes, was developed late in 1967 and will be included henceforth in the examination report. New procedures for the examination of automated banks were adopted, including the implementation of an electronic data processing report of examination and an examination report for National banks receiving EDP servicing. The examination staff was strengthened by the training of 28 specialists whose primary responsibility is to conduct separate examinations of electronic data processing installations.

On May 1, 1967, the Office of the Comptroller of the Currency placed into effect an accounting regulation for National banks (formally known as Part 18—Form and Content of Financial Statements).

The regulation requires that every bank under the jurisdiction of the Comptroller of the Currency must submit an annual report to its shareholders. The regulation prescribes a detailed format for a balance sheet, statement of earnings, reconcilement of capital accounts, and reconcilement of reserves which must be incorporated in the annual report to shareholders. It also specifies a number of accounting methods and procedures to be used in maintaining records and preparing reports.

The regulation not only encourages accrual accounting for National banks, but establishes a timetable which will place all National banks with resources of $25 million or more on an accrual basis of accounting by 1970. Accounting authorities are convinced that accrual accounting offers a more accurate and more refined picture of a bank's operations than does the cash accounting method.

The rationale underlying the regulation is that shareholders of all National banks are entitled to obtain that basic financial information necessary to evaluate the operations and the condition of the institutions in which they have invested funds.

V. *Litigation*

In 1966, Congress enacted the Financial Institutions Supervisory Act, Public Law 89–695. The provisions of Title II of that Act, which amended sections 1818 (a), (b), and (c) of Title 12 of the United States Code, are effective until June 30, 1972. By such amendments, Congress expanded the authority of the Federal banking supervisory authorities to enforce their regulatory determinations. To implement the statute, the Law Department formulated the "cease and desist" regulations, which were published on August 1, 1967. The statute and regulations enable the Comptroller's Office, subject to judicial review, to enjoin unsafe and unsound banking practices and to initiate proceedings to remove bank officers and directors who have engaged in certain prohibited activities. Forms and documents have been prepared for use under the cease and desist procedures.

During calendar year 1967, 16 new cases were filed challenging administrative actions and rulings of the Comptroller. Forty-nine such cases were already pending prior to January 1, 1967, of which 22 had been decided or otherwise settled as of December 31, 1967. The number of pending cases as of December 31, 1967 totaled 43.

A. Incidental Powers Cases

A significant group of cases involve the incidental powers of National banks. These powers are derived from 12 U.S.C. § 24 (seventh) and the Comptroller's regulations and rulings promulgated pursuant thereto. Specifically there are court challenges to a National bank's operation of a travel agency, the sale to its customers of electronic data processing services, the sale of insurance incidental to banking transactions, and to the operation of armored car messenger services.

Arnold Tours v. *Camp and South Shore National Bank* (D Mass., Civ. No. 67–372–C) involves the incidental power of a National bank to operate a travel agency. This case is scheduled for argument before the District Court in March 1968. The Comptroller is contending that the plaintiff-travel agencies lack standing to sue because no statute gives them the right to be free from competition and, even if they do have standing, undisputed facts establish that the operation of a travel agency is a historic function as well as an incidental power of National banks.

Two cases, *Association of Data Processing Service Organizations, Inc.* v. *Camp and American National Bank and Trust Co.* (USDC D Minn., Civ. No. 3–67–165) and *Wingate Corporation* v. *Industrial National Bank of Rhode Island* (USDC D R.I., Civ. No. 3847), challenged the banks' electronic data processing services as not being properly incidental to the banking business. These services are made available to bank customers on the computer time in excess of that required for the completion of the bank's internal check processing, bookkeeping, payroll and other programs. As of December 31, 1967, no court had ruled on the merits of either of these cases.

In *Georgia Association of Independent Insurance Agents, Inc., et al.* v. *Camp* (U.S. Ct. of App., 5th Cir., Civ. No. 25060), the lower court rendered a decision adverse to the Comptroller's position that a bank may act as agent for the sale of insurance incidental to banking transactions. Mortgage insurance and credit life typify the kinds of insurance that National banks offer their customers in connection with making a loan. The effectiveness of the lower court's judgment has been stayed pending appeal.

Dickinson v. *First National Bank in Plant City and Camp* (U.S. Ct. of App., 5th Cir., Civ. No. 25173) involves a challenge to the operation by the bank of an armored car messenger service as illegal branch banking in Florida. The Comptroller authorized such services as a proper incidental power of National banks and contended that armored car messenger services did not violate the Florida statutory prohibition against branch banking. The lower court supported the Comptroller's position and the State Comptroller has appealed that decision to the 5th Circuit Court of Appeals.

B. Bond Underwriting

The Comptroller's Investment Securities Regulation which ruled that certain securities were eligible for purchase, dealing in, underwriting, and unlimited holding by National banks was challenged by a number of investment bankers in *Baker, Watts & Co., et al.* v. *Camp* (USDC D.C. Civ. No. 97–66). The district court granted the investment bankers' motion for summary judgment, and held that the pertinent legislation was intended to divorce commercial banks from the business of underwriting and dealing in the securities in question. By agreement of the parties, the Comptroller's appeal from that decision was dismissed on May 24, 1967. The Port of New York Authority, intervenor on the side of the Comptroller in the court below, has continued to prosecute the appeal.

C. Collective Investment Funds

On September 27, 1967, the District Court for the District of Columbia handed down a decision adverse to the Comptroller in *Investment Company Institute, et al.* v. *Camp* (U.S. Ct. of App., D.C. Civ. No. 1083–66). The plaintiff, an association representing open-end investment companies and investment advisors, filed suit to enjoin the Comptroller from authorizing a National bank collectively to invest funds tendered to it, as managing agent solely for investment purposes. The court held that the plaintiffs had standing to sue the Comptroller and further that relevant statutes prohibited the operation of the funds in question. This decision is being appealed.

D. New Bank Charter Cases

The following pending cases challenge the exercise of the Comptroller's discretion in approving new bank charters: *Warren Bank* v. *Camp,* (U.S. Ct. of App., 6th Cir., Civ. No. 17718 and 17719), and *First National Bank of Abbeville, et al.* v. *Camp,* (USDC WD Louisiana, Civ. No. 12158). In *Citizens Bank of Hattiesburg* v. *Camp* (USDC SD Miss., Civ. No. 1998), the District Court upheld the Comptroller's position and dismissed the action. On appeal, the 5th Circuit Court of Appeals on December 4, 1967, affirmed.

E. Branch Cases

The U.S. Supreme Court rendered a decision in *Walker Bank & Trust Co.* v. *Saxon* and *First National Bank of Logan* and *Commercial Security Bank* v. *Saxon* (384 U.S. 925). The court held that the Utah statute, prescribing that all banks in the State, with certain exceptions, may branch only by merger, applied to National banks and that the Comptroller must, in approving branches in Utah, follow the State law in that respect. The broader implications of this decision are being tested in pending branch cases in the lower courts throughout the country. A total of 16 cases involving branch approvals by the Comptroller of the Currency are now pending. The majority of these challenge the Comptroller's action on the grounds that the Federal branching statute (12 U.S.C. § 36), as it incorporates State law has been violated or that the Comptroller has abused his discretion in determining that the need and convenience of the community will be served by the new branch.

F. Merger Litigation

This was the most active year in bank merger litigation in the history of the Comptroller's Office.

The Comptroller was a party to each of five merger cases involving National banks during 1967. Two cases were decided by the Supreme Court: one argued before the Supreme Court, with decision pending; one decided in favor of the banks and the Comptroller by a three-judge court in San Francisco; and, one tried before the District Court in Philadelphia, with decision pending. The Comptroller's position in these cases, generally, was that the Bank Merger Act of 1966 made substantive changes in the standards to be applied by the courts to bank mergers, and, specifically, that each challenged bank merger was not anticompetitive in effect, and, alternatively, that anticompetitive effects were clearly outweighed in the public interest by the probable effects of the transaction in meeting the convenience and needs of the community to be served.

On March 27, 1967, the Supreme Court delivered its opinion in two bank merger cases which had been dismissed by the District Courts on the ground that the Justice Department had failed to plead the Bank Merger Act of 1966. In remanding both cases, *United States* v. *First City National Bank of Houston et al.* and *United States* v. *Provident National Bank et al.,* 386 U.S. 361, the Court decided that in a suit under the Bank Merger Act of 1966 the Justice Department may properly plead a violation of the traditional antitrust laws, but that the affirmative defense of "convenience and needs" under the Bank Merger Act of 1966 is available to the defendants. This means that after proof of a violation of section 7 of the Clayton Act, the burden shifts to defendants to prove that the convenience and needs of the community clearly outweigh any anticompetitive effects of the merger. The Supreme Court also held that the Comptroller's reasons for approving a merger may be found to be "well-nigh conclusive" by a District Court, but that the ultimate judgment as to a merger's legality rested in the court rather than the agency. *United States* v. *First City National Bank of Houston,* 386 U.S. 361.

Subsequently, in a *per curiam* opinion the Supreme Court also remanded to the District Court the case of *U.S.* v. *Mercantile Trust Company, N.A.,* and *Security Trust Company* (USDC ED Missouri C.A. No. 656–241(1)) to be tried pursuant to the procedural rules set forth in the *Houston* case. This case is calendared for trial on March 11, 1968.

The remanded case of *United States* v. *Provident National Bank et al.* (USDC ED Pa. C.A. No. 40032) was the second to be fully tried under the Bank Merger Act of 1966. The trial lasted approximately 7 weeks, between July 11, 1967 and August 23, 1967. Oral argument was made on December 6, 1967. Two Philadelphia banks are involved in this case.

On October 30, 1967, a three-judge district court handed down the decision in *United States* v. *Crocker-Anglo National Bank et al.,* 1967 Trade Cases paragraph 72,258. In upholding the merger, the court found that no competition existed between the merging banks, and that prospective competition by *de novo* branching was improbable. The court stated that all competing financial institutions must be considered in evaluating the effect of the merger on competition, although no anticompetitive effects would occur even if competition were restricted to commercial banks. Finally, the court found that the merger would prove beneficial to the State of California, the community to be served, and would create a bank better able to compete with Bank of America, N.A., particularly, and other statewide banks.

On December 11, 1967, the Supreme Court heard arguments on the appeal of *United States* v. *Third National Bank of Nashville et al.,* 260 F. Supp. 869 (1966), the first case to be fully tried under the Bank Merger Act of 1966. The District Court had approved the merger, citing lack of competition between the merging banks and the overriding benefit to the community to be served by the merger. Among the issues which will be decided by the Supreme Court, and which will have a significant impact on all future bank mergers and those presently in litigation, are the following: (1) whether, in determining the effect of a merger upon competition, all competing financial institutions must be considered; and, (2) whether a merging bank is required to seek out and consummate only the least anticompetitive merger available. It is expected that the court's decision in this case will be handed down early in 1968.

VI. *Fiduciary Activities of National Banks*

The trust departments of the National banks experienced continued growth in numbers of fiduciary accounts in 1967, although market values of assets held continued to reflect the uncertainties of the stock market. During the year, 50 applications for permits to exercise fiduciary powers were received from National banks, and 29 were approved. This increased the number of National banks authorized to exercise fiduciary powers to 1,908 by year end. The number of fiduciary accounts, and the diversity of assets held in fiduciary accounts continued to increase, with a corresponding rise in the workload in the examinations conducted by this Office.

In this context, the Comptroller's Office continued its efforts to improve the quality and efficiency of trust department examinations. Provision was made to examine extremely small departments simultaneously with the examination of the commercial side of the banks, and a short form of examination report was adapted for use in these departments. Detailed instructions were issued, outlining step-by-step the procedure for the examination of smaller departments, thus providing a useful supplement to the more general *Manual of Instructions* by focusing in specific detail upon those types of situations most likely to prevail.

Greater efficiency in the handling of trust department examination reports was achieved through transferring from the regional offices to the Washington Office, responsibility for review and initiation of corrective actions. This eased implementation of policy changes and resulted in a more uniform application of existing precedents.

In April, a 2-week school was held in Washington for new trust examiners. An intensive course of instruction was provided on all facets of trust department operation through lectures and discussions conducted by recognized banking authorities. In addition, practical problems were presented by members of the Comptroller's staff. In response to an invitation extended to the State banking supervisors, examiners from the States of Michigan, Wisconsin, Iowa, Arizona, Illinois, New York, North Carolina, and Pennsylvania attended the school.

A workshop was conducted in Washington in October for the senior trust examiners from each region. The primary purposes were to achieve greater uniformity in examination procedures, to discuss means of improving examination techniques, and to share methods of dealing with novel problems. During 1967, four persons were promoted to the position of Representative in Trusts, the highest level of qualification for trust examiners, and eight persons were advanced to the intermediate position of Associate in Trusts. The requirements for advancement to the Associate position were made more rigorous, and a new testing procedure was initiated.

This Office noted a continuing trend toward the wider application of computers and other aspects of automation technology. Although our trust examiners must be familiar with the capabilities of those systems in fiduciary applications, they are assisted in their evaluation by examiners specially trained in automation techniques, who work with both commercial and trust examiners. Progress was made during the year toward the realization of the goal of evaluating all automatic trust accounting systems as systems. This objective is supplemental to, but has an important bearing on, the primary purpose of the examination process, which is to assure that all fiduciary activities are carried out in accordance with applicable legal requirements and sound fiduciary principles.

The Office testified in favor of legislation which would authorize National banks to operate collective investment funds for agency accounts. The effect of the legislation would be to reverse the District Court decision in *Investment Company Institute* v. *Camp.*

VII. *International Banking and Finance*

The number of foreign branches of National banks increased during 1967 from 230 to 278. Their total resources increased from $9.4 billion on December 31, 1966, to $11.9 billion on December 30, 1967, an amount which exceeds the total assets of National banks in each State but five. At the end of 1967, foreign branches of National banks constituted 95.5 percent of total foreign branches of U.S. banks. Not only did the long-established continue to expand at a considerable pace, but several banks made the decision to go overseas for the first time. At year end, a number of applications were pending, and some were in the approved, unopened category. In addition, two National banks established Edge Act corporations for the first time, to bring the total of National banks with such subsidiaries to 21. Expansion thus continued apace in a year beset with international economic problems of the most serious nature. Among those was a worsening of the deficits in the balance of payments of two of the world's major economies, those of the United States and the United Kingdom.

On January 1, 1968, a series of measures, including a new Voluntary Credit Restraint Program for banks, was announced to deal with our balance of payments. The Voluntary Credit Restraint Program and the Interest Equalization Tax continued to provide incentive for overseas branches to tap the important Eurodollar markets. Faced with the necessity of curbing lending to foreigners from home offices, a number of large American banks have come to view the overseas branch as an essential adjunct to their banks, not only for the long-run profits from the branch operations *per se*, but also in order to service adequately the needs of multinational clients. Some foreign branch expansion was defensive. If a bank did not expand overseas, it faced the possibility of losing some of its prime domestic and international business to its banking competitors with overseas facilities.

In response to these developments, 1967 witnessed a step-up in the efforts of this Office to train a cadre of specialized examiners-international. In May, our first annual seminar in international banking, lasting 2 weeks, gave participants an intensive exposure to the principles and practices of international finance. The program received the support of several other government departments, universities and leading international banks, both American and foreign. Some examiners were enrolled in the Foreign Service Institute of the Department of State for in-depth study programs. Others have been enrolled in foreign language courses at the same institution and at other institutions around the country. A monthly compendium, *International Banking News*, was inaugurated to keep examiners up-to-date on international banking developments. A program of in-bank training was developed to help meet our current and future requirements.

The year 1967 also witnessed the continuation of the Office policy of selective, on-the-spot examinations.

TABLE 10

Foreign branches of National banks, by region and country, Dec. 31, 1967

Region and country	Number	Region and country	Number
Latin America	131	Africa	3
Argentina	24	Liberia	1
Bahamas	3	Nigeria	2
Bolivia	2		
Brazil	15	Near East	6
Chile	17		
Columbia	8	Dubai	1
Dominican Republic	5	Lebanon	3
Ecuador	4	Saudi Arabia	2
El Salvador	1		
Guatemala	2	Far East	63
Guyana	1		
Honduras	2	Hong Kong	10
Jamaica	1	India	8
Mexico	5	Japan	12
Nicaragua	2	Korea	3
Panama	19	Malaysia	5
Paraguay	3	Okinawa	2
Peru	5	Pakistan	4
Trinidad	4	Philippines	5
Uruguay	2	Singapore	8
Venezuela	4	Taiwan	2
Virgin Islands (British)	2	Thailand	2
		Viet-Nam	2
Europe	44		
		U.S. overseas areas and trust territories	31
Austria	1		
Belgium	6	Canal Zone	2
France	5	Guam	2
Germany	8	Puerto Rico	16
Greece	2	Truk Islands	1
Italy	2	Virgin Islands	10
Netherlands	3		
Switzerland	3	Total	278
Great Britain	13		
Ireland	1	Military banking facilities	31

VIII. *Administrative and Management Developments*

During 1967, the Comptroller of the Currency initiated a program to revamp and modernize the internal administrative operations of the Office. The initial step in this program was the appointment of an experienced certified public acountant to the position of Deputy Administrative Assistant for Fiscal Management, reporting directly to the Administrative Assistant to the Comptroller. In conjunction with this appointment, there was established the Fiscal Management Division, including a systems staff of experienced certified public accountants, which has responsibility for the following areas:

1. Establishing, coordinating, and maintaining an integrated financial management system;
2. Performing systems analysis and development relating to budgeting, accounting, reporting, and other financial operations;
3. Serving as adviser to the Administrative Assistant to the Comptroller of the Currency concerning financial operations of the Office;
4. Performing various special projects and studies relating to financial matters; and
5. Performing studies on other administrative support operations such as procurement, supply, automatic data processing, messenger and mail service, disbursing, and space management.

During the year, the Fiscal Management Division was able to provide top management with more informative and timely financial information. The accrual accounting system, established on January 1, 1964, was expanded by developing a more extensive system of account classification and by subjecting additional items to the accrual basis of accounting. In addition, the monthly financial statements were revamped in format with certain supporting data presented only on a quarterly basis, coupled with a narrative report summarizing and analyzing the significant changes and trends in the financial position of the Office.

Several procedural memorandums were issued relating to travel, education and training expenditures, purchasing, time and leave reporting, and the establishment of imprest cash funds in regional offices. These contributed to more coordinated and accurate information, clarification of authorities and responsibilities, and reduction in paperwork and processing costs.

In addition to the Fiscal Management Division, a management analyst and computer expert joined the immediate staff of the Administrative Assistant, and was given the responsibility to convert all applicable operations to EDP and EAM equipment. Various studies were initiated toward this objective during the latter part of the year and certain program adaptations will be accomplished in the coming year.

Due to the efforts of the Administrative Assistant and the Fiscal Management Staff, the Office was able to report in the government cost reduction-management improvement program total savings of $167,000, all attributable to actions taken in the second half of calendar 1967.

Since 1938, this Office has had an independent audit of its annual financial statements conducted by the Bureau of Accounts, U.S. Treasury Department. However, for 1967, the Office engaged an independent public accounting firm to perform the annual audit.

Other actions of the Administrative Branch accomplished meaningful improvements in the conduct of Office affairs. A new publication, the *Directory*, was issued to the National banking system in the spring of 1967. It contains the address and telephone number of every decision-making official in the Office, together with his picture and a short biographical sketch. This new work has been well-received as one of our most useful issuances. The quarterly economic journal, *The National Banking Review*, was discontinued in mid-year. A monograph series is being inaugurated which will include significant economic and banking studies. The flexible monograph approach permits speedy publication of timely studies at greatly reduced expenditures.

The 4-year program of remodeling all of our 16 headquarters' offices throughout the country was completed in 1967 with the relocation of the Cleveland office. The product of this program has been the installation of modern, bright office facilities for regional officials in keeping with their augmented policymaking and supervisory responsibilities. And after a 2-year pendency, the Office's comprehensive records retention schedules were given initial Office approval. Consultations with the appraisal service of the National Archives Records Service have been held.

Personnel administration provided the Office with additional substantial successes. Like all other employers, this Office is faced with a critical shortage of qualified personnel in a tight labor market. Our response has been the selection of a Regional Recruitment Coordinator for each of our 14 National bank regions. These recruiters were given training, guidance, and responsibility for recruitment on college and university campuses throughout the multi-State area covered by their region. The last year showed a marked increase in the activities of these recruiters throughout the country. As a result, our manpower shortage was lessened with a net gain of 84 new Assistant National Bank Examiners and Assistants in Trust. In the fall of the year, the second annual Recruiters' Conference was convened in Washington to promote an exchange of experiences and methods used throughout the country.

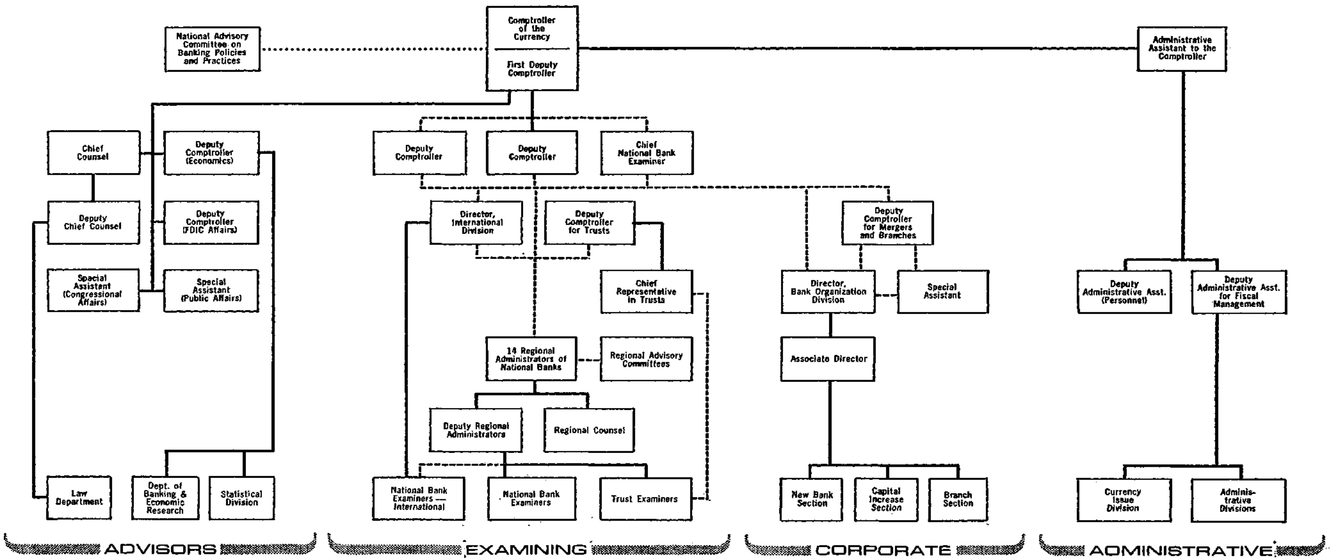
New enthusiasm was injected into additional personnel activities. The Incentive Awards Program was given special emphasis and the achievements have been encouraging. All phases of the Office training program have received new attention. The Trust Division conducted its annual 2-week school for Assistants in Trust, and the International Division also conducted a seminar for its National Bank Examiners-International. Eight experienced personnel participated in our Advanced Education Program during 1967 and were afforded an opportunity to pursue 1 year of study at an accredited university or college. Special attention was also paid to the sectional schools program. Under this program, National bank regions bring together newly appointed Assistant National Bank Examiners for a period of instruction on matters relating to commercial bank examinations. A study is being conducted for the purpose of evaluating instructional techniques used in the training of Assistant National Bank Examiners.

Other employee development programs were continued. Seventy-three experienced examiners were selected to attend one of the eight graduate schools of banking. Credit seminars were conducted at regional sites for examiners responsible for the evaluation of bank credits. The Office also sponsored American Institute of Banking correspondence courses for any interested employee. During 1967, there were 148 new enrollments in these courses, as well as 51 enrollments in the Dun and Bradstreet course, Credit and Financial Analysis.

The year-long training program of 28 specialists in bank EDP systems was completed in 1967 with the graduation and assignment of the selected personnel. The primary responsibility of these specialists is the examination and evaluation of EDP systems in National banks. This has been a necessary and effective refinement of bank examining procedures, and has aided in the evaluation of the National banking system.

OFFICE OF THE COMPTROLLER OF THE CURRENCY

Chart of Organization



IX. *Financial Operations of the Office of the Comptroller of the Currency, 1967*

Corresponding to the growth and vitality of the National banking system during the past several years, the financial position of the Comptroller's Office continued to show improvement during calendar year 1967.

Receipts for 1967 amounted to $23.8 million, an increase of $1.4 million over 1966. This increase is primarily attributable to the $17 billion rise in total assets of National banks. Receipts from assessments on National banks amounted to $20.7 million, or 85 percent of total receipts.

Total income on investments for 1967 amounted to $808,000, an increase of 20 percent over the prior year. The increase was accomplished by more timely investment of available funds and by obtaining higher yielding securities.

Expenditures for 1967 amounted to $21.5 million, an increase of $1.7 million over 1966. Salaries, related payroll expenses and travel expenses amounted to $20.1 million.

Increased salary expense, which accounted for 93 percent of the total increase in expenditures, was principally due to (1) the Federal pay increases; (2) the third year of operation of the improved merit promotion plan; and, (3) a 7 percent increase in the average number of examining personnel. By scheduling travel on a priority basis, we were able to reduce travel expenditures by approximately $87,000, despite a net increase in our examining force for the year.

The Comptroller's equity represents the accumulated excess of receipts over expenditures retained by the Office for possible future contingencies. At December 31, 1966, the equity account had a balance of $9,300,000. The increase in 1967 amounted to $2,312,000, yielding a total in the equity account of $11,612,000 at year end.

Table 11

OFFICE OF THE COMPTROLLER OF THE CURRENCY

BALANCE SHEET

Assets	December 31, 1967	December 31, 1966*
Current assets:		
Cash	$310, 202	$324, 867
U.S. Government obligations, at cost (approximates market value)	621, 841	831, 876
Accounts receivable	58, 952	53, 271
Accrued interest	134, 903	110, 098
Prepaid expenses and other	37, 736	45, 166
Total current assets	1, 163, 634	1, 365, 278
U.S. Government obligations, at cost (approximate market value $13,454,068 in 1967 and $11,385,828 in 1966)	14, 159, 733	11, 618, 874
Fixed assets, at cost:		
Furniture and fixtures	654, 368	555, 582
Office machinery and equipment	315, 960	289, 262
	970, 328	844, 844
Less accumulated depreciation	303, 318	217, 122
	667, 010	627, 722
Total assets	$15, 990, 377	$13, 611, 874

Liabilities and Comptroller's Equity	1967	1966*
Current liabilities:		
Accounts payable	$152, 280	$71, 192
Salary deductions and withholdings	77, 531	65, 279
Accrued travel and salary	218, 088	279, 000
Total current liabilities	447, 899	415, 471
Accumulated annual leave	1, 225, 628	1, 191, 536
Closed receivership funds	2, 704, 527	2, 704, 081
Total liabilities	4, 378, 054	4, 311, 088
Comptroller's equity	11, 612, 323	9, 300, 786
Total liabilities and Comptroller's equity	$15, 990, 377	$13, 611, 874

*Financial statements for 1966 were audited by the Bureau of Accounts of the Treasury Department. Data for 1960–1965 may be found in Comptroller of the Currency, ***Statistical Supplement to the 1966 Annual Report.***

Table 12

OFFICE OF THE COMPTROLLER OF THE CURRENCY
STATEMENT OF REVENUE, EXPENSES
AND COMPTROLLER'S EQUITY

	Year ended December 31	
	1967	1966*
Revenue:		
Semi-annual assessments	$20, 651, 935	$19, 284, 855
Examinations and investigations	1, 715, 862	1, 785, 684
Examination reports sold	502, 065	494, 635
Revenue from investments	807, 647	675, 982
Other	155, 749	176, 073
	23, 833, 258	22, 417, 229
Expenses:		
Salary	15, 633, 374	14, 169, 384
Retirement and other contributions	1, 181, 144	1, 079, 179
Per diem	1, 961, 520	2, 049, 548
Travel	1, 326, 106	1, 325, 133
Rent and maintenance	273, 519	244, 877
Supplies	80, 650	90, 200
Printing, reproduction and subscriptions	298, 050	251, 260
Depreciation	92, 983	75, 369
Remodeling	47, 963	51, 538
Office machine repairs and rentals	96, 471	83, 067
Communications	214, 024	194, 322
Moving and shipping	82, 094	73, 585
Employees education and training	109, 903	56, 843
Other	123, 920	100, 992
	21, 521, 721	19, 845, 297
Excess revenue over expenses	2, 311, 537	2, 571, 932
Comptroller's equity at beginning of year	9, 300, 786	6, 728, 854
Comptroller's equity at end of year	$11, 612, 323	$9, 300, 786

*Financial statements for 1966 were audited by the Bureau of Accounts of the Treasury Department. Data for 1960–1965 may be found in Comptroller of the Currency, *Statistical Supplement to the 1966 Annual Report.*

Table 13

OFFICE OF THE COMPTROLLER OF THE CURRENCY
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED DECEMBER 31, 1967

Funds were provided by:	
Excess revenue over expenses	$2, 311, 537
Add charges not requiring current outlay of funds	
Depreciation	92, 983
Net increase in accumulated annual leave	34, 092
Net loss on sales of fixed assets	5, 483
	2, 444, 095
Net receipts of closed receivership funds	446
Total funds provided	2, 444, 541
Funds were applied to:	
Net increase in investment of long term U.S. Government obligations	2, 540, 859
Purchases of furniture and fixtures	109, 494
Purchases of machinery and equipment	28, 260
Total funds applied	2, 678, 613
Excess of funds applied over funds provided representing a decrease in working capital	$234, 072

OPINION OF INDEPENDENT ACCOUNTANT

To the Comptroller of the Currency
Office of the Comptroller of the Currency

In our opinion, the accompanying balance sheet, the related statement of revenue, expenses and Comptroller's equity and the statement of source and application of funds present fairly the financial position of the Office of the Comptroller of the Currency at December 31, 1967 and the results of its operations and the supplementary information on funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Washington, D.C. PRICE WATERHOUSE & CO.
February 26, 1968

X. *Issue and Redemption of Currency*

Public Law 89–427, enacted on May 20, 1966, transferred the redemption of Federal Reserve notes from the Comptroller of the Currency to the Treasurer of the United States. The transfer became operational on August 1, 1966. During 1967, the Currency Issue Division of the Comptroller's Office made 1,140 shipments of new Federal Reserve notes (1,993,920,000 notes with an aggregate value of $10,988,400,000) to Federal Reserve agents. Delivery of 64,260,000 notes with an aggregate value of $381,700,000 was made to the Treasurer of the United States.

APPENDIX A

Merger Decisions, 1967

Merger* Decisions, 1967

Approvals

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Jan. 1, 1967:
First National Bank of Lexington, Lexington, Miss.
Pickens Bank, Pickens, Miss.
Merger 35

Jan. 1, 1967:
Seaboard Citizens National Bank, Norfolk, Va.
Merchants and Farmers Bank of Franklin, N.A., Franklin, Va.
Consolidation 36

Jan. 13, 1967:
Vermont National Bank, Brattleboro, Vt.
Ludlow Savings Bank and Trust Co., Ludlow, Vt.
Merger 37

Jan. 13, 1967:
United States National Bank, San Diego, Calif.
Mission National Bank, Los Angeles, Calif.
Purchase 38

Jan. 13, 1967:
United States National Bank, San Diego, Calif.
Peoples Bank, Los Angeles, Calif.
Purchase 40

Jan. 13, 1967:
United States National Bank, San Diego, Calif.
Pioneer National Bank, Los Angeles, Calif.
Purchase 41

Jan. 27, 1967:
Trust Company of Morris County, Morristown, N.J.
The Boonton National Bank of Parsippany-Troy Hills, Parsippany-Troy Hills, N.J.
Consolidation 42

Jan. 28, 1967:
National Bank & Trust Co. of Central Pennsylvania, York, Pa.
The Central National Bank of Columbia, Columbia, Pa.
Merger 43

Jan. 31, 1967:
First National Bank & Trust Co., Ontario, Calif.
The First National Bank of Elsinore, Elsinore, Calif.
Merger 45

Jan. 31, 1967:
The Grange National Bank of Potter County at Ulysses, Ulysses, Pa.
The First National Bank of Genesee, Genesee, Pa.
Merger 46

Jan. 31, 1967:
The Conestoga National Bank of Lancaster, Lancaster, Pa.
The First National Bank of Landisville, Landisville, Pa.
Merger 47

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Jan. 31, 1967:
The Howard National Bank & Trust Co., Burlington, Vt.
The Rutland County Bank, Rutland, Vt.
Merger 48

Feb. 14, 1967:
The Escanaba National Bank, Escanaba, Mich.
The Bark River State Bank, Bark River, Mich.
Purchase 49

Feb. 18, 1967:
Farmers & Merchants National Bank, Winchester, Va.
Middletown State Bank, Inc., Middletown, Va.
Merger 51

Feb. 21, 1967:
The Planters National Bank & Trust Co., Rocky Mount, N.C.
The Oxford National Bank, Oxford, N.C.
Merger 52

Feb. 24, 1967:
Somerville National Bank, Somerville, Mass.
County Bank & Trust Co., Cambridge, Mass.
Merger 53

Feb. 28, 1967:
First National Bank, New Albany, Miss.
Bank of Blue Mountain, Blue Mountain, Miss.
Merger 5

Feb. 28, 1967:
The Juniata Valley National Bank, Mifflintown, Pa.
Tuscarora State Bank, Blairs Mills, Pa.
Merger 55

Mar. 11, 1967:
Southern National Bank of North Carolina, Lumberton, N.C.
The Bank of Mayodan, Mayodan, N.C.
Merger 56

Apr. 10, 1967:
Marine Midland National Bank of Troy, Troy, N.Y.
Unadilla National Bank, Unadilla, N.Y.
Merger 57

Apr. 28, 1967:
Valley National Bank, Glendale, Calif.
Providencia Bank, Burbank, Calif.
Merger 58

Apr. 28, 1967:
The First National Iron Bank of New Jersey, Morristown, N.J.
The First National Bank of Butler, Butler, N.J.
Merger 59

*Includes mergers, consolidations, and purchase and sale transactions where the emerging bank is a National bank. Decisions are arranged chronologically by effective date.

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Apr. 28, 1967: County National Bank, Middletown, N.Y. The Maybrook National Bank, Maybrook, N.Y. Merger	60
Apr. 28, 1967: Marine National Bank, Erie, Pa. The Second National Bank of Titusville, Titusville, Pa. Merger	61
May 1, 1967: Seattle-First National Bank, Seattle, Wash. Bank of Sumas, Sumas, Wash. Purchase	62
May 1, 1967: Sierra National Bank, Petaluma, Calif. Tiburon National Bank, Tiburon, Calif. Purchase	63
May 8, 1967: The Meadow Brook National Bank, New York, N.Y. Bank of North America, New York, N.Y. Consolidation	63
May 8, 1967: The Hocking Valley National Bank of Lancaster, Lancaster, Ohio. The First National Bank of Baltimore, Baltimore, Ohio. Purchase	65
May 12, 1967: First National State Bank of New Jersey, Newark, N.J. Bank of Nutley, Nutley, N.J. Merger	66
May 16, 1967: First-City National Bank of Binghamton, Binghamton, N.Y. First-City National Bank of Southern New York, Binghamton, N.Y. Merger	68
May 16, 1967: Lincoln National Bank and Trust Co. of Central New York, Syracuse, N.Y. Lincoln National Bank of Syracuse, Syracuse, N.Y. Merger	69
May 16, 1967: The First National Bank of Jamestown, Jamestown, N.Y. Second National Bank of Jamestown, Jamestown, N.Y. Merger	69
May 19, 1967: South Shore National Bank, Quincy, Mass. First Bank & Trust Company of Needham, Needham, Mass. Merger	70
June 7, 1967: National Bank of Chester County & Trust Co., West Chester, Pa. The Atglen National Bank, Atglen, Pa. Merger	71
June 16, 1967: The Wyoming National Bank of Wilkes-Barre, Wilkes-Barre, Pa. The First National Bank of Shickshinny, Shickshinny, Pa. Merger	73

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June 30, 1967: Franklin National Bank, Mineola, N.Y. Federation Bank & Trust Company, New York, N.Y. Merger	74
June 30, 1967: National Bank of Commerce of Paragould, Paragould, Ark. First National Bank of Paragould, Paragould, Ark. Merger	77
June 30, 1967: The Fidelity National Bank, Lynchburg, Va. Union Bank & Trust Co. of Amelia, Amelia Court House, Va. Merger	78
July 15, 1967: The First National Bank of Racine, Racine, Ohio The Racine Home Bank, Racine, Ohio Merger	80
July 21, 1967: The First National Bank, Narrows, Va. First Valley National Bank, Rich Creek, Va. Consolidation	81
July 24, 1967: Santa Clarita National Bank, Newhall, Calif. Boulevard Bank, Sepulveda, Calif. Purchase	82
July 24, 1967: Southern National Bank of North Carolina, Lumberton, N.C. The Bank of Mount Gilead, Mount Gilead, N.C. Merger	83
July 31, 1967: The First National Bank of McConnelsville, McConnelsville, Ohio The First National Bank of Stockport, Stockport, Ohio Merger	84
Aug. 7, 1967: The First National Bank of Ebensburg, Ebensburg, Pa. The First National Bank of Hastings, Hastings, Pa. Merger	85
Aug. 14, 1967: La Salle National Bank, Chicago, Ill. The Mutual National Bank of Chicago, Chicago, Ill. Merger	86
Aug. 17, 1967: First National Bank of San Diego, San Diego, Calif. Saddleback National Bank, Tustin, Calif. Merger	88
Aug. 23, 1967: First National Bank, Memphis, Tex. First National Bank, Lakeview, Tex. Purchase	91
Aug. 30, 1967: Union National Bank & Trust Co. of Huntingdon, Huntingdon, Pa. The First National Bank of Three Springs, Three Springs, Pa. Merger	91
Aug. 31, 1967: Central Valley National Bank, Oakland, Calif. Concord National Bank, Concord, Calif. Merger	92

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Aug. 31, 1967: First Union National Bank of North Carolina, Charlotte, N.C. The Citizens Bank & Trust Co. of Southern Pines, Southern Pines, N.C. Merger	94
Aug. 31, 1967: The Grayson National Bank, Independence, Va. The Farmers Bank of Elk Creek, Elk Creek, Va. Merger	96
Sept. 14, 1967: Southern California First National Bank, San Diego, Calif. Huntington-Valley Bank, Huntington Beach, Calif. Merger	97
Sept. 25, 1967: The Bank of California, N.A., San Francisco, Calif. Metropolitan Bank, Hollywood, Los Angeles, Calif. Merger	97
Sept. 29, 1967: National Newark & Essex Bank, Newark, N.J. Glen Ridge Trust Co., Glen Ridge, N.J. Merger	99
Sept. 30, 1967: Clermont National Bank, Milford, Ohio Merchants & Farmers Bank, Owensville, Ohio Purchase	100
Oct. 2, 1967: The Harrisburg National Bank & Trust Co., Harrisburg, Pa. First National Bank & Trust Co. of Elizabethtown, Elizabethtown, Pa. Merger	101
Oct. 2, 1967: The First National Bank of Miami, Miami, Fla. New National Bank of Miami, Miami, Fla. Merger	103
Oct. 5, 1967: Southern California First National Bank, San Diego, Calif. Heritage-Wilshire National Bank, Los Angeles, Calif. Merger	104
Oct. 9, 1967: Security National Bank of Contra Costa, Walnut Creek, Calif. First National Bank of Oakland, Oakland, Calif. Merger	106
Oct. 9, 1967: Commercial National Bank, Buena Park, Calif. Westminster National Bank, Westminster, Calif. Merger	107
Oct. 13, 1967: The First National Bank of Butte, Butte, Mont. Daly National Bank of Anaconda, Anaconda, Mont. Consolidation	108
Oct. 17, 1967: The Oneida National Bank & Trust Co. of Central New York, Utica, N.Y. The National Bank of Waterville, Waterville, N.Y. Merger	109
Oct. 20, 1967: Haddonfield National Bank, Haddonfield, N.J. Audubon National Bank, Audubon, N.J. Merger	111

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Oct. 20, 1967: First National Bank of Eastern North Carolina, Jacksonville, N.C. Bank of Lillington, Lillington, N.C. Merger	113
Oct. 20, 1967: National Bank of Washington, Tacoma, Wash. First National Bank in Montesano, Montesano, Wash. Merger	114
Oct. 21, 1967: The Peoples National Bank, Greenville, S.C. Farmers Bank of Simpsonville, Simpsonville, S.C. Merger	115
Oct. 25, 1967: Miners National Bank of Wilkes-Barre, Wilkes-Barre, Pa. Citizens Bank of Wilkes-Barre, Wilkes-Barre, Pa. Merger	117
Oct. 31, 1967: The Live Stock National Bank of Sioux City, Sioux City, Iowa Morningside Savings Bank, Sioux City, Iowa Merger	119
Oct. 31, 1967: The First National Bank of Wilkes-Barre, Wilkes-Barre, Pa. The First National Bank of Bloomsburg, Bloomsburg, Pa. Merger	121
Nov. 25, 1967: The National Bank of Dover, Dover, Ohio The Peoples Bank & Savings Co., New Philadelphia, Ohio Merger	122
Nov. 30, 1967: Adams County National Bank, Cumberland Township, Gettysburg, Pa. East Berlin National Bank, East Berlin, Pa. Merger	123
Dec. 4, 1967: The National Bank of Commerce of Dallas, Tex. Empire State Bank of Dallas, Dallas, Tex. Merger	125
Dec. 9, 1967: The Hanover National Bank of Wilkes-Barre, Wilkes-Barre, Pa. The Glen Lyon National Bank, Glen Lyon, Pa. Merger	126
Dec. 14, 1967: The Canandaigua National Bank & Trust Co., Canandaigua, N.Y. The Hamlin National Bank of Holcomb, Holcomb, N.Y. Merger	128
Dec. 15, 1967: Golden Gate National Bank, San Francisco, Calif. The First National Bank of Vista, Vista, Calif. Consolidation	130
Dec. 16, 1967: First Union National Bank of North Carolina, Charlotte, N.C. The Bank of Wendell, Wendell, N.C. Merger	131

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Dec. 19, 1967:
The American National Bank & Trust Co. of Michigan, Kalamazoo, Mich.
First State Bank of Mendon, Mendon, Mich.
Merger 132

Dec. 27, 1967:
First National Bank in Indiana, Indiana, Pa.
Conemaugh Valley Bank, Blairsville, Pa.
Merger 134

Dec. 29, 1967:
North Carolina National Bank, Charlotte, N.C.
Commercial & Industrial Bank, Fayetteville, N.C.
Merger 135

Dec. 30, 1967:
Commonwealth National Bank, Boston, Mass.
The Lincoln National Bank of Chelsea, Chelsea, Mass.
Merger 136

Dec. 31, 1967:
Glens Falls National Bank & Trust Co., Glens Falls, N.Y.
Chester-Schroon-Horicon Bank, Chestertown, N.Y.
Merger 138

Dec. 31, 1967:
Merchants National Bank & Trust Co. of Indianapolis, Indianapolis, Ind.
Live Stock Exchange Bank, Indianapolis, Ind.
Merger 139

Dec. 31, 1967:
The Northeastern Ohio National Bank, Ashtabula, Ohio
The Jefferson Banking Co., Jefferson, Ohio
Merger 140

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Dec. 31, 1967:
Newport National Bank, Newport Beach, Calif.
University National Bank, Fullerton, Calif.
Merger 142

Additional Approvals

A. Approved, but in litigation.

Dec. 18, 1967:
Phillipsburg National Bank and Trust Company, Phillipsburg, N.J.
Second National Bank of Phillipsburg, Phillipsburg, N.J.
Merger 143

B. Approved, but abandoned after litigation.

Sept. 13, 1967:
National Bank & Trust Co. of Central Pennsylvania, York, Pa.
The Keystone Trust Co., Harrisburg, Pa.
Merger 148

Nov. 17, 1967:
County National Bank, Middletown, N.Y.
Citizens Bank of Monroe, Monroe, N.Y.
Merger 150

Dec. 18, 1967:
New Jersey National Bank and Trust Co., Neptune, N.J.
Belmar-Wall National Bank, Wall Township, Monmouth County, N.J.
Merger 154

Disapproval

Dec. 18, 1967:
First National Bank of Canton, Canton, Ohio
The Canton National Bank, Canton, Ohio
Consolidation 157

I. Approvals

PICKENS BANK, PICKENS, MISS., AND FIRST NATIONAL BANK OF LEXINGTON, LEXINGTON, MISS.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Pickens Bank, Pickens, Miss., with	$2,049,048	1	
and First National Bank of Lexington, Lexington, Miss. (13313), which had	5,817,458	1	
merged Jan. 1, 1967, under charter and title of the latter bank (13313). The merged bank at date of merger had	7,683,096		2

COMPTROLLER'S DECISION

On September 30, 1966, the Pickens Bank, Pickens, Miss., and the First National Bank of Lexington, Lexington, Miss., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Lexington, with a population of 3,000, is the county seat of Holmes County and the trading center for an estimated 15,000 people. Agriculture and livestock are its primary sources of income with weekly livestock sales averaging between $50,000 and $75,000. It has a moderate amount of industry and is the home of one of the largest producers of sand and gravel in this part of the State. Growth in Lexington has been steady during the last decade and prospects for future growth are favorable.

Pickens, with a population of 750, is located in the southeast corner of Holmes County, approximately 18 miles from Lexington. Agriculture, with cotton and soybeans the leading products is the primary source of income. Most of the farms in the area are large operations, some cultivating more than 1,000 acres. Other income is derived from cattle ranches and a minimum amount of industry.

The First National Bank of Lexington, with IPC deposits of $3.8 million, was chartered in 1929. It has not been involved in any merger and does not operate any branch offices.

Pickens Bank, with IPC deposits of $1.5 million, was organized in 1912. It has not been involved in any merger and does not operate any branch offices. Primary competition is derived from the $23 million Delta National Bank in Yazoo City and the $6.7 million First National Bank of Canton.

There is little, if any, competition between the participating banks. Consummation of the proposed merger will bring to Pickens a bank with greater lending capacity and better able to compete with the banks located in Yazoo City and Canton. It will, in addition to solving the management succession problem existing in the merging bank, bring to the Pickens area such new banking services as trust powers, personal loan, and installment financing more in keeping with the needs of the area.

Applying the statutory criteria to the proposal, we conclude that it is in the public interest, and the application is, therefore, approved.

NOVEMBER 7, 1966.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National Bank of Lexington has assets of $5,047,000, and deposits of $4,683,000. Its single office is located in Lexington, a town of 3,000 in north-central Mississippi. It has 26 percent of the total deposits of the four banks located in its service area.

Pickens Bank has assets of $1,815,000, and deposits of $1,682,000. Its one office is located in Pickens, a town of 750, 18 miles southeast of Lexington. It holds 2 percent of the total deposits of the six banks in its service area.

There is no competition between the merging banks. The proposed merger would not adversely affect competition.

* * *

Seaboard Citizens National Bank, Norfolk, Va., and Merchants & Farmers Bank of Franklin, N.A., Franklin, Va.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Seaboard Citizens National Bank, Norfolk, Va. (10194), with	$126,325,588	16	
and Merchants and Farmers Bank of Franklin, N.A., Franklin, Va. (15613), which had	8,583,158	1	
consolidated January 1, 1967, under charter and title of the former bank (10194). The consolidated bank at date of consolidation had	134,908,746		17

COMPTROLLER'S DECISION

On September 6, 1966, the Merchants & Farmers Bank of Franklin, N.A., Franklin, Va., with IPC deposits of $6 million, and the Seaboard Citizens National Bank, Norfolk, Va., with IPC deposits of $96 million, filed an application with the Comptroller of the Currency for permission to consolidate under the charter and title of the "Seaboard Citizens National Bank."

The Merchants & Farmers Bank of Franklin, N.A., which was organized in 1928 as a State nonmember bank, has received preliminary approval from the Comptroller to convert to a National banking association. The bank operates from a single office in Franklin, a town of 7,700 located in Southampton County about 37 miles southwest of Norfolk. The economy of the service area is principally dependent on agriculture and the production of wood, the manufacture of wood products, and related industries. Farmers and Merchants' stock is owned by United Virginia Bankshares, Inc., a registered bank holding company which holds about 12 percent of total deposits in the State through subsidiaries in Richmond, Alexandria, Fairfax County, Lynchburg, Newport News, Lexington, Harrisonburg, and Franklin.

The Seaboard Citizens National Bank was organized in 1867 and presently operates 15 branches, 10 of which are located in Norfolk, two in Virginia Beach, and one each in Chesapeake, Holland and Suffolk. The Norfolk-Portsmouth metropolitan area, which has a population of 700,000, is an important financial center, and ranks second among the major Atlantic ports in the handling of foreign waterborne cargo. There are many industries in the area, a number of which are related to shipping, while the presence of large permanent military bases provides a major additional source of employment.

Competition between the two banks is negligible. The closest branch of the Seaboard National to the charter bank is in Holland, Va., about 8 miles east of Franklin; however, only a very small percentage of each bank's loans and deposits originate in the service area of the other bank. Competition is virtually nonexistent between the Seaboard National and the other subsidiaries of United Virginia Bankshares, Inc., as none of these are based or have branches in Norfolk.

The merger will not create an imbalance in banking competition. The consolidation with Seaboard National will enable the charter bank to compete more successfully with the Franklin branch of Virginia Nationl Bank, the second largest bank in the State. Affiliation with United Virginia Bankshares, Inc., will improve the competitive position of Seaboard National in Norfolk, where it competes with the largest banks in the State, viz., the Virginia National Bank, with deposits of $506 million, and the Norfolk area branches of First & Merchants National Bank of Richmond, with deposits of $520 million, and other large banks and bank holding company subsidiaries. If the consolidation is effectuated, then United Virginia Bankshares, Inc., will hold about 14 percent of total deposits in the State.

The banking public will benefit in that the consolidation will make available to the customers of Seaboard National the electronic data processing equipment and the financial and management services of the bank holding company. The Seaboard National expects that affiliation with United Virginia Bankshares, Inc., will justify the establishment of a foreign banking department specializing in international transactions, as is fitting to a bank in a large seaport. Through participation by its affiliates, Seaboard National will be able to arrange loans up to $8 million to a single borrower. Service to the public by the charter bank in Franklin will be improved by the direct availability of additional trust services, and by an increased lending limit

Applying the statutory criteria to the proposed consolidation, we find that it is in the public interest, and the application is, therefore, approved.

November 8, 1966.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Seaboard had, as of June 30, 1966, assets of $120,715,000, deposits of $103,697,000, loans and discounts of $67,136,000, and capital accounts of $11,290,000. This bank's history shows two prior mergers, one in 1963, and the other in 1964.

As of June 30, 1966, Merchants held assets of $8,205,000, loans and discounts of $3,264,000, deposits of $7,182,000, and capital accounts of $852,000. It has no history of mergers or consolidations. Merchants is a subsidiary of United Virginia Bankshares, Inc., and the resulting bank of this consolidation will also be a Bankshares' subsidiary. Merchants will, prior to consummation of this transaction, apply for a National charter, and the consolidated bank will operate under this charter with the title of Seaboard Citizens National Bank. The result of this consolidation will be the acquisition by Bankshares of a $120 million bank in Norfolk, the largest city in Virginia and the only major financial center in the State in which Bankshares has no subsidiary.

Some competition between Seaboard and Merchants appears to be present, and this competition would be eliminated by consummation of the proposed consolidation. There appears to be little present competition between Seaboard and other Bankshares' subsidiaries, but potential competition appears to be present through the possible *de novo* chartering of a new bank by Bankshares in Seaboard's service area or through the acquisition of one of the smaller banks in that area. Such potential competition would be eliminated by consummation of the proposed consolidation. Apart from the foregoing, it is not likely that competition in either Seaboard's or Merchants' service area would be adversely affected by the transaction.

* * *

LUDLOW SAVINGS BANK & TRUST CO., LUDLOW, VT., AND VERMONT NATIONAL BANK, BRATTLEBORO, VT.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Ludlow Savings Bank and Trust Co., Ludlow, Vt., with	$3,623,575	1	
and Vermont National Bank, Brattleboro, Vt. (1430), which had	55,547,700	11	
merged Jan. 13, 1967, under charter and title of the latter bank (1430). The merged bank at date of merger had	59,169,044		12

COMPTROLLER'S DECISION

On October 10, 1966, the Vermont National Bank of Brattleboro, Vt., a bank having IPC deposits of $46.7 million, and the Ludlow Savings Bank & Trust Co. of Ludlow, Ludlow, Vt., having IPC deposits of $3 million, applied to the Comptroller of the Currency for permission to merge under the charter of and with the title of "Vermont National Bank."

The charter bank is located in Brattleboro, a city of 12,000 which is situated in the southeast corner of Vermont on the New Hampshire border, about 9 miles north of the Massachusetts line. It is the fourth largest city in Vermont and serves an area of 60,000 people. Its economy is diversified and stable; it has 36 manufacturing establishments that employ over 3,500 people. Tourism is an important economic factor primarily during the winter months. The ski areas nearby are nationally recognized and make Brattleboro a winter sports center. The Mount Snow complex alone often draws over 10,000 people per day and has a season's income in excess of $2 million. The surrounding area is devoted to dairy farming but that is on the decline. Brattleboro has, in brief, experienced moderate economic growth and population increase within recent years, and future prospects appear good.

Ludlow is a town of 2,400 inhabitants which is situated in the center of the Green Mountains, 49 miles northwest of Brattleboro and which serves an area of 5,000 people. The town is essentially rural in character, but there is some industry present. Many of the residents have given up dairy farming and commute to neighboring towns for employment. The recent development of the Okemo Mountain ski area is having a decided impact upon the community and the costly addition of snowmaking equipment is expected to stabilize attendance and therefore diminish the risk of a poor season. All in all, Ludlow is a modest country town with limited industrial potential and will probably remain so for several years to come.

The charter bank, Vermont National, has 10 branches which are largely located in the southern part of the State. Because Vermont is a sparsely populated State and because the terrain is quite rugged, it is very difficult to define the boundary of the banking market involved. Nevertheless, it seems that the minimum geographic market should be defined as an area including the State of Vermont and the northwestern part of Massachusetts. Vermont National, without the proposed merger, ranks as the fifth largest bank in Vermont. It is in direct competition with the Vermont Bank & Trust, the State's fourth largest bank, which operates in the same service area and which has six branches.

Excluding the charter and merging banks, there are 58 banking offices in this area. In addition, large banks from Albany, Boston, and Hartford are active in seeking loans and deposits in this area. Also not to be ignored is the competition from local credit unions and finance companies for the highly lucrative installment loan market.

For Ludlow, the proposed merger would not reduce competition, since Ludlow Savings is the only bank in town. The merging bank's unsatisfactory rate of growth has been largely attributable to the fact that its entire operation is conducted by only two people. Beyond these two individuals, there is no management. Significant is the fact that Ludlow Savings has chosen to stay out of the profitable field of home modernization installment loans. In addition, Ludlow Savings has been severely restricted by a low lending limit of $30,000 and by an ever-tightening availability of funds. There is some question as to whether or not Ludlow Savings can continue to serve the community in the light of its present capital structure.

The convenience and needs of the town of Ludlow are not being adequately served by the merging institution. Several deserving customers have had to be turned down for lack of capacity to handle them. All of these loans would have had a direct and desirable impact upon the Ludlow community and would have served to broaden the town's economic base. The charter bank's limit of over $300,000 per loan should be of great help to Ludlow, and should provide ample funds for any of the town's growing needs. It is clear that Ludlow Savings has not been giving the community the banking services it needs, and it has not been competing with the area banks. The merger will furnish the town of Ludlow with a full-service bank that makes all varieties of loans, has a trust department, and has a large loan limit. The proposed merger will stimulate, rather than suppress competition, and will go far toward satisfying the economic convenience and needs of the community of Ludlow.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

DECEMBER 12, 1966.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Vermont National Bank, Brattleboro, Vt., fifth largest Vermont bank operating 10 branches and with assets of $54,377,000, proposes to merge the Ludlow Savings Bank & Trust Co., Ludlow, Vt., with assets of $3,628,000.

No attempt is made in the application to define the particular service area or areas of the acquiring or the merging bank nor is the extent of competition between them described. It is probable, however, that Ludlow and Vermont National's Proctorsville branch, located 4 miles to the southeast, compete directly and substantially. No other banking office is located closer than 13 miles from Ludlow. Thus the proposed merger, in addition to eliminating existing competition between the merging banks, would eliminate the only alternative source of banking services in the Ludlow-Proctorsville area.

* * *

MISSION NATIONAL BANK, LOS ANGELES, CALIF., AND UNITED STATES NATIONAL BANK, SAN DIEGO, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Mission National Bank, Los Angeles, Calif. (15087), with	$12,471,004	1	
was purchased Jan. 13, 1967, by United States National Bank, San Diego, Calif. (10391), which had	368,696,547	46	
After the purchase was effected, the receiving association had	*399,241,991		*49

*Includes Peoples Bank, Los Angeles, Calif., and Pioneer National Bank, Los Angeles, Calif.

COMPTROLLER'S DECISION

On September 23, 1966, the United States National Bank, San Diego, Calif., with IPC deposits of $265.2 million, applied to the Comptroller of the Currency to purchase the assets and assume the liabilities of the Mission National Bank, Los Angeles, Calif., with IPC deposits of $5.5 million. Concurrent applications were also filed by United States National Bank to purchase the assets and assume the liabilities of the Pioneer National Bank, Los Angeles, Calif., with IPC deposits of $6.4 million, and the Peoples Bank, Los Angeles, Calif., with IPC deposits of $3.3 million.

United States National Bank, with its main office and three branches located within the city of San Diego, has 41 other branch offices located throughout the five southern California counties of San Diego, Los Angeles, Orange, Riverside, and San Bernardino. In addition, this bank has two approved but unopened branches.

The economy of the five-county southern California area served by United States National Bank is highly diversified in agriculture, industry, foreign and domestic finance, and many commercial and service activities including fishing, tourism, military establishments, entertainment business, and retail trade. During the past five-year period, California has added nearly 400,000 people each year to its population, with southern California receiving the major portion of the increase.

Mission National Bank, organized in March 1963, has a single office located on Wilshire Boulevard in the city of Los Angeles. The location of the Mission National Bank is considered one of the finest in all metropolitan Los Angeles. Property in this area is very expensive and, as a result, older dwellings are giving way to new multiple units and a denser population. The area contains numerous high rise office buildings which are fully occupied. There is little, if any, industry within the primary service area.

United States National Bank, which offers a full range of banking services, including trust services, has experienced rapid growth in the past 15 years. On the other hand, in the short period Mission National has been in existence, its earnings have been unsatisfactory. Mission National does not have a trust department and has a lending limit of only $350,000. Due to the limited expertise of its management, the bank appears considerably constrained in its ability to provide adequate banking services beyond the acceptance of deposits.

United States National Bank currently competes with all the major California branch banking systems in the southern half of the State and with most of the small independent systems and unit banks of southern California. Mission National Bank is in direct competition with four branches of major California banks and generally competes with all the banking offices located between downtown Los Angeles and Beverly Hills, as well as with numerous savings and loan associations, credit unions, loan companies, and insurance companies which are active in this area. The two participating banks do not compete directly with each other. The nearest branch of the United States National Bank to Mission National Bank is in downtown Los Angeles approximately 4 miles to the east. Consequently, consummation of the proposed purchase would not lessen competition between them. The presence of United States National Bank as a viable, aggressive competitor will cause an increase in banking competition in the Los Angeles market area with no undue increase in its market share of banking business.

Consummation of this proposal will benefit the public interest by bringing to the residents of the area now served by the selling bank a new institution with a larger lending capability and a broader range of banking services. It will provide an effective solution to the selling bank's many problems.

Applying the statutory criteria to this proposal, we conclude that it is in the public interest, and the application is, therefore, approved.

DECEMBER 14, 1966.

NOTE.—For summary of Attorney General's report, see p. 42.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Peoples Bank, Los Angeles, Calif., with	$8, 196, 017	1	....
was purchased Jan. 13, 1967, by United States National Bank, San Diego, Calif. (10391), which had	368, 696, 547	46	....
After the purchase was effected, the receiving association had	*399, 241, 991	....	*49

*Includes Mission National Bank, Los Angeles, Calif., and Pioneer National Bank, Los Angeles, Calif.

COMPTROLLER'S DECISION

On September 23, 1966, the United States National Bank, San Diego, Calif., with IPC deposits of $265.2 million, applied to the Comptroller of the Currency to purchase the assets and assume the liabilities of the Peoples Bank, Los Angeles, Calif., with IPC deposits of $3.3 million. Concurrent applications were also filed by United States National Bank to purchase the assets and assume the liabilities of the Mission National Bank, Los Angeles, Calif., with IPC deposits of $5.5 million, and the Pioneer National Bank, Los Angeles, Calif., with IPC deposits of $6.3 million.

United States National Bank, with its main office and three additional branches located within the city of San Diego, has 41 other branch offices located throughout the five southern California counties of San Diego, Los Angeles, Orange, Riverside, and San Bernardino. In addition, this bank has two approved but unopened branches.

The economy of the five-county southern California area served by United States National Bank is highly diversified in agriculture, industry, foreign and domestic finance, and many commercial and service activities including fishing, tourism, military establishments, entertainment business, and retail trade. During the past 5-year period, California has added nearly 400,000 people each year to its population, with southern California receiving the major portion of the increase.

Peoples Bank was chartered under the banking laws of the State of California in June 1961, and presently operates only one office located on West Pico Boulevard in the city of Los Angeles. Business outlets in this area are generally small owner-operated retail stores that offer a variety of goods and services to local residents. The area has considerable drawing power because most services are offered at a more reasonable price than are found in nearby communities. Many residents of Beverly Hills, West Los Angeles, and the exclusive Cheviot Hills section of Los Angeles do their everyday shopping in this area. The surrounding area is fully developed with above average homes that serve a high-income group of residents. The area contains little, if any, industry. While there is no immediate banking competition, the area is generally very well banked.

United States National Bank, which offers a full range of banking services, including trust services, has experienced rapid growth in the past 15 years. On the other hand, earnings for Peoples Bank have been declining over the past 3 years and are far below the average for banks of this size in California. While its lending limit is adequate for most demands for credit, the larger limit of the resultant bank will enable it to service clientele requiring greater limits. Peoples Bank does not have a trust department, and owing to the limited depth of its management, there is little likelihood that the bank could offer such services in the near future.

United States National Bank currently competes with all major California branch banking systems in the southern half of the State, and with most of the small independent systems and unit banks of southern California. Peoples Bank has no immediate competition, but generally competes with banking offices located throughout western Los Angeles, as well as with numerous savings and loan associations, loan companies, credit unions, and insurance companies which are active in this area. The two participating banks do not compete directly with each other. The nearest branch of the United States National Bank to the Peoples Bank is approximately 5 miles to the southeast. Consequently, consummation of the proposed purchase would not lessen competition between the two banks. The effect of this proposal, when consummated, will be an increase in banking competition with the larger banks located in the general area.

The entry of United States National Bank into the area served by the selling bank will provide area residents with a bank with a larger lending capacity and a broader range of services. With its greater managerial resources and staff of skilled technicians, the buying bank can provide a ready source of financial guidance to area residents in need of it.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application, therefore, is approved.

DECEMBER 14, 1966.

NOTE.—For summary of Attorney General's opinion, see p. 42.

* * *

PIONEER NATIONAL BANK, LOS ANGELES, CALIF., AND UNITED STATES NATIONAL BANK, SAN DIEGO, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Pioneer National Bank, Los Angeles, Calif. (15240), with	$9, 878, 422	1	....
was purchased Jan. 13, 1967, by United States National Bank, San Diego, Calif. (10391), which had	368, 696, 547	46	....
After the purchase was effected, the receiving association had	*399, 241, 991	....	*49

*Includes Mission National Bank, Los Angeles, Calif., and Peoples National Bank, Los Angeles, Calif.

COMPTROLLER'S DECISION

On September 23, 1966, the United States National Bank, San Diego, Calif., with IPC deposits of $265.2 million, applied to the Comptroller of the Currency to purchase the assets and assume the liabilities of the Pioneer National Bank, Los Angeles, Calif., with IPC deposits of $6.4 million. Concurrent applications were also filed by United States National Bank to purchase the assets and assume the liabilities of the Peoples Bank, Los Angeles, Calif., with IPC deposits of $3.3 million, and the Mission National Bank, Los Angeles, Calif., with IPC deposits of $5.5 million.

United States National Bank, with its main office and three additional branches located within the city of San Diego, has 41 other branch offices located throughout the five southern California counties of San Diego, Los Angeles, Orange, Riverside, and San Bernardino. In addition, this bank has two approved but unopened branches.

The economy of the five-county southern California area served by United States National Bank is highly diversified in agriculture, industry, foreign and domestic finance, and many commercial and service activities including fishing, tourism, military establishments, entertainment business, and retail trade. During the past 5-year period, California has added nearly 400,000 people each year to its population, with southern California receiving the major portion of the increase.

Pioneer National Bank was chartered as a National banking association in December 1963, and presently operates with only one office located on Wilshire Boulevard approximately 5 miles west of the downtown section of Los Angeles and approximately midpoint in the metropolitan Los Angeles trade area. The surrounding area is comprised of older, but good, residential dwellings. Commercial activity is devoted to major offices of insurance companies, oil companies, and regional offices of other major firms dispersed along the length of Wilshire Boulevard. Population density is increasing as many of the older homes on side streets are being replaced by apartment houses.

United States National Bank, which offers a full range of banking services, including trust services, has experienced rapid growth in the past 15 years. On the other hand, earnings of the Pioneer National Bank have been unsatisfactory. Pioneer National does not have a trust department and its lending limit is only $260,000. Pioneer National has been unable to progress in its market area.

United States National Bank currently competes with all the major California branch banking systems in the southern half of the State and with most of the small independent systems and unit banks of southern California. Within a 5-mile radius of Pioneer's office there are 206 competing banking offices. Competition is also furnished by numerous savings and loan associations, credit unions, loan companies, and insurance companies. Competition between the proponents is insignificant. The nearest branch of the United States National Bank is approximately 6 miles distant in downtown Los Angeles. Consequently, while consummation of the proposed purchase will not lessen competition between the two banks, it can serve to increase banking competition with the larger banks located in the area without causing an undue concentration of banking resources in the Los Angeles area.

Consummation of the proposal will be in the public interest by affording the residents in the area of the Pioneer Bank a new institution possessing efficient management. With its higher lending capability, fiduciary services, and a broad range of services, it will be more attuned to the requirements of the community and better able to serve them.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application, therefore, is approved.

DECEMBER 14, 1966.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The United States National Bank (hereinafter the Acquiring Bank), a $310 million (deposits) San Diego-based institution with 11 offices, makes application to purchase the assets and assume the liabilities of the Pioneer National Bank, Peoples Bank, and the Mission National Bank (hereinafter Pioneer National, Peoples Bank, Mission National, and, collectively, the Selling Banks), three single-office banks located in Los Angeles (combined total deposits of $21.9 million).

The Acquiring Bank operates 22 branch offices within Los Angeles County and is in competition with the Selling Banks in that area. The proposed acquisitions would result in the elimination of competition among the Selling Banks and between them and the Acquiring Bank. Although a high level of concentration in commercial banking exists in Los Angeles County, it would not be significantly increased by the proposed acquisitions.

* * *

THE BOONTON NATIONAL BANK OF PARSIPPANY-TROY HILLS, PARSIPPANY-TROY HILLS, N.J., AND TRUST COMPANY OF MORRIS COUNTY, MORRISTOWN, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Boonton National Bank of Parsippany-Troy Hills, Parsippany-Troy Hills, N.J. (4274), with	$22,904,923	6	
and Trust Company of Morris County, Morristown, N.J., which had	117,484,445	10	
consolidated Jan. 27, 1967, under charter of the former bank (4274) and with title "Trust Company National Bank." The consolidated bank at date of consolidation had	140,389,368		16

COMPTROLLER'S DECISION

On October 17, 1966, The Boonton National Bank of Parsippany-Troy Hills, Parsippany-Troy Hills, N.J., with IPC deposits of $17 million, and the Trust Company of Morris County, Morristown, N.J., with IPC deposits of $84 million, applied to the Comptroller of the Currency for permission to consolidate under the charter of the former and with the title "Trust Company National Bank," with its main office in Morristown, N.J.

Parsippany-Troy Hills, with a population of 42,500, is located in northwestern New Jersey, within the New York metropolitan area. It is estimated that 40 percent of the county's work force is employed in New York City and Newark, N.J. Morris County, especially Parsippany-Troy Hills, has enjoyed extremely rapid population growth in recent years, and this growth has spurred multiunit residential construction. The area is also witnessing a moderate industrial boom, principally in light manufacturing. The excellent highway system now being built in Morris County should result in the continued growth of all segments of its economy.

Morristown, the county seat of Morris County, has a population of 20,800, and is located 7 miles southwest of Parsippany-Troy Hills. It is the retail center of its sector of the county. The estimated dollar value of such sales in 1965 is $100 million, a figure far in excess of the purchasing power of Morristown residents. Morristown is also a center for services such as law and medicine. In other respects, Morristown and vicinity is much like Parsippany-Troy Hills.

The Boonton National Bank of Parsippany-Troy Hills has its main office in that city and has four branches within a 4-mile radius of the main office. While only one other bank has offices near a Boonton National Bank office, there is intense competition from the large banks in Newark and New York. Local branches of savings and loan institutions also compete for savings and for mortgage loans.

The Trust Company of Morris County, with nine branches in the surrounding area, is one of three banks headquartered in Morristown. Each of the other banks has total resources in excess of $100 million. In addition to competing among themselves, they are all faced with intense competition from the large Newark and New York financial institutions.

The principal problems faced by the Boonton bank stem from its limited size which makes it unable to modernize and expand its facilities to the extent required by the rapid growth in its service area. For the same reason, it is unable to offer the sophisticated trust services demanded by the urbanized middle income residents of its area. Boonton's limited capital prevents it from competing for the ever larger loans required by local real estate and industrial developers.

Since the Morris County Trust Company is much larger than the Boonton National Bank, the above considerations do not apply directly to it. However, both banks are confronted by intense competition from the large Newark and New York financial institutions. These out-of-town institutions advertise extensively throughout Morris County, and, as a result, they have made substantial inroads into both the savings and lending business of the receiving bank. The competitive position of these out-of-town banks is greatly enhanced by the fact that many Morris County residents work in Newark and New York.

Culmination of this proposed consolidation will be in the public interest. It will give residents of the Parsippany-Troy Hills area access to the efficient trust department operated by the Morris County Trust Co. It will also bring about the modernization of banking facilities and services offered in that area. The increased lending limits will enable area entrepreneurs to satisfy their credit requirements locally. Most important, the consolidated bank will be large enough to advertise and pay interest rates sufficient to stop the flow of savings from this section of Morris County to New York. This retention of local money, plus the ability to make larger loans, will go far toward making the area financially independent.

Because the service areas of these two banks overlap only slightly, consummation of this proposed consolidation will have no significant adverse effect on competition but will, on the contrary, promote competition with the large financial institutions operating throughout the area.

Having considered this consolidation application in the light of the statutory criteria, this Office has determinated that it is in the public interest, and the application is, therefore, approved.

December 22, 1966.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Boonton National, chartered in 1890, has five offices in Morris County, N.J. As of June 30, 1966, it had total assets of $21,569,000, total deposits of $19,163,000, total loans of $10,695,000, and total capital accounts of $1,379,000.

Trust Company, chartered in 1892, is the largest commercial bank in Morris County. It has 10 offices in Morris County and, as of June 30, 1966, had total assets of $114,004,000, total deposits of $102,259,000, total loans of $75,509,000, and total capital accounts of $7,446,000.

Head offices of the two banks are less than 8 miles apart and a recently established branch of Boonton National is within 2–3 miles of two offices of Trust Company. It would appear that the consolidation would eliminate substantial competition between the two banks and would increase the already high level of concentration among commercial banks in the county.

* * *

THE CENTRAL NATIONAL BANK OF COLUMBIA, COLUMBIA, PA., AND NATIONAL BANK & TRUST CO. OF CENTRAL PENNSYLVANIA, YORK, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Central National Bank of Columbia, Columbia, Pa. (3873), with	$7, 117, 903	1	
and National Bank & Trust Co. of Central Pennsylvania, York, Pa. (694), which had	216, 940, 187	18	
merged Jan. 28, 1967, under charter and title of the latter bank (694). The merged bank at date of merger had	224, 058, 089		19

COMPTROLLER'S DECISION

On November 2, 1966, The Central National Bank of Columbia, Columbia, Pa., with IPC deposits of $5.6 million and the National Bank & Trust Co. of Central Pennsylvania, York, Pa., with IPC deposits of $173.8 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Columbia, Pa., located in Lancaster County, Pa., has a population of about 12,000 and serves an additional 8,000 persons residing in its immediate trade area. The city is located in southeastern Pennsylvania about midway between York, Pa., and Lancaster, Pa. Employment in Columbia is at a high level with local manufacturing plants providing work for 3,000. Many other residents commute to Lancaster for employment.

The Central National Bank of Columbia, Columbia, Pa., is a single-unit bank which was organized in April 21, 1888. This small bank, which has always attempted to keep up with the financial demands of the locality it served, has found it increasingly difficult to compete with other local banks in today's banking market. All its efforts to obtain young, capable, and aggressive successors to management have failed. The Farmers National Bank of Lancaster, with assets of $120 million and the American Bank & Trust Co. of Reading, Pa., with resources of almost $300 million, now compete in Columbia.

The city of York is located in York County, Pa., which is contiguous to Lancaster County, Pa. While this area is regarded as primarily industrial, it also ranks high in agricultural production because some of the richest farmland in the nation is located in this region.

The National Bank & Trust Co. of Central Pennsylvania, was originally chartered in 1845 and now operates 18 offices. This bank is highly aggressive and encounters intense competition from numerous other banks in York and the surrounding areas. The bank is capably managed by a full staff of competent officers who provide aggressive leadership.

Competition between the participating banks is virtually nonexistent. While the National Bank & Trust Co. has an office within 5 miles of Central National, the areas are separated by the Susquehanna River. This natural barrier between the two locations serves to prevent effective competition between the banks.

The resulting bank will be able to offer a broader range of services to the customers of the merging bank, including trust activities, data processing facilities, and a greater lending capacity. Consummation of the merger will also resolve the management problems of the merging bank. It will enable the resulting bank to compete more effectively with the larger banks now operating in the area and thus bring to the residents the full benefits that flow from aggressive competition.

Applying the statutory criteria, we conclude that the proposal is in the public interest, and the application is, therefore, approved.

December 29, 1966.

SUMMARY OF REPORT BY ATTORNEY GENERAL

National Bank & Trust Co. (hereinafter the Charter Bank) is the largest commercial bank in a tricounty area (viz., York, Dauphin, and Cumberland) of central Pennsylvania in which its 18 offices are located. As of June 30, 1966, the Charter Bank had total assets of $215,008,000 and total deposits of $185,819,000.

The Central National Bank of Columbia (hereinafter the Merging Bank), a unit bank, as of June 30, 1966, had total assets of $6,926,000 and total deposits of $6,121,000.

The application indicates that competition between the merging banks is "minimal" even though their nearest offices are some 4.7 miles apart. However, even if existing competition between the two banks is not substantial, the merger would foreclose the development of greater competition between them in the future through the establishment by Charter Bank of *de novo* branches, in Merging Bank's service area, as permitted under Pennsylvania law.

* * *

The First National Bank of Elsinore, Elsinore, Calif., and First National Bank & Trust Co., Ontario, Calif.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Elsinore, Elsinore, Calif. (11922), with	$6,502,148	1	
and First National Bank & Trust Co., Ontario, Calif. (6268), which had	46,277,837	10	
merged Jan. 31, 1967, under charter and title of the latter bank (6268). The merged bank at date of merger had	52,779,986		11

COMPTROLLER'S DECISION

On October 17, 1966, The First National Bank of Elsinore, Elsinore, Calif., with IPC deposits of $5.8 million, and First National Bank & Trust Co., Ontario, Calif., with IPC deposits of $36.5 million, applied to the Comptroller of the Currency to merge under the charter and with the title of the latter.

Both banks were organized under State charters in 1887. The Ontario bank converted to a National bank in 1902, and the Elsinore bank became a National bank in 1922. The charter bank maintains its main office and two branches in Ontario, and operates six other branches within a 19-mile radius of Ontario. The Elsinore bank, with only one office, has applied for permission to open a branch in Elsinore.

Ontario, with a population of 66,000, is located at the west end of San Bernardino County, 45 miles east of Los Angeles. The area is experiencing rapid growth, both residential and industrial. Its diversified economy includes agriculture, light and heavy manufacturing, and residential development. Future prospects are favorable, especially for industrial expansion.

Elsinore is located 45 miles southeast of Ontario, and has a population of 2,630. It is situated in a sparsely populated valley, where a chronic water shortage has threatened its agricultural economy and undermined the town's resort potential. The water difficulties have recently been stabilized, however, and the town's growth prospects are now favorable.

The closest banking offices of the participating banks are 23 miles apart. There is little or no competition between them. Competition with both banks is primarily provided by branches of the large California banking systems. Three of these, Bank of America, Security First National Bank of Los Angeles, and United California Bank, operate 18 branches in the service area of the charter bank, and three branches near the Elsinore bank.

The merger will have very little effect on the competitive banking structure of San Bernardino and Riverside counties. The Bank of America holds 46 percent of the deposits in the former county, and Security First National Bank of Los Angeles holds 27.4 percent, while the charter bank holds 7 percent. The merger will not affect these percentages.

The Elsinore bank is currently the only bank in the town of Elsinore. Its lending limit of $46,000 is not adequate to provide agricultural loans or to finance anticipated resort development. The merger will overcome this banking deficiency in Elsinore and will provide the residents with trust facilities and a broader range of modern banking conveniences.

Applying the statutory criteria to this proposal, we conclude that it is in the public interest. The application is therefore approved.

DECEMBER 28, 1966.

SUMMARY OF REPORT BY ATTORNEY GENERAL

This is an application to combine the First National Bank of Ontario, in San Bernardino County, Calif., and The First National Bank of Elsinore, in Riverside County, Calif. The nearest offices of the respective banks are 23 miles distant from each other, and it does not appear from the available information that the two institutions are in significant competition with each other.

Each of the banks is relatively small in its respective area. First National of Ontario has only 7 percent of the bank deposits in San Bernardino County. In contrast, its leading competitors, Bank of America and Security First National Bank of Los Angeles, both of which are large California branch bank institutions, have 46 percent and 27.4 percent, respectively. First National of Elsinore has only 1.4 percent of the total bank deposits in Riverside County, whereas its leading competitors, also Security First National Bank of

Los Angeles and Bank of America, have 50.5 percent and 31.4 percent, respectively.

In view of the limited amount of direct competition between the applicant banks and their relatively small size in their respective areas, it is our view that the proposed merger will not adversely affect competition.

* * *

THE FIRST NATIONAL BANK OF GENESEE, GENESEE, PA., AND THE GRANGE NATIONAL BANK OF POTTER COUNTY AT ULYSSES, ULYSSES, PA.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Genesee, Genesee, Pa. (9783), with	$1,904,411	1	
and The Grange National Bank of Potter County at Ulysses, Ulysses, Pa. (8739), which had	2,716,210	1	
merged Jan. 31, 1967, under charter of the latter bank (8739) and with title "Grange National Bank of Potter County." The merged bank at date of merger had	4,620,621		2

COMPTROLLER'S DECISION

On October 25, 1966, The First National Bank of Genesee, Genesee, Pa., and The Grange National Bank of Potter County at Ulysses, Ulysses, Pa., applied to the Comptroller of the Currency to merge under the charter of the latter and with the title of "Grange National Bank of Potter County."

Both banks are located in Potter County in north-central Pennsylvania, near the New York border. The economy of the area consists of dairy and potato farming, and some manufacturing of electric equipment and wood and leather products. The charter bank is the only bank in Ulysses, a town of approximately 500, and serves 2,500 persons in its service area. Genesee, which lies 10 miles northwest of Ulysses, has a population of over 800. The merging bank, as the only bank in Genesee, serves about 2,500 people in outlying areas.

The Grange National Bank of Potter County at Ulysses, which was chartered in 1907, now has IPC deposits of $2 million. The First National Bank of Genesee, chartered in 1910, presently has IPC deposits of $1.5 million. These small banks, though only 10 miles apart, compete but slightly due largely to the topography of the terrain that separates them. Their principal competition derives from five larger banks located within a 20-mile radius.

Through this merger the management problems of the Genesee bank will be resolved. The charter bank has had to lend management assistance to the merging bank on different occasions in the past. The union of these banks will provide the residents of both Ulysses and Genesee with a bank more able to meet their credit needs.

Applying the statutory criteria to this proposal, it is concluded that it is in the public interest. The merger, therefore, is approved.

DECEMBER 27, 1966.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger of Genesee Bank into Grange National involves two very small banks, situated at least 10 miles apart, in an economically depressed area. The present competition between these banks that would be eliminated by the merger does not appear to be significant. Moreover, the five other banks in the area appear to offer competition to Genesee Bank and Grange National. Also, the presently shrinking economic base of Potter County, Pa., would seem to forestall the development of any substantial potential competition between the two banks in the near future.

* * *

THE FIRST NATIONAL BANK OF LANDISVILLE, LANDISVILLE, PA., AND THE CONESTOGA NATIONAL BANK OF LANCASTER, LANCASTER, PA.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Landisville, Landisville, Pa. (9312), with	$10,580,738	2	
and The Conestoga National Bank of Lancaster, Lancaster, Pa. (3987), which had	59,177,479	4	
merged Jan. 31, 1967, under charter of the latter bank (3987) and with title "The Conestoga National Bank." The merged bank at date of merger had	69,758,217		6

COMPTROLLER'S DECISION

On October 18, 1966, The First National Bank of Landisville, Landisville, Pa., and The Conestoga National Bank of Lancaster, Lancaster, Pa., applied to the Office of the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of "The Conestoga National Bank."

The charter bank, with IPC deposits of $46.7 million, is headquartered in the city of Lancaster whose population is 60,000. It operates branches in Millersville, Lititz Springs, and Manheim Township, and has approval for a branch in Centerville. The charter bank serves a trade area extending 8 miles east and west of Lancaster and 12 miles north and south. Lancaster and the bank's trade area are located in the southeastern part of the State in the county of Lancaster whose population is estimated to be 300,000. The economy of the area, which has seen considerable activity in recent years, is mixed and ranges across a broad spectrum from industrial and residential construction to agricultural activity.

Banking competition in Lancaster County and in the area of the charter bank is intense. Within the county there are 24 banks operating 55 offices; within the trade area of Lancaster there are 16 banks. At the present time, the American Bank & Trust Co. of Pennsylvania, Reading, Pa., with deposits of $245 million, operates a branch in Reamstown 12 miles northeast of Lititz where the charter bank has a branch and is planning a merger with Columbia Trust Co., Columbia, Pa., 10 miles west of Lancaster, and the National Bank & Trust Co. of Central Pennsylvania, York, Pa., with deposits of $185 million, is planning to merge with the Central National Bank of Columbia. These two out-of-county banks, both of which are larger than the charter bank, now compete aggressively in Lancaster County and will, if their mergers are consummated, intensify the competition with the Lancaster banks to the ultimate benefit of the residents of the area. This merger will not alter the relative standing of the receiving bank in Lancaster in relation to the size with the Fulton National Bank, which has deposits of $76 million, and the Lancaster County Farmers National Bank, which has deposits of $97 million.

The merging bank, with IPC deposits of $8.7 million, is headquartered in Landisville, 7 miles northwest of Lancaster, and has one branch located nearby in Rohrerstown. Its service area is primarily limited to East Hempfield Township which has a population of 8,417, and is contained within the service area of the charter bank. Landisville and East Hempfield Township are residential and agricultural in nature, although some light industry exists. Though the merging bank has experienced satisfactory growth over the years, it now faces a managerial succession problem as no individual appears readily available to replace the bank's chief executive who is now planning to retire. Competition is afforded the merging bank by offices of the Fulton National Bank, the Lancaster County Farmers National Bank, and four offices of other banks located within 10 miles of Landisville.

The merger will provide additional consumer credit services for the Landisville area, another source for full trust facilities which are presently available only from competing commerical banks, and economies of operation due to the availability of automation and the consolidation of operations. The prime benefit of this merger is that it will solve the merging bank's management succession problem. The anticipated increased credit needs of the area's continually expanding economy will be better met by the greater lending capacity of the resulting bank.

Although the proposed merger will eliminate some competition between the merging banks, this will not be substantial in relation to the total competition existing among the numerous offices of other banks within 10 miles of Landisville. The merger will not so enlarge the receiving bank as to change its position in relation to the other commercial banks in the area.

Applying the statutory criteria to the proposed merger, it is concluded that the merger is in the public interest, and the application is, therefore, approved.

DECEMBER 29, 1966

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger of Conestoga National Bank and First National Bank of Landisville involves two banks headquartered in Lancaster County, Pa. This county, in the last 5 years, has witnessed the disappearance through merger of nine banks with at least $68 million in assets, $57 million in deposits and $32 million in loans. This acquisition trend would be continued by consummation of the proposed merger.

As Conestoga National's service area includes that of Landisville, the banks are in direct competition with each other. Necessarily, consummation of this merger would eliminate existing competition between the two. Moreover, in the Landisville area only three banks will compete after the merger, and the only locally owned bank will be eliminated. In the resulting bank's service area, the present high level of concentration will be further increased.

* * *

THE RUTLAND COUNTY BANK, RUTLAND, VT., AND THE HOWARD NATIONAL BANK & TRUST CO., BURLINGTON, VT.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Rutland County Bank, Rutland, Vt., with	$18, 241, 668	1	
and The Howard National Bank & Trust Co., Burlington, Vt. (1698), which had	65, 776, 326	9	
merged Jan. 31, 1967, under charter and title of the latter bank (1698). The merged bank at date of merger had	84, 013, 194		10

COMPTROLLER'S DECISION

On August 25, 1966, The Howard National Bank & Trust Co., Burlington, Vt., with IPC deposits of $48 million, and The Rutland County Bank, Rutland, Vt., with IPC deposits of $15 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Burlington, with a population of 38,000, is Vermont's largest city. It is located in northwestern Vermont, on the direct route from Montreal to Boston. The rapidly growing economy of Burlington and its environs is well balanced and diversified with manufacturing and trade, as well as education and agriculture, making important contributions. Construction of various kinds is proceeding at a brisk pace. In addition, the recreation industry contributes substantially to the economy of the entire region. The fact that Burlington is adequately served by highways, railroads, and airlines augurs well for the continued growth of all segments of its economy.

Rutland, with a population of 18,325, is Vermont's second largest city. It is located in central Vermont, 68 miles south of Burlington. Rutland is the trading center for a population of approximately 110,000. The area economy is based on agriculture, manufacturing, recreation, and trade. Until a few years ago, population and economic growth in this area was quite moderate. Recently, however, the development of several ski areas and the establishment of several new manufacturing plants, plus the expansion of existing plants, has stimulated employment and housing construction. Higher milk prices have also strengthened the area's large dairy farming industry.

The charter bank has four offices located within a 7-mile radius of Burlington with another branch approved but not yet opened. It competes with the $81 million Chittenden Trust Co., which is the dominant bank in the Burlington area. Ten other commercial banks also compete in the Burlington area. In addition, several large metropolitan banks actively solicit business there.

The Rutland County Bank, the smallest commercial bank in Rutland and its immediate vicinity, competes with two other commercial banks located in the city and with two mutual savings banks, as well as with a variety of other financial institutions. Each of these mutual savings banks has a greater percentage of the area's loans and deposits than does the merging bank.

The merging bank faces problems common to many small banks. Its frontline managers are nearing retirement and adequate replacements are not available; its limited size prevents it from offering specialized banking services and from exploiting the economies of operation made possible by computers; and its low lending limits prevent it from competing for the larger loans required by area businessmen.

Consummation of this proposed merger will be in the public interest. It will bring to Rutland a banking institution more capable of serving the community's banking needs. The Rutland branch of the resulting bank will offer accounts receivable and warehouse receipts financing, and specialized trust services, none of which are now offered by the merging bank, although they are offered by that bank's competitors. The Rutland branch will have access to the efficient computerized accounting system of the charter bank and will offer a broader scope of competitive banking services to the residents. The increased lending capacity will enable the Rutland branch to compete vigorously for large loans.

Because the service areas of the two banks do not overlap, consummation of the proposed merger will have no adverse effect on competition but will, to the contrary, promote competition with the larger banks operating in the respective cities.

Having considered the merger application in the light of the statutory criteria, this Office has determined that it is in the public interest, and the application is, therefore, approved.

OCTOBER 25, 1966.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Howard National Bank & Trust Co. (Charter Bank) was organized in 1870, and operates from its head office in Burlington (population 36,400), as well as seven branches situated throughout the northern portion of the State. One new office has been approved but not yet opened. The Charter Bank has had five mergers or acquisitions within the past 10 years, and as of April 5, 1966, had total assets of $57,974,000, total deposits of $50,804,000, total net loans and discounts of $41,978,000, and total capital accounts of $4,636,000, with a lending limit of $443,000.

The Rutland County Bank (Merging Bank) was incorporated in 1861, converted to a National bank in 1864, and again became a State bank in 1960. Its only office is located in Rutland, Vt. (population 18,325), and it serves an area with a radius of 24 miles (service area population 110,000). The service area is experiencing an accelerated rate of growth through business, industrial, and population expansion. As of April 5, 1966, the Merging Bank had total assets of $17,963,000, total deposits fo $16,295,000, total net loans and discounts of $10,689,000, and total capital accounts of $1,393,000, with a lending limit of $108,000.

Although there is presently virtually no competition between the merging banks, the proposed merger would have the effect of eliminating potential competition between them through *de novo* branching.

* * *

THE BARK RIVER STATE BANK, BARK RIVER, MICH., AND THE ESCANABA NATIONAL BANK, ESCANABA, MICH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Bark River State Bank, Bark River, Mich., with	$2,387,457	1	
was purchased Feb. 14, 1967, by The Escanaba National Bank, Escanaba, Mich. (8496), which had	15,362,764	2	
After the purchase was effected, the receiving bank had	16,956,805		3

COMPTROLLER'S DECISION

On November 1, 1966, The Escanaba National Bank, Escanaba, Mich., applied to the Office of the Comptroller of the Currency for permission to acquire the assets and assume the liabilities of The Bark River State Bank, Bark River, Mich.

Escanaba, which has a population of over 15,000, and is the county seat and trading center of Delta

County, has experienced little fluctuation in population growth and rate of employment. Industry plays a major role in the economy of the area, with agriculture and tourism providing secondary support. The three major concerns in Escanaba are the Harnischfeger Corp., employing 1,000 workers, the Mead Corp., employing 800, and the Birds Eye Veneer Co., employing 200.

The acquiring bank, The Escanaba National Bank, with IPC deposits of $13 million, is the second largest bank in Delta County. Founded in 1907, the bank presently operates a branch office in Rapid River, a town with a population of 207, located 20 miles north of Escanaba.

Bark River, with a population of 400, is a small farming community located about 11 miles west of Escanaba. The area is dependent for its livelihood upon dairy farming and mink ranching. Most of the farmers also work in industries located in Escanaba.

The selling bank, The Bark River State Bank, with IPC deposits of $2 million, is the smallest single-office bank in the county. Organized in 1910, the bank has a very limited lending capacity of $20,000 and is presently faced with a management succession problem deriving from its small size.

Commercial banking services and credit needs in Delta County are provided by several banks. In addition to the two participating banks, the State Bank of Escanaba and the First National Bank of Escanaba, both in Escanaba, and the First National Bank of Gladstone and the Gladstone State Savings Bank, both in Gladstone, compete in the county. One savings and loan association, three insurance companies, 22 credit unions, four sales finance companies, three personal loan companies, and two direct lending agencies of the government also service the financial needs of the residents.

Consummation of the proposed transaction will scarcely affect the competitive position of the acquiring bank as it will still rank second in size in the area. The First National Bank of Escanaba is larger. The convenience and needs of this area will thus be better served by consummation of this proposal. Businesses within the Bark River area will have a larger local banking office to serve their credit needs. Additional bank services, such as modern computerized servicing of checking accounts and installment loans, and the placing of security purchases and sale orders for the bank's customers, will be offered to the Bark River area residents. The purchase will also solve the management succession problem presently faced by the selling bank.

Considered in the light of the statutory criteria, the purchase is determined to be in the public interest and is, therefore, approved.

JANUARY 10, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The banks involved in this proposal are located in Delta County, which has a population of 35,000 and is located in the Upper Michigan Peninsula. This county is presently served by six commercial banks, the three largest of which are located in Escanaba. The fourth and fifth largest are located in Gladstone, which is 9 miles north of Escanaba. The Bark River State Bank is headquartered 11 miles west of the latter city.

Escanaba National Bank is the second largest bank in Delta County. It presently accounts for 26 and 27.2 percent, respectively, of Delta County's commercial banking deposits and loans, while the Bark River State Bank accounts for 3.7 percent. The three Escanaba banks presently account for 79.6 and 83.7 percent, respectively, of the county's deposits and loans. As a result of this transaction, the Escanaba National Bank would remain the county's second largest bank, slightly smaller than the First National Bank of Escanaba. In addition, the three Escanaba banks would have 83.3 and 87.4 percent, respectively, of the county's deposits and loans.

The proposed merger would eliminate what appears to be some presently existing competition between Escanaba National Bank and Bark River State Bank, although the extent of this competition is not clear from the application. It would also increase somewhat the already high level of banking concentration in the county. However, in view of Bark River's small size and its limited capacity to provide effective competition, we conclude that the proposed merger would not substantially affect the structure of commercial banking in this area.

* * *

Middletown State Bank, Inc., Middletown, Va., and Farmers & Merchants National Bank, Winchester, Va.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Middletown State Bank, Inc., Middletown, Va., with	$2,858,337	3	
and Farmers & Merchants National Bank, Winchester, Va. (6084), which had	39,201,420	5	
merged Feb. 18, 1967, under charter and title of the latter bank (6084). The merged bank at date of merger had	42,059,757		8

COMPTROLLER'S DECISION

On November 17, 1966, the Middletown State Bank, Inc., Middletown, Va., and the Farmers & Merchants National Bank, Winchester, Va., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The charter bank, with IPC deposits of $33.3 million, is located in Winchester, the county seat of Frederick County, the northernmost county in Virginia. Winchester, 72 miles from Washington, D.C., and 40 miles from the industrial city of Hagerstown, Md., is located at the northernmost entrance to the Shenandoah Valley. The expanding economy of the area consists mainly of light industry and agriculture, with the growing of apples the most important agricultural activity. Residential construction in Winchester is also important. Included among the largest manufacturing concerns operating in the area are the National Fruit Products Co., the Crown, Cork & Seal Co., the Shenandoah Apple Corp., and the American Brake Shoe Co., each of which employs more than 100 persons.

The Farmers & Merchants National Bank has been in continuous existence since 1902. Over the years it has experienced considerable growth. Three branches of the bank and its main office are situated in Winchester, while a fourth branch is located in Berryville, a town of 1,700 population, in Clarke County.

The participating banks, which compete within the limits of the merging bank's competence, receive intensive banking competition from other institutions located in this northern section of Virginia and in nearby West Virginia. Of the 24 banks that operate 35 offices in competition with the applying banks, five are subsidiaries of large bank holding companies. Seven of these banks are situated in West Virginia. The other 12 are headquartered in cities and towns within 37 miles of Winchester.

The merging bank, with IPC deposits of $2.5 million, is headquartered in Middletown, a community of several hundred population located 13 miles south of Winchester. The bank operates branches in Stephens City and the Ward Plaza shopping center, 1 mile south of Winchester. The economy of the area is mixed, and is composed principally of farming and some residential construction. In addition, lime and cement plants owned and operated by the Flintkote Corporation are located in Middletown and Stephens City. In recent years, several industrial parks have been located between Middletown and Winchester. The prospects for the area are good with substantial economic growth anticipated.

The Middletown State Bank, as presently constituted, can not be expected to contribute to, or share in, this growth in any significant measure. The bank's small lending limit will not allow it to meet the expanding credit needs of the area. Its chief executive officer is in ill health and the bank is otherwise lacking in depth of operating personnel.

While this merger will eliminate the small amount of competition that presently exists between the participating banks in and around Winchester, such loss is clearly outweighted by the benefits to be derived from the merger. The resulting bank, serving Frederick County, will be better situated to compete more effectively with holding company subsidiary banks serving this same general area. Through this proposal, the management problems of the merging bank will be resolved and the residents of Middletown will obtain the services of a broader-based and more aggressive institution. The resulting bank will serve the public convenience and needs by providing an alternative banking source more capable of responding to the growing needs for larger commercial, construction, industrial, and agricultural credits.

The application having been weighed against the statutory criteria and the proposal having been found to be in the public interest, the application is, therefore, approved.

JANUARY 6, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Farmers & Merchants National Bank with resources in excess of $39 million is presently over twice the size of either of the other two banks located in Winchester and from 2 to 10 times the size of 22 banks outside of Winchester with which it claims to compete. The proposed merger with Middletown State Bank, Inc., which has resources of $2,912,000, will eliminate competition between the two banks, will increase the size of Farmers & Merchants National Bank by approximately 7.4 percent and will thereby enhance its already dominant position in its service area.

* * *

THE OXFORD NATIONAL BANK, OXFORD, N.C., AND THE PLANTERS NATIONAL BANK & TRUST CO., ROCKY MOUNT, N.C.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Oxford National Bank, Oxford, N.C. (13896), with	$9, 905, 043	1	
and The Planters National Bank & Trust Co., Rocky Mount, N.C. (10608), which had	75, 139, 953	23	
merged Feb. 21, 1967, under charter and title of the latter bank (10608). The merged bank at date of merger had	85, 044, 996		24

COMPTROLLER'S DECISION

On November 14, 1966, The Oxford National Bank, Oxford, N.C., with IPC deposits of $7 million, and The Planters National Bank & Trust Co., Rocky Mount, N.C., with IPC deposits of $56 million, applied to the Comptroller of the Currency for permission to merge under the charter and title of the latter.

Rocky Mount, the home-office city of the charter bank, is on the eastern edge of Nash County, N.C., and had a 1960 population of 32,147. In addition to possessing a considerable amount of light industry, Rocky Mount serves as a shopping and commercial center for the surrounding agricultural area. The city is also a secondary trade center for a large portion of northeastern North Carolina. The economy of this area is slowly changing from total dependence on agricultural income to a more balanced reliance on commerce and light manufacturing. In addition to its main office and five branches in Rocky Mount, the charter bank operates 22 offices in 13 other North Carolina towns and cities.

Oxford, the county seat of Granville County, is the location of the merging bank and had a 1960 population of 4,978. Situated approximately 67 miles northwest of Rocky Mount, it is also the commercial trade center for Granville County. The agricultural economy of Granville County has traditionally been based primarily on tobacco, but in recent years manufacturing has begun to expand rapidly.

Because the service areas of these two banks do not overlap, consummation of the proposed merger will have no adverse effect on competition. The closest branch of the charter bank to Oxford is located approximately 59 miles to the southeast in Nashville, N.C. This merger will permit the charter bank to meet more effectively the strong competition faced at all its present locations, especially with the State's largest chain banks such as the $1.1 billion Wachovia Bank & Trust Co.

Consummation of this proposed merger will further the public convenience and needs. The resulting bank will bring trust services and a farm management program to the Oxford office. The Oxford facilities will be modernized and expanded, and thus will serve the public with greater efficiency and convenience. The larger lending limit and more liberal lending policies of the resulting bank will facilitate responsive service to the Oxford area residents.

Having considered the merger application in the light of the statutory criteria, this Office has determined that it is in the public interest, and the application is, therefore, approved.

JANUARY 17, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Oxford National Bank (Merging Bank) was organized in 1933 and has no merger or acquisition history. It operates one office in Oxford and has applied for permission to open two *de novo* branches in that community. As of June 30, 1966, it had total assets of $8,815,000, total deposits of $7,579,000, total loans of $4,798,000, and total capital accounts of $954,000.

Planters National Bank & Trust Co. (Planters) was organized in 1899 and operated one office in Rocky Mount, N.C., until 1950. It is the ninth largest commercial bank in North Carolina, with 20 offices in 12 communities, three more *de novo* branches approved but not yet opened, and two more offices acquired through two recently approved mergers. Including these two offices, Planters has added eight branches through mergers and acquisitions. As of June 30, 1966, Planters had total assets of $75,801,000, total deposits of $69,710,000, total loans of $33,903,000, and total capital accounts of $4,728,000.

Since Planters has no offices closer than 59 miles from the Merging Bank, the two banks probably do not compete with each other to a significant degree. The proposed merger would, however, eliminate potential competition. North Carolina banking law permits unrestricted *de novo* branching and Planters has taken advantage of these provisions several times in the past. Sixteen of its twenty-five existing and planned offices are branches established *de novo* and there would be no legal impediment to Planters' establishment of a *de novo* branch in Oxford.

* * *

County Bank & Trust Co., Cambridge, Mass., and Somerville National Bank, Somerville, Mass.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
County Bank & Trust Co., Cambridge, Mass., with	$17,901,885	2	
and Somerville National Bank, Somerville, Mass. (4771), which had	29,367,338	3	
merged Feb. 24, 1967, under charter of the latter bank (4771) and with title "The County Bank, N.A." The merged bank at date of merger had	47,269,223		5

COMPTROLLER'S DECISION

On September 1, 1966, the County Bank & Trust Co., Cambridge, Mass., with IPC deposits of $13.1 million, and the Somerville National Bank, Somerville, Mass., with IPC deposits of $21.8 million, applied to the Comptroller of the Currency for permission to merge under the charter of the latter and title of "The County Bank, N.A.," with its head office to be located in Cambridge.

The cities of Cambridge and Somerville are densely populated residential suburbs of the metropolitan Boston, Mass., area. Both have diversified economies, with wholesale and retail concerns and industrial development playing significant roles. Urban renewal is being advanced; new industrial construction will begin in the immediate future; a new hospital and high school are planned; and, a large shopping center is being developed in the immediate area of the cities.

Both banks are small institutions competing in the metropolitan area of Boston wherein a multitude of banking facilities exist; and both are controlled by a registered bank holding company.

The merging bank, County Bank & Trust Co., was organized under the laws of Massachusetts in 1933, and ever since its organization has been a subsidiary of Shawmut Association, Inc. It has shown a steady growth in loans and earnings and has modernized its procedures and makes full use of computer services. County Bank is ably headed by its president, but lacks depth in its staff. The president anticipates retirement within the year and the present staff does not include a qualified successor. County Bank now has less than 1 percent of deposits and loans in the trading area of 1 million people.

The charter bank, Somerville National Bank, was organized under the National Bank Act in 1892, and has been a subsidiary of Shawmut Association, Inc., since 1947. The charter bank, with its two branches, has experienced sound growth over the years. Even with steady growth it still has less than 1 percent of all deposits and loans in the trading area. It also has executive staff of well trained and knowledgeable men.

Because of common ownership by the Shawmut Association, Inc., this merger will not have any effect on competition between the two banks.

The competition provided by commercial banks located in the trading area is extremely intense with 22 commercial banks having 135 offices and deposits of \$4.7 billion, and loans of \$3 billion. In addition, there are mutual savings banks, savings and loan associations, industrial banks, insurance companies, etc., within the trading area. Consummation of the merger will provide the resulting bank with less than 1 percent of all deposits and all loans in the trading area.

The merger would create a bank with greater lending limits more able to effectively render an expanded service redounding to the public convenience. It would certainly foster more effective competition with other banks in the Boston area.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

NOVEMBER 14, 1966.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Somerville National Bank, organized in 1892, and the County Bank & Trust Co., organized in 1933, are both majority-owned (79.33 and 67.22 percent, respectively) subsidiaries of Shawmut Association, the former bank since 1947 and the latter bank since 1933. For this reason, and because they account for a relatively small share of the banking business in their service areas, the proposed merger probably will not produce significant anticompetitive effects.

* * *

BANK OF BLUE MOUNTAIN, BLUE MOUNTAIN, MISS., AND FIRST NATIONAL BANK, NEW ALBANY, MISS.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Blue Mountain, Blue Mountain, Miss., with	\$5, 188, 531	3	
and First National Bank, New Albany, Miss. (15519), which had	8, 450, 636	3	
merged Feb. 28, 1967, under charter and title of the latter bank (15519). The merged bank at date of merger had	13, 615, 913		6

COMPTROLLER'S DECISION

On November 15, 1966, the Bank of Blue Mountain, Blue Mountain, Miss., with IPC deposits of \$4 million, and the First National Bank, New Albany, Miss., with IPC deposits of \$6.7 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The charter bank operates three offices in New Albany, which is situated in the north-central section of Mississippi. New Albany has a population of approximately 5,600 persons and is the commercial trade center for a service area encompassing approximately 42,000 persons. While farming is the chief activity in this region, with cotton and soybeans the main crops, the importance of manufacturing continues to increase.

Blue Mountain, the home-office city of the merging bank, is located 20 miles north of New Albany and has a population of approximately 580 persons. Except for Blue Mountain College, with an enrollment of approximately 400 students, the economy of this area is agriculturally based. The merging bank operates one branch in Ashland and one in Hickory Flat, 29 miles northwest and 10 miles southwest, respectively, of Blue Mountain.

Competition between the participating banks will not be adversely affected as the overlap in service areas is minimal. The merging bank's offices at Hickory Flat and Blue Mountain are each about 12 miles from the closest office of the charter bank. The merger will increase competition by permitting the resulting bank to compete more effectively with the \$33 million Peoples Bank & Trust Co., which is headquartered in Tupelo, 25 miles southeast of New Albany, and which has branches in both the Blue Mountain and the New Albany service areas.

Consummation of the proposed merger will further the public convenience and needs. The resulting bank will be able to offer a broader range of services to the customers of the merging bank, including par banking, trust services, and dealer loans. The seasonal needs of the surrounding agricultural areas will be more effectively met due to a more balanced financial structure. In addition, the combination of managements will assure an aggressive and able administration for the resulting bank in the future.

Applying the statutory criteria, this Office has determined that the proposal is in the public interest, and the application is, therefore, approved.

JANUARY 18, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National Bank, New Albany, Miss., has assets of $8,571,000 and deposits of $7,767,000. Its three offices are located in New Albany, a town of 5,600 in northeast Mississippi.

Bank of Blue Mountain, Blue Mountain, Miss., has assets of $4,676,000, and deposits of $4,356,000. It has a total of three offices, in Blue Mountain (population 580), Ashland (350), and Hickory Flat (400).

The closest offices of the participating banks are 12 miles distant, and there is some competition between the merging banks, although it is termed in the application as "not very strong."

Among the eight banks which would appear to be the most direct competitors of the merging banks, First National is the largest with 20.5 percent of total deposits held by them, and Bank of Blue Mountain, fourth smallest, has 11.4 percent of such deposits.

The merger would eliminate whatever competition presently exists between the two banks and would enhance First National's market position in its service area.

* * *

TUSCARORA STATE BANK, BLAIRS MILLS, PA., AND THE JUNIATA VALLEY NATIONAL BANK, MIFFLINTOWN, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Tuscarora State Bank, Blairs Mills, Pa., with	$1,491,859	1	
and The Juniata Valley National Bank, Mifflintown, Pa. (5147), which had	19,498,652	4	
merged Feb. 28, 1967, under charter and title of the latter bank (5147). The merged bank at date of merger had	20,990,547		5

COMPTROLLER'S DECISION

On November 4, 1966, the Tuscarora State Bank, Blairs Mills, Pa., and The Juniata Valley National Bank, Mifflintown, Pa., applied to the Comptroller of the Currency to merge under the charter and with the title of the latter.

The Juniata Valley National Bank, with IPC deposits of $16 million, was organized in 1867 and converted to a National banking association in 1898. It maintains five banking offices, four of which are in Juniata County, and the fifth of which is in Perry County. The Tuscarora State Bank was organized in 1898 and presently has IPC deposits of less than $1 million. It operates no branches.

Both banks are located in isolated, mountainous areas of central Pennsylvania. Dairy and poultry farming, and a few related industries, constitute the economy of the area. Mifflintown, the headquarters of the receiving bank, has a population of 900 and serves a trading area of over 20,000. Blairs Mills, the home of the merging bank, is a town of 100 and serves as the trading center for approximately 800.

The main offices of the two banks are 33 miles apart and the Tuscarora State Bank is 30 miles southwest of Juniata Valley National Bank's closest branch. Since the participating banks serve only small local areas, they do not compete with each other in any degree. The receiving bank competes with three large banks in Juniata County: two branches of Russell National Bank of Lewistown, The First National Bank of Mifflintown, and a branch of Tri-County National Bank. The merging bank, the only bank in Blairs Mills, is losing business because its lending limit of $17,500 is proving to be inadequate to local credit needs, which puts it at a competitive disadvantage with the Community State Bank of Orbosonia and the Dry Run branch of National Valley Bank & Trust Co. of Chambersburg, the other banks serving the area.

This merger will not significantly alter the banking structure in this central section of Pennsylvania. It will not reduce the number of banking alternatives available to the public but will increase competition in the Tuscarora area. The resulting bank will not only provide more extensive farm credit programs, but will furnish broader ranged commercial banking services to the residents of Tuscarora.

The merger appears to be in the public interest and will not produce an adverse competitive effect. The application is, therefore, approved.

JANUARY 16, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger would combine the $16 million Juniata Valley National Bank, serving central rural Juniata County and nearby communities, and the $1 million Tuscarora State Bank, serving Blairs Mills, a rural community of 100, 33 miles southwest of Charter Bank's nearest office. The two banks do not presently compete with each other, and their joining together would not adversely affect the structure of the commercial banking business in this part of Pennsylvania. Consequently, no anticompetitive effects are likely to result from this merger.

* * *

THE BANK OF MAYODAN, MAYODAN, N.C., AND SOUTHERN NATIONAL BANK OF NORTH CAROLINA, LUMBERTON, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Bank of Mayodan, Mayodan, N.C., with	$4, 110, 919	1	
and Southern National Bank of North Carolina, Lumberton, N.C. (10610), which had	97, 357, 855	30	
merged Mar. 11, 1967, under charter and title of the latter bank (10610). The merged bank at date of merger had	101, 468, 773		31

COMPTROLLER'S DECISION

On December 19, 1966, The Bank of Mayodan, Mayodan, N.C., and Southern National Bank of North Carolina, Lumberton, N.C., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Southern National Bank of North Carolina, with IPC deposits of $82 million, was organized in 1897 and operates 29 offices in the south-central portion of North Carolina. The main office of Southern National is located in Lumberton, Robeson County, near the heart of the largest tobacco-growing area of the country. The fertile farmlands in and around the service area also produce cotton, grain, fruit, and vegetables. Tobacco processing plants and canneries augment the primarily agricultural economy.

The Bank of Mayodan is a unit bank located in Mayodan, 137 miles north of Lumberton. It was organized in 1916 and presently has IPC deposits of $3 million. Economic enterprises in Mayodan consist largely of textiles and related industries such as hosiery mills and garment manufacturing. Tobacco is grown and processed in sizable quantities in this area also.

Southern National is the seventh largest bank in North Carolina but it holds only 2 percent of the total bank deposits in the State. The merger will not affect the competitive position of Southern National in the State's banking structure. It will, however, have a competitive impact on the Mayodan area.

The merging bank is the only banking office in Mayodan. Its principal competition derives from the $260 million Northwest Bank which maintains a branch in Madison, 2 miles from Mayodan, and from the Bank of Stoneville, 5 miles to the north. The degree of competition between the Bank of Mayodan and the two branches of the charter bank in Leaksville, 15 miles east, is slight.

This merger will redound to the public benefit by increasing banking competition in the Mayodan area. The charter bank, with its broader range of services and specialized staff, will be able to offer better service to the agricultural interests in competition with the Madison branch of the Northwestern Bank.

Applying the statutory criteria to this proposal, it is concluded that this merger is in the public interest. The application to merge is, therefore, approved.

FEBRUARY 9, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Southern National was organized in 1897 and presently operates 31 offices throughout central North Carolina. Since 1964 it has acquired five banks with 15 offices, combined deposits of $36,845,949 and combined loans of $22,070,698. As of September 20, 1966, Southern National had total assets of $96,594,873, total loans of $59,722,707, and total deposits of $84,588,405.

The Bank of Mayodan was organized in 1916 and has no merger or acquisition history. Its only office is in Mayodan, N.C., which is in the northwestern section of Rockingham County. As of September 20, 1966, the Bank of Mayodan had total assets of $3,824,346, total loans of $2,237,192, and total deposits of $3,375,263.

The proposed merger would eliminate existing competition between the merging banks and would reduce from five to four the number of banks competing in this area. Southern National has entered the Bank of Mayodan's service area through its December 1966 merger with First National Bank of Leaksville. The three offices acquired by Southern National through that merger are approximately 12 miles from Mayodan.

* * *

UNADILLA NATIONAL BANK, UNADILLA, N.Y., AND MARINE MIDLAND NATIONAL BANK OF TROY, TROY, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Unadilla National Bank, Unadilla, N.Y. (9516), with	$6,806,990	1	
and Marine Midland National Bank of Troy, Troy, N.Y. (721), which had	108,832,179	13	
merged Apr. 10, 1967, under charter and title of the latter bank (721). The merged bank at date of merger had	115,639,169		14

COMPTROLLER'S DECISION

On December 12, 1966, the Unadilla National Bank, Unadilla, N.Y., with IPC deposits of $6.1 million, and the Marine Midland National Bank of Troy, Troy, N.Y., with IPC deposits of $81.7 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Troy, with a population of 66,500, is located in the "Capital District" of New York, a general trade area including the cities of Schenectady, Albany, and Troy. The "Capital District" has a population of over 672,000 and is the third largest trade area in New York State. This area has a diversified economy, with wholesale and retail concerns and industrial developments playing significant roles. Urban renewal is being advanced and a new industrial park is being planned in this immediate area.

The Marine Midland National Bank of Troy is a member of the Marine Midland Corporation and was organized on April 22, 1852. Presently operating 12 branches, the bank ranks fifth among the 43 banks located in the Fourth Banking District, thus emphasizing its aggressive character and capable management. Competition in this area is intense and is provided primarily by the $565 million National Commercial Bank & Trust Co., the $556 million State Bank of Albany, and the $128 million First Trust Co. of Albany.

Unadilla, with a population of 1,586, is also located in the Fourth Banking District of New York State and is approximately 93 miles northeast of Albany. Although traditionally considered a farming area, Unadilla has demonstrated that it is significantly more industrial and commercial than agricultural. While Unadilla boasts nine manufacturing firms that employ local residents, the Scintilla Division of Bendix Corp. in nearby Sidney is the major employer in the area.

The Unadilla National Bank, a single-office bank, was chartered in 1909 and ranks 25th in size in the District. Because of the bank's relatively small lending limit, it has been unable to service many of the larger customers in its service area. The $9 million First National Bank in Sidney, N.Y.; the Franklin office of the $11 million National Bank of Delaware County, Walton, N.Y.; two branches of the $54 million National Bank & Trust Co. of Norwich, Norwich, N.Y.; the $26 million Wilber National Bank of Oneonta; and two branches of the $565 million National Commercial Bank & Trust Co. provides intense competition for this small bank.

Competition between the charter and merging banks is nonexistent, in that the nearest office of the charter bank is 70 miles distant from the merging bank.

The resulting bank will be able to offer a broader range of services to the customers of the merging bank, including trust facilities, data processing facilities, a greater lending limit, and full-service banking not presently available to the merging bank's customers. Consummation of the merger will also resolve the vexing management succession problems of the merging bank. It will enable the resulting bank to compete more effectively with the larger banks now operating in the area and thus bring to the residents of Unadilla the full benefits that flow from aggressive competition.

Applying the statutory criteria, we conclude that the proposal is in the public interest, and the application is, therefore, approved.

MARCH 9, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Marine Midland National Bank of Troy was chartered on April 22, 1852. It operates 12 branch offices in addition to its head office in Troy, N.Y. This bank had, as of June 30, 1966, assets of $104,775,000, deposits of $92,339,000, loans and discounts of $58,713,000, and capital accounts of $7,925,000. On July 19, 1963, it merged National Bank of Cohoes, Cohoes, N.Y.

Unadilla National Bank, chartered August 23, 1909, operates a single office in Unadilla, N.Y. Application by State Bank of Albany, Albany, N.Y., to merge Unadilla was denied on April 26, 1963. As of June 30, 1966, this bank had assets of $7,127,000, deposits of $6,511,000, loans and discounts of $3,257,000, and capital accounts of $443,000.

The head offices of the respective banks are located some 98 miles apart; 78 miles separate Unadilla from Troy's nearest branch office. Substantial competition, therefore, does not appear to be present. Potential competition is foreclosed by New York's "home-office" protection law.

Approval of the proposed merger will eliminate Unadilla as an independent commercial bank, but the number of competitors in the area will not be diminished.

* * *

PROVIDENCIA BANK, BURBANK, CALIF., AND VALLEY NATIONAL BANK, GLENDALE, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Providencia Bank, Burbank, Calif., with	$5,465,939	1	
and Valley National Bank, Glendale, Calif. (14823), which had	28,169,535	3	
merged Apr. 28, 1967, under charter and title of the latter bank (14823).			
The merged bank at date of merger had	33,429,483		4

COMPTROLLER'S DECISION

On January 31, 1967, the Providencia Bank, Burbank, Calif., a bank having IPC deposits of $4.7 million, and Valley National Bank, Glendale, Calif., a bank having IPC deposits of $23.6 million, applied to the Comptroller of the Currency for permission to merge under the charter of and with the title of the latter.

Glendale, with a population of 135,600, and Burbank, with a population of 95,200, are adjacent cities located 12 miles north of downtown Los Angeles. Both of these cities border the San Fernando Valley portion of Los Angeles City and both are considered part of the Los Angeles Standard Metropolitan Statistical Area. There are several large industrial complexes in the locale keyed to aircraft production and the aerospace industry, the largest being Lockheed Aircraft Corp., which employs over 27,000 people at its Burbank plant. Other significant contributors to the local economy are two major motion picture studios.

The charter bank, Valley National Bank, was organized in 1957 and presently has two branches, one in Glendale and one in downtown Los Angeles. Its market area is in one of the most heavily banked sections of California and it is forced to compete with 9 banks and 31 branch offices. Valley National has always had very capable management and its condition has consistently been rated highly by this Office.

The Providencia Bank opened for business early in 1964 and has no branches. Its growth has been nominal and its earnings have never fulfilled the expectations of its organizers. As capable management is especially difficult to find in this area, it is felt that the proposed merger will resolve the problems of the merging bank.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

MARCH 24, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Valley National Bank, Glendale, Calif., proposes to merge with the Providencia Bank, Burbank, Calif. Each of the applicant banks appears to represent a relatively small factor in a service area dominated by four major California banks (Bank of America, First Security National Bank, United California Bank, and Crocker-Citizens National Bank).

It seems probable that the merger will eliminate some direct competition between Providencia's sole office and the three offices of Valley—all of which are within a 5-mile radius from the former. There are at least 20 other banking offices within this 5-mile area, but it appears that only one of them is not affiliated with one of the major banks listed above. The merger would thus reduce the banking alternatives from seven to six within this radius.

The merging banks together control only 0.2 percent of the IPC demand deposits for Los Angeles County as a whole. The proposed merger would not appear to involve a significant change in banking concentration in the already highly concentrated Los Angeles County market.

* * *

THE FIRST NATIONAL BANK OF BUTLER, BUTLER, N.J., AND THE FIRST NATIONAL IRON BANK OF NEW JERSEY, MORRISTOWN, N.J.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Butler, Butler, N.J. (6912), with	$18, 152, 775	1	
and The First National Iron Bank of New Jersey, Morristown, N.J. (1113), which had	108, 475, 333	13	
merged Apr. 28, 1967, under charter and title of the latter bank (1113). The merged bank at date of merger had	126, 628, 108		14

COMPTROLLER'S DECISION

On October 7, 1966, The First National Iron Bank of New Jersey, Morristown, N.J., with IPC deposits of $83 million, and The First National Bank of Butler, Butler, N.J., with IPC deposits of $14 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Morristown, with a present population of 20,800, is the home-office city of the charter bank, and the county seat of Morris County. The First National Iron Bank of New Jersey has two branches in Morristown and 10 other branches in central and southeastern Morris County, most of them in communities immediately surrounding Morristown.

Morris County is 30 miles from New York City and 87 miles from Philadelphia. An extensive highway network traverses the county making it possible for 23 percent of the working population to commute outside the county for employment. The county is mainly residential, but has experienced an increase in development of light industry in recent years. The population increased 59 percent between 1950 and 1960, with housing increasing 55 percent during the same period. The residences recently built range in value from $15,000 to $50,000.

The merging bank is headquartered in Butler, which has a population of 6,230. The community is rather old and static. It has not yet realized its potential for industrial growth. The First National Bank of Butler operates three branches in communities peripheral to Butler.

The service areas of the participating banks do not overlap and, therefore, consummation of the proposed merger will have no adverse effect on competition. The nearest office of The First National Iron Bank is located about 12 miles from the Butler Bank. The Butler Bank has no business in the area of The First National Iron Bank and the latter has only several mortgage loans from the area of the merging bank. On the other hand, the receiving bank competes actively with such other Morris County banks as the State-chartered Trust Company of Morris County which has substantially greater assets. Their competitive situation will be heightened when the proposed merger is consummated. The Morris County Savings Bank, the largest bank in the county, as well as out-of-county and out-of-State banks also compete with The First National Iron Bank.

Consummation of this proposed merger will be in the public interest. It is necessary for Iron Bank to increase its lending capability in order to answer local needs and to meet effectively competition from banks outside the county and the State. The resulting bank will also be able to provide more extensive fiduciary services in the Butler area than its residents are now receiving. The merger will also solve the management succession problem in the Butler office, enable it to raise the interest it pays on time deposits and make available the benefits of the First National Iron Bank's computer.

Having considered the merger application in light of the statutory criteria, this Office has determined that it is in the public interest, and the application is, therefore, approved.

MARCH 22, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Iron Bank is the second largest and First National the ninth largest of 10 banks in Morris County. This application closely follows one involving the largest and eighth largest banks in the county. If both applications are approved, this large and growing area, with an estimated population of 328,170 and a projected 1980 population of 550,000, will be left with only eight commercial banks, the two largest of which will account for over 63 percent of the deposits and loans held by all commercial banks in the county. However, these banks are subject, to some extent, to competition from banks located in adjacent counties.

We conclude that although existing competition between the merging banks is limited by the distance between them, the proposed merger would eliminate that competition which does exist, as well as significant potential competition, between these banks and would further increase the already high level of concentration in commercial banking in Morris County.

* * *

THE MAYBROOK NATIONAL BANK, MAYBROOK, N.Y., AND COUNTY NATIONAL BANK, MIDDLETOWN, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Maybrook National Bank, Maybrook, N.Y. (11927), with	$2,462,223	1	
and County National Bank, Middletown, N.Y. (13956), which had	127,802,866	22	
merged Apr. 28, 1967, under charter and title of the latter bank (13956). The merged bank at date of merger had	130,265,090		23

COMPTROLLER'S DECISION

On January 16, 1967, The Maybrook National Bank, Maybrook, N.Y., with IPC deposits of $1.9 million, and County National Bank, Middletown, N.Y., with IPC deposits of $89.6 million, applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

County National Bank, organized in 1934, maintains its head office in Middletown, Orange County, approximately 40 miles north of New York City. It operates 23 branches in Orange, Sullivan, and Dutchess counties. Five additional branches have been approved for locations in Orange County. Maybrook National Bank, also located in Orange County, maintains its sole office in the town of Maybrook, which has a population of 1,500.

Orange County, with a population of 184,000 in 1960, has been growing rapidly. Its proximity to New York City has attracted branch facilities of many businesses and industries. In addition, it has a large and prosperous dairy farming industry. Economic forecasts for the county continue to be favorable. Middletown, with a population of 23,500, is one of the two largest cities in the county. Its size and location have attracted much of the expanding manufacturing business moving into the county. While the area around Maybrook, which is 15 miles northeast of Middletown, is predominantly agricultural, Maybrook itself is a servicing center for several railroads. It is experiencing a slow, steady growth, particularly in the area of residential construction.

Many banking alternatives exist both within the primary service areas of the applicant banks and immediately outside the area. In addition to the charter bank, there are seven other banks in Orange County, with deposits in excess of $10 million, and three with less than $8 million in deposits. Four banks located outside Orange County also attract business from the Orange County area. County Trust Co. of White Plains and the National Bank of Westchester, the two largest banks in New York's Third Banking District in which the applicants are located, together hold 47 percent of the deposits in the district. The 5 percent now held by the charter bank will be increased only minutely by this merger.

The applicant banks compete with each other to a limited degree. The office of the charter bank in Washingtonville is 6.5 miles from Maybrook; there are three other banking offices located between them. The competitive position of the small Maybrook bank is growing weaker in the presence of larger and more progressive banks that offer a broader range of services and trust facilities. Although the merger will eliminate the small amount of competition now existing between the participating banks, the ultimate result is expected to be an increase in competition with all the other banks in and near Orange County.

Applying the statutory criteria to the above proposal, it is concluded that the enhancement of the convenience and servicing of the needs of the community clearly outweigh the minimal adverse competitive effects of the proposed merger. It is in the public interest and, therefore, approved.

MARCH 28, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

County National Bank operates 28 offices in Orange, Sullivan, and Dutchess counties, N.Y. Maybrook National Bank is a small bank with its only office in Maybrook, N.Y., 6½ miles distant from the nearest County National office. According to the application, competition between the two banks is "very limited." In view of this fact and in view of the narrow range of services offered by Maybrook National and its alleged management problems, it does not appear that the proposed merger would have an adverse effect upon competition.

* * *

THE SECOND NATIONAL BANK OF TITUSVILLE, TITUSVILLE, PA., AND MARINE NATIONAL BANK, ERIE, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Second National Bank of Titusville, Titusville, Pa. (513), with	$8,310,491	1	
and Marine National Bank, Erie, Pa. (870), which had	69,078,508	7	
merged Apr. 28, 1967, under charter and title of the latter bank (870). The merged bank at date of merger had	77,388,999		8

COMPTROLLER'S DECISION

On January 3, 1967, the Marine National Bank, Erie, Pa., and The Second National Bank of Titusville, Titusville, Pa., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Erie, with an estimated population of 145,000, is the county seat of Erie County and is situated on the southeastern shore of Lake Erie, about 100 miles east of Cleveland, Ohio, 100 miles west of Buffalo, N.Y., and 130 miles north of Pittsburgh, Pa. Numerous diversified manufacturing plants and port activities provide the primary economic support for this area which has enjoyed steady economic expansion and population growth over the past several years. There are presently 460 industrial plants in Erie County, of which 238 are in greater Erie. This large number of industries has given the city a high ranking nationally in diversity of manufacturing. The principal factors which contributed to the area's economic growth are the large population, the inexpensive power (water and fuel), the four railroads which service the area, and Lake Erie which, with its port facilities, has made Erie County an important exporter of products. Erie County ranks fourth among Pennsylvania counties as an exporter of products and Erie's harbor is the finest natural harbor on the Great Lakes. In 1966, Erie's harbor handled 2,767 arrivals and departures of ships. In the metropolitan area, there are 1,340 retail establishments employing 10,900 persons and 348 wholesale establishments employing 2,700 persons. Tourism has also expanded in this area.

The charter bank, with IPC deposits of $49 million, is the third largest among the banks headquartered in Erie. The bank, organized in 1864, presently operates six branch offices: three in Erie; two in Millcreek Township, a suburb of Erie; and one in Corry, a striving industrial town located 30 miles southeast of Erie. The bank is a well run institution providing its community with a full range of banking services, including trust services. Banking competition in Erie is provided by the First National Bank of Erie with total resources of about $120 million, The Security Peoples Trust Co. with total resources of about $110 million, and the Union Bank & Trust Co. with total resources of about $52 million. In addition, there are five savings and loan associations, 21 credit unions, 13 sales finance companies, and 14 personal loan companies. Competition from insurance companies in the area is moderate.

Titusville, with a population of about 9,000, is located in Crawford County and is about 49 miles southeast of Erie. It serves a retail trade area with an estimated population of 24,000. The area has a well diversified industrial and agricultural economy. There are presently in excess of 2,000 persons employed in manufacturing in Titusville and an expected expansion of the largest manufacturing concern, Cyclops Corp., will bring 500 additional jobs to the community. In the area surrounding Titusville extensive dairy farming and lumbering provide cash income.

Consummation of the proposed merger will not lessen banking competition in the areas each serves. Following the merger, the receiving bank will still rank third in size in Erie. Because the office of the Marine National Bank closest to Titusville is in Corry, 23 miles away, there is no present significant competition between them to be eliminated. The entry of the receiving bank into Titusville will, on the contrary, stimulate competition with the Pennsylvania Bank & Trust Co. which has total resources of $62 million.

Consummation of the proposed merger will, in fact, provide the community of Titusville with a bank better able to meet the credit needs of its expanding industrial economy. The resulting bank will also provide expanded and improved banking services to the Titusville community.

Considered in the light of the statutory criteria the merger is determined to be in the public interest and is, therefore, approved.

MARCH 14, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Marine National Bank (Marine Bank) with deposits of $56,180,000, is the third largest of five banks in Erie. The Second National Bank of Titusville with deposits of $7,168,000, and located 49 miles southeast of Erie, is the smallest of two banks in Titusville.

While the application states on the one hand that "no competition exists between the participating banks," it also lists the Corry branch of Marine Bank, 23 miles north of Titusville, as being one with which Titusville bank does compete. Such competition as does exist between these banks would, of course, be eliminated by the proposed merger.

* * *

BANK OF SUMAS, SUMAS, WASH., AND SEATTLE-FIRST NATIONAL BANK, SEATTLE, WASH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Sumas, Sumas, Wash., with	$1, 449, 093	1	....
was purchased May 1, 1967, by Seattle-First National Bank, Seattle, Wash. (11280), which had	1, 537, 342, 000	118	....
After the purchase was effected, the receiving bank had	1, 538, 791, 000	....	119

COMPTROLLER'S DECISION

On April 24, 1967, Seattle-First National Bank, Seattle, Wash., applied to the Comptroller of the Currency for permission to purchase some of the assets and to assume the deposit liabilities of the Bank of Sumas, Sumas, Wash.

This Office has been advised by the Division of Banking of the Department of General Administration of the State of Washington that the Bank of Sumas is in such grave danger of immediate failure that it must be taken over by the State pursuant to its laws, unless this proposed transaction is approved.

Having reviewed the internal condition of the Bank of Sumas, and having found that it is in danger of probable failure within the meaning of 12 U.S.C. 1828(c), this Office, therefore, is proceeding to act immediately.

In order to protect the depositors, creditors, and shareholders of the Bank of Sumas, the Seattle-First National Bank is authorized to proceed with this purchase and assumption transaction forthwith.

MAY 1, 1967.

* * *

TIBURON NATIONAL BANK, TIBURON, CALIF., AND SIERRA NATIONAL BANK, PETALUMA, CALIF.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Tiburon National Bank, Tiburon, Calif. (15149), with	$9,274,838	1	....
was purchased May 1, 1967, by Sierra National Bank, Petaluma, Calif. (15174), which had	12,290,229	1	....
After the purchase was effected, the receiving bank had	21,565,067	....	2

COMPTROLLER'S DECISION

On May 1, 1967, application was made to the Comptroller of the Currency for permission for the Sierra National Bank, Petaluma, Calif., to purchase assets and assume the deposit liabilities of the Tiburon National Bank, Tiburon, Calif., in order to prevent the probable failure of the selling bank.

Finding that an emergency situation exists within the meaning of 12 U.S.C. 181, the Office of the Comptroller of the Currency waives the need for approval by the shareholders of the Tiburon National Bank of the purchase and sale agreement as approved by its Board of Directors. The emergency situation which exists is of such a nature that this Office must act immediately in order to prevent the probable failure of the Tiburon National Bank within the meaning of 12 U.S.C. 1828(c).

Because of the emergency nature of the situation and in order to protect the depositors, creditors and shareholders of the Tiburon National Bank, the Sierra National Bank is authorized to proceed with the purchase and assumption transaction immediately.

MAY 1, 1967.

* * *

BANK OF NORTH AMERICA, NEW YORK, N.Y., AND THE MEADOW BROOK NATIONAL BANK, NEW YORK, N.Y.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Bank of North America, New York, N.Y., with	$395,445,609	16	....
and The Meadow Brook National Bank, New York, N.Y. (7703), which had	986,768,278	72	....
consolidated May 8, 1967, under charter of the latter bank (7703), and under title of "National Bank of North America." The consolidated bank at date of consolidation had	1,382,213,887	....	88

COMPTROLLER'S DECISION

On January 20, 1967, The Meadow Brook National Bank, New York, Queens County, N.Y., and the Bank of North America, New York, N.Y. applied to the Office of the Comptroller of the Currency for permission to consolidate under the charter of the former and with the title of "National Bank of North America."

The Meadow Brook National Bank, with IPC deposits of $705 million, is a successor to The First National Bank & Trust Co. of Freeport, which was organized in 1905. With its main office located in Queens County, Meadow Brook has three branches in Manhattan, and maintains 46 offices in Nassau County, 12 in Suffolk County, one in Brooklyn, and six in Queens.

The Bank of North America, with IPC deposits of $274 million, was formed in 1953 as the result of the conversion of an industrial bank, organized in 1924, to a trust company under the New York banking laws. With its head office in Manhattan, Bank of North America operates five branches in Manhattan, five branches in Brooklyn, three branches in Queens, one branch in the Bronx and one branch in Nassau.

Both banks are located in the most highly competitive commercial banking environment in the country, and both are represented in the mushrooming suburban areas on Long Island. New York City presently has a population of 8 million, and Nassau and Suffolk counties together have a population of 2 million. As a major financial and industrial center, the metropolitan area contains several of the largest commercial banks in the world. These banks service vast financial undertakings in both domestic and international markets. Many of the major banks in New York City operate branches on Long Island, which, although still primarily a residential area, has experienced considerable industrial and commercial growth.

Meadow Brook originated as a suburban retail bank and concentrated its efforts in Nassau County. In 1960, it moved into Manhattan in order to expand into national and international banking markets. The rapid expansion of branch banking offices in Nassau and Suffolk counties has inhibited its rate of growth in its primary trade area.

The Bank of North America, which has long specialized in rendering banking services to such selected customers as textiles, apparel, chemical, and durable goods manufacturers, has found its growth hampered by its inability to continue to serve its larger customers and by the increased competition of the larger banks of the city. Whereas the Bank of North America formerly competed only with banks of comparable size in the textile district, it now competes with four of the largest banks which have established 26 branches in the textile district in the last 10 years. Because of its limited lending capacity, the Bank of North America has been unable to satisfy the requirements of many of its larger customers. At year end 1966, only 41 of the bank's 100 most valued customers used it as their principal bank; the remaining 59 customers resorted to the larger city banks for their credit needs.

Both applicant banks suffer similar disadvantages in this large metropolitan market. The high cost of real estate and the relative scarcity of suitable and available branch sites make it impractical to contemplate a significant entry into each other's immediate area by this route. In this highly competitive market, these banks are precluded from the effective use of area communications media to advertise their services by reason of the high costs involved. Whereas the popular newspapers and radio and television stations reach all corners of this market and adjust their rates accordingly, the banks, whose business derives from only a section of this great metropolitan market, cannot reasonably afford to advertise for a market that cannot be expected to utilize their services; the banks cannot afford this advertising waste.

Since the services offered by these consolidating banks are complementary rather than similar, this proposal cannot be said to reduce competition. Meadow Brook concentrates primarily on consumer credit, while the Bank of North America lends primarily to businesses and industries of medium size. In the field of international banking, Meadow Brook deals primarily with Latin America and the Far East, while the Bank of North America concerns itself with Europe, the Near East, and Latin America. The Bank of North America specializes its services for customers in certain industrial areas that Meadow Brook National Bank does not serve.

No significant competition will be eliminated by this proposal. In only two sections of this vast complex are their offices in close proximity. In the financial district of lower Manhattan, the closest offices are four blocks apart; the Bank of North America plans to extend this distance another block by relocating its office. Every major bank in New York City has an office in this immediate area. The other pair of competing branches are located across the street from each other in Long Beach in Nassau County. These branches also compete with offices of Franklin National Bank, with deposits of $1.6 billion, and of Chemical Bank New York Trust Co., with deposits of $6 billion.

Among the commercial banks in New York City, The Meadow Brook National Bank presently ranks ninth in size, and the Bank of North America ranks 11th. The resulting bank will continue to rank ninth. Meadow Brook National Bank has only 1.50 percent of all deposits held by commercial banks and 1.41 percent of all loans. The Bank of North America holds only 0.63 percent of the deposits and 0.60 percent of the loans. The consolidation, therefore, will not increase the concentration of banking resources to any significant degree.

This consolidation will, on consummation, produce beneficent effects for the banking public. The resulting bank will possess a greater competitive potential which will redound to the benefit of customers in the wholesale banking market without detriment to the retail customers now being served. By combining the complementary services now being furnished by each institution, the resulting bank will be broader based to serve an expanded range of community requirements.

It is concluded in the light of the foregoing analysis that any adverse competitive effects which may result from the consolidation are outweighed by the benefits to the public convenience and needs, because of the expanded lending limit, increase in facilities for retail and wholesale banking, strengthened international banking services, and expanded trust services which will be offered by the resulting bank. Having weighed the application against the statutory criteria and having determined that the consolidation is in the public interest, it is, therefore, approved.

April 6, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Meadow Brook National Bank is the 10th largest of the 45 commercial banks with head offices in New York City and the 11th largest of the 96 banks in the New York City-Long Island (Nassau County and Suffolk County) area. As of June 30, 1966, it had assets of $928,029,000, deposits of $810,848,000, and loans of $518,106,000. It operates 69 offices. Since 1950 it has acquired, through merger or consolidation, 17 banks with 39 offices and aggregate total deposits in excess of $350 million. Bank of North America ranks 11th among banks with head offices in New York City and 13th among all banks in the New York City-Long Island area. As of June 30, 1966, it had assets of $411,073,000, deposits of $342,571,000, and loans of $288,110,000. It operates 16 offices. Since 1954, it has acquired four banks through merger. The consolidating banks each offer the same range of commercial banking business, although Bank of North America emphasizes commercial and industrial lending, while Meadow Brook National does an extensive retail business. Meadow Brook National has 1.42 percent of total deposits in the area and 1.93 percent of total loans, while Bank of North America has less than 1 percent in both categories.

The banking structure in the New York City-Long Island area in which both consolidating banks are vigorous competitors reflects a high degree of concentration. The five largest banks have approximately 70 percent of the area's deposits and loans. This concentration is largely attributable to past merger activity among the larger area banks, including both the consolidating banks. None of the entirely new banks established in the area since 1950 have achieved or can be expected to achieve the competitive stature of the larger banks which have been eliminated by merger.

The proposed merger would not substantially affect the level of concentration in commercial banking in the New York City area. It would, however, eliminate existing competition between MB and BNA, both of which presently afford significant alternative sources of credit for medium- and small-size customers.

* * *

The First National Bank, Baltimore, Ohio, and The Hocking Valley National Bank, Lancaster, Ohio

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Baltimore, Baltimore, Ohio (7639), with	$10, 406, 864	1	
was purchased May 8, 1967, by The Hocking Valley National Bank of Lancaster, Lancaster, Ohio (1241), which had	13, 026, 877	2	
After the purchase was effected, the receiving bank had	23, 433, 741		3

COMPTROLLER'S DECISION

On May 5, 1967, application was made to the Comptroller of the Currency by The Hocking Valley National Bank, Lancaster, Ohio, for permission to purchase assets and assume the deposit liabilities of The First National Bank, Baltimore, Ohio.

As directed by the terms of Subsections 4 6 of Section 1827 (c) of Title 12 of the United States Code, I hereby find that there exists a reasonable probability that The First National Bank, Baltimore, Ohio, may fail; that said reasonable probability of failure is imminent; and that a reasonably prudent discharge of my responsibilities in the maintenance of a sound National banking system requires the immediate action on this application. I also find that the financial and managerial resources of the acquiring institution will be adequate to protect the customers, as well as the public interest of the entire community, and that no other bank possessing the requisite breadth of financial and managerial resources has indicated a willingness to assume the responsibilities of the selling bank.

I conclude that this transaction, as a matter of law, will neither occasion a violation of Section 2 of Title 15 of the United States Code nor will it substantially lessen competition as that concept has been judicially accorded with the failing company doctrine. On the contrary, I conclude that the deleterious effect of a failure of the selling bank on the financial stability of the geographic market it serves would significantly exceed any impact of the transaction upon competition.

In order to protect the depositors, creditors, and shareholders of The First National Bank of Baltimore, Ohio, this application is approved and The Hocking Valley National Bank is authorized to proceed with this purchase and assumption transaction forthwith.

May 5, 1967.

* * *

Bank of Nutley, N.J., and First National State Bank of New Jersey, Newark, N.J.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Bank of Nutley, Nutley, N.J., with	$48,636,809	4	
and First National State Bank of New Jersey, Newark, N.J. (1452), which had	667,285,875	24	
merged May 12, 1967, under charter and title of the latter bank (1452). The merged bank at date of merger had	712,742,898		28

COMPTROLLER'S DECISION

On January 13, 1967, the Bank of Nutley, Nutley, N.J., with IPC deposits of $40 million, and the First National State Bank of New Jersey, Newark, N.J., with IPC deposits of $451.5 million, applied to the Comptroller of the Currency for permission to merger under the charter and with the title of the latter.

The First National State Bank, headquartered in Newark, N.J., has a population of 405,000 and operates 25 offices throughout Essex County. Seventeen of these offices are within the Newark city limits. The bank serves an area highly diversified with heavy and light industry, manufacturing electronic and transportation equipment. Other than its local customers in Essex County, First National State Bank serves regional accounts located in the five counties contiguous to Essex County and national accounts doing business within a 50-mile radius of New York City. The population of its service area is in excess of 1,800,000.

The Bank of Nutley maintains its head office and operates three branches within the town of Nutley, N.J. The bank's primary service area encompasses the town of Nutley, whose population is 29,513, and portions of the immediately adjacent municipalities. Nutley, which is primarily a well-developed, middle-income community with owner-occupied, one-family homes, serves a trading area with a population estimated at 35,000 to 40,000.

The First National State Bank, which was organized in 1812, has experienced substantial growth over the years and its future prospects are favorable. Net current operating income of First National for 1965 was $6.7 million, which compares satisfactorily with the average earnings of banks of comparable size and scope. The capital structure of First National has continued to keep pace with its loan and deposit growth. The bank is in good condition and its management is considered very competent.

The Bank of Nutley, incorporated under New Jersey law in 1905 under its present title, has not experienced the rate of growth enjoyed by the charter bank. Although its past earnings have been satisfactory, its future earnings picture appears uncertain. While the Bank of Nutley presently has a satisfactory management team, the absence of any management succession presents a problem it must soon face. Requests for early retirement, health problems, and recent resignations have highlighted the lack of depth in management ranks.

Competition between the merging banks is minimal. The closest offices of the merging banks are about 3 miles apart. The community of Belleville, located between these offices, contains a locally headquartered bank and a branch of the $557 million Fidelity Union Trust Co. Even in the area from which both banks derive business, a substantial portion of First National's accounts are beyond the capacity of the Bank of Nutley to handle.

Effectuation of this merger will not unsettle the banking structure in this section of New Jersey nor give the First National State Bank a marked advantage over its competitors. While the receiving bank had total deposits at year end of $607 million, its principal competitor, the Howard Savings Bank of Newark, had total deposits of $661 million. First National State is also in direct competition with 19 other commercial banks headquartered in Essex County. Its largest commercial bank competitors are the $557 million Fidelity Union Trust Co., Newark, N.J., and the $475 million National Newark & Essex Bank, Newark, N.J. Further competition derives from 148 savings and loan associations, 24 insurance companies, and numerous personal loan companies, credit unions, and sales finance companies. First National State Bank also feels the impact of competition from the large New York City banks which canvass this area of New Jersey in quest of business.

Competition is offered the $44 million Bank of Nutley by offices of the $557 million Fidelity Union Trust Co., the $474 million National Newark & Essex Bank, the $29 million Peoples National Bank, the $100 million Bank of Passaic & Clifton, the $351 million New Jersey Bank & Trust Co., the $208 million National Community Bank of Rutherford, the $150 million Bloomfield Savings Bank, and the Nutley Savings and Loan Association.

Should the merger be consummated, the receiving bank would continue as the second largest financial institution in the combined service area. The increase in its resources, however, would not be sufficient to effect adversely the competitive balance of the banking structure within this section of New Jersey. On the contrary, banking competition will most likely be stimulated among the seven larger banks—six of which have deposits in excess of $100 million—in the service area of the Bank of Nutley. Substantial benefits would accrue to the residents of Nutley from the presence of a large, well managed bank offering a broader range of banking services through local offices.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

MARCH 28, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The First National State Bank of New Jersey, the second largest commercial bank in Essex County, N.J. ($514.6 million in deposits), proposes to merge with the Bank of Nutley ($44.2 million in deposits). The latter is located in Nutley, N.J., (population approximately 29,513) and is the sixth largest commercial bank in Essex County (1960 population, 948,352).

Concentration in commercial banking in Essex County is extremely high, with the three largest banks collectively controlling 79.6 percent of total county deposits, 82 percent of total loans and 63.9 percent of total banking offices. The Charter Bank alone (second largest of all commercial banks in the county) controls about one-fourth of total loans, deposits, and offices held by commercial banks in the county. The Merging Bank, although only controlling 2.2 percent and 2 percent of total deposits and loans, respectively, is larger than six of the smaller banks combined. Even should mutual savings bank deposit and loan figures be included, the level of concentration in Essex County would remain extremely high, with four of the leading banks controlling 71.8 percent of total deposits, 71.5 percent of total loans, and 60.5 percent of total banking offices.

Competition between the applicant banks exists particularly for the small- and medium-size loan and deposit accounts, and this competition would be eliminated by the proposed merger. The merger would also increase further the level of concentration within a highly concentrated banking market, Essex County. It would, finally, eliminate a well established, independent bank, the only bank (with its branches) in Nutley, N.J., and one which has been demonstrated to be a vigorous and growing competitor in the area.

* * *

FIRST-CITY NATIONAL BANK OF BINGHAMTON, BINGHAMTON, N.Y., AND FIRST-CITY NATIONAL BANK OF SOUTHERN NEW YORK, BINGHAMTON, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First-City National Bank of Binghamton, Binghamton, N.Y. (202), with.........	$139, 175, 480	10	....
and First-City National Bank of Southern New York, Binghamton, N.Y. (15625), which had........	250, 000	1	....
merged May 16, 1967, under charter of the latter bank (15625) and with title "First-City National Bank of Binghamton, N.Y." The merged bank at date of merger had........	139, 425, 480	....	11

COMPTROLLER'S DECISION

On September 19, 1966, the First-City National Bank of Binghamton, Binghamton, N.Y., with IPC deposits of $99 million, filed an application for permission to merge with the First-City National Bank of Southern New York (organizing), Binghamton, N.Y., under the title of the former and the charter of the latter.

The First-City National Bank of Binghamton, Binghamton, N.Y.; the Lincoln National Bank & Trust Co. of Central New York, Syracuse, N.Y.; The First National Bank of Jamestown, Jamestown, N.Y.; and the Lincoln Rochester Trust Co., Rochester, N.Y., have agreed to form a bank holding company to be known as the Lincoln First Group, Inc. In order to transfer stock ownership of the banks to the bank holding company, three new National banks, one corresponding to each of the existing National banks, were organized with the preliminary approval of the Comptroller of the Currency. If the Lincoln First Group, Inc., receives authority from the Board of Governors of the Federal Reserve System and from the Banking Board of the State of New York to become a registered bank holding company, it will then acquire all the stock of the four banks, except for director's qualifying shares and as otherwise required by law.

The new charter bank will not open banking facilities until the instant proposal is approved, at which time it will take over the banking operations of the existing bank and continue without interruption the banking services now being offered. Since the new charter bank is presently a nonoperating bank, the merger will have no effect on competition. However, the approval to be granted herein is conditioned upon all requisite shareholder action being taken and on receipt of approval by the Federal Reserve Board for the Lincoln First Group, Inc., to become a registered bank holding company.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application, as conditioned above, is therefore approved.

NOVEMBER 9, 1966.

SUMMARY OF REPORT BY ATTORNEY GENERAL

These three proposed mergers are part of a holding company plan under which Lincoln First Group, Inc., a New York corporation with its principal office in Rochester, would acquire up to 100 percent of the voting shares of each of the three resulting banks. According to the applications, the mergers are a "restructuring procedure incidental to the holding company plan."

The acquiring bank in each instance is a new institution created to implement the holding company plan, and at the present time has no banking facilities. Hence, the proposed mergers as such would give rise to no adverse competitive effects.

* * *

LINCOLN NATIONAL BANK & TRUST CO. OF CENTRAL NEW YORK, SYRACUSE, N.Y., AND LINCOLN NATIONAL BANK OF SYRACUSE, SYRACUSE, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Lincoln National Bank & Trust Co. of Central New York, Syracuse, N.Y. (13393), with	$206, 747, 093	17	
and Lincoln National Bank of Syracuse, Syracuse, N.Y. (15627), which had	261, 235	1	
merged May 16, 1967, under charter of the latter bank (15627) and with title "Lincoln National Bank & Trust Co. of Central New York." The merged bank at date of merger had	206, 784, 094		18

COMPTROLLER'S DECISION

On September 19, 1966, the Lincoln National Bank & Trust Co. of Central New York, Syracuse, N.Y., with IPC deposits of $145 million, filed an application to merge with the Lincoln National Bank of Syracuse, (organizing) Syracuse, N.Y., under the title of the former and the charter of the latter.

The First-City National Bank of Binghamton, Binghamton, N.Y.; the Lincoln National Bank & Trust Co. of Central New York, Syracuse, N.Y.; The First National Bank of Jamestown, Jamestown, N.Y.; and the Lincoln Rochester Trust Co., Rochester, N.Y., have agreed to form a bank holding company to be known as the Lincoln First Group, Inc. In order to transfer stock ownership of the banks to the bank holding company, three new National banks, one corresponding to each of the existing National banks, were organized with the preliminary approval of the Comptroller of the Currency. If the Lincoln First Group, Inc., receives authority from the Board of Governors of the Federal Reserve System and from the Banking Board of the State of New York to become a registered bank holding company, it will then acquire all the stock of the four banks, except for director's qualifying shares and as otherwise required by law.

The new charter bank will not open banking facilities until the instant proposal is approved, at which time it will take over the banking operations of the existing bank and continue without interruption the banking services now being offered. Since the new charter bank is presently a nonoperating bank, the merger will have no effect on competition. However, the approval to be granted herein is conditioned upon all requisite shareholder action being taken and on receipt of approval by the Federal Reserve Board for the Lincoln First Group, Inc., to become a registered bank holding company.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application, as conditioned above, is therefore approved.

NOVEMBER 9, 1966.

NOTE.—For summary of report by Attorney General, see p. 68.

* * *

THE FIRST NATIONAL BANK OF JAMESTOWN, JAMESTOWN, N.Y., AND SECOND NATIONAL BANK OF JAMESTOWN, JAMESTOWN, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Jamestown, Jamestown, N.Y. (548), with	$69, 427, 658	6	
and Second National Bank of Jamestown, Jamestown, N.Y. (15656), which had	132, 142	1	
merged May 16, 1967, under charter of the latter bank (15656) and with title "The First National Bank of Jamestown." The merged bank at date of merger had	69, 431, 358		7

COMPTROLLER'S DECISION

On September 19, 1966, The First National Bank of Jamestown, Jamestown, N.Y., with IPC deposits of $54 million, filed an application for permission to merge with the Second National Bank of Jamestown (organizing), New York under the title of the former and the charter of the latter.

The First-City National Bank of Binghamton, Binghamton, N.Y.; the Lincoln National Bank & Trust Co. of Central New York, Syracuse, N.Y.; the Lincoln Rochester Trust Co., Rochester, N.Y.; and The First National Bank of Jamestown, Jamestown, N.Y., have agreed to form a bank holding company to be known as the Lincoln First Group, Inc. In order to transfer stock ownership of the banks to the bank holding company, three new National banks, one corresponding to each of the existing National banks, were organized with the preliminary approval of the Comptroller of the Currency. If the Lincoln First Group, Inc., receives authority from the Board of Governors of the Federal Reserve System and from the Banking Board of the State of New York to become a registered bank holding company, it will then acquire all of the stock of the four banks, except for director's qualifying shares and as otherwise required by law.

The new charter bank will not open banking facilities until the instant proposal is approved, at which time it will take over the banking operations of the existing bank and continue without interruption the banking services now being offered. Since the new charter bank is presently a nonoperating bank, the merger will have no effect on competition. However, the approval to be granted herein is conditioned upon all requisite shareholder action being taken and on receipt of approval by the Federal Reserve Board for the Lincoln First Group, Inc., to become a registered bank holding company.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application, as conditioned above, is therefore approved.

NOVEMBER 9, 1966.

NOTE.—For summary of report by the Attorney General, see p. 68.

* * *

FIRST BANK & TRUST CO. OF NEEDHAM, NEEDHAM, MASS., AND SOUTH SHORE NATIONAL BANK, QUINCY, MASS.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First Bank & Trust Company of Needham, Needham, Mass., with	$3,448,627	2	
and South Shore National Bank, Quincy, Mass. (14798), which had	123,154,572	28	
merged May 19, 1967, under charter and title of the latter bank (14798). The merged bank at date of merger had	126,603,199		30

COMPTROLLER'S DECISION

On January 26, 1967, the First Bank & Trust Co. of Needham, Needham, Mass., a bank having IPC deposits of $2.5 million, and the South Shore National Bank, Quincy, Mass., a bank having IPC deposits of $94.6 million, applied to the Comptroller of the Currency for permission to merge under the charter of and with the title of the latter.

The charter bank is located in Quincy, Mass., a city of 88,000 people that is part of the Boston Standard Metropolitan Statistical Area. Quincy is geographically situated 8 miles south of downtown Boston on the Atlantic coast. Along with the neighboring towns of Braintree and Weymouth, it comprises a core that is the focus for the major industrial complex of Norfolk County. The largest employer is the Electric Boat Division of General Dynamics which employs 8,000 workers. Other companies having a large impact on the economy of the city are Procter & Gamble, Raytheon, Sears Roebuck, and Boston Gear. Norfolk County in general and Quincy in particular are continuing to grow and prosper at such an outstanding rate that, between 1950 and 1960, their pattern of growth was three times greater than that of the State as a whole.

The merging bank is located in Needham, Mass., a city of 29,282 which is also part of the Boston metropolitan area. Needham is situated 12 miles west of downtown Boston and 17 miles northwest of Quincy. Needham, like the rest of Norfolk County, has a solid and growing industrial base which in this case accounts for 5,000 employees and an annual payroll in excess of $37 million. Major employers are William Carter Co., Microwave Development Labs, Northrop Electronics, RCA, Sylvania, and International Equipment Co.

South Shore National Bank, with its head office in Quincy and 26 branch offices scattered throughout most of Norfolk County, is the second largest bank in the county. It is in competition with Norfolk County Trust Co., the largest commercial bank in the county and a subsidiary of Baystate Corp., and with Needham National Bank, a subsidiary of the Shawmut Corp. Despite the fact that it has been forced to compete with banks that have the full resources of large bank holding companies at their disposal, and with the aggressive policy of large Boston banks such as First National Bank of Boston, South Shore National has managed to attract and keep an executive staff of well trained, knowledgeable men that has enabled it to establish a sound record of achievement and growth.

The merging institution, First Bank & Trust, was chartered in 1960 with its head office in Needham. Its only branch is in neighboring Westwood. Plunging, as it were, into the vortex of competitive activity already alluded to, First Bank & Trust has never been able to establish itself as a firm competitor in Norfolk County. Its growth has been insubstantial and not what was expected of the bank when it was first organized. Today, it is still vainly attempting to compete as a banking force in a community that is extremely well banked.

The proposed merger will not result in a substantial reduction of alternate choices for the public since South Shore National plans to keep both of First Bank & Trust's offices open as branches. The resulting bank will make it possible to afford First Bank & Trust's present customers, as well as its potential customers in the surrounding communities, the type of full-banking service which is expected today. The proposed merger fully answers the dictates of the banking structure, the needs of the community at large, and will result in stronger competition in the Needham area.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest and the application is, therefore, approved.

April 18, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First Bank and Trust Co. of Needham ("First Bank"), with its main office in Needham and a branch in nearby Westwood, Norfolk County, Mass., proposes to merge with South Shore National Bank ("South Shore"), Quincy, Mass., which operates a main office in Quincy and 26 branch offices throughout Norfolk County. As of December 1, 1966, South Shore had IPC demand deposits of $56.4 million and First Bank had such deposits of $1.7 million.

The proposed merger would eliminate a certain amount of direct competition between First Bank's two offices and six South Shore branches which were from 2 to 4 miles away; it would also increase by about 1 percent South Shore's share of IPC demand deposits in Norfolk County (a highly concentrated market)—to 33 percent of the total. Nevertheless, we conclude that the proposed merger would probably have relatively little adverse effect on existing competition, because First Bank appears to be a relatively weak competitor in Needham-Westwood area, as shown by its operating losses, its declining amount of outstanding loans, and its lack of any participation of loans in excess of its legal lending limit of $50,000.

* * *

THE ATGLEN NATIONAL BANK, ATGLEN, PA., AND NATIONAL BANK OF CHESTER COUNTY & TRUST CO., WEST CHESTER, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Atglen National Bank, Atglen, Pa. (7056), with	$3, 088, 385	1	
and National Bank of Chester County & Trust Co., West Chester, Pa. (552), which had	71, 167, 478	6	
merged June 7, 1967, under charter and title of the latter bank (552). The merged bank at date of merger had	74, 255, 833		7

COMPTROLLER'S DECISION

On February 3, 1967, the National Bank of Chester County & Trust Co., West Chester, Pa., and The Atglen National Bank, Atglen, Pa., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Both banks are located in Chester County which is situated about 30 miles west of Philadelphia in southeastern Pennsylvania. This county, while still economically oriented toward farming, is beginning to participate in the rapid industrial and residential growth that has been sweeping the Delaware Valley.

The National Bank of Chester County & Trust Co., having IPC deposits of $57.3 million, is the largest bank in Chester County and operates four branches with two more approved but unopened. Its main office is in West Chester, a city of 16,000 inhabitants, which is the county seat of Chester County and which is located about halfway between Philadelphia, Pa., and Wilmington, Del. Although West Chester is primarily a residential area, it has about 50 small industries. West Chester State College, which has a student enrollment of some 4,400 students also has a substantial impact upon the economy of the city.

The Atglen National Bank, having IPC deposits of $2.6 million, is a unit bank located in Atglen, Pa., about 24 miles west of West Chester. Atglen is a community of about 2,000 inhabitants that has its economy rooted deeply in the soil. The Atglen National Bank serves a trade area of a 5-mile radius and it has no meaningful competition with the National Bank of Chester whose nearest branch is in Avondale, 14 miles southeast of Atglen. In brief, the merger will have no effect upon competition.

The merger will enable the Atglen office to compete more effectively against the constant pressure of the Philadelphia and Wilmington banks. Further, the merger will furnish the town of Atglen with trust services, computer services, and more construction loan money. It will also not only solve the pressing problem of management succession that has effectively hampered Atglen National in its attempt to grow with its community, but will ultimately result in higher interest rates on savings deposits and certificates of deposits.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

MAY 5, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The National Bank of Chester County & Trust Co. ("Chester National"), with its main office at West Chester, Pa., and seven branch offices located throughout the southeastern quadrant of Chester County proposes to merge with The Atglen National Bank ("Atglen National"), Atglen, Pa., under the former's title. As of December 31, 1966, Chester National's deposits were $60.5 million and Atglen National's total deposits were $2.7 million.

Chester National is the largest bank having its headquarters in Chester County. It has about 27 percent of the county's IPC demand deposits, according to the most recently published figures. The foregoing market shares may somewhat overstate Chester National's market power, however, since much of the county's population is close to Montgomery and Delaware counties, in which the Philadelphia-based banks are permitted to open branches; also, larger banks based in Montgomery and Berks County have undertaken, or propose to undertake, banking operations in Chester County.

There would appear to be relatively little direct competition between these two banks which operate in different parts of Chester County. Their main offices are approximately 24 miles apart; and Chester National's closest branch (at Avondale) is approximately 14 miles from Atglen National's sole office. Also, the two banks' loan business is in part complementary as indicated by differences in their respective asset structure.

* * *

THE FIRST NATIONAL BANK OF SHICKSHINNY, SHICKSHINNY, PA., AND THE WYOMING NATIONAL BANK OF WILKES-BARRE, WILKES-BARRE, PA.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Shickshinny, Shickshinny, Pa. (5573), with..........	$5, 645, 638	1	....
and The Wyoming National Bank of Wilkes-Barre, Wilkes-Barre, Pa. (732), which had..........	51, 520, 965	6	....
merged June 16, 1967, under charter and title of the latter bank (732). The merged bank at date of merger had..........	57, 166, 603	....	7

COMPTROLLER'S DECISION

On January 5, 1967, The Wyoming National Bank of Wilkes-Barre, Wilkes-Barre, Pa., and The First National Bank of Shickshinny, Shickshinny, Pa., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Wilkes-Barre, the county seat of Luzerne County is located 119 miles northwest of Philadelphia and has a population of 68,000 in a trade area of about 200,000. The area was once the center of anthracite coal mining, but that industry has declined to the point that today it employs only 3 percent of the labor force of Wilkes-Barre. The decline of the mining industry during the previous decade brought such a diminution in population and rise in unemployment that Wilkes-Barre became known as an economically depressed area. Now manufacturing, predominantly in the garment trades, employs about 40 percent of the work force. The number of new industries coming to the area is increasing, signaling significant improvement in economic conditions during the 1960's.

The Wyoming National Bank of Wilkes-Barre, with IPC deposits of $39 million, is the third largest bank headquartered in Wilkes-Barre. The First National Bank, with IPC deposits of $99 million, and Miners National Bank, with IPC deposits of $118 million, both in Wilkes-Barre, are over twice the size of the charter bank. The Northeastern Pennsylvania National Bank & Trust Co., with total IPC deposits of $181 million, has a branch office in Wilkes-Barre. The charter bank has four branches within 2–8 miles from Wilkes-Barre, which serve northeastern Luzerne County in Edwardsville, Plymouth, Shaverton, and Exeter. A fifth branch is 27 miles northwest of Wilkes Barre in Tunkhannock.

Shickshinny is 17 miles southwest of Wilkes-Barre and has a population of 1,800, with another 10,000 in the trading area. The area is rural in character. Dairy farming is the principal agricultural activity, while needle trades represent the major industry.

The First National Bank of Shickshinny has IPC deposits of $4.5 million. This bank, though it follows a very conservative lending policy, has not had the capacity to meet the locally generated demand for credit during the past year. The charter bank, because its president was formerly connected with the merging bank, has been able to attract and serve this Shickshinny business.

The merger will have no adverse competitive effects as there is virtually no competition between the applicant banks. Nor will there be any effect on the competition between the Shickshinny office and its closest competitor 1 mile across the river in Mocanaqua.

The convenience and needs of both communities will be better served by the resulting bank. The Shickshinny office will be able not only to respond to current lending needs more efficiently, but also to finance the recreational and manufacturing development expected in that area. With better trained personnel, installment lending by the Shickshinny office can expand. Automation services provided by the charter bank can expedite the bookkeeping of the merging office.

Applying the statutory criteria to the proposal, we conclude that it is in the public interest, and the application is, therefore, approved.

MAY 11, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Wyoming National Bank of Wilkes-Barre, Wilkes-Barre, Pa., with assets of $48,790,000, proposes to merge with First National Bank of Shickshinny, Shickshinny, Pa., with assets of $5,211,000.

According to the application actual competition between Wyoming and First National is insubstantial. However, the proposed merger would increase concentration in commercial banking within Luzerne County and would eliminate the potential competition which *de novo* branching by Wyoming could provide.

* * *

FEDERATION BANK & TRUST COMPANY, NEW YORK, N.Y., AND FRANKLIN NATIONAL BANK, MINEOLA, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Federation Bank & Trust Company, New York, N.Y., with	$286,883,229	14	
and Franklin National Bank, Mineola, N.Y. (12997), which had	2,055,462,485	68	
merged June 30, 1967, under charter and title of the latter bank (12997). The merged bank at date of merger had	2,342,345,713		82

COMPTROLLER'S DECISION

On January 6, 1967, Franklin National Bank, Mineola, Nassau County, N.Y., with IPC deposits of $1.235 billion, and Federation Bank & Trust Co., New York, N.Y., with IPC deposits of $204 million, applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of Franklin National Bank.

The offices of the applicant banks are located in New York City, and Nassau and Suffolk counties on Long Island. New York City, with almost half of this region's population and 60 percent of its job opportunities, is the core of the area. Its economic center is Manhattan which is not only the hub of world finance but is also an important area for wholesale trade, insurance, theatrical pursuits, printing, publishing, and garment manufacturing. Many international and national corporations also maintain headquarters in Manhattan in order to keep attuned to the pulse of day-to-day developments in finance, and to keep up with the latest innovations in their special fields. New York City personal incomes are estimated at an aggregate of $27.727 billion in 1964, which is but an indication of the magnitude of financial services needed by this great and wealthy city.

The dynamism of New York City is matched by the astounding growth of its Long Island suburbs since World War II. With a population of nearly 2.5 million, Nassau and Suffolk are two of the most rapidly growing counties in the Nation. Since 1960, Nassau and Suffolk have added $2.693 billion in new construction. In 1965, manufactured goods with value added of $1.56 billion were produced there, retail trade amounted to $3.502 billion and wholesale trade totaled $2.335 billion. Wages and salaries of $3.299 billion were paid in the counties in 1964, an increase of 56 percent over the 1960 figure. This manufacturing employment has removed Long Island from the status of purely a residential community for workers employed in New York City.

Projections for the future development of Long Island indicate continued large-scale growth. Suffolk County still has 60 percent of its land available for development as potential living, recreation, and working space. Ambitious mass transit and highway plans should improve transportation to all parts of the county. Major public projects such as water supplies and sewer systems will accelerate its orderly development. Present estimates of Long Island population by 1985 will reach a total of 3.5 million to nearly 4 million. Large sources of capital and financial services will be increasingly needed on Long Island if the area is to realize its anticipated potential.

Franklin National Bank was organized in 1926 in a small Long Island village. Although it has acquired several banks through mergers since that time, Franklin has not been involved in a merger for the past 5 years. During the period from 1960 through 1965, its total resources increased from $801.6 million to $1.7 billion. Franklin entered the New York City market after 2 years of development at a representative office there. In 1964, five new offices were opened in the city. Another Manhattan office was subsequently added. At the present time, Franklin has a total of 66 offices, 36 of which are located in Nassau County, 20 in Suffolk County, six in Manhattan, two in Queens and one each in Brooklyn and the Bronx.

Federation was organized in 1923 and was principally owned by trade unions affiliated with the American Federation of Labor and by individual union members. The bank closed in 1931 and reopened 11 months later after reorganization. As new stock was sold, the general public acquired a broader interest in its development. Although Federation has been a Manhattan-oriented bank with its head office and two branches there, it opened a branch in Flushing in 1954 and acquired a Brooklyn office through merger in 1958. In the next 7 years, eight additional branches were established in Queens, Bronx, and Brooklyn.

With a limited number of offices, the applicant banks operate in the most competitive banking milieu in the country. Six of the Nation's 10 largest commercial banks are located in New York City and all of them have considerably more resources and more offices than either of the applicant banks. In fact, Franklin, with 2.6 percent of New York City-Long Island bank deposits and loans, is only the eighth largest bank operating in New York City and is only slightly larger than the ninth largest, Marine Midland Grace Trust Co. Moreover, it is only half as large as the seventh-ranked Irving Trust Co. There is a sharp drop in total resources to 14th place, the position held by Federation, which has only 0.5 percent of loans and deposits in New York City.

After the merger, the resulting bank will still rank eighth in the New York City-Long Island area and will have over $1 billion less in deposits than the seventh largest bank. The 79 offices of the resulting bank will represent only 7.3 percent of total commercial bank offices in the entire area and only 3.1 percent of deposits and 3 percent of loans. Franklin has been active as an operating bank in New York City for less than 2 years and is not yet, in many respects, a strong competitor of the several largest New York City banks. With its increasing resources, however, the resulting bank will be in a better position to offer meaningful competition to these large banks, particularly in the retail banking area, after the addition of sufficient New York City branches. We find, therefore, that the effect of the proposed merger on competition in the New York City-Long Island area will stimulate and enhance the competitive structure of banking in the metropolitan area.

This positive competitive result will be achieved without eliminating any substantial competition between the applicant banks. Federation has no office on Long Island where most of Franklin's are located. As the deposits of Long Island residents which Federation holds are limited to commuter accounts, competition is limited to the business drawn from New York City offices. Federation does not have a national-international division nor engage in money market activities, as does Franklin; all their New York City business is not competitive. A further restriction of competition in New York City between the participants is the fact that offices of Franklin and Federation serve largely different localities and appeal to different types of business customers.

The only office of Federation in close proximity to offices of Franklin is its office on 45th Street near Fifth Avenue (the Grand Central office), which lies about midway between Franklin's office at 90 Park Avenue, and its office at Madison Avenue at 48th Street. This "midtown area" is one of the most highly concentrated banking sections in this highly concentrated city and is served by many offices of nearly every large bank in New York City.

Further evidence of the lack of present competition between the applicant banks is reflected in the fact that they share only 24 accounts that are not also shared with other banks. Total deposits in these accounts averaged $136,000 for Franklin and $835,000 for Federation, or 0.03 percent and 0.3 percent of total deposits, respectively, in a 3-month period ending October 31, 1966. Loans to these common customers failed to reach even 1 percent of the total loans of either bank.

The applicant banks each concentrate on different types of business. Slightly over 33 percent of Franklin's mortgage loans represent construction mortgage loans, a form of financing in which Federation does not regularly engage. Federation is not active in loans to small businesses, which represent $31.6 million of Franklin's loans, nor in charge account loans, brokers' loans and direct leasing contracts, in which Franklin is involved. Since all the facts and figures relating to the applicant banks indicate that they compete principally for different customers in substantially different markets, we find that no substantial competition between the banks now exists which could be eliminated by the merger.

The convenience and needs of the New York City-Long Island area must also be considered in deciding this merger. Types of services the Franklin National Bank offers, although not highly developed, and which Federation either does not offer, or offers only in a very limited way, include international banking, corporate and personal trust services (including investment advisory services), correspondent banking and municipal finance. In all of these activities, the other large New York City banks dwarf Franklin; e.g., the other New York City banks have outstanding acceptances of $1.395 billion, while Franklin's total is a mere $22 million (these figures do not reflect the international banking activities of numerous branches and agencies of foreign banks or other Edge Act corporations of several large domestic banks). Federation, which has no international department, has been forced to refer substantial international business to other New York City banks. By strengthening Franklin with the added resources of Federation, this merger can forge an institution which will not only be able to compete in the international field, but also in the fields of correspondent banking, corporate and personal trust service, and municipal finance. The merger will permit Federation's regular customers to have a broadened range of banking services at the same locations and with the officers they know.

The principal advantage of the merger to Franklin is the acquisition of Federation's branches which are in some of the prime areas of New York City. These branches could not feasibly be opened *de novo* by Franklin in the foreseeable future because of the expense, difficulty in finding available space and problems of staffing. The New York City community, however, will be better served by having a stronger competitor in these locations.

Of importance to the proposed merger is also the question of management. Both banks, for different reasons, have had difficulty in recruiting senior personnel. Franklin has had a growth more rapid than its ability to employ or train officers; Federation has found that candidates for top positions see little future in the New York City market for a bank of its limited resources. At the present time, there is no replacement for Federation's executive vice president, who is nearing retirement, despite vigorous efforts to recruit from the outside. On the other hand, Federation has some management personnel who can fill the needs of Franklin: e.g., the manager of Federation's municipal bond department who is desired as a replacement for the soon-to-retire manager of Franklin's municipal bond department. The larger resulting bank will find the recruitment of men necessary to staff and to lead a strong bank more feasible than they do separately.

It is concluded in the light of the foregoing analysis of the proposed merger that the elimination of competition between the applicant banks is minimal, and the effect of the merger on the competitive structure in the New York City-Long Island area will be constructive. It is also concluded that the benefits to the public convenience and needs will be substantial. Having weighed the application against the statutory criteria and having determined that the merger is in the public interest, it is, therefore, approved.

MAY 26, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Franklin National Bank is the eighth largest bank in the New York City-Long Island (Nassau County and Suffolk County) area. As of September 20, 1966, it had assets of $1,790,377,000, deposits of $1,575,089,000 and loans of $990,584,000. It operates 66 offices; its head office and 55 of its branches are in Long Island and it has 10 branches in New York City. Since 1949 it has acquired 13 other area banks. Federation Bank & Trust Co. is the 15th largest bank in the area, and, as of September 20, 1966, it had assets of $288,194,000, deposits of $245,660,000, and loans of $158,261,000. It operates 13 offices, all of which are in New York City, and has participated in one prior merger. The merging banks each offer the same general range of commercial banking and trust services. Franklin has 2.6 percent of total deposits in the area and 2.6 percent of loans, while Federation has 0.5 percent and 0.4 percent of deposits and loans, respectively.

The proposed merger would not substantially affect the level of concentration in commercial banking in the New York City-Long Island area. It would, however, eliminate existing competition between Franklin and Federation which presently provide significant alternative sources of credit for medium- and small-sized customers.

* * *

First National Bank of Paragould, Paragould, Ark., and National Bank of Commerce of Paragould, Paragould, Ark.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
First National Bank of Paragould, Paragould, Ark. (13155), with	$10,032,408	1	
and National Bank of Commerce of Paragould, Paragould, Ark. (10004), which had	10,485,306	2	
merged June 30, 1967, under charter of the latter bank (10004) and title "First National Bank of Commerce." The merged bank at date of merger had	20,517,714		3

COMPTROLLER'S DECISION

On September 24, 1966, the First National Bank and the National Bank of Commerce, both of Paragould, Ark., applied to the Office of the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of "First National Bank of Commerce."

The merging banks are located in Paragould, the county seat of Greene County. Paragould is situated in the northeastern part of the State, approximately 140 miles northeast of Little Rock, 75 miles northwest of Memphis, Tenn., and 9 miles west of the Missouri State line. The 1960 populations of Greene County and Paragould were 28,190 and 9,947, respectively. The service areas of both banks are coextensive, reaching a considerable distance beyond the city limits of Paragould, and containing a population of approximately 100,000.

The economy of the banks' area is changing. While agriculture is still the principal source of income, substantial industrial development has made a significant contribution. The seven main industries in Paragould employ 2,000 persons and 15 smaller companies employ up to 50 persons each. The agriculture of the area is undergoing changes, as the smaller farms are being combined to form larger, highly mechanized units. The already significant residential construction in the area is increasing.

The First National Bank, with IPC deposits of $9 million, has been in existence since 1889. Its financial history has been satisfactory and its asset condition is sound. While its growth has kept pace with the developing economy of the area, the bank has concentrated its activity in the installment and consumer lending fields. Its banking house is modern and spacious. The First National Bank, however, is faced with a management succession problem as its chief executive is nearing retirement; there are no younger men in the bank capable of assuming command.

The National Bank of Commerce, with IPC deposits of $8.7 million, was established in 1901 as a State bank and converted to a National association in 1911. It maintains its office across the street from the main office of the First National Bank and operates a drive-in branch one block west. The bank concentrates its activities in the agricultural lending field. Although it has trust powers, its crowded and congested facilities have not permitted it to operate an active trust department or to offer the degree of service it desires. Over the years, however, its growth rate has been commensurate with that of the economy in the area in which it operates and its asset condition has been sound. With a good pension and retirement plan, the bank has been able to attract and keep a number of capable, young management personnel.

While the main offices of the two banks are situated across the street from each other and serve the same general area, they compete with 24 other commercial banks in and around Paragould. Of this number, the merging banks rank sixth and seventh in size, and they hold 7.3 percent and 9.7 percent of loans and deposits, respectively. Within the city of Paragould, the Security Bank provides the major competition for the merging banks. Though Security Bank is approximately the same size as each of the merging banks, its $100,000 lending limit gives it a competitive advantage over the merging banks. The Citizens Bank at Jonesboro, although 19 miles away, is a significant competitor for much of the business generated in the area between the two cities. The Citizens Bank of Jonesboro and the Security Bank are commonly owned and closely associated in operations. These two banks together hold 19 percent of loans and deposits in the service area or twice the total amounts held by the merging banks. Other Jonesboro banks compete to some extent with the merging banks, particularly for customers living in the area between Jonesboro and Paragould. Savings and loan associations, insurance companies, finance companies, and other financial institutions in the area afford some competition for the merging banks.

There is strong evidence of need for a larger bank in Paragould to keep pace with the recent improving growth trend in both agriculture and industry. Neither of the participating banks is presently of sufficient size to operate efficient installment loan and trust departments. The resulting bank, with its greater resources and larger capital base, will be in a better position to develop an agricultural loan department and generally to provide better service to the people of Paragould and elsewhere in the bank's service area. Also, the merger will permit the trust powers presently possessed by the National Bank of Commerce to be exercised in the facilities of the First National Bank when the banks combine.

Consummation of this proposal will not have any significant adverse effect on competition in the Paragould trade area. Because the services presently being offered by the participating banks are more complementary than competitive, their union will not deprive the residents of a meaningful banking alternative. Whereas the National Bank of Commerce concentrates on real estate loans, commercial and industrial loans, automobile loans, and loans to farmers, the First National Bank stresses personal loans, single-payment loans and loans on appliances and equipment. The number and dollar amounts of common customers and shareholders are not significant.

This merger will redound to the public interest by providing a more effective competitor for the Security Bank. With two banks in Paragould having nearly equal lending limits, the residents desiring larger loans will have two meaningful alternative sources. The increased size of the resulting bank will enable it to compete more effectively with the banks in Jonesboro.

It is concluded in the light of the foregoing that any adverse competitive effects which may result from the merger are outweighed by the benefits to the public convenience and needs. Having weighed the application against the statutory criteria and having determined that the merger is in the public interest, it is, therefore, approved.

MARCH 23, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The National Bank of Commerce (hereinafter the Charter Bank), the largest of three commercial banks in Paragould, Ark. ($10.4 million in deposits), proposes to merge First National Bank (hereinafter the Merging Bank), the second largest with $9.7 million in total deposits.

Within the city of Paragould the applicant banks compete with the Security Bank, the only other commercial bank. As of December 31, 1965, the three banks in Paragould appeared to be of comparable size. Deposits of the Paragould Security Bank, however, include those of the Marmaduke Security Bank in Marmaduke, Ark. When such deposits are excluded from the totals, the merging banks would appear to hold about 90 percent of total IPC demand deposits (and of total deposits also), of all Greene County, Ark., banks.

The proposed merger would eliminate substantial competition between the merging banks, and would increase concentration to the point of near monopoly in the resulting bank.

* * *

UNION BANK & TRUST CO. OF AMELIA, AMELIA COURT HOUSE, VA., AND THE FIDELITY NATIONAL BANK, LYNCHBURG, VA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Union Bank & Trust Co. of Amelia, Amelia Court House, Va., with	$5, 672, 033	1	
and The Fidelity National Bank, Lynchburg, Va. (1522), which had	145, 549, 695	21	
merged June 30, 1967, under charter and title of the latter bank (1522). The merged bank at date of merger had	151, 221, 038		22

COMPTROLLER'S DECISION

On January 30, 1967, the Union Bank & Trust Co. of Amelia, Amelia Court House, Va., a bank having IPC deposits of $4.7 million, and The Fidelity National Bank, Lynchburg, Va., a bank having IPC deposits of $120.3 million, applied to the Comptroller of the Currency for permission to merge under the charter of and with the title of the latter.

Lynchburg, home office of the charter bank, is a city of 55,000 inhabitants. It has experienced rapid industrial growth in recent years, particularly through the location and expansion of national concerns.

Amelia Court House is a town of some 800 persons, located some 79 miles east of Lynchburg. Situated in the midst of agriculturally oriented Amelia County, the town caters to the needs of the county's 8,000 inhabitants and has little industry to support it other than farming, two lumber plants, sawmills, and a textile mill. Many people in the county find employment in neighboring counties, in Richmond and in Petersburg. However, the per capita income remains below the State average and 56 percent of the laborers of the county have income of less than $3,000 a year.

The merging bank, Union Bank & Trust Co. of Amelia, is the only bank in the county. Its ultraconservative lending policy has resulted in a loss of business due to its inability to service the credit requirements of the local lumber companies, the three local auto dealers who presently use finance companies, and the farmers and small businesses surrounding the community.

Union Bank & Trust operates as a unit bank. It recently experienced a serious management problem due to the retirement and resignation of two senior officials, one of whom supervised the trust activities of the bank. Although several applicants have been interviewed recently, none have been found willing to work for a small bank in a rural community.

While the merging bank is the only bank in Amelia County, it is surrounded by four branches of the Virginia National Bank and also receives heavy competition from the Bank of Powhatan, located in adjacent Powhatan County.

The merger will in no way eliminate any competition since Fidelity National's closest branch is some 23 miles away. On the contrary, it is quite clear that the merger will cure Union's pressing management problem and, by so doing, will better enable it to compete effectively with the banks presently seeking business in its service area. In addition, Fidelity will be strengthened, through an increase in its lending limit and resources, which will enable it to provide a greater range of service in the Lynchburg area.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

MAY 31, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Fidelity National Bank ("Fidelity") operates 21 offices in Lynchburg and in seven counties: 10 of its offices are located in the immediate Lynchburg vicinity, and the remaining 11 are located in 10 towns from 12 to 85 miles from the main office. The counties in which it operates are Amherst, Appomattox, Campbell, Halifax, Lunenburg, Mecklenburg, and Nottoway. Fidelity proposes to merge with Union Bank & Trust Co. of Amelia ("Union Bank") which is the only commercial bank in Amelia County.

There appears to be very little direct competition between Fidelity and Union Bank. Their head offices are 79 miles apart; Fidelity's closest branch is located in Blackstone, about 22 miles southwest of Amelia Court House in adjacent Nottoway County. The two banks have only one common depositor.

Fidelity is the dominant commercial bank in the area where it operates. It is the largest bank having its head office in Lynchburg; and it is the only bank in Amherst, Halifax, and Lunenburg counties. Over all, it has 54 percent of the IPC demand deposits in Lynchburg and the seven counties in which it does business. Thus the effect of the merger would be to extend Fidelity's dominance into one additional adjoining county.

The competitive situation is to a considerable extent governed by the peculiarities of Virginia branch banking law—which permits (i) *de novo* branching into counties adjacent to the place where a bank has its head office and (ii) statewide branch banking by merger. This law would prevent Fidelity from entering Amelia County by *de novo* branching (although it would not prevent Union Bank from entering Nottoway County by this method); thus Fidelity cannot be regarded as a potential entrant into Amelia County except by merger.

* * *

The Racine Home Bank, Racine, Ohio, and The First National Bank of Racine, Racine, Ohio

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Racine Home Bank, Racine, Ohio, with	$1,724,497	1	
and The First National Bank of Racine, Racine, Ohio (9815), which had	1,760,825	1	
merged July 15, 1967, under charter of the latter bank (9815) and title of "The Racine Home National Bank." The merged bank at date of merger had	3,510,267		1

COMPTROLLER'S DECISION

On March 23, 1967, The Racine Home Bank, Racine, Ohio, with IPC deposits of $1.4 million, and The First National Bank of Racine, Racine, Ohio, with IPC deposits of $1.4 million, applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of "The Racine Home National Bank."

Both institutions are located in the residential community of Racine, Meigs County, Ohio. Racine has a population of 500 persons and serves an additional 1,800 persons who reside in its immediate trade area. Meigs County has been designated as a depressed area by the U.S. Department of Commerce, Economic Development Administration. The population of the county has decreased since 1900; in fact, it is one of the few counties in Ohio showing a population decline between 1950 and 1960. The economy of the area is primarily agricultural although some business development exists.

Each bank is a single-unit institution established in 1910, and each has displayed slow but steady growth over the past 10 years. During that time total resources for the charter bank have shown an increase of 52 percent and 24 percent for the merging bank. Deposits and loans have increased 57 and 58 percent, respectively, for the charter bank and 25 and 120 percent for the merging bank. It would appear, however, that these two banks have reached the peak of their independent growth.

Neither bank has been able to serve effectively the convenience and needs of Racine. Their lending limit of $11,000 has proved to be inadequate to meet the credit needs of the area's primarily agricultural economy. The individual banks are prohibited from making loans in an amount required by the farmers for the acquisition of additional land, improvements of property, the construction of new buildings and silos, and the acquisition of any significant amount of farm machinery. In addition, each of the banks involved in the merger is faced with a management succession problem which cannot be alleviated from its present management staff, nor does it appear that the bank will be able to attract qualified replacements.

Since the charter and merging banks are the only banks in Racine, consummation of this proposal will, by eliminating one, deny the residents a local banking alternative and eliminate whatever slight competition now exists between them. The resulting bank will, however, be in a better position to meet the aggressive competition deriving from the $6.2 million Citizens National Bank in Middleport, the $8.4 million Pomeroy National Bank in Pomeroy, and the $7 million Farmers Bank & Savings Co. in Pomeroy, than can the participants severally.

Clearly outweighing the slight anticompetitive impact of this proposal are the obvious benefits to the residents of the Racine community. The larger size of the resulting bank will permit it to meet more of the credit needs of the local farmers and give it a broader earning base. The union of the two institutions will, by combining the respective staffs, resolve the impending management problems.

Applying the statutory criteria, we conclude that the proposal is in the public interest, and the application is, therefore, approved.

June 9, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Racine Bank and The First National Bank of Racine are the only banks in the town of Racine, Ohio (population 500). The economic base of the area is basically agricultural, and the county (Meigs County) has been designated a depressed area. There are three other banks in towns located 10 to 15 miles from Racine; the smallest of the three is about twice the size of the bank resulting from the proposed merger.

Although the proposed merger will eliminate all local banking competition in the town of Racine, First National's market power would appear to be limited by the presence of other larger banking institutions within Meigs County; such banks would be permitted under Ohio law to branch into Racine.

First National has 7.9 percent of the county's IPC demand deposits, while Racine Bank has 5.4 percent of such deposits. The resulting 13.3 percent market share for the merged bank does not seem unreasonably large in view of the small size of the total county market (which has only $6.3 million in IPC demand deposits).

* * *

First Valley National Bank, Rich Creek, Va., and The First National Bank, Narrows, Va.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
First Valley National Bank, Rich Creek, Va. (15139), with	$5,554,527	2	....
and The First National Bank, Narrows, Va. (11444), which had	8,575,875	2	....
consolidated July 21, 1967, under charter of the former bank (15139) and with title "The First National Bank." The consolidated bank at date of consolidation had	14,130,403	....	4

COMPTROLLER'S DECISION

On March 23, 1967, the First Valley National Bank, Rich Creek, Va., a bank having IPC deposits of $4.4 million and The First National Bank, Narrows, Va., a bank having IPC deposits of $6.8 million, applied to the Comptroller of the Currency for permission to consolidate under the charter of the former and with the title of "The First National Bank."

The First Valley National Bank has its main office in Rich Creek and has established a branch office in Pearisburg. This branch was the third banking office to be established in a town of 2,500 persons, creating the unusual situation of one banking office per 1,000 inhabitants with an annual income averaging 15 percent below that of the rest of Virginia. The First National Bank operates its main office at Narrows, situated between Pearisburg and Rich Creek, and has a branch located in Pearisburg. At the present time, the bank is experiencing a management problem owing to the recent retirement of its former president and illness of its present president.

Giles County, in which both banks are located, is a small mountainous county on the western border of Virginia, with a declining population of approximately 17,000. The county is primarily dependent upon agriculture and one large manufacturing plant operated by the Celanese Corp. of America, which employs approximately 2,400 people. There are five other plants in the county each of which employs from 75 to 200 people. The county is separated by a mountain range from the rest of the Roanoke-Radford Economic Sub region, but the degree of isolation may be reduced in the near future as a result of major highway improvements. It is expected that these highways will remedy the slow economic development of this county, as well as provide a shorter travel time for many who work in nearby counties.

The four principal towns of the county, each with a population of less than 2,600, are located in a single valley in the center of the county. The merging banks have their home offices in two of these towns with their branches in the third community of Pearisburg.

At the present time, there are three banking alternatives located within the county which are available to residents. These are the merging banks with total combined assets of $13.8 million and two offices of the aggressive First National Exchange Bank in Virginia, with total resources of $340 million. In addition, competition is also provided by several banks in nearby West Virginia cities and in adjacent Virginia counties. The $600 million Virginia National Bank, which has offices at Pulaski and Radford, communities approximately 25 miles from the merging bank, actively solicits commercial banking business in Giles County. Several banks in West Virginia communities have traditionally received business from residents of this county because of the broader range of services they offer.

Consummation of this merger would affiliate the First National Bank with the First Virginia Corp., a statewide registered bank holding company with assets of approximately $350 million. This consummation would solve serious management difficulties at the First National Bank, as well as present a more balanced competitive position vis-a-vis the First National Exchange Bank. Since the resulting bank will be in a position to offer a broader range of banking services to all segments of Giles County, competition will be enhanced and the ready availability of services for larger customers should implement future economic expansion in Giles County.

While First Virginia Corp. is the fifth largest banking association in the State, its acquisition of the assets of the First National Bank of Narrows will not change its rank among the State's banking institutions, nor will it significantly effect its competitive potential.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

JUNE 14, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed consolidation involves First Valley National Bank ("Valley") and the First National Bank ("National"). These are two of the three commercial banks in Giles County, Va.—a mountainous, isolated county on the western Virginia border—with a population of 16,835 in 1964.

The proposed merger would eliminate direct competition between the two banks. their head offices are about 4 miles apart, with no other bank offices in between; and their respective branches in Pearisburg are only a block apart.

The proposed merger would also substantially increase concentration in an already highly concentrated banking market. National presently has about 43 percent of IPC demand deposits in Giles County, and Valley has another 25 percent of such deposits. Thus, the effect of the merger would be to place over two-thirds of such deposits in the hands of the merged bank, which would then offer the only banking alternative to a large Roanoke-based bank.

The seriousness of these competitive effects may be ameliorated somewhat by some competition from one and perhaps more banks located over the border in West Virginia.

* * *

BOULEVARD BANK, SEPULVEDA, CALIF., AND SANTA CLARITA NATIONAL BANK, NEWHALL, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Boulevard Bank, Sepulveda, Calif., with	$5, 212, 690	1	
was purchased July 24, 1967, by Santa Clarita National Bank, Newhall, Calif. (15547), which had	5, 396, 124	1	
After the purchase was effected, the receiving bank had	9, 676, 555		2

COMPTROLLER'S DECISION

On April 17, 1967, the Santa Clarita National Bank, Newhall, Calif., with IPC deposits of $2.9 million, applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of the Boulevard Bank, Sepulveda, Calif., which has IPC deposits of $3.2 million.

Boulevard Bank, organized under the laws of the State of California, commenced operations in 1963. This bank, which has no branch offices, has experienced rather normal growth during its 4 years of existence.

Sepulveda, the home of the Boulevard Bank, is located in the San Fernando Valley about 22 miles northwest of downtown Los Angeles. The service area of Boulevard Bank, which includes not only Sepulveda, but also Panorama City, is residential in nature and contains a population estimated at 46,000. Because of its proximity to the suburban community of Panorama City with its large shopping centers and massive housing complexes, the growth of Sepulveda is expected to be slow. The Sepulveda-Panorama City area contains approximately 95 firms which employ 3,300 people.

Santa Clarita National Bank was chartered in 1965. Its sole office is located in Newhall, Calif., which is about 30 miles northwest of downtown Los Angeles. Population of the service area of Santa Clarita National Bank, which includes the small surrounding communities of Sangus, Hornby and Pardee, as well as Newhall, is estimated at 42,000. This area is primarily agricultural at the present time, although residential construction is proceeding at a substantial rate. As freeways provide ready access into the area from metropolitan Los Angeles, many of the residents of Newhall commute to Los Angeles and the San Fernando Valley area for employment. There are 36 manufacturing and research facilities in the area.

The participating banks are of approximately equal size, although Santa Clarita National Bank has been in operation less than 2 years and Boulevard Bank somewhat over 4. Their offices are approximately 12 miles apart serving areas which are separated by a natural barrier—the sparsely populated Santa Susana Mountain territory. Because of this factor, the two banks do not directly compete with one another, but compete in their respective service areas with major branch banking offices of the State's largest banks. In addition to commercial banks, competition for deposits and loans is furnished by savings and loan associations, finance companies, insurance companies, and credit unions. Consequently, consummation of the proposed purchase would not lessen competition between the two banks. The effect of this proposal, when consummated, will enable the Santa Clarita National Bank, with a broader deposit base, to compete more effectively with the larger banks located in the general area.

Applying the statutory criteria to the proposed purchase, we conclude that it is in the public interest, and the application is, therefore, approved.

June 22, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Santa Clarita National Bank ("Santa Clarita") proposes to acquire the Boulevard Bank ("Boulevard"). Both are newly chartered unit banks.

The two banks are located in separate communities in Los Angeles County, Calif. Sepulveda (location of Boulevard Bank) is a predominantly residential area of approximately 5 square miles, with a population of 45,900. The Newhall-Saugus area (approximate population 46,500), in which Santa Clarita is located, is an unincorporated predominantly agricultural area of approximately 57 square miles of level land. The two communities are separated by the San Gabriel Mountain Range, a natural barrier, and are about 12 miles apart by road.

The acquisition would not significantly affect the high degree of banking concentration in the Los Angeles area, of which the applicant banks comprise a negligible portion; and there would appear to be little direct competition between the merging banks. Therefore, we believe that the proposed acquisition will probably not have any adverse competitive effect.

* * *

THE BANK OF MOUNT GILEAD, MOUNT GILEAD, N.C., AND SOUTHERN NATIONAL BANK OF NORTH CAROLINA, LUMBERTON, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Bank of Mount Gilead, Mount Gilead, N.C., with	$3,096,014	1	
and Southern National Bank of North Carolina, Lumberton, N.C. (10610), which had	106,034,448	31	
merged July 24, 1967, under charter and title of the latter bank (10610). The merged bank at date of merger had	109,130,462		32

COMPTROLLER'S DECISION

On April 17, 1967, The Bank of Mount Gilead, Mount Gilead, N.C., with IPC deposits of $2.4 million, and the Southern National Bank of North Carolina, Lumberton, N.C., with IPC deposits of $79.3 million, applied to the Comptroller of the Currency for permission to merge under the charter of and with the title of the latter.

Mount Gilead, with a population of approximately 1,300, is located in south-central North Carolina approximately 40 miles east of Charlotte. Six medium-size manufacturing concerns are located in the town and constitute its principal economic base. Highly productive farms in the surrounding countryside also make a substantial contribution to the area economy. Though Mount Gilead has experienced no population growth in the past decade, its well diversified economic base augurs favorably for the future of the community.

The merging bank has not been meeting the needs of its community at the present time; the bank's loans are only 37 percent of its total assets. The relatively low lending limit precludes the bank from serving the commercial and large agricultural loan demands of the area. Its senior management is elderly and there has not been a management development program to provide replacements. The bank may be characterized as a small, conservative, rural bank interested only in serving small customers.

Lumberton, head office of the charter bank, is situated approximately 70 miles southeast of Mount Gilead. The city, estimated at 20,000 citizens, has experienced a 25-percent population growth in the past 7 years. This growth has been sustained by the prosperous agricultural region, with its attendant food-processing facilities, which surrounds the city. In addition, lumbering, tobacco, and textile manufacturing provide income in this area.

The charter bank operates offices in 10 communities in the south-central section of North Carolina. Though it is the seventh largest bank in the State, it holds only 2 percent of the State's banking assets. Aggressive marketing of expanded services and a number of small mergers have been responsible for its rapid growth in recent years. Among the new services the charter bank will offer in Mount Gilead will be full trust and data processing services, as well as the availability of a farm and forestry counseling department. The charter bank also has an active management development program, which would remedy the impending management succession problems of the merging bank. Most important, the charter bank would bring to the Mount Gilead community and its manufacturing enterprises a lending limit approximately 12 times greater than that of the present Mount Gilead bank.

There appears to be little, if any, competition between the two institutions due to the distance—26 miles—between the nearest branch of the charter bank and the Mount Gilead bank. The merging bank receives local competition primarily from a small local savings and loan association. The manufacturing concerns, located in Mount Gilead, bank primarily with the large statewide institutions in North Carolina. There are six offices of competing banks located within 15 miles of Mount Gilead. It appears that this merger will bring full banking services, aggressively marketed, to all customers and potential customers in the Mount Gilead area.

The competitive position of the charter bank will remain basically unchanged as a result of the merger. The increase in its size will be minimal; its entry into Mount Gilead will produce a more healthy banking climate in that area.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application, therefore, is approved.

JUNE 23, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Southern National Bank, which operates 31 offices in central North Carolina, proposes to acquire the Bank of Mount Gilead, which is the only bank located in Mount Gilead, N.C. (population 1,300), in the south-central portion of the State.

Five other relatively small banks (whose total assets range between $3 and $10 million) are listed as being in competition with the Mount Gilead bank; they are from 11 to 19 miles away.

It seems clear that there is relatively little direct competition between the merging banks; the closest office of Southern National is in Rockingham, about 26 miles southeast of Mount Gilead.

North Carolina law permits statewide branch banking and thus Southern National would be permitted to expand in this manner into Mount Gilead. It may well be unrealistic to assume, however, that the small community of Mount Gilead could now support two banks. Therefore, the merger would not appear to involve significant loss of potential competition.

* * *

THE FIRST NATIONAL BANK OF STOCKPORT, STOCKPORT, OHIO, AND THE FIRST NATIONAL BANK OF McCONNELSVILLE, McCONNELSVILLE, Ohio

Name of bank and type of transaction	*Total assets*	*Banking offices* — *In operation*	*Banking offices* — *To be operated*
The First National Bank of Stockport, Stockport, Ohio (8042), with	$1,087,682	1	
and The First National Bank of McConnelsville, McConnelsville, Ohio (46), which had	5,974,752	1	
merged July 31, 1967, under charter and title of the latter bank (46). The merged bank at date of merger had	7,062,434		2

COMPTROLLER'S DECISION

On April 6, 1967, The First National Bank of Stockport, Stockport, Ohio, with IPC deposits of $770,000, and The First National Bank of McConnelsville, McConnelsville, Ohio, with IPC deposits of $4 million, filed an application to merge under the charter of the latter and with the title of "First National Bank, McConnelsville, Ohio."

The charter bank was organized in 1863 and operates as a unit bank in McConnelsville, the seat of Morgan County. Morgan County is located in southeastern Ohio approximately 30 miles from the Ohio River, and has a population estimated at 20,000, about 2,300 of whom live in McConnelsville. The service area of the charter bank is mainly devoted to agriculture but in recent years a number of small industries have provided additional support to the economy.

The merging bank was organized in 1933, and operates as a unit bank. It is the only financial institution in Stockport, a village with a population of some 500 located about 10 miles south of McConnelsville, in Morgan County. The service area of this bank has no significant industrial development. Most of the residents are either engaged in agricultural activity or commute to work in neighboring communities.

No significant competition exists between the merging banks. The addition of the resources of the merging bank to those of the charter bank will only slightly increase the resulting bank's share of total county assets and the resulting bank will continue to face strong competition from The Citizens National Bank, McConnelsville, Ohio, with resources of $6.6 million, and The Malta National Bank, located across the Muskingham River from McConnelsville, with resources of $2.1 million.

The merger will enable the resulting bank to offer improved service to the public in the Stockport area by expanding the lending limit of the merging bank and assuring it of management continuity. Internal economies and improved efficiency are expected from the centralization of bookkeeping functions at McConnelsville.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest. The application, therefore, is approved.

JUNE 13, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger involves two very small banks in a largely rural county in southeastern Ohio—namely, The First National Bank of McConnelsville and The First National Bank of Stockport.

The offices of the two merging institutions are 10 miles apart and, except for a second bank in McConnelsville, there are no other banks in the intervening area. In the circumstances, the proposed merger will inevitably eliminate a certain amount of competition between the two banks, particularly for the business of persons who live in Stockport and work in McConnelsville.

The merger will also significantly increase concentration in Morgan County, while reducing the number of banking alternatives from five to four. The McConnelsville and Stockport banks now hold 37 and 6 percent of the county's IPC demand deposits, respectively; thus the merging bank would hold 43 percent of such deposits and become the county's largest bank. The significance of this high concentration ratio may be reduced somewhat by (a) the distance between the banks, and (b) the somewhat limited services available at the Stockport bank.

* * *

THE FIRST NATIONAL BANK OF HASTINGS, HASTINGS, PA., AND THE FIRST NATIONAL BANK OF EBENSBURG, EBENSBURG, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Hastings, Hastings, Pa. (11227), with	$3,019,139	1	
and The First National Bank of Ebensburg, Ebensburg, Pa. (5084), which had	25,131,283	3	
merged Aug. 7, 1967, under charter and title of the latter bank (5084). The merged bank at date of merger had	28,150,422		4

COMPTROLLER'S DECISION

On April 27, 1967, The First National Bank of Ebensburg, Ebensburg, Pa., and The First National Bank of Hastings, Hastings, Pa., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

All the offices of both banks are located in Cambria County, which is in central Pennsylvania about 70 miles east of Pittsburgh. Though Cambria County has a population of 202,000, the 1960 census disclosed a 3-percent decline in population during the prior decade. Due to the hilly terrain of the county, the amount of agriculture in the area is limited. Most employment is in coal mines and industrial enterprises.

Ebensburg, which is centrally located in Cambria County, is the county seat. It has a population of 4,100, with 5,600 in the surrounding trade area. The Ebensburg area has shown steady growth during the last 4 years. The First National Bank of Ebensburg, with IPC deposits of $19.5 million, has been growing with the area. During the present decade, it has acquired one branch in Barnesboro, a town 16 miles north with a population of 3,000, and one branch in Cresson, 9 miles east with a population of 2,700. It also has one branch in Ebensburg and has approval to open one in Park Hills.

The Borough of Hastings, the home of the merging bank, is 15 miles north of Ebensburg and has a population of 1,800. The coal industry was predominant in Hastings until recently when four coal companies ceased operations. Since then many workers have found employment in Altoona and Johnstown. The merging First National Bank of Hastings, with IPC deposits of $2.5 million, has failed to show any significant growth during the last decade. Its very conservative policies have resulted in a loan to deposit ratio of only 25 percent.

Although the Barnesboro branch of the Ebensburg bank is 3 miles west of Hastings, there is only a small amount of competition between the two. There are adequate banking alternatives in the area. Within 10 miles of Hastings are seven banks with nine offices including two offices of the United States National Bank in Johnstown which is the largest bank in the region. This merger will increase the Ebensburg bank's share of county banking business by a relatively small amount.

This merger will serve the public interest in both the Ebensburg and Hastings sectors of the county. It will bring to Hastings a more aggressive banking institution offering a broader range of convenient services including, but not limited to, trust and data processing services. It will also enable the Ebensburg bank to meet competition from larger banks in Cambria and Blair counties.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

JULY 6, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Both institutions are located in Cambria County, an area of declining population in northeastern Pennsylvania. Ebensburg (population 5,000) is the county seat and lies 14 miles to the south of Hastings (population 1,700).

The proposed merger would eliminate existing competition between Hastings Bank and the Barnesboro office of Ebensburg Bank, 3 miles to the west of Hastings. There are, however, two other banks with offices within 3 miles of Hastings; and seven banks with nine offices within 10 miles of Hastings Bank—including two offices of the region's largest bank.

The proposed merger would involve only a slight increase in concentration in Cambria County. Ebensburg Bank has 10.4 percent and Hastings Bank has 1.3 percent of total bank deposits in the county. The two banks have 11.6 percent and 1.6 percent of the county's IPC demand deposits.

* * *

THE MUTUAL NATIONAL BANK OF CHICAGO, CHICAGO, ILL., AND LA SALLE NATIONAL BANK, CHICAGO, ILL.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Mutual National Bank of Chicago, Chicago, Ill. (11092), with	$57,707,249	1	
and La Salle National Bank, Chicago, Ill. (13146), which had	370,421,782	1	
merged Aug. 14, 1967, under charter and title of the latter bank (13146). The merged bank at date of merger had	428,129,031		1

COMPTROLLER'S DECISION

On May 5, 1967, The Mutual National Bank of Chicago, Chicago, Ill., with IPC deposits of $67 million, and the La Salle National Bank, Chicago, Ill., with IPC deposits of $266 million, applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The city of Chicago, where both La Salle and Mutual are located, is the major trading center of the Midwestern States. The eight-county metropolitan trade area of Chicago contains a population of approximately 7.3 million, an increase of 7.7 percent over the 1960 population. In contrast, Chicago's population of 3.5 million has decreased during the period due to a major shift in population. The Chicago metropolitan area, with a strong and diversified economic base, operates as a center for transportation, manufacturing, finance, wholesale and retail trade, communications, and professional services.

La Salle, the charter bank, was organized in 1927 under the name "National Builders Bank of Chicago." In 1940, the present name was adopted and the bank acquired offices at its present location on La Salle Street in the Chicago Loop area. The bank has had a favorable financial growth, because of sound lending and investment policies, which have enabled it to more than double its size during the past 10 years without merger or acquisition.

Mutual, chartered in 1917, is located approximately 9 miles south of the charter bank. Mutual's early years were marked by steady growth, and, by 1956, it was considered one of the leading banks on Chicago's South Side. Since that time, however, the merging bank has suffered a net loss of longstanding depositors, who have moved to other parts of the city, because of the economic deterioration of the area.

La Salle National Bank, which offers a full range of banking services, is located in the highly competitive financial district of Chicago's Loop area. The charter bank competes with, among others, the following Loop area banks: the $4.1 billion Continental Illinois National Bank; the $3.9 billion First National Bank of Chicago; the $1.4 billion Harris Trust & Savings Bank; and the $1.1 billion Northern Trust Co. The resulting bank, with a mere 2.3 percent of the total deposits within the Chicago metropolitan area, would not create an imbalance in banking competition. La Salle also competes for business in areas extending beyond the city, including the immediate metropolitan area and a broader regional area encompassing the States of Iowa, Illinois, Indiana, Wisconsin, and Michigan. Each of the merging banks derives only a limited amount of business from the other's trade area. Therefore, consummation of the merger would eliminate relatively little competition between the two banks.

As a result of the merger, La Salle's lending limit would increase to approximately $2.5 million, a gain of $500,000. The larger limit of the resultant bank will enable it to be more responsive to the larger loan applications, which it is presently unable to service.

Consummation of the proposed merger will eliminate the problems created by the diversity of interests and investment objectives of Mutual's principal shareholders. Further, it should resolve the serious problem of bank deposit outflow caused by the economic decline in Mutual's trade area. The resulting bank's larger staff would provide a full range of specialized services, including EDP accounting, to the larger commercial and trust department customers of Mutual.

Although the proposed merger would eliminate a unit bank by reason of the State of Illinois' prohibition on branch banking, those residents of Mutual's trade area who prefer to conduct their banking locally would continue to be served by some 12 commercial banks, including the $120 million Chicago City Bank & Trust Co. and $62 million South East National Bank of Chicago, and savings and loan associations in the trade area. Furthermore, an application has been filed to establish a banking institution at Mutual's present location which will provide an additional banking facility for the area.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

JULY 14, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The offices of La Salle and Mutual are approximately 9 miles distant from each other in different sections of Chicago, with many other banks in the intervening area. Also, data in the application on the geographic derivation of loans and deposits suggests that each bank derives only limited amounts of business from the other's predominant service areas. Therefore, the proposed merger would appear to eliminate relatively little direct competition between the two banks.

Since Illinois' prohibition on branch banking makes it necessary to close mutual's office upon consummation of the merger, the South Side neighborhood currently served by it would necessarily lose a competitive banking outlet. Seven banks will still be available in the area; and, in addition, as noted in the application, a new group has already made application to the State banking authorities to open a new bank in the premises to be vacated by Mutual should the merger be approved.

The parties to the merger have quite small shares of the Chicago market. La Salle has about 1.5 percent of the $6.5 billion in total IPC demand deposits held by the 184 banks in Cook County, Ill. (in which Chicago is located); the merger with Mutual would add another 0.3 percent to its share. The market shares are only very slightly lower, if expressed in terms of shares of the $7 billion in total IPC demand deposits in the whole Chicago Standard Metropolitan Area. Use of the city of Chicago alone as the relevant market would increase these shares somewhat.

In view of the distance of the applicant banks from each other, and their small market shares, we conclude that the effect of the proposed merger on competition among commercial banks would be slight.

* * *

SADDLEBACK NATIONAL BANK, TUSTIN, CALIF., AND FIRST NATIONAL BANK OF SAN DIEGO, SAN DIEGO, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Saddleback National Bank, Tustin, Calif. (15336), with	$15,417,559	1	
and First National Bank of San Diego, San Diego, Calif. (3050), which had	412,678,910	32	
merged Aug. 17, 1967, under charter of the latter bank (3050) and title of "Southern California First National Bank." The merged bank at date of merger had	428,096,469		33

COMPTROLLER'S DECISION

On April 7, 1967, First National Bank of San Diego, San Diego, Calif., applied to the Office of the Comptroller of the Currency for permission to merge with Saddleback National Bank, Tustin, Calif., and Huntington Valley Bank, Huntington Beach, Calif., under the charter of First National Bank of San Diego and with the title "Southern California First National Bank."

San Diego, with a population of 683,000, has been one of the fastest growing cities in the country. Its economy is primarily based on manufacturing, military payrolls, tourism, and agriculture. More than 800 manufacturing companies are located in San Diego County and are concentrated primarily in the following industries: food processing, printing and publishing, electrical and nonelectrical machinery, shipbuilding, fabricated metals, and wearing apparel. The importance of the San Diego military installations is illustrated by the fact that San Diego has the greatest concentration of military personnel of any area in the country, and that approximately 35 percent of the total population depends directly upon military activities. Expenditures for military construction now average about $20 million annually, and the Navy Department estimates that its total payroll to military personnel based in the county exceeds $400 million annually, with 80 percent of this sum spent in the county. Tourism is also a major industry; a daily average of 78,082 visitors to San Diego spent an estimated $676 million during 1965. Although San Diego has become increasingly urbanized, the value of agricultural production has maintained a rising trend with an increase of 75 percent from 1950. With a diversity of high-income, high-yield crops which include tomatoes, oranges, avocados, and rare nursery stock, San Diego County ranked among the top 20 counties in the Nation in the value of agricultural production in 1965.

Economic prospects for the San Diego area are favorable. Projections of the San Diego City Council estimate a growth rate between 1960 and 1980 of 74 percent. The employment structure is in the process of change from primarily agricultural and aircraft employment to a greater proportion of employment in service industries, particularly those associated with tourism and scientific research. The five largest employment categories in 1985 are expected to be government, services, retail trade, manufacturing, and construction. A highly developed educational and research complex is a further indication that the San Diego area will be able to keep abreast of the increasing demands of modern industry.

The two merging banks are located in Orange County, which adjoins San Diego County on its northwest boundary. Orange County, which is the most rapidly growing large county in the Nation, ranks 13th in population among all counties in the country. Once agricultural, the county's economy has developed a large diversified industrial base which accounts for the second highest manufacturing employment in California. Between 1960 and 1964, 424 new manufacturing firms were established in the county. The 10 largest employers in the county have over 49,000 employees, and there are more than 179 major industrial firms, each with 100 or more employees. Taxable retail sales exceed $1.2 billion, tourists and visitors spend more than $250 million, mineral production exceeds $100 million, and agricultural production amounts to approximately $90 million. It has been predicted that the population of Orange County will reach 2.280 million by 1980, an increase of 90 percent over the present population. If this growth follows the pattern of the past, the increased population will be characterized by relatively high home valuations and an unusually high proportion of high-income families with education above the national average.

Tustin is located 88.5 miles from San Diego and has a population of 11,000. Though one of the oldest communities in Orange County, it has only recently experienced population growth. Primarily a residential town, Tustin has a median home valuation of $17,600, and two adjacent unincorporated areas have median home valuations of $25,600 and $29,300. Approximately one-half of the heads of households in the service area are in the high-income categories either of the professions, including engineers and scientists, or as managers and proprietors of service establishments. It is estimated that population growth will be rapid in the future owing to the development of the nearby University of California Irvine Campus. The Irvine Industrial Park, which borders Tustin on the south, eventually will be a major industrial complex of 2,600 acres specializing in research facilities and related manufacturing. It is expected that wage levels will be high.

Huntington Beach, with its population of 86,000, and the neighboring city of Fountain Valley, a community of 17,000, which the Huntington Valley Bank also serves, are located on flat land extending inland from the Pacific Ocean. This land was originally devoted to farms and oilfields, but it now is being used increasingly for residential development. Located 88.5 miles from San Diego, 35 miles from Los Angeles, and 12 miles from Tustin, the Huntington Beach-Fountain Valley area expects extensive future expansion; a little more than one-half of its total acreage is now developed. The major industrial development in Huntington Beach is the Douglas Space Systems Center which, when completed in 1970, will contain 17 buildings and represent an investment of $75 million. The Huntington Beach oil field continues to be the second largest producing field in California. Southern California Edison has a 900,000-kilowatt steamplant in the city. While the past few years have brought spectacular growth to this area, the future promises continued economic progress.

The charter bank, organized in 1883, has total resources of $393 million and 31 branches, all in San Diego County. It competes directly with San Diego County offices of the multibillion-dollar Bank of America (50 branches), Security First National (33 branches), and United California Bank (3 branches). It also competes with the San Diego branch of the $1.63 billion Union Bank, and the 12 offices of the $362 million United States National Bank, San Diego, which is only slightly smaller than the First National. In addition, several smaller banks and several powerful savings and loan associations, with a total of over $1 billion in deposits, are located in San Diego County.

The Saddleback National Bank was organized in 1964 and now has $13 million in total resources. It has one approved but unopened office in Santa Ana. Saddleback National also competes with the Bank of America, which has 11 branches in its area, Security First National, which has six branches, and United California Bank, which has three branches. United States National Bank, San Diego, also has two offices in Orange County. In addition, there are several other offices of other regional and local banks in the Tustin area as well as a savings and loan office within a few blocks of Saddleback's main office. Savings and loan offices in San Diego also solicit business in Orange County.

The Huntington Valley Bank is, like Saddleback National Bank, a relatively new bank, having been organized in 1963. It now has $10.6 million in resources and one branch at Huntington Beach. It competes with five offices of the Bank of America, six offices of Security First National, and two offices of United California Bank. The San Diego-based United States National Bank also has an office in Huntington Beach, as does Crocker-Citizens National Bank. First Western Bank and Westminister National Bank are other competitors of Huntington Valley Bank.

The effect of the merger on competition will be minimal. All of the applicant banks encounter the previously described extensive competition of larger institutions. The strengthening of all the applicants by their union will make available alternate resources of a larger bank to the public in the areas of the merging banks, and will give First National of San Diego an opportunity to expand into Orange County and thereby increase its competitive strength. No competition will be eliminated by the merger as the First National does not now have offices in Orange County; its closest office to an office of Huntington Valley Bank is 53 miles and no offices will be discontinued. Saddleback and Huntington Valley Bank are 12 miles apart, and, as purely local banks, they do not serve the same customers.

The convenience and needs of the Tustin and Huntington Beach public will be substantially improved. In both of these areas, there is a tremendous demand for funds because of continuing residential, commercial, and industrial construction, as well as growth in established business firms. With maximum individual loan limits of $75,000 and $100,000, respectively, Saddleback National Bank and Huntington Valley Bank do not have the opportunity to serve many potential customers. With a maximum single-loan limit of $3.1 million, the charter bank will provide another source of substantially increased credit to businesses and individuals in Orange County. Both merging banks consider that loans at their offices will be considerably expanded after merger.

An additional benefit to the public will be the offering of trust services to the merging banks' customers. Neither bank, because of limited size, presently has a trust department, despite the fact that the relatively high-income groups living in these areas are likely customers. The charter bank has a large and well established trust department, the services of which will be available to the merging banks' customers.

The credit analysis department of the charter bank will materially aid the merging banks' lending activities through quality control, as well as the processing of unusual or specialized loan requests. The borrowers in the area will increasingly need more sophisticated financing which small banks cannot offer but which the resulting bank can provide on a competitive basis.

Other important conveniences will be offered the Tustin-Huntington Beach public. These additional services include a larger and more experienced credit collection department, an internal audit department, an investment services department, and experienced real estate appraisers. The charter bank's international department will also be available to issue letters of credit, execute foreign collections and credit inquiries. Since the Saddleback National Bank and Huntington Valley Bank perform none of these services at present, the public in this progressive area will benefit substantially from their availability. Although these services are available from branches of some of the California banking giants, the competition of the resulting Southern California First National Bank will provide a stimulus for better services and give the public an alternate choice they do not now have.

It is concluded in the light of the foregoing analysis of the proposed merger that not only will there be no elimination of competition as a result of the merger, but that the effect of the merger on the banking structure in San Diego and Orange counties will be competitively beneficial. It is also concluded that the benefits to the public convenience and needs will be substantial. Having weighed the application against the statutory criteria and having determined that the merger is in the public interest, it is, therefore, approved.

JULY 12, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National, a major southern California bank located in San Diego, proposes to acquire two very recently established and prospering independent banks in Orange County—which is a rapidly expanding area—adjacent to Los Angeles County (on the north) and San Diego County (on the south). First National's operations are confined to San Diego County—where it is a major factor in the local banking market. It has about 22 percent of the banking offices and 25 percent of IPC demand deposits in the county; it appears to be the largest bank—with its head office in San Diego, and the second largest bank in terms of total operations in San Diego County.

There would appear to be little (if any) present direct competition between First National and either of the banks it proposes to acquire in neighboring Orange County. Saddleback National Bank and Huntington Valley Bank are, respectively, 52 and 53 miles from First National's closest office in San Diego County.

On the other hand, the proposed mergers might well eliminate some present direct competition between Saddleback National Bank and Huntington Valley Bank, which would become branches of the same banking system. The two banks would appear to be about 12 miles apart. There are, however, other banks in the area, and it appears that Saddleback National Bank and Huntington Valley Bank account for a relatively small proportion of Orange County's IPC demand deposits (1 and 0.7 percent, respectively).

First National appears to be the largest San Diego bank which has not already expanded northward into Orange County. It would be permitted by California law to enter Orange County by *de novo* branching, and in view of that area's growth, this seems a realistic possibility; also expansion by First National in other directions is not possible, since Mexico lies to the south and a desert to the east of San Diego County. That First National is generally interested in expansion into Orange County is suggested by its act of acquiring two growing Orange County banks at the same time.

Accordingly, we find that the proposed mergers involve some loss of potential competition, flowing from the elimination of First National as a potential independent entrant into Orange County. However, we are not able to evaluate the seriousness of this effect, since the application does not provide information on the degree of market concentration in Orange County, or the possibility of other independent entry by other banks located in Los Angeles or elsewhere in California.

* * *

First National Bank, Lakeview, Tex., and First National Bank, Memphis, Tex.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank, Lakeview, Tex., with	$791, 193	1	
was purchased Aug. 23, 1967, by First National Bank, Memphis, Tex., which had	8, 150, 926	1	
After the purchase was effected the receiving bank had	8, 942, 119		1

COMPTROLLER'S DECISION

On August 18, 1967, application was made to the Comptroller of the Currency for permission for the First National Bank, Memphis, Tex., to purchase the assets and assume the deposit liabilities of the First National Bank, Lakeview, Tex.

As directed by the terms of Subsections 4–6 of Section 1828(c) of Title 12 of the United States Code, I hereby find that there exists a reasonable probability that the First National Bank, Lakeview, Tex., may fail; that said reasonable probability of failure is imminent; and that a reasonably prudent discharge of my responsibilities in the maintenance of a sound National banking system requires the immediate action on this application. I also find that the financial and managerial resources of the acquiring institution will be adequate to protect the customers as well as the public interest of the entire community and that no other bank possessing the requisite breadth of financial and managerial resources has indicated a willingness to assume the responsibilities of the selling bank.

I conclude that this transaction, as a matter of law, will neither occasion a violation of Section 2 of Title 15 of the United States Code nor will it substantially lessen competition as that concept has been judicially accorded with the failing company doctrine. On the contrary, I conclude that the deleterious effect of a failure of the selling bank on the financial stability of the geographic market it serves would significantly exceed any impact of the transaction upon competition.

In order to protect the depositors, creditors, and shareholders of the First National Bank, Lakeview, Tex., this application is approved and the First National Bank, Memphis, Tex., is authorized to proceed with this purchase and assume transaction forthwith.

August 23, 1967.

* * *

The First National Bank of Three Springs, Three Springs, Pa., and Union National Bank & Trust Co. of Huntingdon, Huntingdon, Pa.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Three Springs, Three Springs, Pa. (10183), with	$2, 507, 613	1	
and Union National Bank & Trust Co. of Huntingdon, Huntingdon, Pa. (4965), which had	20, 351, 663	4	
merged Aug. 30, 1967, under charter of the latter bank (4965) and with title "Union National Bank & Trust Co. of Huntingdon." The merged bank at date of merger had	22, 859, 277		5

COMPTROLLER'S DECISION

On April 14, 1967, The First National Bank of Three Springs, Three Springs, Pa., with IPC deposits of $2 million, and the Union National Bank & Trust Co. of Huntingdon, Huntingdon, Pa., with IPC deposits of $15.1 million, applied to the Comptroller of the Currency to merge under the charter and with the title of the latter.

The First National Bank of Three Springs is located in a small rural community with a population of 450 in southern Huntingdon County. The local economy is based on marginal farming, some lumbering, and a few minor bituminous coal stripping operations.

The charter bank, located in Huntingdon, with a population of 7,500 is in the central section of Huntingdon County. The county has a population of approximately 40,000 and is in the south-central section of Pennsylvania which is part of the Appalachian Mountain chain. The economic base of the area is supported by diversified industrial and commercial activity, and by important agricultural pursuits with dairy farming predominating.

Consummation of this merger will have no cognizable adverse effect on banking competition in the area. The merging bank is 25 miles south of the main office of the charter bank and is separated from it by very mountainous terrain. Eighteen miles of mountains separate the merging bank from the charter bank's closest office at Mount Union.

This merger will stimulate banking competition in the county to the ultimate benefit of the residents and customers. In the vicinity of Three Springs, the $4 million Community State Bank of Orbisonia, and the $4 million First National Bank of Sexton will be given a new competitive challenge. Neither the Penn Central National Bank in Huntingdon, with IPC deposits of $25 million, nor the First National Bank of Mapleton Depot, with IPC deposits of $3.2 million, both of which now compete with the charter bank, should be disturbed by this merger.

Consummation of this proposal will resolve management succession problems for the merging bank. It will also enable the resulting bank to serve the credit requirements of the customers of the merging bank whose needs presently exceed the local lending limit. Other benefits will also accrue to the customers of the merging bank in the form of trust services and lower installment loan costs due to data processing.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

JULY 27, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger involves two banks in Huntingdon County, Pa.

Huntingdon County is an area of declining population in west-central Pennsylvania about 25 miles east of Altoona. Its 1960 population of 39,457 represents a 3-percent decline from 1950.

The proposed merger of the second largest and the smallest of seven banks in Huntingdon County would eliminate whatever direct competition presently exists between the two banks. The extent of this competition may be comparatively small since (i) two other banks have offices in the area intervening between First National and the closest branch office of Union National, and (ii) small unit banks, such as First National, tend to derive most of their business from their immediate neighborhood.

The proposed merger would increase Union National's share of Huntingdon County's IPC demand deposits by about 4 percent, from 34 to 38 percent of the total.

* * *

CONCORD NATIONAL BANK, CONCORD, CALIF., AND CENTRAL VALLEY NATIONAL BANK, OAKLAND, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Concord National Bank, Concord, Calif. (15394), with	$9, 427, 330	1	
and Central Valley National Bank, Oakland, Calif. (6919), which had	198, 625, 859	31	
merged Aug. 31, 1967, under charter and title of the latter bank (6919). The merged bank at date of merger had	208, 153, 189		32

COMPTROLLER'S DECISION

On May 23, 1967, the Concord National Bank, Concord, Calif., with IPC deposits of $5.4 million, and the Central Valley National Bank, Oakland, Calif., with IPC deposits of $141 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The San Francisco-Oakland metropolitan area is composed of five counties surrounding the San Francisco Bay, which is one of the world's largest landlocked harbors and a major economic, recreational, and scenic source. The coastal plain along both sides of San Fancisco Bay is especially suited for heavy industry because of convenient rail, air, and port service. The Golden Gate divides the western portion of coastal plain into two peninsulas, the southern arm of which is occupied by the highly developed countries of San Francisco and San Mateo. Across the bay from San Francisco on the east or mainland side are the East Bay counties of Alameda and Contra Costa.

Central Valley National Bank, the charter bank, is located in Oakland, the seat of Alameda County and the fourth largest city in the State of California. It is the principal commercial center of the county and the entire East Bay region. Oakland is served by a network of State and transcontinental highways, a number of truck and steamship lines, an international airport, and a deepwater harbor. These have made the city a logical choice as a main office for national manufacturing and distribution firms. Oakland ranks second only to San Francisco as the major retail center in the Bay area.

Charter bank was organized in 1956 and, because of aggressive and capable management, now operates 27 branches. Competition in this area is intense and is dominated by the major California banks, i.e., Bank of America, Wells Fargo Bank, Crocker-Citizens National Bank, United California Bank, and Bank of California, N.A.

Concord National Bank, the merging bank, is located in Concord in Contra Costa County, Calif. Concord, with a population of 82,500, is located in the San Francisco-Oakland metropolitan area. Concord is a residential community which has experienced considerable growth during the past 15 years and whose prospects for continued growth are considered excellent because of its close proximity to the Bay Area Rapid Transit System presently under construction. Five industrial parks have recently been established in Concord to attract manufacturing plants and to brighten the area's economic prospects generally.

The merging bank, a single-unit institution, was organized in 1964. While it has experienced good growth since its inception, it presently faces intense competition from the Standard Savings & Loan Association which has share accounts totaling $42.5 million, from 10 finance company offices, six mortgage company offices, one industrial loan company office, and three credit unions.

The merging Concord National Bank is located approximately 20 miles northeast of the main office of the charter bank, 12 miles northeast of the Orinda office of charter bank, and 6.4 miles northeast and 18 miles southwest, respectively, from the approved but unopened branches of the charter bank in Walnut Creek and Antioch. The closest offices of the banks are separated by two suburban communities and a number of intervening banking offices. Thus, there would appear to be only a minimal, if any, amount of direct competition between merging and charter banks. The competitive picture in the San Francisco-Oakland area will remain relatively unchanged by the merger and the only significant impact which will be felt will be in Concord where the results will be favorable.

Consummation of this merger will promote the public interest in all the communities served by the resulting bank. It will increase competition among the financial institutions in Concord by introducing a bank with a greater lending capacity and better able to meet the needs of the community. The resulting bank will offer expanded services including a trust department, a credit card operation, computer services, and specialists in the fields of real estate construction, mortgage servicing, and commercial loans. Coordinated marketing and advertising programs will also augment the resulting bank's competitive position in relation to the larger banks now operating in the Bay area.

Applying the statutory criteria, we conclude that the proposal is in the public interest, and the application is, therefore, approved.

JULY 31, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Central, while somewhat smaller than the leading California branch banking systems is a relatively sizable institution with 30 branches located primarily in the San Francisco Bay area and San Joaquin and Stanislaus counties to the east. It proposes to acquire Concord National, a new unit bank chartered in 1964 in the city of Concord in Contra Costa County, a part of the San Francisco metropolitan area.

It would appear, however, that there is at present only a limited amount of competition between the two banks since their nearest offices are 12.4 miles from each other. The relative attractiveness of the Concord area, and its recent marked population growth, would appear to favor *de novo* branching by the Central system, were the alternative of merger not made available to it.

Central has received permission to open a branch at Walnut Valley, approximately 5 miles away from Concord National's sole office. This branch would be a direct competitor to Concord National, and such competition would be foreclosed by the merger.

In this case, the entire San Francisco-Oakland metropolitan area is probably too broad to be considered the appropriate market; the two counties directly involved (Alameda and Contra Costa counties, which between them have about 60 percent of the San Francisco area's total deposits) would seem a more appropriate limited area for analysis. Within these two counties, Central has less than 6 percent of total IPC demand deposits, and its acquisition of the newly created Concord National would add only about another 0.4 percent to its market share there.

* * *

THE CITIZENS BANK & TRUST CO. OF SOUTHERN PINES, SOUTHERN PINES, N.C., AND FIRST UNION NATIONAL BANK OF NORTH CAROLINA, CHARLOTTE, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Citizens Bank & Trust Co. of Southern Pines, Southern Pines, N.C., with..	$13,436,483	2	....
and First Union National Bank of North Carolina, Charlotte, N.C. (9164), which had........	709,027,699	97	....
merged Aug. 31, 1967, under charter and title of the latter bank (9164). The merged bank at date of merger had........	722,479,074	....	99

COMPTROLLER'S DECISION

On May 8, 1967, The Citizens Bank & Trust Co. of Southern Pines, Southern Pines, N.C., with IPC deposits of $9.4 million, and the First Union National Bank of North Carolina, Charlotte, N.C., with IPC deposits of $466.5 million, filed an application with the Comptroller of the Currency for permission to merge under the charter and title of the latter.

The merging bank, organized in Southern Pines in 1905, now operates a drive-in facility in addition to its main office. Southern Pines, located in the southern portion of Moore County, with a population estimated at 5,200, is renowned as a winter resort offering a variety of recreational activities with special emphasis on golf. Many successful but now retired businessmen have established residences in this area. The vitality of this resort community is reflected in its high level of per capita income and the number of retail establishments offering a variety of high-grade, high-cost goods. Moore County also derives additional economic support from the manufacture of textiles and from the production of tobacco.

The charter bank, which was organized in 1908 with headquarters in Charlotte, Mecklenburg County now operates 75 offices located in 43 communities in various sections of the State. Mecklenburg County has a population estimated at 300,000, largely concentrated in Charlotte which is not only the largest urban center in the Carolinas but is also one of the fastest growing cities in the southeast. Although Mecklenburg County is a leading industrial center, its distribution and transportation facilities are even more important in terms of employment. The service area of the charter bank covers principal areas of the State, including the mountainous area in the west, the industrial Piedmont area in the center of the State, and the portions of the predominantly agricultural coastal plain. Competition is received primarily from three statewide institutions, two of which are substantially larger than the charter bank, and from various regional and unit banks.

There is no competition between charter and merging bank as the nearest office of the charter bank to the merging bank is the Red Springs Branch in Robson County, 30 miles to the southeast of Southern Pines. In addition, it appears that charter bank has been unsuccessful in attracting any significant business in Moore County. The entry of First Union National Bank into Southern Pines by means of a *de novo* branch is not economically feasible. Although this small, but affluent community is able to support both the merging bank and a branch of the $90 million Southern National Bank, there is no demonstrable need at this time for a third banking alternative.

Consummation of this merger will benefit Southern Pines and its residents. By replacing Citizens Bank & Trust Co. with First Union National, banking competition with Southern National will be stimulated. These competing banks, with their substantial resources, will be ideally situated to induce new industry to locate in the area and to assist in further development of local recreational facilities. The advent of First Union National Bank will bring to the residents the specialized trust services they demand, the benefits of a credit card operation, computer services, a more sophisticated lending program, and the benefits of a management training program.

Applying the statutory criteria to the proposed merger, we find that it is in the public interest, and the application is, therefore, approved.

JULY 27, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

North Carolina's third largest commercial bank ("First Union"), proposes to acquire one of the two banks in Southern Pines, Moore County, N.C. The latter ("Citizens") holds total deposits of $10,930,000 in its two banking offices, as compared with $584,466,000 in 97 offices for First Union.

The principal area affected by the proposed merger is Southern Pines and the surrounding country in Moore County, N.C. This area lies in the south-central part of North Carolina, about 100 miles east of Charlotte (where First Union has its head office). The 1960 population of Southern Pines was 5,198, and that of Moore County as a whole was 61,002; both were growing gradually.

According to the application, Southern Pines is primarily a vacation center: "by far the most important industry is tourism and golf." Southern Pines is, however, said to be attracting more and more year-round residents. Moore County also has some agriculture and commercial poultry production.

There are four banks with eight banking offices in Moore County. Citizens is a substantial factor in that market, controlling about 36 percent of total deposits and 31 percent of IPC demand deposits in the county. Its principal source of competition is said to be the Southern Pines branch of the Southern National Bank of North Carolina (total deposits from all offices: $86.3 million).

A distance of about 30 miles separates Citizens from the closest branch of First Union, located in another county (a second First Union office is 36 miles away); therefore, the merger would not appear to foreclose significant amounts of direct competition between the two banks.

The proposed merger would continue the trend toward concentration of banking resources in the hands of North Carolina's five largest banks, which already control about two-thirds of the State's deposits. The actual increase in this case is slight, however.

North Carolina law permits statewide branch banking; and thus First Union would be permitted to enter Moore County by *de novo* branching. It would appear First Union is an aggressive, expanding bank—as shown by the fact that it has six new branches approved (but not yet opened) and applications pending for two more, in various parts of the State. First Union, which operates extensively in the central part of the State and is the State's third largest bank, is thus one of the most probable entrants into the Moore County area by *de novo* branching. The proposed merger would foreclose this possibility of independent entry, while at the same time eliminating a thriving independent bank from the local market and hence it would have an adverse effect on potential competition.

Moreover, the proposed merger would continue a significant trend of acquisitions and mergers by North Carolina's largest commercial banks—to which First Union has contributed heavily by 14 acquisitions since 1956. This acquisition trend has doubtless had a general impact on potential competition, by reducing the establishment of *de novo* branches by the largest banks, and thereby inhibiting the development of a more competitive banking structure within the State.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Farmers Bank of Elk Creek, Elk Creek, Va., with	$1,730,881	1	
and The Grayson National Bank, Independence, Va. (10834), which had	6,911,773	1	
merged Aug. 31, 1967, under charter of the latter bank (10834) and with title "The Grayson National Bank." The merged bank at date of merger had	8,642,063		2

COMPTROLLER'S DECISION

On May 2, 1967, The Farmers Bank of Elk Creek, Elk Creek, Va., with IPC deposits of $1.5 million and The Grayson National Bank, Independence, Va., with IPC deposits of $5.5 million, applied to the Office of the Comptroller of the Currency for permission to merge under the charter and title of the latter.

Elk Creek, with a population of 150, and Independence, with a population of 750, are located 10 miles apart in Grayson County, Va. Grayson County, with a declining population presently estimated at 17,200, is located in the southwestern part of the State, approximately 100 miles southwest of Roanoke. The town of Independence is the county seat. The service areas of the merging banks comprise most of the county which has a mountainous terrain including large sections of woodland. The economy of the area is largely devoted to raising livestock, but there are a few milk processing plants in the county, and several manufacturing establishments centered around Independence. The largest population center in the area is Galax, a city of 5,200 which is located about 18 miles to the east of the merging banks on the eastern border of Grayson County.

The charter bank was organized in 1900, and remains a single-office bank. It has shown a healthy growth in deposits in recent years, and has had good earnings based on a lending limit which is high enough to be responsive to most of the credit needs of its community. The merging bank was organized in 1915 and continues to operate from one banking office. This bank's earnings have been poor, its lending limit is very low, and its potential for future growth and improved profitability as an independent bank seems limited.

There are five banks located in the general service area of the merging banks, which includes the city of Galax. The charter and the merging banks rank third and fifth in size, respectively, of this group. The resulting bank will be better able to compete with the two larger Galax banks. While consummation of the merger will eliminate some competition between the merging banks, nevertheless, because of the small size of The Farmers Bank of Elk Creek, this bank has not been a significant competitive factor in Grayson County. The infusion of strength from the alliance with the charter bank, the increased lending limit of the resulting bank, and the economies to be realized from a centralization of bookkeeping functions at Independence, are expected to produce improved service to the public, especially in the Elk Creek area.

Applying the statutory criteria to the proposed merger, we find that it is in the public interest, and the application, therefore, is approved.

JULY 31, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger involves the first and third largest out of three banks in Grayson County, Va.—an area of declining population in the southwestern part of Virginia, approximately 100 miles southwest of Roanoke. This predominantly rural county has an estimated population of 17,200; and the two small communities of Independence and Elk Creek—10 miles apart—have populations of 750 and 150, respectively.

The proposed merger would eliminate direct competition between the two banks—which are 10 miles apart with no other banks in the intervening area. It would leave the county with only two banks: in addition, there would be two banks, both larger, in the adjacent independent city of Galax (population 5,200), and two other banks outside the county but within 30 miles of Independence.

The proposed merger would also increase concentration in the area. Grayson National has about 60 percent of the IPC demand deposits in Grayson County, and the merger with Farmers would add 15 percent to its market share. The shares would be very much lower, however, if the independent city of Galax were also included in the market: Grayson National would have about 17 percent of the IPC demand deposits in the broader Grayson County Galax market, and the proposed merger would add about 4 percent to its market share. We believe that this *broader market* covering Grayson County and Galax probably states the market more accurately, in view of the size of Galax and its proximity to Grayson County, a primarily rural area.

The small size of Farmers and its mediocre record (as indicated by its operating loss in 1966) are likely to reduce the anticompetitive significance of the proposed merger.

* * *

HUNTINGTON-VALLEY BANK, HUNTINGTON BEACH, CALIF., AND SOUTHERN CALIFORNIA FIRST NATIONAL BANK, SAN DIEGO, CALIF.*

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Huntington-Valley Bank, Huntington Beach, Calif., with	$10, 903, 871	2	
and Southern California First National Bank, San Diego, Calif. (3050), which had	439, 458, 735	33	
merged Sept. 14, 1967, under charter and title of the latter bank (3050). The merged bank at date of merger had	450, 362, 606		35

*The Comptroller's opinion and the Attorney General's opinion treated this merger jointly with the acquisition of Saddleback National Bank by Southern California First National Bank. See p. 88.

* * *

METROPOLITAN BANK, HOLLYWOOD, LOS ANGELES, CALIF., AND THE BANK OF CALIFORNIA, N.A., SAN FRANCISCO, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Metropolitan Bank, Hollywood, Los Angeles, Calif., with	$23, 077, 029	4	
and The Bank of California, N.A., San Francisco, Calif. (9655), which had	1, 446, 689, 151	65	
merged Sept. 25, 1967, under charter and title of the latter bank (9655). The merged bank at date of merger had	1, 467, 444, 996		69

COMPTROLLER'S DECISION

On June 19, 1967, the Metropolitan Bank, Hollywood, Calif., with IPC deposits of $16 million, and The Bank of California, N.A., San Francisco, Calif., with IPC deposits of $964.6 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The Bank of California was established on July 5, 1864, in San Francisco. It presently operates 64 offices in 42 communities in all sections of California, except the San Diego area, and is the sixth largest bank in California. The economy of the State of California is well diversified, and has enjoyed substantial growth during the past decade. The population of the State has doubled since 1950 and now exceeds 19 million. California is the leading State in the Nation in agricultural production, and third in oil production. The economic growth has been accompanied by similar growth in all major industries including banking. During the past 5 years, from December 1962 to March 1967, charter bank's deposits have increased $445 million; however, it encounters rigorous competition from the multitude of financial institutions serving the State of California.

The merging Metropolitan Bank, established on December 18, 1959, is headquartered in Los Angeles, Calif., and operates three branches within 5 miles of its main office. The primary market area of the merging bank is in Hollywood, situated in the western portion of the greater metropolitan Los Angeles trade area. Hollywood, whose population is estimated at 154,000, is closely associated with and depends in large degree upon the film and television industries. While the merging bank provides most of the usual banking services, it does not have a trust department nor does it provide some of the more sophisticated services that would be beneficial to its customers. This bank encounters very aggressive competition from the Bank of America, National Trust & Savings Association, the Security First National Bank, the Crocker-Citizens National Bank, the United California Bank, the Union Bank, the First Western Bank & Trust Co., the United States National Bank, and the City National Bank. In addition, there are 295 savings and loan association offices, mortgage firms, insurance agencies, and credit unions, serving Los Angeles County.

There is little overlap of the service areas of the subject banks. The nearest branch of the merging bank is approximately 5 miles from the southern California headquarters of the charter bank. In view of the minimal amount of common borrowers and depositors, it is clear that there is no significant amount of competition between the two banks.

The principal new service to be offered by the resulting bank will be a greater lending capacity and more diversity in the different types of lending programs and experience available, e.g., automobile installment loans through dealers, special loan programs for education, doctors, dentists, and credit analyses. In addition to the above, full trust services, a new and simplified service charge program, and many advisory services pertaining to payroll, accounting procedures, public relations, advertising, and computer services will be offered by the resulting bank. The merger will enable the resulting bank to compete more effectively in the area with the larger banks now operating there and thus will bring to the residents the full benefits that flow from aggressive competition.

Applying the statutory criteria, we conclude that the proposal is in the public interest, and the application is, therefore, approved.

August 25, 1967.

Bank of California is a large branch banking organization with 56 offices in California and one each in Portland, Oreg., and Seattle and Tacoma, Wash. It is the sixth largest commercial bank in California and the 32d largest in the Nation. It has at the present time three offices in Los Angeles, consisting of its main southern California headquarters in the central business section opened by *de novo* branching in 1963, and two branches in Long Beach acquired by merger in 1965. It has approval, acquired as a result of such acquisition, to open an additional branch in Long Beach. It also has eight branches in the nearby San Bernadino metropolitan area acquired through merger in 1964.

Metropolitan Bank is a recently organized and rapidly growing institution in the Hollywood-Beverly Hills section with four offices located 5–8 miles from Bank of California's downtown Los Angeles office.

The proposed merger would eliminate some direct competition between the merging banks, which are separated by a 5-mile distance within the greater Los Angeles market. However, within this broader market, the effects upon concentration are not substantial. In terms of the entire Los Angeles metropolitan area, the Bank of California (with about 3.25 percent of total deposits) is proposing to acquire a bank (Metropolitan) which has only 0.05 percent of the present market share.

The acquiring bank seems in this case a likely potential entrant into the narrower market of the bank with which it seeks to merge. The fact that Bank of California is actively interested in entering the Hollywood-Beverly Hills area served by Metropolitan is noted in the application. In view of such interest, there is considerable likelihood that Bank of California would enter the area, only 5 miles away from its downtown headquarters, by *de novo* branching. This potential competition would, of course, be eliminated by the proposed merger.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Glen Ridge Trust Co., Glen Ridge, N.J., with	$15,026,627	1	
and National Newark & Essex Bank, Newark, N.J. (1316), which had	566,382,592	31	
merged Sept. 29, 1967, under charter and title of the latter bank (1316). The merged bank at date of merger had	581,408,785		32

COMPTROLLER'S DECISION

On June 28, 1967, the National Newark & Essex Bank, Newark, N.J., and the Glen Ridge Trust Co., Glen Ridge, N.J., filed an application with the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The National Newark & Essex Bank, organized in 1804 and converted into a National bank in 1865, was the first bank to be established in New Jersey. The bank now holds IPC deposits of $442.5 million and operates 29 branches in Essex County, including 10 in Newark. Essex County, the service area of the charter bank, has a population of approximately 950,000, with an estimated 400,000 people residing in the city of Newark. Essex County lies in the heavily industrialized northeastern part of New Jersey, within easy reach of New York City, and is blessed with excellent transportation facilities, including a large airport and a deepwater port at Port Newark. Manufacturing is the single most important activity, but substantial numbers of people find employment in service industries, retail activity, transportation and government work. The southeastern portion of the county, in which most of the industry is concentrated, is gradually declining in population, while the western, predominantly residential section, is experiencing rapid growth. Many of the county residents commute to work in Newark and in New York City.

The Glen Ridge Trust Co. is a unit bank, chartered in 1912, with its office located approximately 4.5 miles from the main office of the charter bank. The merging bank holds IPC deposits of $13.1 million and is the only commercial bank in Glen Ridge, which is located in Essex County just northwest of Newark. It is a residential community with a population of 8,800, most of whom commute to work in nearby Newark or New York City.

If the merger is approved, little direct competition will be eliminated, as less than one-half of 1 percent of the charter bank's checking accounts and installment loans, and less than 1 percent of its savings accounts, come from the Glen Ridge area. Consummation of the merger will not significantly increase the degree of concentration of banking assets in Essex County, as the resulting bank will retain the charter bank's present rank as third in size among commercial banks in the county, and its share of commercial bank assets will increase only from 23.2 to 23.8 percent. The resulting institution will continue to face intensive competition from the larger county banks headquartered in Newark, including The First National State Bank of New Jersey, with deposits of $650 million, the Fidelity Union Trust Co., with deposits of $557 million, and the Howard Savings Institution, a mutual savings bank with deposits of $694 million. Additional competition is felt from the New York City banks, as many commuters find it more convenient to bank where they work.

Approval of this merger will benefit the public in Glen Ridge by bringing to them a full-service bank, with expanded trust services, a larger lending limit, and more efficient, economical service through computer servicing of accounts. Management continuity will be assured through the recruitment program of the charter bank. Residents who work in Essex County outside the Glen Ridge area will have branch offices of their bank readily available to them.

Applying the statutory criteria to the proposed merger, we find that it is in the public interest, and the application, therefore, is approved.

AUGUST 30, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

National Newark, with total deposits of $491.4 million and 24 offices, is the third largest bank in Essex County. Glen Ridge Trust has total deposits of $13.7 million. Its single office is located in Glen Ridge, a community about 4.5 miles from downtown Newark.

National Newark and Glen Ridge Trust both operate within Essex County. But whereas National Newark's services are readily accessible throughout most of the county, including the communities surrounding Glen Ridge, it would appear that the business of Glen Ridge Trust is derived mainly from Glen Ridge and the immediately adjacent area.

National Newark has six offices or drive-in facilities located 0.5–1.4 miles from the office of Glen Ridge Trust, in the nearby communities of Bloomfield and Montclair. Therefore, it seems clear that the proposed merger would eliminate a substantial amount of direct competition between the merging banks.

Commercial banking in Essex County as well as in Newark is highly concentrated. There are 18 banks located in Essex County having a total of 113 offices (including drive-in facilities). Three Newark banks—National Newark, Fidelity Union Trust Co., and First National State Bank—account for most of the county's banking business, holding 23.6, 26.8, and 31.25 percent, respectively, of total deposits of all county banks. The three banks together hold 81.6 percent of the total deposits of all county banks and approximately 95 percent of the deposits of banks in Newark. They operate 74 of the county's 113 banking offices. The next largest county bank, Montclair National Bank & Trust Co., has assets of $135.8 million and holds 5.7 percent of deposits of county banks. Thus, four banks account for 87.3 percent of the market, and the 14 smaller ones vie for the remaining 12.7 percent. In such a highly concentrated market, Glen Ridge Trust's 0.65 percent share assumes more importance than it would in a more fragmented setting.

The merger would eliminate existing competition between National Newark and Glen Ridge Trust. In addition, commercial banking in Newark and throughout Essex County is highly concentrated in the hands of National Newark and two other Newark banks. This concentration is largely the result of several mergers and acquisitions made by these banks in the 1950's. The proposed merger will add to this concentration and will eliminate a well established and growing independent institution. Therefore, we conclude that the proposed merger would have a significant adverse effect on banking competition in Essex County.

* * *

Merchants & Farmers Bank, Owensville, Ohio, and Clermont National Bank, Milford, Ohio

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Merchants & Farmers Bank, Owensville, Ohio, with	$2,112,678	1	
was purchased Sept. 30, 1967, by Clermont National Bank, Milford, Ohio (3234), which had	23,521,948	6	
After the purchase was effected, the receiving bank had	25,634,626		7

COMPTROLLER'S DECISION

On April 10, 1967, the Clermont National Bank, Milford, Ohio, with IPC deposits of $18.8 million, filed an application to purchase the assets and assume the liabilities of the Merchants & Farmers Bank, Owensville, Ohio, with IPC deposits of $1.6 million.

The purchasing bank was organized in 1884 and has its main office in Milford, a town of 4,000 located in Clermont County. The bank also operates five branches throughout Clermont County. The city of Cincinnati, in Hamilton County, adjoins Clermont County on the west. The service area of the participating banks is predominately residential, containing many inhabitants who commute to work in Cincinnati. There are some agricultural areas remaining in Clermont County and a considerable amount of light industry and commerce exists in the eastern portion of Hamilton County, which also lies within the service area of the purchasing bank. Clermont County has experienced rapid growth in recent years, nearly doubling in population in one decade to reach approximately 80,000 in 1960. The growth of the purchasing bank during the past few years has been exceptional, in keeping with that of its community.

The selling bank was organized in 1909 and operates as a unit bank in Owensville, a village with a population of 700, located 10 miles east of Milford in Clermont County. This bank has not shared in the general economic expansion of the area and is especially handicapped by its lending limit of $17,500, which is not responsive to the credit needs of its community. Because of its limited resources, this bank has found it difficult to acquire needed equipment, to undertake expansion of its physical plant, and to attract competent management.

There is no significant competition between the participating banks. The small size of the selling bank necessarily limits the amount of competition that it can offer to the purchasing bank. There is, however, intense competition in this area deriving from banks located in the eastern part of Hamilton County, and from Cincinnati banks which have branches placed within a few miles of the offices of the participating banks. Thus, while approval of this application will eliminate one independent source of retail banking facilities and increase slightly the degree of concentration of banking assets in Clermont County, the overall effect of the transaction will be to intensify banking competition, especially in the Owensville area. The resulting institution will be better able to compete for business of the commuting population who have available a broad choice of alternative financial institutions in downtown Cincinnati and in the suburban branches.

Approval of this transaction will benefit the Owensville community by making available a broader range of banking services and an expanded lending limit. Management continuity will be provided by the recruiting and training programs of the purchasing bank, while the availability of electronic data processing equipment will provide better service to the public at a lower cost. In addition, the transaction will enable the selling bank to accomplish a needed expansion of quarters.

Applying the statutory criteria to this proposal, we find that it is in the public interest, and the application, therefore, is approved.

July 3, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Clermont National Bank ("Clermont Bank") proposes to purchase the assets and assume the liabilities of Merchants & Farmers Bank ("Merchants & Farmers"). These are two of the five banks in Clermont County, Ohio, which is predominantly residential and has experienced a large increase in population during the past 10 years. It is part of the Cincinnati-Kentucky-Indiana Standard Metropolitan Area.

The proposed merger would eliminate direct competition between the two banks. Their head offices are 12 miles apart, and Merchants & Farmers sole office is 7 miles from Clermont Bank's closest branch. The application states that Merchants & Farmers operates in a relatively small area around Owensville; however, Clermont Bank, which operates throughout the county, receives a substantial number of loan requests from Owensville and derives some deposits from this area.

Clermont Bank is the largest banking institution in Clermont County—with six of the county's 11 banking offices and about 73 percent of its IPC demand deposits. The proposed merger with Merchants & Farmers would add one additional office and about 5 percent in IPC demand deposits to these totals.

The foregoing figures may overstate the degree of market power involved, in view of the proximity of western Clermont County to the city of Cincinnati, in adjoining Hamilton County. The merging institutions account for less than 2 percent of the IPC demand deposits of the entire Cincinnati-Kentucky-Indiana Standard Metropolitan Area.

This suggests that the merger is likely to have somewhat varied effects on competition, depending on the particular class of customers involved. Smaller Clermont County business borrowers, whose markets tend to be restricted to the local area, would therefore tend to find their borrowing alternatives significantly restricted by the merger. On the other hand, commuters and borrowers seeking installment and mortgage loans would not appear to be seriously affected, since they would continue to have access to credit facilities of banks and other financial institutions in Cincinnati.

* * *

First National Bank & Trust Co. of Elizabethtown, Elizabethtown, Pa., and The Harrisburg National Bank & Trust Co., Harrisburg, Pa.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank & Trust Co. of Elizabethtown, Elizabethtown, Pa. (3335), with	$13, 307, 439	1	
and The Harrisburg National Bank & Trust Co., Harrisburg, Pa. (580), which had	159, 887, 914	12	
merged Oct. 2, 1967, under charter and title of the latter bank (580). The merged bank at date of merger had	173, 195, 353		13

COMPTROLLER'S DECISION

On June 30, 1967, The Harrisburg National Bank & Trust Co., Harrisburg, Pa., and the First National Bank & Trust Co. of Elizabethtown, Elizabethtown, Pa., filed an application with the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The Harrisburg National Bank & Trust Co., founded in 1814 and converted into a National bank in 1864, holds IPC deposits of $118 million and operates 11 branches in Dauphin, Cumberland, Perry, and York counties, the four counties which surround Harrisburg. The head office is located in Harrisburg, which is the State capital and which has a population of 80,000. The trade area of the charter bank includes a population estimated at 500,000, and a widely diversified economy ranging from heavy and light industry to agriculture. Some of the major steel companies and other manufacturing concerns of local and national stature have plants located in this area. Distribution and transportation industries are major employers, owing to the highly developed highway system of south-central Pennsylvania. In addition, the Federal Government, with military installations at Middletown, Mechanicsburg, and New Cumberland, and the State government at Harrisburg, employ thousands of people.

The First National Bank & Trust Co. of Elizabethtown was chartered in 1885 and remains a unit operation, holding IPC deposits of approximately $11.2 million. Elizabethtown, with a population estimated at 7,500, is located in northwestern Lancaster County, approximately 18 miles to the southeast of Harrisburg. The service area of the merging bank has a population of approximately 20,000 and derives economic support from light industry, agriculture, and service businesses. The Hershey Medical Center, to be located in the Hershey area in nearby Dauphin County, is expected to benefit the Elizabethtown area in various ways, including the development of industries related to the medical center.

The earnings of the merging bank have been below average, and the bank has been unable to provide electronic data processing equipment and the expanded trust services which it feels are necessary for more economical and profitable operation.

Although the service areas of the two banks overlap slightly, competition between them is insignificant. The charter bank, which ranks third in size among the 32 banking units in the Harrisburg trade area, is smaller than both the National Bank & Trust Co. of Central Pennsylvania, headquartered in York, with deposits of $191 million, and the Dauphin Deposit Trust Co. of Harrisburg, with deposits of $168 million. Consummation of the merger will not change this competitive relationship as the resulting bank will remain third in size and hold 10.6 percent of area IPC deposits and 10.2 percent of area loans. As a branch of the resulting bank, the bank in Elizabethtown will be able to compete more effectively with the Lancaster County branches of such larger regional banks as the National Bank & Trust Co. of Central Pennsylvania, with deposits of $191 million, the Lancaster County Farmers National Bank, with deposits of $99 million, and the Fulton National Bank of Lancaster, with deposits of $77 million.

Approval of the merger will benefit the public, especially in the Elizabethtown service area, through expansion of the scope of banking services available to them. The resulting bank will offer full trust services, a larger lending limit, electronic data processing services, and dealer financing. Affiliation with the charter bank will make possible an adequate audit control and will assure management succession in the future.

Applying the statutory criteria to the proposed merger, we find that it is in the public interest, and the application is, therefore, approved.

AUGUST 30, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Harrisburg National Bank & Trust Co. ("Harrisburg Bank") is the second largest bank in Dauphin County, with total deposits of $136,675,000. First National Bank & Trust Co. of Elizabethtown ("Elizabethtown Bank") is a smaller bank in neighboring Lancaster County, with total deposits of $11,627,000.

The head offices of the participating banks are 18 miles apart. The closest branch of Harrisburg Bank to the sole office of the Elizabethtown Bank is at Middletown in Dauphin County, approximately 7 miles north of Elizabethtown. There would appear to be some existing competition between the two banks which would be eliminated by the proposed merger.

Harrisburg Bank is the fourth largest banking institution in operation within Dauphin and its seven contiguous counties. Larger banks in the order of their size are: (1) American Bank & Trust Co. of Pennsylvania, (2) National Bank & Trust Co. of Central Pennsylvania, and (3) Dauphin Deposit Trust Co. All are headquartered outside Lancaster County and have expanded into that county in recent years. This proposed merger would represent the Harrisburg Bank's initial entry into Lancaster County.

In view of the recent geographic expansion by Harrisburg Bank and the other large banks in central Pennsylvania, it appears that the Harrisburg Bank would be a likely entrant into Lancaster County by means of *de novo* branching. This potential competition would be eliminated by the proposed merger.

* * *

THE FIRST NATIONAL BANK OF MIAMI, MIAMI, FLA., AND NEW NATIONAL BANK OF MIAMI, MIAMI, FLA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Miami, Miami, Fla. (6370), with	$558,019,116	1	
and New National Bank of Miami, Miami, Fla. (15638), which had	350,000	1	
merged Oct. 2, 1967, under charter of the latter bank (15638) and with title "The First National Bank of Miami." The merged bank at date of merger had	558,019,116		1

COMPTROLLER'S DECISION

On July 12, 1967, The First National Bank of Miami, Miami, Fla., with IPC deposits of $349 million, filed an application for permission to merge with the New National Bank of Miami (organizing), Miami, Fla., under the title of the former and the charter of the latter. The subject application is an integral part of a proposal embodied in the application filed with the Board of Governors of the Federal Reserve System on July 11, 1967, by Southeast Bancorporation, Inc., Miami, Fla., under the Bank Holding Company Act of 1956, as amended, for prior approval of its plan to acquire all of the voting stock, except for directors' qualifying shares, of the New National Bank of Miami (organizing), Miami, Fla.; Coral Way National Bank, Miami, Fla., and Curtiss National Bank of Miami Springs, Miami Springs, Fla. In order to transfer stock ownership of The First National Bank of Miami to the bank holding company, a new National bank, with the title "New National Bank of Miami," Miami, Fla., was organized with the preliminary approval of the Comptroller of the Currency.

The new charter bank will not open banking facilities until the instant proposal is approved by the Board of Governors of the Federal Reserve System, at which time it will take over the banking operations of the existing First National Bank of Miami, Miami, Fla., and continue without interruption the banking services now being offered. Since the new charter bank is presently a nonoperating bank, the merger will have no effect on competition. However, the approval to be granted herein is conditioned upon all requisite shareholder action being taken and upon receipt of approval by the Federal Reserve Board for Southeast Bancorporation, Inc., to become a registered bank holding company.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application, as conditioned above, is therefore approved.

AUGUST 30, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The New National Bank of Miami is a newly organized and chartered bank which has not yet engaged in any banking operations. Accordingly, the proposed merger, standing alone, would have no effect on competition.

We understand, however, that the subject application is an integral part of a proposal by Southeast Bancorporation, Inc., to acquire substantially all the voting stock of the New National Bank of Miami, Coral Way National Bank, and Curtiss National Bank. We have not considered in this report the possible competitive effects of this proposal.

* * *

HERITAGE-WILSHIRE NATIONAL BANK, LOS ANGELES, CALIF., AND SOUTHERN CALIFORNIA FIRST NATIONAL BANK, SAN DIEGO, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Heritage-Wilshire National Bank, Los Angeles, Calif. (15463), with	$18, 650, 581	3	
and Southern California First National Bank, San Diego, Calif. (3050), which had	447, 017, 083	35	
merged Oct. 5, 1967, under charter and title of the latter bank (3050). The merged bank at date of merger had	465, 667, 663		38

COMPTROLLER'S DECISION

On July 20, 1967, the Southern California First National Bank, San Diego, Calif., and the Heritage-Wilshire National Bank, Los Angeles, Calif., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The charter institution, with IPC deposits of $312 million, operates 33 offices in San Diego County. It has been able to grow and to retain its relative position in the area banking structure even though faced with the very aggressive competition of considerably larger statewide institutions. Recently, this bank merged with two small banks with offices in Orange County in an effort to strengthen its competitive position and to resist takeover attempts by institutions not yet represented in San Diego County. This application represents the initial entry into Los Angeles County by the charter bank.

The merging bank, with IPC deposits of $11.8 million, operates three offices in Los Angeles and has received approval for a fourth office. The immediate area served by the merging bank is primarily residential in nature, although commercial activity is present and appears to be rapidly expanding.

San Diego County on the Pacific Coast, with a population of 1,200,000, is the second most populous county in California. The principal factors of its economy are manufacturing (primarily defense and space), military payrolls, tourism, and agriculture. In addition, investments in institutions of higher learning and research facilities are growing rapidly. While this county has experienced an economic slowdown over the past 6 years because of a cutback in this Nation's space program and to overbuilding in the construction industry, indicators now point to a resumption of the economic growth of the county.

Orange County, where the charter bank recently obtained representation, is the third largest county in population in California and has been the most rapidly growing large county in the Nation. Manufacturing, tourism, mineral production, and agriculture provide the economic base in this county. It is predicted that Orange County will double in population by 1980. Entry by the charter bank into this area will enhance banking competition and constitutes a logical move by applicant in developing a regional banking system.

Los Angeles County, with a population of approximately 7 million, is the third largest county in the Nation. Manufacturing, agriculture, and mineral production provide the basis of its economy. Projections for the future indicate continued growth for this county in both population and income. The merging bank is located in the western portion of the Los Angeles County, an area primarily residential in nature in which commercial activity is rapidly expanding.

Southern California First National Bank currently competes with all the major California branch banking systems in the southern half of the State and with all of the small independent systems and unit banks in San Diego County. Heritage-Wilshire National Bank is in direct competition with 38 branches of 12 California banks including five of the six largest banks in the State. Among its chief competitors are numerous large savings and loan associations, credit unions, sales finance companies, and insurance companies.

The merging banks do not compete with each other. The nearest branch of the Southern California First National Bank to the Heritage-Wilshire National Bank is approximately 40 miles to the south in Orange County. Consequently, consummation of the proposed merger will not lessen competition between them. Moreover, it does not appear to be practical for the bank to locate branches in this area through the establishment of *de novo* branches, since the availability of adequate locations is severely limited and the cost would be prohibitive. Indeed, the presence of the Southern California First National Bank will create an increase in competition among the larger banks in the western Los Angeles County marketing area while not unduly increasing its market share of banking business.

Consummation of this proposal will benefit the public interest by bringing to the residents of the area now served by the merging bank another institution with a larger lending capacity and extensive range of banking services not presently offered by the merging bank. These services include a well experienced trust division, a management training program and a more sophisticated lending program based upon the credit analysis division, the credit collection division, and an internal independent auditing staff.

Applying the statutory criteria to this proposal, we conclude that it is in the public interest, and the application is, therefore, approved.

AUGUST 30, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National, a major southern California branch bank system located in San Diego, proposes to acquire Heritage-Wilshire, a recently established bank operating in the western part of Los Angeles County.

According to the application, the main offices of the two banks are approximately 130 miles apart and their closest existing branches approximately 95 miles from each other. However, upon consummation of First National's two Orange County acquisitions, then its closest branches would be some 40 and 45 miles distant from Heritage-Wilshire. Even on these facts, the amount of direct competition between First National and Heritage-Wilshire would be slight, if any.

First National's present operations are confined to San Diego County—where it is a major factor in the local banking market. It has about 22 percent of the banking offices and 25 percent of the IPC demand deposits in the county; it appears to be the largest bank with its head office in San Diego, and the second largest bank in terms of total operations in San Diego County. In addition, upon consummation of its two Orange County acquisitions, First National will also have become at least a minor factor in Orange County—with four offices accounting for less than 2 percent of that county's IPC demand deposits.

First National is proposing to acquire a bank which is a very small factor in the much larger Los Angeles market. Heritage-Wilshire accounts for only 0.1 percent of IPC demand deposits among all banks in Los Angeles County. (We believe a more appropriate geographic market would undoubtedly be smaller than Los Angeles County in view of the sprawling nature of the whole Los Angeles community and the local nature of Heritage-Wilshire's operations; however, it is not possible to derive any market share within the Westwood Village, Brentwood, and Bel-Air sections from which the bank actually appears to derive the bulk of its business.) Los Angeles County is, of course, a highly concentrated market, with 81.5 percent of all deposits being held by the five largest statewide and regional branch bank networks operating there.

That First National is interested in expanding into the economically promising areas north of San Diego County is apparent from its submission, within a short space of time, of applications to acquire two banks in Orange County and now one bank in Los Angeles County. All three acquisitions involve recently established banks, with promising growth opportunities. Under these circumstances there is every reasonable expectation that First National is a likely potential entrant into the Los Angeles area by *de novo* branching, as permitted by California law.

First National's acquisition of Heritage-Wilshire might therefore involve some loss of potential competition within Los Angeles County, because First National would be eliminated as an independent entrant into that market by *de novo* branching. However, in view of the very small market share First National would be acquiring by merger with Heritage-Wilshire, and the existing strong banks with which it would be competing, we find the merger unlikely to affect significantly the level of competition within the Los Angeles market.

* * *

Security National Bank of Contra Costa, Walnut Creek, Calif., and First National Bank of Oakland, Oakland, Calif.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Security National Bank of Contra Costa, Walnut Creek, Calif. (15092), with	$26,446,717	2	
and First National Bank of Oakland, Oakland, Calif. (15180), which had	22,054,094	1	
merged Oct. 9, 1967, under charter of the latter bank (15180) and with title "Security National Bank." The merged bank at date of merger had	48,499,988		3

COMPTROLLER'S DECISION

Oakland, the third largest city in California with a population of 385,700, is a major West Coast trade center. The city's heavy industrialization includes manufacturing, warehousing, and extensive shipping along its 19-mile waterfront.

Walnut Creek, located 30 miles northeast of San Francisco and 15 miles northeast of Oakland, is a primarily residential community with a population of 24,000. Most local workers commute to the Oakland-San Francisco area for employment.

First National Bank of Oakland, with deposits of $16.9 million, is a unit bank which was opened for business in October 1963. The charter bank's trade area, which is confined to a 2-mile radius from its main office in downtown Oakland, contains 27 offices of 10 commercial banks with aggregate deposits of $940 million. With only 1.8 percent of the area's deposits, it appears that the charter bank's competitive impact has been slight.

Security National Bank of Contra Costa, with deposits of $20.7 million, opened for business in May 1963. Subsequently, it established its only branch facility 19 miles northeast of the main office in an agricultural and industrial area with a market population of 23,000. Although the merging bank has been aggressive and has demonstrated good deposit growth, it presently possesses only 8.4 percent of the $225 million in commercial bank deposits in its main and branch office service areas.

The 15-mile distance between the merging banks obviates any competition between them. The number of common customers, if any, is insignificant.

Consummation of the merger will resolve the capital inadequacy of the merging bank. The resulting bank, with a larger lending limit, will be able to compete more effectively in the highly competitive Oakland-Walnut Creek commercial banking market. Moreover, the resulting bank will benefit considerably from the pooling of the managerial resources of the two banks.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

SEPTEMBER 8, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The First National Bank of Oakland ("First National") proposes to merge with the Security National Bank of Contra Costa ("Security"). Both banks were organized in 1963. Security has one branch in Antioch.

Oakland (which is in Alameda County) is a major Pacific Coast transportation and trading area. Walnut Creek is a suburban residential community in adjacent Contra Costa County. Antioch is located in an industrial area in the northeastern part of Contra Costa County.

The main offices of both banks are 18 miles apart and separated by the Oakland-Berkeley Hills. First National competes with 50 offices of 10 banks in metropolitan Oakland. Security competes with 38 offices of 10 banks in Walnut Creek and 9 offices of 6 banks in Antioch. Each of the banks holds only about 1 percent of the total IPC demand deposits in the two-county area.

It appears the merger would foreclose little direct competition between the two banks and would have a *de minimis* effect upon concentration in the area.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Westminster National Bank, Westminster, Calif. (15412), with	$4,299,964	1	
and Commercial National Bank, Buena Park, Calif. (15434), which had	7,935,016	2	
merged Oct. 9, 1967, under charter and title of the latter bank (15434). The merged bank at date of merger had	12,234,980		3

COMPTROLLER'S DECISION

On June 6, 1967, the Commercial National Bank, Buena Park, Calif., and the Westminster National Bank, Westminster, Calif., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and title of the former.

Both merging banks opened in 1964 in communities located in rapidly growing Orange County, Calif. Since the 1950s, Orange County, due to its ideal climate and excellent beaches, has experienced steady conversion of its farm land to residential use, accompanied by an explosive population buildup. Excellent freeways and other routes have been constructed to carry residents to work in Los Angeles and Long Beach. Most of the county communities are residential with shopping centers the most important commercial activity. Electronics is the chief industry in Orange County.

Commercial National Bank is located in Buena Park, a community 22 miles southeast of Los Angeles and 10 miles northwest of Santa Ana. The population is 62,000, having increased from 5,500 since 1953 when Buena Park was incorporated. The city is essentially residential with the usual pattern of scattered shopping centers. About 2,000 residents now work in local industrial firms and the community has areas reserved for further industrial development.

Since it opened in 1964, the Commercial National Bank has established a branch in Anaheim, 7 miles east of the head office. It has approval to open another branch in Santa Ana, about 10 miles away. Applicant bank, with IPC deposits of $4.1 million, holds not quite 9 percent of the local deposits and loans.

Westminster, about 35 miles southeast of Los Angeles, has a population of 53,000; when the city was incorporated in 1957, it was 10,800. It also is a residential community with many residents who commute to work in northwest Orange County and southern Los Angeles County.

The Westminster National Bank, with IPC deposits of $2.7 million, has only 3.5 percent of the deposits and loans in its area. Its earnings have been poor due to excessive loan losses and heavy occupancy expenses. There has been a deficiency of executive management in the bank.

The head offices of the merging banks are about 6.5 miles apart and the branches of the applicant bank will be 9–11 miles away from the merging office. There is little or no competition between the offices since numerous offices of other banks are located between them. One or more branches of billion-dollar banks are situated within a mile of all the offices of the resulting bank. All banks in direct competition with the subject banks are larger than the resulting bank. The resultant bank will have about 6 percent of the deposits and loans in the combined service area, which has a population of about 335,000. It will also face competition from nonbank financial institutions which are active in the area.

More services can be provided by the merged bank which will enable it to continue the attraction of the applicant bank for the small household account. About 90 percent of the deposit structure of both banks is made up of such accounts and it is in this area that they can compete most effectively against large chain banks. The loan portfolios of both banks will complement each other. The Commercial National Bank will expand its auto leasing plan to the new office and acquire an escrow department from it. It will also be able to provide much needed qualified and responsible executive management.

Applying the statutory criteria to the proposal, we conclude that it is in the public interest, and the application is, therefore, approved.

SEPTEMBER 8, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Commercial National Bank ("Commercial") proposes to merge with the Westminster National Bank ("Westminster"). Both banks were organized in 1964.

Commercial has one branch in Anaheim and an approved but unopened branch in Santa Ana. Westminster has been denied permission to open a branch.

The banks are located in primarily residential communities in Orange County, which is an area south of Los Angeles, undergoing transformation from an agricultural to an industrial based economy.

The main (and closest) offices of Commercial and Westminster are about 6 miles apart. There are 27 offices of eight banks in the immediate vicinity of Commercial's head office in Buena Park. Westminster competes with 22 offices of eight banks in the environs of its locale.

The business of each bank consists primarily of individual household accounts and mortgage and commercial and industrial loans. Considering their geographical proximity and the general nature of their business, it appears that some direct competition between the two banks will be eliminated by the proposed merger.

On the other hand, Commercial and Westminster combined hold only about 1 percent of the total IPC demand deposits within Orange County, the relevant geographic market for analysis. The effect of this merger upon banking concentration in Orange County would, therefore, appear to be slight.

* * *

THE FIRST NATIONAL BANK OF BUTTE, BUTTE, MONT., AND DALY NATIONAL BANK OF ANACONDA, ANACONDA, MONT.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Butte, Butte, Mont. (2566), with	$18, 187, 497	1	
and Daly National Bank of Anaconda, Anaconda, Mont. (15540), which had	11, 708, 987	1	
consolidated Oct. 13, 1967, under charter of Daly National Bank of Anaconda and with title "First National Bank." The consolidated bank at date of consolidation had	30, 041, 401		2

COMPTROLLER'S DECISION

On October 1, 1966, The First National Bank of Butte, Butte, Mont., and the Daly National Bank of Anaconda, Anaconda, Mont., applied to the Office of the Comptroller of the Currency for permission to consolidate under the charter of the latter and with the title "First National Bank."

Butte, with a population of 27,500, is the county seat of Silver Bow County which has a population of 46,000. Mining, with copper and zinc the leading extracts, is the primary source of income. Agriculture and increasing tourism contribute heavily to the economy of the area.

Anaconda, with a population of 12,000, is the county seat of Deer Lodge County which has a population of 19,000. It is located 25 miles northwest of Butte in the same mountainous area. Its economy depends primarily on the mining industry but the county also contains a substantial number of farms and ranches averaging over 2,000 acres in size.

The First National Bank of Butte, with IPC deposits of $16.2 million, was organized in 1877 as a private bank and received a National charter in 1881. It does not operate any branch offices. Primary competition is derived from the $44 million Metals Bank & Trust Co. of Butte, the $11.4 million Miners Bank of Montana, and the $4.7 million Security Bank of Butte, all located in Butte. The $186.3 million Prudential Federal Savings & Loan Association of Salt Lake, Utah, which operates a branch office in Butte, must also be considered a strong competitor.

Daly National Bank of Anaconda, with IPC deposits of $9.9 million, was chartered as a State bank in 1883 and converted to a National bank in 1965. It does not operate any branch offices. It is a subsidiary of Northwest Bancorporation and is the only bank located in Anaconda.

The First National Bank of Butte is presently faced with the problem of providing competent management succession. The present management team is of advanced years and is contemplating retirement; no competent succession is available within the present ranks of the bank's personnel. Aggressive candidates for management positions have been discouraged due to the bank's ultraconservative policies and lack of modern operating procedures.

Loan volume and deposit growth of The First National Bank of Butte reflects its lack of aggressiveness and is evidence of its weak competitive position in Silver Bow County. Ranked second in total resources, it is fourth in loan volume with 22.5 percent of total deposits represented by loans, as compared to 60.4, 59 and 58.2 percent of the other Butte banks. About three-fourths of First National's loan volume is from outside the State. During the last 5 calendar years it has experienced the smallest deposit growth of any of the Butte banks.

The present lending policies of the First National Bank of Butte leave the consumer wholly unserved. It seldom makes auto loans, home improvement loans, personal loans, retail consumer loans, and real estate mortgage loans. All of these factors lead to the conclusion that the First National Bank of Butte is reluctant to serve adequately the needs of the public and to compete effectively with the other area banks.

Daly National Bank has a competent and energetic staff, balanced by age, experience, and knowledge of the area. The volume, diversity, and types of loans offered by this bank indicate service to all classes of the banking public in its area. Its deposit growth has been steady and the loan-to-deposit ratio compares favorably to banking industry averages.

Due to their geographical location there is little, if any, competition between the participating banks. Because Daly is the only bank in Anaconda, effectuation of the consolidation would not have any adverse competitive effect in the area now served by that bank.

On consummation of this consolidation, the resulting bank plans to operate the office of the First National Bank of Butte as a branch. By this means, the resulting bank will bring to the area a new banking institution with higher lending limits which will permit the offering of larger credit lines to the community. Home and installment loans, not now offered by The First National Bank of Butte, will be among the services to be offered by the resulting bank and will intensify the competition among the banks located in Butte.

This proposal is not without its opponents who have challenged the right of the resulting bank to continue to operate the office of the Butte bank as a branch. On November 23, 1966, the Superintendent of Banks of the State of Montana, the Security Bank and the Miners Bank of Montana, N.A., filed a complaint (C.A. No. 1444) in the U.S. District Court for the District of Montana, Butte Division, against the Comptroller of the Currency to enjoin the issuance of a certificate for and the operation of The First National Bank of Butte as a branch of the resulting bank after consummation of the proposal. On November 25, 1966, a stipulation was filed in the court whereby the Comptroller agreed to give plaintiffs 7 days notice prior to the issuance of the certificate evidencing his approval. The legal memoranda submitted by the applicants and protestants on the issue presented by the pending litigation have been considered.

Applying the statutory criteria to this proposal, which appears to be lawful under Federal and State statutes, it is concluded that the proposal is in the public interest, and the application is, therefore, approved.

MARCH 16, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Daly National Bank of Anaconda, Anaconda, Mont., with assets of $12,416,000, proposed to consolidate with The First National Bank of Butte, Butte, Mont., with assets of $19,353,000.

The business of the banks, with minor exceptions, is restricted to their home counties. Apparently no significant competition exists between them.

It is concluded that the proposed consolidation will not materially alter the competitive situation in either of the areas served by the applicant banks and will not have an adverse effect on competition.

* * *

THE NATIONAL BANK OF WATERVILLE, WATERVILLE, N.Y., AND THE ONEIDA NATIONAL BANK & TRUST CO. OF CENTRAL NEW YORK, UTICA, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The National Bank of Waterville, Waterville, N.Y. (1361), with	$5,626,571	1	
and The Oneida National Bank & Trust Co. of Central New York, Utica, N.Y. (1392), which had	253,977,318	21	
merged Oct. 17, 1967, under charter and title of the latter bank (1392). The merged bank at date of merger had	259,603,889		22

On July 6, 1967, the $219 million The Oneida National Bank & Trust Co. of Central New York, Utica, N.Y., and the $5 million The National Bank of Waterville, Waterville, N.Y., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The charter bank, organized in 1836, presently operates 21 offices in the Utica-Rome Standard Metropolitan Statistical Area, which is comprised of Oneida and Herkimer counties. Fourteen of the offices are located in Oneida County and seven are located in Herkimer County. The bank, the largest commercial bank in this two-county area, is a soundly managed institution, well experienced in branch operations. It offers a broad range of banking services, including trust and computer services, which would be made available to the banking public in Waterville through the operation of the merging bank as a branch office. The two aforementioned counties comprise only one-third of New York State's Sixth Banking District and in this area the bank is the third largest commercial bank with about 15 percent of total area deposits.

The economy of the Utica-Rome Standard Metropolitan Statistical Area is well diversified between industry and agriculture. There are over 400 industries located in the area which is one of the leading dairy farming regions in the State and in the country. Utica, with a population of about 100,000, is the county seat and largest city in Oneida County. Two divisions of General Electrical Corp. are located in Utica along with other sizable industrial concerns, which play an important role in the economy of the area. In the field of agriculture, although dairy farming plays the major role, poultry and cash crops are also important. Rome, with a population of approximately 52,000, is about 15 miles west of Utica. Some of the area's major industrial concerns are located here, including Griffiss Air Force Base, which is the largest employer in the Upper Mohawk Valley area and one of the most important in the State. The Oneida County Airport is midway between Utica and Rome and is the home base of Mohawk Airlines, the largest regional airline in the United States. The Oneida County Industrial Development Corp. has a plot of 250 acres of land available for development adjoining the Oneida County Airport, with another 250 acres to be made available in the future. The area has also enjoyed excellent population growth and the outlook for the future is very good.

The merging bank, organized in 1838, is a single-unit bank offering limited services to its small rural community. The bank is presently faced with a serious management succession problem because its president, the only active executive officer, has recently resigned. The bank, because of its limited earning base, is having difficulty in attracting new and competent management. Due to its limited lending capabilities, the bank has been unable to adequately provide for the credit needs of its community. Its number of farm loans has declined even though the bank is located in a generally prosperous agricultural area. Earnings have also suffered.

Waterville, with a population of about 1,900, is a village located in the southwest corner of Oneida County and approximately 16 miles from Utica. It is a small country community situated in an excellent agricultural area. There are a number of small businesses and retail stores located in or near Waterville. The main industry in the community is the Waterville Knitting Mill, Inc., a division of Barclay Knitwear, Inc., of New York City. As the average capital investment in dairy farms in this area is usually large, and the National Bank of Waterville cannot provide the resulting credit needs, the farmers are forced to seek credit from other lending institutions located elsewhere. Moreover, the credit needs of area farmers are going to become increasingly greater as more farms and farm operations are mechanized and as the size of farm operations grows.

Competition in the two-county area is provided by other commercial banks and particularly by the $148 million Marine Midland Trust Co. of the Mohawk Valley, Utica, N.Y., operating 11 branch offices, which is a subsidiary of the Marine Midland Corp., the third largest bank holding company in the country. Mutual savings banks in the area, particularly the $195 million Savings Bank of Utica, strongly compete for both savings deposits and mortgage loans. Intensive competition for the savings dollar is also provided by the many savings and loan associations, credit unions, sales finance companies, and personal loan companies operating in the area.

The addition of $5 million in assets to the charter bank will have no competitive effect upon other financial institutions. Although the service areas of the two participating banks overlap, there is no effective competition between them due to the difference in size and the type of services provided. The merging bank offers very restricted services and, with its limited banking capability, is unable to provide adequately for the credit needs of its community. The branch of the charter bank closest to the merging bank is in Sauquiot, 9 miles to the northeast. Other commercial banks near to Waterville are the First Trust & Deposit Co. in Oriskany Falls, approximately 4 miles west, and the Hayes National Bank in Clinton, about 11 miles north.

Consummation of this merger, in addition to solving the management succession problem in the merging bank, will provide Waterville with a bank better able to serve the needs and conveniences of the community. The greater lending limit and more extensive range of banking services to be made conveniently available to Waterville residents is clearly in the public interest.

Considered in the light of the statutory criteria, this merger is judged to be in the public interest and is, therefore, approved.

SEPTEMBER 14, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Oneida National Bank & Trust Co. of Central New York, Utica, Oneida County, N.Y., proposes to merge the National Bank of Waterville, Waterville, Oneida County, N.Y.

The level of concentration in the Oneida-Herkimer County market is high, with Oneida Bank and its next largest competitor controlling about 83 percent of total area deposits and loans.

The merger or acquisition of 11 banks in this two-county area by Oneida Bank (9) and Marine Midland Trust Co. of the Mohawk Valley (2) over the past 12 years has contributed significantly to the present high level of concentration in the area. The planned consolidation of Waterville with Oneida Bank would further increase such concentration, although the percentage increase would not be large. Expressed in terms of IPC demand deposits within the two-county area, the market share of Oneida Bank would increase from 55½ to about 57 percent as a result of the proposed merger.

Waterville Bank's single office is situated within 9–12 miles of three of Oneida Bank's 20 branch offices, which are located in both Oneida and Herkimer counties. There is undoubtedly some existing competition between these offices of the two banks which would be eliminated by the proposed merger, although each bank specializes in somewhat different types of loan business.

* * *

AUDUBON NATIONAL BANK, AUDUBON, N.J., AND HADDONFIELD NATIONAL BANK, HADDONFIELD, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*Tro be opeated*
Audubon National Bank, Audubon, N.J. (11446), with	$19, 733, 636	1	
and Haddonfield National Bank, Haddonfield, N.J. (14457), which had	67, 316, 202	5	
merged Oct. 20, 1967, under charter of the latter bank (14457) and with title "Colonial National Bank." The merged bank at date of merger had	87, 049, 838		6

COMPTROLLER'S DECISION

On July 17, 1967, the $65 million Haddonfield National Bank, Haddonfield, N.J., and the $19 million Audubon National Bank, Audubon, N.J., applied to the Office of the Comptroller of the Currency for permission to merge under the charter of the former and with the title of "Colonial National Bank."

Both banks are located in Camden County, which is part of the large Philadelphia-Camden metropolitan district. The communities of Haddonfield and Audubon in Camden County, where the participating banks are located, adjoin each other and are segments of the suburban area surrounding the city of Camden. These areas have been historically and economically linked to each other. For many years, the county was mostly undeveloped, with primary reliance on agriculture. However, agriculture has been on the decline over the years as industrial development took place along the Delaware River, with Camden and Philadelphia at the center of this growth. The major industries in the county are food packaging, electronics, shipbuilding, transport equipment, fabricated metal products, chemicals, and paper. In this wide range of economic growth, residential development has been the fastest growing activity and has followed the population shift to the suburbs, which has been experienced in the county since World War II. Contributing to the progress of this area and to southern New Jersey as a whole is the mass transit development now underway.

Haddonfield, with a population of about 13,000, is entirely residential, with a fine retail shopping area. The population of Haddonfield has increased by less than 500 in the last 10 years. Since the new high-speed rail line from southern New Jersey to Philadelphia will have one of its major stops in Haddonfield, it is expected that the area will share in the anticipated growth of business activities to result from the mass transit development.

The charter bank, organized in 1942, presently operates five offices. It ranks third in size among the commercial banks located in Camden County, with 9.6 percent of total deposits and 8 percent of total loans. The bank, which is almost completely automated and effectively departmentalized, offers a complete line of banking services, including trust services. It makes all types of mortgage loans, including FHA and VA guaranteed loans, as well as college tuition loans under the New Jersey Higher Education Financing Plan—a type of loan not made by the merging institution. The bank, which has pioneered in a number of customer bank services, is community oriented and participates in many civic activities. The bank has a good management-training program and a full-time auditing staff, both of which are lacking at the merging bank.

Audubon, with a population of about 10,000, is almost completely residential. While it has the usual business and service facilities of a suburban community, they are not as extensive as those in Haddonfield.

The merging bank, organized in 1919, is a single-unit bank offering limited services. It is a relatively small institution conservatively run. It has done little to attract new business and does not take part in community activities. The bank has a low loan volume, its checking accounts are neither numbered nor are its checks magnetically encoded. Its trust department is relatively inactive and no attempts have been made to attract additional business. Although it is a well-managed bank, it will eventually suffer from changing conditions unless it is able to expand its services to the community and to increase its lending ability. If it is to remain independent, it must modernize its facilities and expand its space which will entail a significant expense and reduction in profits. The bank presently ranks seventh in size among the commercial banks located in Camden County with 2.9 percent of total deposits and 1.7 percent of total loans. The bank is also faced with a management succession problem as its chief executive officer is due to retire. This situation will be remedied if the banks merge.

Camden County is served by 10 commercial banks with a total of 54 offices. The two largest banks are the $251 million Camden Trust Co., with 16 offices, 37.9 percent of total deposits and 43.3 percent of total loans in the county, and the $222 million First Camden National Bank & Trust Co., with 18 offices, 33.9 percent of total deposits and 33.8 percent of total loans in the county. The participating banks feel the strong competition provided by these two large banks, whose offices are well located throughout the county. Since most of the residents of Haddonfield and Audubon are employed in Philadelphia, competition is also provided by the large banks located there. These banks actively solicit business in Camden County. Additionally, in Camden County, there are nine savings and loan associations, 32 credit unions, four sales finance company offices, and 22 offices of personal loan companies competing for the savings dollar.

Consummation of the proposed merger will have a minimal effect on overall competition. The resulting banks, with 12.5 percent of total deposits and 9.7 percent of total loans, will still rank third in size among the banks in Camden County. It will be, however, in a better position to compete with the large banks and to utilize more efficiently the resources of the combined institutions. The increased volume of business placed in automation will reduce the unit cost to process items resulting in a more efficient overall operation.

Although the service areas of the two participating banks overlap, there is no effective competition between them. The merging bank offers very restricted services and with its limited lending ability is unable to attract new business; nor has it actively solicited any. On the other hand, consummation of this merger, in addition to solving the management succession problem in the merging bank, will provide Audubon with a bank better able to serve the needs and convenience of the community. The greater lending limit and more extensive range of banking services to be made conveniently available in Audubon is clearly in the public interest.

Considered in the light of the statutory criteria, this merger is judged to be in the public interest and is, therefore, approved.

September 12, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger would consolidate Haddonfield National Bank with Audubon National Bank, both in Camden County, N.J.

It is evident that Audubon National and Haddonfield National are direct competitors since their nearest offices are only 1½ miles apart. The proposed merger would, of course, eliminate this competition.

Within Camden County, the merger would result in an increase in the market share (expressed in terms of IPC demand deposits) of Haddonfield National Bank from 8 to 11 percent, and the bank's market share would be greater within the narrower Haddonfield-Audubon area. Thus, the merger would further increase concentration in an already highly concentrated area.

* * *

BANK OF LILLINGTON, LILLINGTON, N.C., AND FIRST NATIONAL BANK OF EASTERN NORTH CAROLINA, JACKSONVILLE, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Lillington, Lillington, N.C., with	$3,908,384	1	....
and First National Bank of Eastern North Carolina, Jacksonville, N.C. (14676), which had	66,862,921	20	....
merged Oct. 20, 1967, under charter and title of the latter bank (14676). The merged bank at date of merger had	70,771,305	....	21

COMPTROLLER'S DECISION

On July 19, 1967, the First National Bank of Eastern North Carolina, Jacksonville, N.C., and the Bank of Lillington, Lillington, N.C., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The First National Bank of Eastern North Carolina was organized in 1952 in Jacksonville, the county seat of Onslow County, which is in the southeastern section of North Carolina. Jacksonville has a population of 19,000, having grown from a population of 3,900 in 1950. The diversified economy around Jacksonville includes Marine Corps operations at Camp LeJeune, agriculture, seafood processing, textiles, and diversified manufacturing.

The charter bank, which has IPC deposits of $39.6 million, has its head office and three branches in Jacksonville and 17 other branches outside the Jacksonville area. Sixteen of these branches are in 11 other counties. Most of the offices, only two of which were acquired through merger, are in the eastern and central parts of the State in agricultural communities with populations of less than 5,000. Since 1962 the First National Bank of Eastern North Carolina has more than tripled the size of its resources, deposits, and loans.

The Bank of Lillington was organized in 1903 in Lillington, a community in the center of the State and 105 miles northwest of Jacksonville. Lillington, with a population of 1,242, and the county seat of Harnett County, is devoted principally to agriculture with flue-cured tobacco, corn, small grains, truck crops, and livestock as the principal products. Though Lillington itself has no industry, there is some industrial activity elsewhere in the county.

The Bank of Lillington, with IPC deposits of $2.7 million, is a unit bank. The only other banking office in Lillington is a branch of Southern National Bank of North Carolina, Lumberton, N.C. The Bank of Lillington also competes directly with branches of two other large banks. The resources and deposits of the merging bank have declined since 1952. This problem has been coupled with a lack of continuity of management which was recently aggravated by the death of its chief executive officer.

The First National Bank of Eastern North Carolina has a branch in Dunn, which, though located in Harnett County, is 18 miles from Lillington. This branch competes with the merging bank only for public deposits of the county. The degree of competition between the banks is otherwise limited because of the distances separating them and the availability of several other banks in the intervening area. Clearly the merger will have no appreciable effect on competition in the entire trade area. The resultant bank, with only 1.5 percent of the deposits and loans in the entire trade area, will have a smaller percentage of the total deposits and loans in the county than two other larger banks. It will also face significant competition from savings and loan associations and other financial institutions in the county.

Since the economy is expanding in Harnett County, the resulting bank can better serve the commercial and agricultural needs of Lillington, with its larger lending limit, and with the influence of a capable and aggressive management.

Applying the statutory criteria to the proposal, we conclude that it is in the public interest, and the application is, therefore, approved.

SEPTEMBER 20, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The First National Bank of Eastern North Carolina ("First National") proposes to merge with the Bank of Lillington, Lillington, N.C.

The Lillington area still is principally devoted to agriculture—including flue-cured tobacco, corn, small grain, truck crops, and livestock. Lillington (population, 1,242) is the county seat of Harnett County (population, 48,236), a county with six banks and 10 banking offices located in the central section of the State.

First National maintains a branch at Dunn in Harnett County, 18 miles from Bank of Lillington. According to the application, the Dunn branch holds $2.7 million of total deposits and competes with Bank of Lillington for public deposits by the county. Otherwise, the degree of competition between these banks is apparently limited because of the distances involved and the availability of several banks in the intervening areas. Thus, the proposed merger would eliminate a very small independent bank, which has recently suffered from some management and financial problems, and which only competes with the acquiring bank to a limited degree.

The proposed merger would involve a significant increase in banking concentration in Harnett County. First National's Dunn branch accounts for about 12 percent of the county's total deposits and Bank of Lillington accounts for about 13 percent.

* * *

FIRST NATIONAL BANK OF MONTESANO, MONTESANO, WASH., AND NATIONAL BANK OF WASHINGTON, TACOMA, WASH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank in Montesano, Montesano, Wash. (5472), with	$6, 273, 796	1	
National Bank of Washington, Tacoma, Wash. (3417), which had	369, 156, 153	39	
merged Oct. 20, 1967, under charter and title of the latter bank (3417). The merged bank at date of merger had	375, 397, 696		40

COMPTROLLER'S DECISION

On July 17, 1967, the First National Bank of Montesano, Montesano, Wash., with IPC deposits of $1.6 million, and the National Bank of Washington, Tacoma, Wash., with IPC deposits of $102.4 million, applied to the Comptroller of the Currency to merge under the charter and with the title of the latter.

Montesano, with an estimated population of 2,660 is located on the Olympic peninsula, approximately 70 miles southwest of Tacoma, Wash. The economy of the area is based chiefly on lumber and lumber products.

Tacoma, the third largest city in Washington, with a population in excess of 150,000, is located on Puget Sound about 33 miles south of Seattle. Traditionally its economic base has been derived from the forest products industry but more recently has been expanded to include food processing and various manufacturing industries.

The National Bank of Washington, a statewide system, has 40 branches. Its nearest office to the First National Bank of Montesano is located in Hoquiam, 14 miles west of Montesano.

The principal competition to the charter bank is provided by the three largest banks in the State, each of which operates a statewide branching system; the Seattle-First National Bank, with $1,650 million in assets, the National Bank of Commerce of Seattle, with $898 million in assets, and the Peoples National Bank of Washington, with $363 million in assets. While there would be a slight increase in the level of banking concentration in the State of Washington as a result of this merger, the overall effect on banking concentration would be minimal.

Competition in the service area of the merging bank is provided by a branch in Montesano of the National Bank of Seattle as well as by two other branches of this bank within a 10-mile radius. Also providing competition are a branch of the Seattle-First National Bank located within a 10-mile radius and a branch office of the Capital Savings & Loan Association, Olympia, Wash., with branch office deposits of $1.2 million. Since there are virtually no common depositors or borrowers, consummation of the proposed merger will result in only a minimal lessening of competition.

The lending capacity of the resulting bank will enable it to be more responsive to the credit needs of the Montesano area, which the merging bank is presently unable to meet. In addition, the people of the Montesano area will benefit from the charter bank's trust department, investment department, and data processing facilities. Furthermore, the charter bank will infuse more dynamic and experienced leadership into the Montesano office and will provide for management succession.

Applying the statutory criteria to the proposed merger, we conclude it is in the public interest, and the application is, therefore, approved.

SEPTEMBER, 15, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

National Bank of Washington ("Tacoma Bank"), a large branch bank, proposes to acquire First National Bank in Montesano ("Montesano Bank"), a unit bank.

The area principally affected by the proposed merger is Grays Harbor County, which is situated in the Olympic Peninsula approximately 70 miles west of Tacoma, where Tacoma Bank's head office is located. Montesano (population 2,468), where Montesano Bank has its only office, is the county seat of Grays Harbor County. The county has a population of 56,990—with the largest centers being Aberdeen (population 18,741) and Hoquiam (population 10,762), two adjoining communities approximately 10 and 14 miles from Montesano. The county's principal industry is forestry and wood products, but agriculture is important also.

Six banks operate 10 offices in Grays Harbor County. These include three large Seattle-based banks. In Montesano there are two banking offices: Montesano Bank's sole office and a branch of the State's largest bank, National Bank of Commerce. Thus the proposed merger would eliminate the only remaining independent bank in Montesano.

Tacoma Bank has a branch (acquired by merger in December 1966) located in Hoquiam, 14 miles west of Montesano; this is one of the two banks in Hoquiam. The amount of direct competition between it and Montesano Bank may well be somewhat limited in view of the distance and the presence of Aberdeen (with two banks) in between Hoquiam and Montesano.

The proposed merger would significantly increase the concentration of banking resources in Grays Harbor County. Tacoma Bank's Hoquiam branch accounts for about 8 percent of both total deposits and IPC demand deposits in the county. Acquisition of Montesano Bank would increase Tacoma Bank's share of total deposits by about 8 percent and IPC demand deposits by about 6 percent.

In summary, the proposed merger, involving the State's fourth largest bank, would eliminate some direct competition between the merging banks and would significantly increase banking concentration in Grays Harbor County.

* * *

FARMERS BANK OF SIMPSONVILLE, SIMPSONVILLE, S.C., AND THE PEOPLES NATIONAL BANK OF GREENVILLE, GREENVILLE, S.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Farmers Bank of Simpsonville, Simpsonville, S.C., with	$4, 643, 493	2	
and The Peoples National Bank, Greenville, S.C. (10635), which had	67, 975, 417	11	
merged Oct. 21, 1967, under charter and title of the latter bank (10635). The merged bank at date of merger had	71, 943, 098		13

COMPTROLLER'S DECISION

On July 24, 1967, the Farmers Bank of Simpsonville, Simpsonville, S.C., with IPC deposits of $3.3 million, and The Peoples National Bank of Greenville, Greenville, S.C., with IPC deposits of $48.1 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Greenville, S.C., home of the charter bank, is the county seat of Greenville County and the trading and supply center for the western portion of the State. The city has a population of approximately 66,188 and serves a trade area with an estimated population of 140,000. Greenville is the second largest city in the State and is the leading industrial metropolitan area with numerous textiles and other diversified manufacturing plants. Unemployment in the area is low and there is evidence of a stable and expanding economy.

The charter bank, which commenced business in 1887, under a State charter, converted to a National bank in 1914. It presently operates nine branches. The bank has been aggressive and alert to its responsibility to furnish the legitimate credit needs and other banking services to the people in its area. Competition in this area is intense and is provided primarily by the Citizens and Southern National Bank of South Carolina, with total resources of $227.9 million; the South Carolina National Bank, with total resources of $446 million; and the Southern Bank & Trust Co., a State-chartered institution with resources of $30 million. The city is now served by four banks with 23 banking offices. In addition, the competition from savings and loan associations is strong throughout the area. Greenville is the home of the largest savings and loan association in the State, Fidelity Federal Savings & Loan Association, with total resources in excess of $70 million.

Simpsonville, S.C., with a population of approximately 6,000, is located in the lower part of Greenville County, approximately 7 miles from Greenville, 8 miles south of Interstate Highway 85 and 5 miles west of U.S. Highway 276. This town serves an immediate area with a radius of approximately 5 miles and a secondary area with a radius of about 8 miles with an estimated population of 11,000.

The merging bank was organized on August 14, 1914, and presently operates one branch. Growth has been unimpressive and the bank has failed to take advantage of the many new opportunities available in the expanding local economy. Practically all of the corporate and industrial business near Simpsonville is being served by competing statewide branch banks. The bank presently encounters vigorous competition from two branches of the Southern Bank & Trust Co. and one branch of the South Carolina National Bank.

Since the trade area of the merging bank does not extend beyond the immediate trade area of Simpsonville and, because the charter bank does not maintain any offices in that community, there is no competition which may be affected adversely by consummation of the proposed merger.

The proposal would provide aggressive and progressive management to the merging bank's area in adequate strength and depth. The convenience and needs of the people in the Simpsonville area would be better served by the proposal in that convenient, modern banking facilities would be provided by the resulting bank. Larger installment loan services, full trust services, a larger lending limit and in general, more sophisticated banking services will be made available as a result of this merger.

Applying the statutory criteria, we conclude that the proposal is in the public interest, and the application is, therefore, approved.

SEPTEMBER 20, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Peoples National Bank ("Peoples") is the fifth largest commercial bank in terms of deposits, in South Carolina, and it currently operates 11 offices. Farmers Bank of Simpsonville ("Farmers") operates its head office in Simpsonville and has one branch office located in Mauldin.

Seven commercial banks now compete in Greenville County (an expanding area with a 1966 population of 234,600), with Peoples ranking second in size and Farmers sixth.

The closest branches of the merging banks (in Mauldin and Greenville) are some 5 miles apart, and their head offices about 8 miles apart. Simpsonville and Mauldin are connected with Greenville by a major highway; there are no intervening towns. For residents of Simpsonville and Mauldin, Peoples and Farmers would appear to represent alternative sources for most commercial bank services. Approval of the proposed merger would result in the elimination of this direct competition between the two banks.

Also, since South Carolina law permits statewide branch banking, the proposed merger would eliminate the possibility of *de novo* branching by Peoples into Simpsonville or Mauldin. Such branching would not cause any loss of competitive alternatives in these expanding banking markets, in contrast to the proposed merger.

Banking concentration has been rising in Greenville County, and the number of banking alternatives systematically reduced, through successive continuous acquisitions of small but growing banks. Thus, as of June 30, 1964, 10 banks had offices in Greenville County, with the largest three banks (including Peoples) holding 77 percent of the total deposits. Now there are only seven separate banks in the county and the same three banks hold about 81.5 percent of total county deposits.

The proposed merger would increase the already high level of banking concentration within the county and reduce the number of banks in the county to six. The merger would also increase Peoples' share of total county deposits from 27 to 28.9 percent and its share of IPC demand deposits from 28.8 to 30.6 percent.

We believe, accordingly, that the proposed merger would have adverse effects upon banking competition in Greenville County.

* * *

Citizens Bank of Wilkes-Barre, Wilkes-Barre, Pa., and Miners National Bank of Wilkes-Barre, Wilkes-Barre, Pa.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Citizens Bank of Wilkes-Barre, Wilkes-Barre, Pa., with	$7,637,305	2	....
and Miners National Bank of Wilkes-Barre, Wilkes-Barre, Pa. (13852), which had	157,536,594	9	....
merged Oct. 25, 1967, under charter and title of the latter bank (13852). The merged bank at date of merger had	165,183,405	....	11

COMPTROLLER'S DECISION

On April 18, 1967, the Citizens Bank of Wilkes-Barre, Wilkes-Barre, Pa., with IPC deposits of $5.76 million, and the Miners National Bank of Wilkes-Barre, Wilkes-Barre, Pa., with IPC deposits of $117.8 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter. A hearing was held on this application in Wilkes-Barre on July 19, 1967.

Wilkes-Barre is located in northeastern Pennsylvania, approximately 120 miles north-northwest of Philadelphia and about the same distance west of New York City. The population of Wilkes-Barre, which reached a high of 86,626 in 1930, has declined to its present 63,000. Together with the city of Scranton, 18 miles north, Wilkes-Barre is the physical and economic hub of northeastern Pennsylvania, an area with more than 1 million inhabitants.

Once the anthracite center of the world, the northeastern Pennsylvania area has been in a serious economic decline, which started with the depression in the 1930s, was briefly interrupted by World War II, and continued until 1960. The anthracite coal industry, which once provided the major source of employment in the entire region, has declined due to the competition of oil and natural gas. As a reminder of coal's dominance over the area, the entire valley in which Wilkes-Barre is located was dotted with "culm banks," which are small mountains of coal dust, slate, and mine waste. Though the decline in mine employment was somewhat offset by the introduction of a large number of textile and garment factories which utilized female labor almost exclusively, Wilkes-Barre continued to be recognized officially as a depressed area with a serious labor oversupply and substantial unemployment.

Under the aegis of the Greater Wilkes-Barre Chamber of Commerce, several corporations were created to attract new industry to Wyoming Valley by providing ready financing. Beginning in 1939, the Wyoming Valley Industrial Fund, Inc., was the first attempt by local leaders to cure the area's economic blight. The Wyoming Valley Industrial Building Fund, Inc., was chartered in 1940. These two corporations merged in 1953 under the title of the Greater Wilkes-Barre Industrial Fund, Inc. This corporation continues to function today in cooperation with the Pennsylvania Industrial Development Authority, which was established in 1956. The local Development Fund conducts solicitations every 3 years and, to date, has collected $4.2 million—a public contribution to the financing of new industries. With the cooperation of the larger Wilkes-Barre and Scranton banks and the Pennsylvania Industrial Development Authority, the local Chamber of Commerce has been able to attract to the area such substantial national firms as Leslie Fay, RCA, Eberhard Faber, and Tops, among others. These firms have provided the solid employment base that has enabled the area, for the first time since the depression, to look forward and to project an increase in population, jobs and overall economic activity.

After the coal companies sold their culm banks, the complexion of the area changed. The development of the northeast extension of the Pennsylvania Turnpike and the announcement of plans for the construction on intersections of two major interstate highways No. 80 and No. 81—made this area of culm banks commercially valuable. The culm banks were leveled and the land was graded. Within this area are now industrial plants, several large motels, nightclubs, warehouses, wholesale firms, service companies, and a shopping center which have, in the last 6 years alone, contributed to an increase in real values of about $11 million. Most of this development is within 1½ miles of the Citizens Bank.

Citizens Bank of Wilkes-Barre, which commenced business in 1910, is, in effect, a family-dominated bank. Originally located in a low- to medium-income neighborhood in the Parsons section of the city, the bank functioned for many years as a depository. It is a commercial bank only in regard to a few very small businesses in that area, such as a grocery store, a tavern, and other similar enterprises. Its type of operation is graphically demonstrated by the fact that this office, which is now operating as a branch, is closed at lunchtime for its three employees' convenience.

The owners of Citizens Bank purchased a site in the culm bank section when the coal companies were selling. In 1956, Citizens Bank opened its Kidder Street branch at this location; it is adjacent to the shopping center which is the focal point of the current industrial expansion. The branch was later converted to the main office of Citizens. Because of its location, and despite its undisputed inability to service any of the commercial enterprises in the area, Citizens' deposits increased from $3.5 million to $6 million in a 10-year period. There is no evidence in the record, nor does this Office know of any fact to indicate that anything other than location and total lack of competition in the area has been responsible for this growth.

Citizens Bank has a serious management succession problem. Not a single one of its five directors has ever been a banker by profession, and none have attempted to manage a full-service institution which the convenience and needs of the new business, large and small, located in this area require. This board has served as a part-time and unpaid officer staff of the bank. Its top-paid officer and only full-time executive is the cashier; a lady who is expected to handle all operational details, no matter how small, 52 weeks of the year, for $9,000. Despite her excellent banking education and proven competence, her lending responsibility is limited to unsecured loans of less than $1,000. This woman, who has had serious illness, is probably irreplaceable. Substantially all of the other members of the staff are paid only the minimum wage thereby causing an exceptionally high rate of turnover.

There is little question that Citizens Bank is not a competitive force either in the northeast Pennsylvania banking market or in Wilkes-Barre itself. Its inability to compete derives wholly from internal causes; its smallness in size, its conservative policies, its lack of officers and experienced staff, and its limited services. Because its lending limit is only $40,000, Citizens Bank would have had difficulty meeting the needs of its customers even if the management had been disposed to do so. The conservative lending policies of the institution, concentrated on purchased paper and participations and sales of Federal funds, is of little, or no, assistance to the growing economy. Its profits are illusory, for they have been squeezed out of overhead. Its lack of credit files reflects its indisposition to function competitively in the commercial arena. It has no internal audit procedure. Without reciting the many statistics available, it is clear that one of the primary functions of Citizens has been the cashing of checks, primarily paychecks of employees of nearby industries from which it derives about 12 percent of its income.

Citizens Bank, then, is a small savings-type institution, located in a section of Wilkes-Barre which has no other convenient banking offices to afford it deposit competition. The nearest banking office is more than a mile away in Plains Township. It is accessible only over a very poor road that crosses railway tracks which are responsible for frequent traffic delays of up to 30 minutes; it is not a ready nor acceptable alternative. Anyone in the community requiring commercial bank services is required to pass Citizens and to drive to one of the four full-service banks in the downtown area that is marked by narrow and congested streets. By virtue of its monopoly position in a prime growth location, the deposits of Citizens have grown.

Miners National, on the other hand, is an aggressive, competitive, full-service bank which has contributed substantially to the community development. Its officers and directors have been prime movants in the creation of the Industrial Development Fund and in obtaining the many new industries which have been induced to locate in the area. The bank itself has been a contributor to this activity and has accepted its share of the responsibility for meeting the financial needs of these job-creating industries. The other three banks in Wilkes-Barre—Northeastern National, the largest bank in the region, must necessarily be included in any computations—and the $110 million savings and loan industry have also contributed to these projects. Citizens, because of size and the character of the institution itself, cannot be considered a factor in the past or future economic development of the region. The merger will free its deposits for use in active real estate development, construction, and commercial lending which the area will require, in constantly increasing volume, for at least 13 years into the foreseeable future.

Finally, branches in the immediate area have been approved for First National Bank and Wyoming National Bank. The former is in the same shopping area in which Citizens is located. The other, though 5 miles away, is essentially within the same industrial complex; it will be accessible via a high-speed, nonstop modern highway and will clearly compete for the business generated in the complex. Accordingly, this merger, when consummated, will, together with branch approvals, change the area into a competitive arena featuring three modern, aggressive and full-service banks. It will, moreover, solve the serious management problem facing Citizens Bank, correct its internal banking procedures, better utilize the deposits for the benefit of the community, and give increased service to Parsons residents. It will protect the Citizens Bank's main office from the deterioration which would occur if its present management were confronted with a branch of a full-service bank across the street.

Accordingly, on the facts before this Office, it is concluded that this proposed merger will provide the area served by Citizens with substantially better banking services; and that, together with the aforementioned branches, the benefits to the public deriving from the increase in actual competition and service will clearly justify the elimination of a noncompetitive entity which is not functioning as a full-service commercial bank and which has no prospects, from the record developed, of ever becoming one.

Accordingly, this proposal clearly meets the statutory criteria; the public interest dictates its approval. The application to merge is, therefore, approved.

SEPTEMBER 22, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger of Miners National and Citizens Bank would unite two banks located only 1½ miles apart in Wilkes-Barre, Pa., and eliminate a vigorous and rapidly growing independent competitor. There would also be a rise in concentration of commercial banking in the area. Miners National now has about 27 percent of IPC demand deposits in Luzerne County (i.e., the Wilkes-Barre-Hazleton Standard Metropolitan Statistical Area). Its merger with Citizens Bank would add another 1 percent to Miners National's market share. The rise in concentration within the city of Wilkes-Barre alone would be higher, and the number of banking alternatives following the merger would be reduced from six to five in the city. Accordingly, we believe the proposed merger would have an adverse effect upon competition in the area of Wilkes-Barre, Pa.

* * *

MORNINGSIDE SAVINGS BANK, SIOUX CITY, IOWA, AND THE LIVE STOCK NATIONAL BANK OF SIOUX CITY, SIOUX CITY, IOWA

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Morningside Savings Bank, Sioux City, Iowa, with	$8,489,509	2	
and The Live Stock National Bank of Sioux City, Sioux City, Iowa (5022), which had	34,096,918	1	
merged Oct. 31, 1967, under charter of the latter bank (5022) and title of "Northwestern National Bank of Sioux City." The merged bank at date of merger had	42,674,611		3

COMPTROLLER'S DECISION

On July 24, 1967, Morningside Savings Bank, Sioux City, Iowa, and The Live Stock National Bank of Sioux City, Sioux City, Iowa, applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of "Northwestern National Bank of Sioux City."

Sioux City, Iowa, with a population of 89,159, is the seat of Woodbury County located at the confluence of the Big Sioux and Missouri rivers in the northwest part of the State. It is an important retail trade center and livestock marketing point for northwest Iowa, northeast Nebraska, and southeast South Dakota. The five-county area comprising the relevant market is also heavily dependent upon agriculture and related industry.

The Live Stock National Bank of Sioux City, with IPC deposits of $16.3 million, was organized in 1895 and is a subsidiary of Northwest Bancorporation, Minneapolis, Minn. Operating its sole office in the heart of the Sioux City stockyards area, it serves primarily customers transacting business in this vicinity, as well as conducting a substantial correspondent bank business, as an outgrowth of their close association with the central livestock market. The Live Stock National Bank of Sioux City has a strong earnings record, a substantial capital structure and possesses reasonable depth in experienced and competent management personnel.

Morningside Savings Bank, with IPC deposits of $7.2 million was established in 1919. It operates its head office 2 miles southwest of the charter bank in one of the largest residential sections of Sioux City and has a branch office located in Bronson, Iowa, a small farming community located some 10 miles southeast of the Morningside area. Earnings of the Morningside Savings Bank have been fair; its capital structure is considered marginal and its management resources appear to be thin.

The charter bank presently is and will continue to be after this merger the fourth largest, both in deposits and loans, of the 40 banks serving the five-county market area. With its business geared to activities in the stockyards area and correspondent banking, it has not competed successfully for commercial business with the three larger downtown banks. Neither has it competed with the merging bank which, although located in one of the most desirable residential areas in the city, has pursued a cautious lending policy.

The major competitive impact of the proposed merger would be in the Morningside area and the farming community of Bronson where the merging bank operates the town's only banking office. However, since the resulting bank will continue to operate the Morningside Savings Bank office and their Bronson, Iowa, office as branches, there will be no diminution of banking offices and the ultimate result is expected to be an increase in competition in the Morningside area.

Applying the statutory criteria to this proposal, it is concluded that it is in the public interest. The merger, therefore, is approved.

SEPTEMBER 12, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Morningside Savings' main office in the Sioux City suburb of Morningside is 2 miles southeast of National's head office in the stockyards district of Sioux City; however, the amount of direct competition between them may be limited because the type of business conducted by each bank is fairly distinct. Neither bank is located in the downtown Sioux City business district. National has historically served the packing industry, while Morningside Savings is a basically retail bank located in a suburban area.

National has 12 percent of both the total deposits and IPC demand deposits of the 18 banks operating in Woodbury County, Ia., where Sioux City is located. Morningside Savings has 3.4 percent of the county's total deposits, and 3 percent of its IPC demand deposits. Thus, the proposed merger involves a significant increase in concentration in Woodbury County.

The proposed merger between the fourth and fifth largest banks in the Sioux City area would eliminate whatever direct competition exists between them and would increase concentration in Woodbury County by at least 3 percent. Its effect on banking competition in the area would be adverse.

* * *

The First National Bank of Bloomsburg, Bloomsburg, Pa., and The First National Bank of Wilkes-Barre, Wilkes-Barre, Pa.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Bloomsburg, Bloomsburg, Pa. (293), with	$10,653,505	2	
and The First National Bank of Wilkes-Barre, Wilkes-Barre, Pa. (30), which had	121,572,121	9	
merged Oct. 31, 1967, under charter and title of the latter bank (30). The merged bank at date of merger had	131,906,675		11

COMPTROLLER'S DECISION

On July 20, 1967, The First National Bank of Bloomsburg, Bloomsburg, Pa., with IPC deposits of $8.7 million, and The First National Bank of Wilkes-Barre, Wilkes-Barre, Pa., with IPC deposits of $83.3 million, applied to the Comptroller of the Currency to merge under the charter and with the title of the latter.

The First National Bank of Bloomsburg is located in a community of 11,000 people, situated in the northeastern quadrant of Pennsylvania some 40 miles south of Wilkes-Barre, the home of the charter bank, and approximately 75 miles north of Harrisburg. The economy of the area is a well balanced mixture of industry and agriculture, complemented by the presence of Bloomsburg State College. Although not located in the coal mining region, the economy of the community is inextricably bound to that of Wilkes-Barre, which is the closest community of any substantial size.

The charter bank, as indicated by its name, is located in Wilkes-Barre, which is the center of the anthracite mining industry. As has been noted in the decision of the proposed merger of Miners National Bank and Citizens Bank of Wilkes-Barre, this region has made a successful transition from dependence upon coal mining to a more broadly based industrial economy. The area is the fastest growing in Pennsylvania due to the fortuitous location there of the intersection of Interstate Highways 80 and 81.

The major competition in the Wilkes-Barre region is provided by Miners National Bank, Wyoming National Bank, and the largest regional bank, Northeastern Pennsylvania National. There is no competition existing between the charter bank and the merging bank whose headquarters are separated by a distance of 41 miles and the closest office of either by 21 miles. As will be noted later, the probability of future competition between the two banks is remote.

Bloomsburg has witnessed a rather remarkable growth during the past 10 years due to a number of factors. The presence of Bloomsburg State College in this community with an enrollment of 3,800 students and a capital and operational budget in excess of $2 million is one of the major factors contributing to this growth. In addition, the town, in close proximity to major super highways and railroads, is fortunate in having a substantial amount of vacant land available for future plant construction and expansion.

The First National Bank of Bloomsburg has attempted to meet the banking needs of this community but has reached the point where the available loanable money has been depleted. It has been able to meet the demand for mortgage money only by selling participations in the various mortgages to other banks. A portion of these participations are held by the First National Bank of Wilkes-Barre. The present loan and deposit ratio of the First National Bank of Bloomsburg is 73 percent, which severely limits its ability to meet even the minimal future demands for mortgage money and which substantially precludes its participation in the financing and servicing of new and expanded industries in its area.

Although the bank has attempted to increase its capital position by the sale of additional common stock on two occasions and the floating of a $150,000 debenture note, the growth of the area and the demand for loans has rendered the capital position of the Bloomsburg bank marginal.

Within the Bloomsburg trade area the number of competitive banking entities would remain the same as a result of this merger. At present Bloomsburg is served by a branch of the Miners National Bank, a State-chartered institution, and the merging bank. The merger, if consummated, would make available to the Bloomsburg area not only the larger lending limits of the charter bank, but a substantial amount of lendable funds which could be utilized to further the economic growth of the community. In addition, the merger would make available to the customers of the merging bank the modern automated services of the Wilkes-Barre institution; it would fill the void now existing because of the merging bank's lack of trust powers, travel department, investment counseling, and EDP programs.

As the charter bank is not now located in the Bloomsburg trading area, there would not appear to be any diminution of competition resulting from this merger, nor any lessening of probable future competition. On the other hand, the merger would introduce a new source of funds for both residential construction and for commercial enterprises located in and around Bloomsburg which the merging bank is unable to supply and which the community seriously requires. We believe that this factor together with the additional services which the First National Bank of Wilkes-Barre can supply dictate the approval of this merger to serve the public interest.

The statutory criteria having been met, the application to merge is, therefore, approved.

SEPTEMBER 22, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National Bank of Wilkes-Barre ("Wilkes-Barre Bank") operates a main office and four branches in or near Wilkes-Barre, the county seat of Luzerne County. It has four other branches 7–22 miles away in Luzerne County. The First National Bank of Bloomsburg ("Bloomsburg Bank") operates two offices in and around Bloomsburg, a community 41 miles southwest of Wilkes-Barre, in Columbia County. The latter county is a largely rural area located in east-central Pennsylvania, contiguous to Luzerne County's western border.

Because their closest offices are separated by 21 miles, Wilkes-Barre Bank does not appear to be a substantial direct competitor for Bloomsburg Bank and, accordingly, the proposed merger would involve the elimination of very little, if any, direct competition.

The Wilkes-Barre Bank has consolidated and extended its market position in the western part of Luzerne County through acquisitions in 1964 and 1967. It would be logical to expect Wilkes-Barre Bank to continue this westward expansion into contiguous Columbia County, either by merger or *de novo* branching as is permitted under Pennsylvania law. The proposed merger would eliminate this possibility of independent entry by a major bank in a neighboring county.

* * *

THE PEOPLES BANK & SAVINGS CO., NEW PHILADELPHIA, OHIO, AND THE NATIONAL BANK OF DOVER, DOVER, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Peoples Bank & Savings Co., New Philadelphia, Ohio, with	$6,966,106	1	
and The National Bank of Dover, Dover, Ohio (4293), which had	28,060,416	3	
merged Nov. 25, 1967, under charter of the latter bank (4293) and title of "The Peoples National Bank & Trust Co." The merged bank at date of merger had	35,026,523		4

COMPTROLLER'S DECISION

On July 27, 1967, The Peoples Bank & Savings Co., New Philadelphia, Ohio, with IPC deposits of $5.7 million, and The National Bank of Dover, Dover, Ohio, with IPC deposits of $22 million, applied to the Comptroller of the Currency to merge under the charter of the latter and with the title of "The Peoples National Bank & Trust Co."

The National Bank of Dover, the charter bank, was formed in 1947 through a merger involving three banks. Its main office is located in Dover, Ohio, a town of approximately 12,000. The merging bank, The Peoples Bank & Savings Co., was chartered in 1921 and has never undergone a reorganization. It is a unit bank, located 3 miles south of Dover in New Philadelphia, Ohio, which has a population of 14,600.

The Dover-New Philadelphia area is centrally located in Tuscarawas County, Ohio, approximately 30 miles south of Canton. The two communities, serving an area of approximately 40,000 residents, are supported by a diversified economy based on agriculture and industry. Twelve national manufacturers have established industrial plants within the area and employ approximately 4,500 people, while locally owned industries employ roughly 500. It is anticipated that the local economy and the number of area residents will further increase with the completion of Interstate Highway 77, which will link Dover and New Philadelphia with Canton.

The charter bank, which has experienced steady growth, operates a branch in Dover and one in Newcomerstown, 20 miles southwest. The single-unit office of Peoples Bank, which has shown only modest deposit growth in the last 5 years, will become a branch of the resulting institution. Thus, a minimal degree of competition between the merging banks will be eliminated.

Consummation of the proposed merger will not significantly affect the banking services offered in Dover since the increase in assets resulting from the merger will have only a slight effect on the charter bank and its position in relation to its competitors in the area. Following consummation of the proposed merger, the resulting institution will be approximately 42 percent smaller in deposit structure than its main competitor, The Reeves Bank & Trust Co., which controls 42.4 and 41.5 percent of the deposits and loans, respectively, in the service area. The five remaining banks in Tuscarawas County, including the $17.5 million Ohio Savings & Trust Co. and the $9 million United Bank, will continue to provide competition. Other nonbanking financial institutions including sales finance companies, personal loan companies, and government agencies provide competition in the trade area to a considerable degree.

Along with the addition of progressive management, additional banking services will be made available to depositors of the merging institution. These benefits include a lending limit capacity of $180,000, an increase of $33,000, EDP accounting, trust services, and a farm department. The resulting bank will offer more effective competition to the larger Reeves Bank & Trust Co. and provide more adequate banking services for the developing needs of area residents.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

OCTOBER 11, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The National Bank of Dover ("National Bank") is the second largest of four banks which primarily serve the Dover-New Philadelphia area in Tuscarawas County, Ohio. Peoples Bank & Savings Co. ("Peoples") is the smallest bank within this area.

The existence of considerable present competition between National Bank and Peoples seems apparent and is indicated in the application. Loan portfolios at each of the merging institutions indicate that both are active in the same fields of credit. These facts, along with the close proximity, both of the head offices and nearest branches (3.5 and 1.5 miles, respectively), indicates a substantial degree of direct competition between the merging banks, which would be eliminated by the proposed merger.

In Tuscarawas County, as a whole, the proposed merger would result in an increase in National Bank's share of total deposits from 20.8 to 26.2 percent, and its share of IPC demand deposits from 17.7 percent to 22.8 percent.

In summary, the proposed merger would eliminate direct competition between two banks within a short distance from each other, and would significantly increase banking concentration in Tuscarawas County and the Dover-New Philadelphia area.

* * *

EAST BERLIN NATIONAL BANK, EAST BERLIN, PA., AND ADAMS COUNTY NATIONAL BANK, LITTLESTOWN, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
East Berlin National Bank, East Berlin, Pa. (14091), with	$3,447,598	1	
and Adams County National Bank, Cumberland Township, Gettysburg, Pa. (311), which had	34,055,893	4	
merged Nov. 30, 1967, under charter and title of the latter bank (311). The merged bank at date of merger had	37,503,491		5

COMPTROLLER'S DECISION

On August 10, 1967, the Adams County National Bank, Littlestown, Pa., with IPC deposits of $28 million, and the East Berlin National Bank, East Berlin, Pa., with IPC deposits of $3 million, filed an application with the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The merging banks are both located in Adams County which lies on Pennsylvania's southern border adjacent to the Maryland line. Though the economy of this area is well diversified, agriculture plays a predominant role. The dairy farms in the area, an important source of income, send their products to the Washington and Baltimore metropolitan markets. Light industry is now assuming an increasingly significant role in terms of local employment. The historical Gettysburg Battlefield and its shrines, which draw 3 million visitors a year, makes tourism a major component in the local economy. Shoe and garment factories account for much local employment. Additionally, it should be noted, many residents of the area commute to their employment sites in York, Harrisburg, and Hanover in Pennsylvania.

The Adams County National Bank, chartered as a State bank in 1857, was converted to a National charter in 1864. Its head office is in Littlestown, a community of 2,800 located 9 miles southeast of Gettysburg. This bank, with two branches in Gettysburg, has pending an application to relocate its head office in Gettysburg. Its third branch is in McSherrystown, a community of 3,500 located 13 miles southeast of Gettysburg.* This bank has shown good growth in recent years but has felt the need for an office in the northern part of the county.

The East Berlin National Bank was organized in 1934. It is a single-unit operation with its office in East Berlin, a town with a population of 1,100. In contrast to the charter bank, this merging bank has grown little in recent years and offers a limited range of banking services.

There is no significant competition between the participating banks. The closest branch of the charter bank to the merging bank is its McSherrystown branch, which is located about 12 miles south of East Berlin. If the merger is consummated, the resulting bank will hold only a slightly higher percentage of the total county commercial banking assets than are presently held by the charter bank. This will not result in a competitive imbalance. In Gettysburg the resulting bank will continue to face intense competition from The Gettysburg National Bank, which has total resources of $35.5 million. The Hanover branches of both the Dauphin Deposit Trust Co., Harrisburg, Pa., with total resources of $188 million, and the National Bank & Trust Co. of Central Pennsylvania, York, Pa., with total resources of $238 million, are active competitors of the merging banks. It is anticipated that the resulting bank will be able to compete more effectively with The Peoples State Bank, East Berlin, Pa., with total resources of $4.3 million, than did the merging bank.

If the application is granted, the public in the East Berlin area will benefit from the increased lending limit of the resulting bank, and from the availability of a wide range of banking services which are presently not offered by the merging bank, including trust department services, installment lending, Small Business Administration loans, and student loans. Bookkeeping functions will be centralized and the electronic data processing facilities of the charter bank, including a computer soon to be delivered, will be available to the customers of the merging bank. Through the union with the charter bank, the management succession problems of the merging institution will be solved.

Applying the statutory criteria to the proposed merger, we find that it is in the public interest, and the application is, therefore, approved.

OCTOBER 23, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Adams County National (total deposits, $29 million), is headquartered in Littlestown, Pa., 9 miles south of Gettysburg; it operates two branches in Gettysburg and one in McSherrystown. East Berlin National's single office is located in East Berlin, Pa., a town 16 miles north of Littlestown. Both banks' deposit business consists largely of time deposits.

The office of Adams County National closest to East Berlin National is 10 miles away (in McSherrystown), and Adams County National's other offices are 16–18 miles away. There would seem to be little significant direct competition between the two banks, a fact probably accounted for at least in part by this distance factor.

In Adams County, Adams County National now has a substantial 30.2 percent of total deposits, a share which would rise to 33.3 percent following the merger.

*On Oct. 17, 1967, this bank relocated its main office to Cumberland Township (post office, Gettysburg, Pa.).

Thus, following the merger, Adams County National would become the largest bank headquartered in Adams County, although it would continue to be in competition with substantially larger banks having branches in Adams County or Hanover, just over the county line in York County.

* * *

EMPIRE STATE BANK OF DALLAS, DALLAS, TEX., AND THE NATIONAL BANK OF COMMERCE OF DALLAS, DALLAS, TEX.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Empire State Bank of Dallas, Dallas, Tex., with	$34, 095, 321	1	....
and The National Bank of Commerce of Dallas, Dallas, Tex. (3985), which had	94, 066, 341	1	....
merged Dec. 4, 1967, under charter of the latter bank (3985) and title of "National Bank of Commerce of Dallas." The merged bank at date of merger had	128, 161, 662	....	1

COMPTROLLER'S DECISION

On July 3, 1967, Empire State Bank of Dallas, Dallas, Tex., with deposits of $34 million, and The National Bank of Commerce of Dallas, Dallas, Tex., with deposits of $64.5 million, applied to the Office of the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of "National Bank of Commerce of Dallas."

Dallas, with an estimated population of 840,000, has a highly diversified economic base and is the leading financial, industrial and trade center for the region comprised of Oklahoma, northeast and central Texas, western Arkansas, and northwestern Louisiana. Dallas County, of which the city is the seat of government, has a population of 1,225,000. The Dallas Standard Metropolitan Statistical Area, comprised of Collin, Denton, Ellis, Kaufman, and Rockwall counties in addition to Dallas County, has a total population of 1,500,000. The growth rate throughout this Metropolitan Statistical Area has been rapid in the last 25 years; the county grew 54 percent from 1940 to 1950 and 55 percent from 1950 to 1960 as against figures of 14.4 and 18.4 percent for the country as a whole. The growth rate in the last 6 years has exceeded that of any other metropolitan area. There is every reason to expect this growth to continue; 18,000 new homes are being constructed each year.

Industry and trade in the Dallas area are keeping pace with its population. It has 2,000 manufacturing concerns and 3,000 wholesale firms contributing to its economic vitality. Retail sales approximate $2 billion annually. Its work force of 600,000 has increased from 444,619 in 1960. Of this work force, government and services employ 22 percent, wholesale and retail firms 28 percent, finance and real estate 8 percent, and manufacturing and construction 32 percent. The buying power of this metropolitan area now exceeds $3 billion per year. Deposits in the metropolitan area banks have increased by $1 billion since the beginning of 1964.

The intensity of competition among the financial institutions in this area is immediately evident from a survey of their numbers. Within the Standard Metropolitan Statistical Area there are 102 commercial banks, with total deposits in excess of $4 billion; within Dallas County alone there are 67 commercial banks, with IPC deposits in excess of $3 billion. The two largest banks in the southwest United States, the Republic National Bank of Dallas, with total deposits of $1,293 million, and The First National Bank of Dallas, with total deposits of $1,244.5 million, are located in Dallas. Other large banks include the Mercantile National Bank, with total deposits of $514.5 million, and the Texas Bank & Trust Co., with total deposits of $174 million. Competition is also provided by 23 savings and loan associations which operate 52 offices, by 111 insurance companies, and by more than 200 credit unions. The merging banks have 1.5 and 0.8 percent of the metropolitan area's commercial bank deposits. Together they would have 2.3 percent, an increase in concentration among the seven largest area banks of 0.8 percent.

The union of the participating banks will not significantly affect deposit concentrations in the largest area banks. As the following table demonstrates, the portion of total deposits held by the larger banks in Dallas has shown an absolute decrease in the last 10 years.

Number of Banks	*1957*	*1966*
1	35.6	32.8
2	70.9	64.3
3	85.3	77.3
4	88.8	81.7
5	90.4	83.9
7	92.6	87.1

This decline indicates a trend which the marked exodus of industry and population from center cities to suburbs throughout the country can only intensify in unit-banking States. This merger, of itself, will not either reverse, or substantially retard, this trend in Dallas.

The National Bank of Commerce, the charter bank, was organized in 1878. It experienced only nominal growth until a change in ownership in 1963 and a change in location in 1964 resulted in the adoption of more progressive policies under aggressive leadership. The new ownership, through farflung business ties, was able to stimulate the bank's deposit growth and to attract a significant number of prime credit customers. Although deposits have grown from $31 million in 1963 to $64 million at the end of 1966, they still represented but 1.5 percent of the $4,180 million commercial bank deposits in the Dallas Statistical Area. During this period, the bank failed to develop a management staff capable of keeping abreast of the changes its rapid growth produced. With its most recent change in ownership early this year, a new top management team has been obtained to direct the bank's affairs. This new supervision has already demonstrated its competence by solving a significant number of the internal problems it inherited. It has not, however, been able to solve its space problem; it has too much expensive space for a bank of its size. The only present, feasible solution to this problem is to expand the size of its operations as soon as possible. This merger offers a satisfactory solution.

The National Bank of Commerce is now located in Dallas' central business district, an area of approximately 30 square blocks encompassing 10 commercial banks. In the next block to the east is located the Republic National Bank of Dallas, and immediately to the west, the First National Bank in Dallas. Although the charter bank is seventh in size among the 10 banks located in the central business district, it holds less than 3 percent of the banking assets of these 10 banks. In addition to its competition in central Dallas, the charter bank seeks business in areas extending beyond the metropolitan area in the broader regional market encompassing portions of Arkansas, Oklahoma, Louisiana, Kansas, New Mexico, and Texas.

Empire State Bank, chartered in 1948, is also located in the Dallas central business district, 2.5 blocks from the charter bank. This bank, which has never participated in a merger or consolidation, has experienced a slow but steady deposit growth in this burgeoning market. It has been beset by a myriad of small problems which, because of lack of sufficient numbers of experienced and capable men in the top management level, now coalesce into a matter of no little concern. Inexperienced, though promising, young men have allowed an asset problem to develop which has been reflected in a poor earning record. The capital structure of this bank has not kept pace with its deposit growth; attempts to raise new capital have been unsuccessful. Empire State also has a housing problem. When its present leases expire in 1973, it will be forced to relocate in new quarters in this central Dallas location. Whether it can obtain adequate space at a cost within its ability to pay is a specter that now worries its management.

Despite their proximity in the central business district, the participating banks have not substantially competed with each other for specific customers. Though both banks are available to walk-in customers, the Empire State Bank has traditionally looked to business establishments on the eastern end of the business district and has depended on associates of its officers and directors. Before its change in ownership in 1963, the National Bank of Commerce relied on depositors in the western sector of the business district for support. Following 1963, when it became an aggressive institution, National Bank of Commerce directed its competitive thrust toward the expanding manufacturing and commercial concerns and toward the tenants of the new office buildings near it. Its sights were principally aimed at promoting and developing competition with the larger banks in the area. The slight competition that occasionally developed between these participants for correspondent bank accounts, consumer credit accounts, and a few personal and business deposits is hardly sufficient to be classified as substantial. Their joint participation in loans reflects the fact that they took a noncompetitive attitude toward each other.

To view these virtually noncompeting banks as potential competitors is unwarranted. Not only have they effectively demonstrated that they do not now desire to compete, the circumstances indicate that they could not compete if they did so desire. Because of State laws, they cannot follow the expanding population into the suburbs and compete for retail deposits through branch offices. If they are to compete for this class of business, it must be through use of convenient drive up windows; National Bank of Commerce has such a service but Empire State cannot provide it in its present quarters. Furthermore, without deposit growth to broaden its earning base and strengthen its capital structure through retained earnings, neither bank can successfully compete for the larger accounts and their compensating balances. Until the law on branching changes, their competitive potential remains only a remote possibility and not a presently existing probability.

This merger will alter slightly, but not disrupt, the banking structure in Dallas, Dallas County, and the Dallas Standard Metropolitan Statistical Area. The union of these banks will elevate the National Bank of Commerce from its present rank as seventh largest in the area to fifth. The two largest banks continue to be 12 and 13 times as large as the resulting bank. Nor can the elimination of Empire State Bank be deemed a significant loss for small- and middle-size customers; 11 banks in the \$20–\$35 million category will remain to serve them. Whatever competitive impact this merger may have will be felt by the four larger Dallas banks.

Consummation of this merger will be of direct benefit to the participating banks and, thereby, indirectly beneficial to the public. By uniting these banks the respective space problems will be resolved. Empire State Bank will close its doors, thereby avoiding the problems that prospective relocation poses. National Bank of Commerce, on absorbing Empire State Bank, can more profitably utilize the excess space it now possesses and thereby reduce this overhead drain on its earnings. This union will also allow a more effective utilization of the automation and computer operations of National Bank of Commerce. By combining the staffs, an officer corps of greater diversity, specialization, and depth will be created than either existing bank can afford to support.

The growth of population, income, manufacturing, and commercial activity in the Dallas Statistical Area has created a public need for expanding financial institutions and a broader range of banking services. While this demand has been met in part by the entry of 30 new banks and 23 new savings and loan offices between 1960 and 1966, the need for larger institutions continues. This merger responds to the public need by giving to the Dallas community a fifth bank in the \$100 million and larger range. The resulting bank will be able to offer an expanded range of services truly competitive with the four larger banks. The trust department of National Bank of Commerce will be expanded and a bond department, not now available at either bank, will be established.

In light of the foregoing analysis of the Dallas metropolitan area market, the place of the participating banks in that market, the problems faced by these banks, the impact of this merger on banking competition and the banking structure in that market, and the benefits to be derived by these banks and by the public from this merger, this Office finds the proposal to be in the public interest. The application to merge is, therefore, approved.

NOVEMBER 2, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

National Bank of Commerce is the seventh largest of 67 banks in Dallas County, with assets of \$79,871,000, total deposits of \$64,478,000, and loans and discounts of \$46,758,000. Empire State is the 10th largest Dallas County bank, with assets of \$36,527,000, total deposits of \$34,048,000, and loans and discounts of \$20,598,000. The participating banks are both located in the central business district of Dallas, within two city blocks of one another, and are in direct competition with each other for a wide range of commercial banking services.

Concentration in commercial banking in the city of Dallas and in Dallas County is extremely high. Approximately three-fourths of the area's total deposits are concentrated in the three largest banks, and the 10 largest hold approximately 90 percent of the total deposits of the 44 banks located in Dallas and about 85 percent of the total deposits of all banks in Dallas County. In addition, the three largest banks own or control stock in approximately 32 of the smaller banks in the county, including at least 14 of the 34 new banks chartered in the area since 1957, thus making it probable that actual concentration is even higher, and the number of independent competitors even less, than the number of separately-chartered institutions would indicate. National Bank of Commerce holds about 1.5 percent of all deposits in Dallas County, while Empire State holds about 0.8 percent.

The proposed merger would eliminate the existing competition between the participating banks and would eliminate as a viable competitor one of the 10 largest banks in an area of extremely high concentration.

* * *

THE GLEN LYON NATIONAL BANK, GLEN LYON, PA., AND THE HANOVER NATIONAL BANK OF WILKES-BARRE, WILKES-BARRE, PA.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Glen Lyon National Bank, Glen Lyon, Pa. (13160), with	$3, 173, 952	1	
and The Hanover National Bank of Wilkes-Barre, Wilkes-Barre, Pa. (14344), which had	19, 274, 573	2	
merged Dec. 9, 1967, under charter and title of the latter bank (14344). The merged bank at date of merger had	22, 448, 525		3

COMPTROLLER'S DECISION

On August 25, 1967, The Glen Lyon National Bank, Glen Lyon, Pa., and The Hanover National Bank of Wilkes-Barre, Wilkes-Barre, Pa., submitted to the Comptroller of the Currency an application to merge under the charter and with the title of the latter.

The charter bank, with IPC deposits of $14.2 million, ranks fifth in size of the six banks serving Wilkes-Barre. It operates one branch in Wilkes-Barre, which lies in the area of northeastern Pennsylvania presently recovering from the economic setback suffered during the decline of the anthracite industry.

The Glen Lyon National Bank, with IPC deposits of $2.7 million, is located 14 miles south of Wilkes-Barre. Glen Lyon, with a population of 4,000, has not yet experienced the recent economic growth seen elsewhere in this area of the State.

Competition between the applicant banks has been very limited. The Glen Lyon bank has served only its own locality. Five branches of banks based in Wilkes-Barre, as well as two independent banks, are located closer to Glen Lyon than is the charter bank. The merger will not, therefore, eliminate an active competitor, nor will it concentrate banking resources significantly, as the resulting bank will hold only 3.3 percent of the IPC deposits in the county and only 3.4 percent of loans.

Affirmative benefits will accrue to the residents of Glen Lyon as a result of the merger. Modernized banking services and trust facilities will be introduced, and competent management will be assured for the future.

The application is hereby approved.

NOVEMBER 7, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Hanover National Bank ("Hanover") and the Glen Lyon National Bank ("Glen Lyon Bank") are two relatively small banks located in Luzerne County, Pa. Hanover is a successful competitor while Glen Lyon Bank's deposits have shrunk since 1962.

The head offices of Hanover and Glen Lyon Bank are about 10 miles apart. Hanover competes with banks that are more distant from it than Glen Lyon and thus there may be some direct competition between the merging banks.

In Luzerne County, the effect of the proposed merger on concentration should not be significant, however, in view of the relatively small size and market share of the merging banks.

* * *

THE HAMLIN NATIONAL BANK OF HOLCOMB, HOLCOMB, N.Y., AND THE CANANDAIGUA NATIONAL BANK & TRUST CO., CANANDAIGUA, N.Y.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Hamlin National Bank of Holcomb, Holcomb, N.Y. (10046), with	$5, 268, 883	1	
and The Canandaigua National Bank & Trust Co., Canandaigua, N.Y. (3817), which had	31, 852, 432	2	
merged Dec. 14, 1967, under charter and title of the latter bank (3817). The merged bank at date of merger had	37, 121, 314		3

COMPTROLLER'S DECISION

On September 7, 1967, The Hamlin National Bank of Holcomb, Holcomb, N.Y., with IPC deposits of $3.9 million, and The Canandaigua National Bank & Trust Co., Canandaigua, N.Y., with IPC deposits of $26.5 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Canandaigua, the county seat of Ontario County, with a population of 10,000, is located 28 miles southeast of Rochester. With the exception of a U.S. Veterans' Hospital, which employs 1,000, and the summer resort trade, local industry is limited. Most of the residents of the community commute to employment in Rochester.

Holcomb, essentially a dairy farming community located 8 miles west of Canandaigua, has a population of 700. Its trade area population is 5,000. Some industry is beginning to move into the area resulting in moderate but steady economic growth.

The charter bank was established in 1878 and acquired one branch in Victor in 1957. The bank's service area covers much of the western portion of Ontario County, which has an estimated population of 30,000. The charter bank's largest commercial bank competitors in the area are the $617 million Lincoln Rochester Trust Co., the $329 million Marine Midland Trust Co. of Rochester and the $276 million Security Trust Co. of Rochester.

The merging bank, organized as a private bank in 1878 and as a National bank in 1911, operates its single office in the Village of Holcomb in Ontario County. Its nearest competitor is the Canandaigua National, although only 2 percent of Canandaigua National's total deposits are derived from the area served by the Hamlin National. It, too, faces strong competition from the surrounding branches of the much larger banks located in Rochester.

The two banks are controlled by a single family. This close relationship has stifled competition between the banks despite the short distance of 8 miles between the two communities. Virtually no competition between the applicants will be eliminated by the proposed merger. The merger will not significantly alter the charter bank's position among its competitors. It will, however, enable the resulting bank to meet more effectively the strong competition from the much larger Rochester commercial banks and mutual savings institutions.

Approval of this merger will be substantially beneficial to both banks and to both communities. The additional resources to be acquired by the charter bank will enable it to handle, to the extent of $300,000, the larger loan applications, as well as to take care of the increasing credit needs of the growing community of Holcomb. Effectuation of the proposal will also provide a solution to the management succession problems facing both banks, make available trust services to present customers of Hamlin National and resolve the long-range capital problems of the merging bank.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest. The application is, therefore, approved.

NOVEMBER 8, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

This proposed merger involves two Ontario County banks which are linked by a long-standing stock affiliation said to go back to their founding in the late 19th century.

The distance between the closest offices of the merging banks is 6 miles and that between their head offices is 8. In view of the proximity of the two banks in this primarily rural county, they would appear to be direct competitors; the proposed merger would, of course, eliminate this competition between them.

Based on the most recently available published data, Canandaigua National has 24.2 percent of IPC demand deposits in Ontario County and Hamlin has 4.7 percent of such deposits. The banks' share of total deposits in the county is slightly higher. Accordingly, the merger would raise the level of banking concentration within the county by almost 5 percent.

* * *

THE FIRST NATIONAL BANK OF VISTA, VISTA, CALIF., AND GOLDEN GATE NATIONAL BANK, SAN FRANCISCO, CALIF.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Vista, Vista, Calif. (13178), with	$29,623,856	4	
and Golden Gate National Bank, San Francisco, Calif. (14939), which had	44,446,859	5	
consolidated Dec. 15, 1967, under charter of the former bank (13178) and with title "Liberty National Bank." The consolidated bank at date of consolidation had	73,170,715		9

COMPTROLLER'S DECISION

On September 15, 1967, The First National Bank of Vista, Vista, Calif., and Golden Gate National Bank, San Francisco, Calif., applied to the Comptroller of the Currency for permission to consolidate under the charter of the former and with the title of "Liberty National Bank."

The First National Bank of Vista, organized in 1928, operates, in addition to its main office, one branch and a drive-in office in the southern California city of Vista, and one branch at Lake San Marcos, 7 miles southeast of Vista. In addition, it has an administrative office in San Francisco, which supervises bank operations and performs principal accounting functions, including operations connected with an insurance premium financing program.

Vista, Calif., located 40 miles north of San Diego and 420 miles southeast of San Francisco, is in a farm community, which has experienced substantial urban development during the past two decades. The population of Vista has increased from 1,700 in 1950 to nearly 15,000 in 1960, and is presently estimated at 20,000. There is virtually no industry in Vista and the economy is still based on agriculture, as well as the commercial needs of a growing residential population.

Golden Gate National Bank, organized in 1961, operates four offices in the city of San Francisco and one branch in Los Altos, 39 miles southeast of San Francisco. San Francisco is the State's second largest city with a population of 750,000, and is the focal point for a metropolitan area containing close to 3 million inhabitants. It is a major seaport and one of the major financial centers on the west coast.

The condition, management, and future prospects of The First National Bank of Vista are considered to be good and its earnings have been excellent. As of June 30, 1967, it had resources of $27.3 million, IPC deposits of $19.8 million, loans aggregating $17.1 million, and capital of $2.6 million. On the other hand, Golden Gate National Bank has experienced a poor record of earnings. Excessive loan losses have impaired its capital and its future prospects appear to be dim. As of June 30, 1967, the Golden Gate National Bank had resources of $46.7 million, IPC deposits of $37.6 million, loans totaling $28.7 million, and capital of $2.9 million.

As a result of the distance between their respective service areas, as well as distinct differences in the character of their banking activity, there is presently no competition between these two banks which would be eliminated by this consolidation. Neither would the consolidation have an adverse effect on the competitive situation in the communities served by these banks. The Golden Gate National Bank presently competes with numerous banking offices in San Francisco, as well as many offices of savings and loan associations, government lending agencies, sales finance companies, and credit unions. The First National Bank of Vista competes with a branch of the Security First National Bank, Los Angeles, and a recently opened branch of the Bank of America National Trust & Savings Association, the two largest banks in the State.

Consummation of this proposal would eliminate the problems of Golden Gate National Bank by providing a more efficient and profitable operation. In addition, the consolidation would enable the Vista area branches of the resulting bank to provide trust services not presently offered by The First National Bank of Vista.

Applying the statutory criteria to this proposal, it is concluded that it is in the public interest. The merger, therefore, is approved.

NOVEMBER 14, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

This is a proposal to merge the First National Bank of Vista, Vista, Calif. (3 offices with deposits of $23.3

million) and the Golden Gate National Bank, San Francisco, Calif. (5 offices with deposits of $42.8 million). The resulting bank would be called the Liberty National Bank.

The merging banks serve separate areas of the State of California some 450 miles apart. Vista maintains offices in San Francisco, but this is administrative only and does not provide competition for the Golden Gate Bank. Vista does have a statewide lending business as a result of the 1963 acquisition of Commonwealth Thrift Co.; however, this is a premium finance business and Golden Gate is not engaged in any such activities. There would appear to be little, if any, direct competition between the two banks.

The proposed merger will produce no significant impact on the banking structure in any of the cities affected. Vista faces competition from the two largest banks in the State, while Golden Gate is in the financial center of San Francisco and must compete with many considerably larger banks, including Bank of America, Wells Fargo, Crocker-Citizens, and United California Bank. Golden Gate's Los Altos branch faces similar competition.

Due to the distance between the two banks and the substantial competition each faces in its own community from considerably larger banks, the proposed merger will not have an adverse effect on competition.

* * *

THE BANK OF WENDELL, WENDELL, N.C., AND FIRST UNION NATIONAL BANK OF NORTH CAROLINA, CHARLOTTE, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Bank of Wendell, Wendell, N.C., with	$8,220,662	2	
and First Union National Bank of North Carolina, Charlotte, N.C. (9164), which had	779,937,909	101	
merged Dec. 16, 1967, under charter and title of the latter bank (9164). The merged bank at date of merger had	788,115,653		103

COMPTROLLER'S DECISION

On September 1, 1967, The Bank of Wendell, Wendell, N.C., with IPC deposits of $5.4 million, and the First Union National Bank of North Carolina, Charlotte, N.C., with IPC deposits of $498 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The First Union National Bank of North Carolina is headquartered in Charlotte, N.C., which is the county seat of Mecklenburg County and is in the south-central Piedmont section of the State. This $702 million charter bank presently operates 96 offices in 44 communities and is the third largest commercial bank in the State. Its service area is considered to be the entire State and its principal competitors are the $1.2 billion Wachovia Bank & Trust Co., which operates 98 offices in 36 communities, the $964 million North Carolina National Bank with 78 offices in 13 communities, and the $522 million First Citizens Bank & Trust Co., which operates 100 offices in 48 communities. The State of North Carolina presently has 137 banks operating 749 branches with total resources of more than $5.5 billion. Statistics supplied indicate that little change will take place in the State's banking structure if the proposal is approved. Charter bank's percentage of assets in the State will only increase from 12.7 to 12.8 percent and its percentage of banking offices in the State will increase from 8.1 to 8.3 percent.

The Bank of Wendell, merging bank, is headquartered in Wendell, N.C., approximately 155 miles west-southwest of the charter bank's head office in Charlotte. Wendell has a population of 1,620 people and a service area population of approximately 7,500 people. The service area is rural in nature with its principal economic support deriving from tobacco growing. Tobacco processing, textile production, and furniture manufacturing also provide major employment for the area.

The merging bank was established in 1933 and opened its only branch in 1950 in Knightdale, N.C., located 8.5 miles west of Wendell. The branch is also approximately 8.5 miles from the charter bank's nearest banking office in Raleigh, N.C. Merging bank faces intense competition from a branch of the $80 million Peoples Bank & Trust Co., a branch of the $522 million First Citizens Bank & Trust Co., and a branch of the $90 million Central Carolina Bank & Trust Co. Although economic conditions are described as generally favorable in the service area of the merging bank, growth has been slow and prospects are only fair since expansion of Raleigh has generally been directed to the north and south rather than toward the two banking locations of Wendell to the east.

It appears that little, if any, competition would be eliminated by the merger because there is little overlapping in the areas presently served by the participants and no banking offices will be eliminated.

The resulting bank will be able to offer a broader range of services to the customers of the merging bank, including trust facilities, data processing facilities, a greater lending limit, and full-service banking not presently available to the merging bank's customers. It will enable the resulting bank to compete more effectively with the larger banks now operating in the area and thus bring to the residents of Wendell the full benefits that flow from aggressive competition.

Applying the statutory criteria, we conclude that the proposal is in the public interest and the application is, therefore, approved.

NOVEMBER 14, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First Union is the third largest commercial bank in North Carolina with 96 branches in 44 communities throughout the State. Bank of Wendell, with deposits of $5.5 million, operates two offices in the eastern portion of Wake County.

The Bank of Wendell is the only bank in the small town of Wendell (population, 1,620), in the eastern portion of Wake County located in the north-central part of North Carolina. The area is basically agrarian and tobacco producing. Raleigh (population, 93,931) is the principal city in Wake County, which is the Raleigh Standard Metropolitan Area; the county had a population in 1960 of 169,082, which represented a 24-percent increase over the 1950 figure.

There are presently 11 banks operating 45 offices in Wake County, with three, including Bank of Wendell, headquartered in the county. The four largest banks in North Carolina have offices in Raleigh: Wachovia Bank & Trust Co. (seven offices), North Carolina National Bank (one office), First Citizens Bank & Trust Co. (nine offices) and First Union (two offices). First Union's two branches in Raleigh have deposits of $26.4 million.

First Union's main branch in Raleigh is 17 miles from Bank of Wendell's main office and 8½ miles from its branch in Knightdale. There will doubtless be some direct competition eliminated between the two banks because of this proximity.

Banking is highly concentrated in Wake County, with the three largest banks accounting for over 75 percent of all deposits and the five leading banks accounting for just over 90 percent. First Union accounts for about 6 percent of total county deposits and the proposed merger would increase its market share by about 1.4 percent.

* * *

FIRST STATE BANK OF MENDON, MENDON, MICH., AND THE AMERICAN NATIONAL BANK & TRUST CO. OF MICHIGAN, KALAMAZOO, MICH.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
First State Bank of Mendon, Mendon, Mich., with	$5, 300, 503	3	
and The American National Bank & Trust Co. of Michigan, Kalamazoo, Mich. (13820), which had	141, 807, 188	16	
merged Dec. 19, 1967, under charter and title of the latter bank (13820). The merged bank at date of merger had	146, 575, 548		19

COMPTROLLER'S DECISION

On August 25, 1967, The American National Bank & Trust Co. of Michigan, Kalamazoo, Mich., and First State Bank of Mendon, Mendon, Mich., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The American National Bank & Trust Co. of Michigan was chartered in 1933 in Kalamazoo, the county seat of Kalamazoo County, which is located in the southwest part of lower Michigan. Kalamazoo has a population of 82,100 and the county has a population of 169,700. The Kalamazoo economy is one of the most stable of any important urban area in the Midwest. It is predominantly industrial with diversified manufacturing and is also supported by one of the prime farming areas of Michigan's lower peninsula.

The charter bank, with IPC deposits of $102.8 million, began to expand through branching in 1951 and now has 10 in-town branches and five branches outside Kalamazoo at Richland, Plainwill, Allegan, Lawrence and Oshtemo. Three of these branches are outside Kalamazoo County thereby increasing the trade area to include a population of 240,000. American National Bank & Trust Co. of Michigan has not yet branched to the south of Kalamazoo.

First State Bank of Mendon is located in Mendon, Mich., which is 22 miles southeast of Kalamazoo. The town, with a population of 900, has two key industries, each of which employs about 250 people. The area surrounding Mendon is devoted to grain and dairy farming.

The merging bank, which was organized in 1894, has IPC deposits of $4.1 million. It has one branch at Athens, a rural community of 1,000 situated 22 miles southeast of Kalamazoo. In July 1967, it established a branch at Fisher Lake, 21 miles southeast of Kalamazoo. Fisher Lake is a residential and resort area with a population of 350.

This merger will have no adverse effect on banking competition in the Kalamazoo area. At this time the subject banks do not compete because of the distance that separates them and the presence of other banks in the intervening space. Because of the size of Mendon, it is most unlikely that another bank would be permitted a *de novo* branch entry into the town. Nor is the First State Bank of Mendon likely to begin *de novo* branching in competition with the larger banks in the area. This merger, therefore, cannot reasonably be deemed as having an adverse effect on potential competition.

The competitive impact of this merger on the area's banking structure will be beneficial. Acquisition of the bank in Mendon by the American National Bank will enable it to extend its trade area southeast of Kalamazoo and promote more direct and immediate competition with the $60 million Security National Bank of Battle Creek, which has a branch at Leonidas, 5 miles east of Mendon. It will further stimulate competition between the charter bank and its present principal competitors, the $197 million First National Bank and the $80 million Industrial State Bank & Trust Co., both of Kalamazoo.

The merger will fill a need for management depth and specialized bank services at the merging bank's offices. Besides trust services, the Mendon office will be able to provide a larger consumer loan department as well as better agricultural, business, and real estate loan services.

Applying the statutory criteria to the proposal, we conclude that it is in the public interest, and the application is, therefore, approved.

NOVEMBER 15, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger involves two banks in the adjoining counties of Kalamazoo and St. Joseph, Mich.

Kalamazoo, where American National has its head office is the hub of a traditionally prosperous trading area with about 240,000 inhabitants. The city of Kalamazoo itself has 95,000 inhabitants. The area's population growth exceeds the national average.

Mendon, where the head office of First State is located, is approximately 29 miles south of Kalamazoo in St. Joseph County. It is a village with about 1,000 people and the center of a predominantly agricultural area of about 50,000 people. The increase of the population of St. Joseph County was about 20 percent between 1950 and 1960.

There would appear to be relatively little direct competition between the merging banks. Their head offices are 29 miles apart. American National's office at Richland is approximately 12 miles from the closest First State office.

The proposed merger may involve some loss of potential competition between the two banks. American National could not branch *de novo* into the town of Mendon itself under present Michigan law, but it could open a branch elsewhere in this growing county in a town not already served by a banking office. Since its largest competitor in Kalamazoo County—First National Bank & Trust—has done exactly that, American National (the second largest bank in Kalamazoo County) must be considered also to be a likely potential entrant into St. Joseph County. The proposed merger would eliminate this possibility of independent entry.

* * *

CONEMAUGH VALLEY BANK, BLAIRSVILLE, PA., AND FIRST NATIONAL BANK OF INDIANA, INDIANA, PA.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Conemaugh Valley Bank, Blairsville, Pa., with	$4,013,905	1	
and First National Bank of Indiana, Indiana, Pa. (14098), which had	24,600,698	5	
merged Dec. 27, 1967, under charter and title of the latter bank (14098). The merged bank at date of merger had	28,609,339		6

COMPTROLLER'S DECISION

Indiana, with a population of 13,005, is the county seat of, and the largest city in, Indiana County. The city has been sharing in the county's recent economic revival which is largely predicated upon the construction of three multimillion-dollar power plants. This development promises to revitalize the area's coal industry, the area's single most important economic factor, and to create an upswing in the population trend which has been declining in recent years. In addition to the recently established and expanding industry, other important economic factors include nurseries (the area is known as the Christmas Tree Capital of the World) and dairy farming.

The economic outlook for Blairsville and its population of 4,390 is favorable. This community has been selected as the site for one of the proposed power plants. Located only 15 miles south of Indiana, Blairsville expects to share in the county's economic development and benefit from the revitalization of its coal industry.

The First National Bank in Indiana, with deposits of $22 million, is the county's second largest bank. This bank, which presently operates four branches, has demonstrated good growth. It competes with the Farmers Bank & Trust Co. of Indiana, with deposits of $18.7 million, with The Savings & Trust Co. of Indiana, with deposits of $22.3 million, and with a branch of the Homer City State Bank, with deposits of $10.2 million.

The Conemaugh Valley Bank, which was chartered in 1963 and presently operates one branch, has total deposits of $3.3 million. Although the bank's growth has been favorable, 80 percent of its deposits are time, and half of these are represented by certificates. The Blairsville area is dominated by the Blairsville National Bank, with deposits of $13.1 million.

The amount of direct competition between the two institutions is minimal as the distance between the closest offices of the merging banks is 15 miles. The charter bank's entry into Blairsville will stimulate competition by reason of its more aggressive and sophisticated services. It will serve the public more effectively and efficiently than the merging bank does at present. The merger will also resolve certain management problems of the merging bank and will strengthen the capital structure of the charter bank.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

OCTOBER 31, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The head (and closest) offices of the two merging institutions are approximately 15 miles apart. There are several intervening banking offices. In the circumstances, the amount of direct competition between the two banks would appear to be limited.

The merger, if approved, would reduce the number of banks in Indiana County from 10 to nine, and would result in some increase in concentration. The merger would increase the resulting bank's share of total deposits from 21.3 to 24.2 percent and its share of total loans from 23.9 to 27.6 percent.

* * *

Commercial & Industrial Bank, Fayetteville, N.C., and North Carolina National Bank, Charlotte, N.C.

Name of bank and type of transaction	Total assets	Banking offices: In operation	Banking offices: To be operated
Commercial & Industrial Bank, Fayetteville, N.C., with	$17,370,726	6	
and North Carolina National Bank, Charlotte, N.C. (13761), which had	1,075,341,611	77	
merged Dec. 29, 1967, under charter and title of the latter bank (13761). The merged bank at date of merger had	1,092,712,337		83

COMPTROLLER'S DECISION

On August 29, 1967, the North Carolina National Bank, Charlotte, N.C., applied to the Comptroller of the Currency for permission to merge with the Commercial & Industrial Bank, Fayetteville, N.C., under the charter and with the title of the former.

Charlotte, with a population of approximately 230,000, is the county seat of, and largest city in, Mecklenburg County. It is not only North Carolina's largest urban area but is also one of the fastest growing cities in the southeastern United States. Although the Charlotte area contains 550 industrial firms, the largest employers are transportation and distribution companies.

Fayetteville, with a population of 47,106, serves as the county seat of Cumberland County which has a population of 148,000. Only 16 percent of the work force of the county is employed in agriculture and manufacturing. The reason for this unusual employment structure is the presence of the Fort Bragg military complex which supports 54,000 soldiers and at least an equal number of dependents. The county is served by 27 offices of six banks for an average of less than 5,500 persons per banking office, well under the national average of 6,800 per office. Because of the relatively heavy branching structure and the limited manufacturing base in the county, the Fayetteville metropolitan area, comprised of the county, has the lowest ratio of IPC deposits per banking office of any large North Carolina metropolitan area.

North Carolina National Bank, with IPC deposits of $625 million, operates 78 offices. Although it is often referred to as a statewide institution, it does not operate in every section of the State. Its offices are largely concentrated in or near the crescent formed by Raleigh, Greensboro, and Charlotte in the center of the State. Except for offices in Tarboro and Wilmington in the east and in Polk County in the west, North Carolina National lacks representation in the remaining portions of the State. It operates no offices in Cumberland County—of which Fayetteville is the county seat—nor does it have any office within a radius of 50 miles of any of Commercial's five branches, all of which are located in the headquarters county.

The merging bank, with IPC deposits of $12.8 million, was organized in 1938. This bank, which has shown favorable growth and has established five branches, remains the smallest of the five banks in Fayetteville. The other four banks, which are third, fourth, sixth, and seventh in size in the State and have a total of 19 offices within a 10-mile radius of Fayetteville, are the First Union National Bank, Charlotte, with deposits of $580 million, First Citizens Bank & Trust Co., Smithfield, with deposits of $461 million, Branch Banking & Trust Co., Wilson, with deposits of $150 million, and the Southern National Bank of North Carolina, Lumberton, with deposits of $103 million. This well banked area does not appear to be open to *de novo* branching at this time.

Commercial & Industrial Bank does not, as its name would indicate, engage in the customary commercial banking business. At the time of filing this application, 92 percent of its loan portfolio was devoted to real estate mortgages and consumer financing; only 4.8 percent of its loans were of an industrial nature. The merging bank appears to be more competitive with savings and loan institutions than with the commercial banks now in the Fayetteville area. Even if North Carolina National Bank could enter this well banked area by the *de novo* route, it is clear that it, like the other commercial banks in Fayetteville, would not be really competitive with the merging bank.

Since the closest offices of the participating banks are over 50 miles apart, no competition now exists between them. This merger will not eliminate a banking alternative for the residents of Fayetteville; it will, in fact, give them another highly competitive alternative with a broad range of banking services. On consummation, the resulting bank will have gained but 0.2 percent of the State's total deposits.

Applying the statutory criteria to the proposed merger, we conclude that it is in the public interest, and the application is, therefore, approved.

NOVEMBER 17, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

North Carolina National Bank ("NCNB"), the second largest bank in North Carolina ($836.3 million of total deposits), proposes to merge Commercial & Industrial Bank ("C. & I."), the third largest bank ($13.8 million of total deposits) in Cumberland County, N.C. (Fayetteville SMSA).

NCNB, headquartered in Charlotte, operates 78 branch offices in all the principal sections of the State, and it is authorized to operate four additional offices in the Winston-Salem area during the tobacco season. C. & I.'s head office and three of its five branch offices are situated in Fayetteville, and its other two branches are located in nearby Spring Lake.

The closest office of NCNB is about 59 miles from any office of C. & I.; moreover, numerous offices of other banks are located between the applicant banks. Therefore, the merger would not appear to eliminate any significant amount of existing competition between the two banks.

Since North Carolina law permits statewide branch banking, however, the merger would eliminate the potential for substantial competition between the applicant banks by NCNB's establishment of a *de novo* branch in Cumberland County. NCNB has demonstrated aggressive internal expansion by establishing 17 new branch offices in the last 6 years, and it has pending applications to establish two additional branch offices. In view of such performance and the exceptional economic and population growth potential in Cumberland County (which also constitutes the Fayetteville SMSA), it would appear that NCNB is one of the most likely potential entrants into that market.

Within Cumberland County, six banks operate 27 offices. C. & I. competes directly with three of the six major branch banks in the State; neither NCNB or the State's largest bank (Wachovia Bank & Trust Co.) operates in the county. C. & I. operates six offices and ranks third largest in the area, accounting for about 16 percent of Cumberland County total deposits and about 14 percent of IPC demand deposits. The dominant bank in the area, First-Citizens Bank & Trust Co. (total deposits from all offices $460.7 million), controls about 48 percent of total area deposits, and the two largest banks together account for about 66 percent of such deposits. Cumberland County is thus quite a concentrated banking market.

C. & I. has grown steadily over the past 6 years; both its loans and deposits have more than doubled during that period; this growth record surpasses that of NCNB during that timespan. C. & I.'s percentage share of area deposits has remained relatively steady during that period, although it competes directly with the third, fourth, sixth, and seventh largest branch banks in North Carolina. Accordingly, it is the view of the Department that the proposed merger would involve a significant loss of potential competition in a growing but concentrated banking market.

Moreover, the proposed merger is part of a continuing trend of acquisitions and mergers by North Carolina's largest commercial banks. This merger trend has already had an adverse effect on potential competition in the State by inhibiting the establishment of *de novo* branches by the largest banks, thereby retarding the development of a more competitive banking structure in North Carolina (a State in which the five largest banks already control about two thirds of total deposits).

* * *

THE LINCOLN NATIONAL BANK OF CHELSEA, CHELSEA, MASS., AND COMMONWEALTH NATIONAL BANK, BOSTON, MASS.

Name of bank and type of transaction	Total assets	Banking offices: In operation	Banking offices: To be operated
The Lincoln National Bank of Chelsea, Chelsea, Mass. (14087), with	$17,432,092	3	
and Commonwealth National Bank, Boston, Mass. (15399), which had	27,715,523	3	
merged Dec. 30, 1967, under charter and title of the latter bank (15399). The merged bank at date of merger had	43,796,911		6

COMPTROLLER'S DECISION

On August 31, 1967, the Commonwealth National Bank, Boston, Mass., with IPC deposits of $21 million, and The Lincoln National Bank of Chelsea, Chelsea, Mass., with IPC deposits of $14 million, applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The participating banks are located in Suffolk County, one of the five counties constituting the Boston Standard Metropolitan Statistical Area. The Boston metropolitan area, which covers approximately 990 square miles, is second only to New York in density of population. Within a 25-mile radius of Boston there are 78 separate towns and cities with a 1965 estimated population of 2.6 million. The 1960 Census of Manufactures indicated that there were 5,386 manufacturing plants in the metropolitan area employing about 296,000 workers and generating an annual payroll of close to $1.8 billion. Manufacturing accounts for 39 percent of the total business payroll generated by all firms in the area.

Boston, where Commonwealth National Bank is located, constitutes the region's core and contains about 25 percent of the area's population. It is the commercial and distribution center of New England, a major supplier of financial resources to the Nation's economy, and a world leader in medical and nuclear science and space technology. Although the economy of Boston suffered a slowing down throughout the 1950's, since 1960, through a combination of public and private efforts, Boston has dedicated itself to an ambitious program of rebuilding and revitalization.

Chelsea, with an estimated population of 28,000 is the home of The Lincoln National Bank of Chelsea. It is primarily an industrial and business center located in the center of the greater Boston metropolitan area and less than 4.5 miles from the market centers of Boston. After almost four decades of decline in population and industry, Chelsea, through the efforts of civic, private, and public agencies, is becoming one of the most rapidly developing residential and industrial areas in the northeast.

The charter bank, organized in 1964, is headquartered in Boston and presently operates two branch offices. The bank provides a full range of services and has established satisfactory correspondent-bank relations with many of the large banks in Boston and New York. Emphasizing loans to individuals and small businesses, Commonwealth National Bank has played an important part in the redevelopment of the metropolitan area. Occasionally, it has been unable to meet the financial demands of its customers due to its limited lending ability.

The merging bank, organized in 1934, has its home office in Chelsea and presently operates two branch offices in Boston. It operates as a full-service commercial bank primarily for business enterprises and residents of the city of Chelsea. The bank is presently faced with a management succession problem; one of its executive officers is near, and another past, retirement age. Although the customers of the bank are primarily small businesses and individuals, its lending ability is such that at times it has been unable to meet the credit needs of its customers.

In the resultant service area covering Boston and Chelsea, there are 18 commercial banks operating a total of 120 offices, with total assets of $5.4 billion, deposits of $4.7 billion and loans of $3 billion. In addition, there are 19 savings banks in the metropolitan area with more than 55 offices in Boston and Chelsea having assets of $8.3 billion, loans of $5.1 billion and deposits of $7.3 billion. Competition is also provided by 27 cooperative banks, nine savings and loan associations, one industrial bank, 113 credit unions, and various factors and insurance companies.

Although the service areas of the participating banks may overlap to some degree, the extent of competition between them is negligible due to the distance between the offices of the banks and the strong competition provided by other large area banks. Furthermore, the banks principally serve different areas and classes of businesses and individuals.

Consummation of the proposed merger will not have an adverse effect on overall competition as the resulting bank will still be less than one-fiftieth the size of the largest bank in Boston and will hold less than 1 percent of total assets, loans, and deposits of all commercial banks in the Boston-Chelsea area. The effect of the minimal increase in the relevant market position of the banks in Boston and Chelsea will be to increase competition in the local service areas.

This merger, in addition to solving the management succession problem in the merging bank, will provide the communities served by the banks with a bank better able to serve the needs and conveniences of these ever-expanding communities. The greater lending limit and more extensive range of banking services to be made available by the resulting bank to the residents of this area are clearly in the public interest.

Considered in the light of the statutory criteria, this merger is judged to be in the public interest and is, therefore, approved.

NOVEMBER 29, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger would combine two three-office banks located in the adjoining cities of Boston and Chelsea, in Suffolk County, Mass.

Since the distances between offices of the two banks are not great (ranging from ½ to 5 miles), the proposed merger undoubtedly will eliminate some degree of direct competition between them. Both banks are, however, relatively small and face direct competition close by from offices of the large Boston banks (the First National Bank of Boston, National Shawmut Bank, State Street Bank & Trust Co., and New England Merchants National Bank).

In the entire Boston metropolitan area—an area which clearly overstates the realistic market of the merging banks—the applicants together have only 0.17 percent of the total deposits. In Suffolk County alone, they have only about 0.9 and 0.8 percent of total deposits and IPC demand deposits.

* * *

CHESTER-SCHROON-HORICON BANK, CHESTERTOWN, N.Y., AND GLENS FALLS NATIONAL BANK & TRUST CO., GLENS FALLS, N.Y.

Name of bank and type of transaction	Total assets	Banking offices: In operation	Banking offices: To be operated
Chester-Schroon-Horicon Bank, Chestertown, N.Y., with	$5,691,565	2	....
and Glens Falls National Bank & Trust Co., Glens Falls, N.Y. (7699), which had	60,320,330	6	....
merged Dec. 31, 1967, under charter and title of the latter bank (7699). The merged bank at date of merger had	66,027,895	....	8

COMPTROLLER'S DECISION

On September 18, 1967, the Chester-Schroon-Horicon Bank, Chestertown, N.Y., with IPC deposits of $4.6 million, and the Glens Falls National Bank & Trust Co., Glens Falls, N.Y., with IPC deposits of $43.2 million, applied to the Comptroller of the Currency to merge under the charter and title of the latter.

Glens Falls, located approximately 50 miles north of the State capital of Albany, N.Y., has an estimated population of 20,000. It is a diversified residential and industrial city which serves as the principal shopping area for the eastern Adirondack region.

The charter bank was organized in 1851. It services an area with a population in excess of 100,000 through a network of six banking offices, viz., two in Glens Falls, two in Fort Edward, and one each in Lake George and South Glens Falls. None of its branches are located more than 9 miles from its head office. Its branch nearest to the merging bank is the Lake George branch office, which is approximately 20 miles south of the head office of the merging bank.

The merging bank, chartered in 1930, operates two banking offices, including the head office in Chestertown, population 500, and a branch in Schroon Lake. Through these offices, it services an area consisting primarily of small resort communities in the Adirondack Mountains north of Lake George and having an estimated population of 10,000.

Consummation of the merger will increase rather than lessen competition in the Chestertown area. The resulting bank will be in a better position to compete with the $694 million State Bank of Albany into Warrensburg, 13 miles south of Chestertown, and the $160 million First Trust Co. of Albany in North Creek, 14 miles to the west, as well as the continued presence of the Bolton office of the $88 million First National Bank of Glens Falls, 8 miles to the southeast. Competition in the area is also provided by the National Commercial Bank & Trust Co. of Albany and the Marine Midland National Bank of Troy. In addition, there are numerous insurance companies, sales finance companies, personal loan companies, and two savings and loan associations with assets of $16 million competing for the savings dollars of the area residents. There is no competition between the two merging institutions since the merging bank services an area north of Lake George consisting principally of resort communities while the charter bank services an area south of Lake George consisting of residential, industrial, and resort communities between Lake George and Saratoga.

Consummation of the merger will provide Chestertown and its immediate surroundings with a larger, well-managed, aggressive institution. The resulting bank will offer interest rates competitive with branches of the Albany-based banks as well as trust facilities and will expand installment lending not presently offered by the merging bank. In addition, the management of the charter bank will infuse more aggressive leadership into the Chestertown office.

Applying the statutory criteria to the proposed merger we conclude that it is in the public interest, and the application is, therefore, approved.

NOVEMBER 21, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

This proposed merger would eliminate whatever direct competition exists between these two banks whose home offices are 28 miles apart and closest offices are 16 miles apart in a resort area of upper New York State. It would also increase concentration in Warren County where the acquiring bank presently has about 34 percent of total deposits, and would after the merger have about 38 percent.

* * *

LIVE STOCK EXCHANGE BANK, INDIANAPOLIS, IND., AND MERCHANTS NATIONAL BANK & TRUST CO. OF INDIANAPOLIS, IND.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Live Stock Exchange Bank, Indianapolis, Ind., with	$7, 280, 769	1	
and Merchants National Bank & Trust Co. of Indianapolis, Indianapolis, Ind. (869), which had	425, 198, 271	26	
merged Dec. 31, 1967, under charter and title of the latter bank (869). The merged bank at date of merger had	432, 383, 502		27

COMPTROLLER'S DECISION

On September 18, 1967, the Live Stock Exchange Bank, Indianapolis, Ind., with IPC deposits of $4 million, and the Merchants National Bank & Trust Co. of Indianapolis, Ind., with IPC deposits of $271 million, applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Both participating banks are located in Indianapolis, which is the county seat of Marion County and the largest municipality in the State. Marion County, which constitutes the service area of the charter bank, has a population of about 850,000 and is situated approximately in the geographical center of the State. It is a highly industrialized area as is evidenced by the 1,100 manufacturing firms located in the metropolitan area which produce 1,200 different products. The labor force employed by the major industries and commercial establishments in the area is 320,000 and is expected to grow to approximately 430,000 by 1984.

The Merchants National Bank & Trust Co. of Indianapolis, chartered in 1865, presently operates 26 banking offices throughout the greater Indianapolis metropolitan area. The bank serves the downtown Indianapolis business district, consisting almost entirely of retail businesses, and, through its many branches, it serves various industrial areas throughout the county. It is a well managed institution offering full banking services. With 17.7 percent of total loans and 17.5 percent of total deposits in its service area, it ranks third in size among the six competing commercial banks. These include, besides the participating banks, American Fletcher National Bank & Trust Co., The Indiana National Bank of Indianapolis, Peoples Bank & Trust Co., and First Bank & Trust Co. Also operating in the area are 15 savings and loan associations which strongly compete for the savings dollar and real estate mortgage loans and a number of credit unions, sales finance companies, and personal loan outlets.

The Live Stock Exchange Bank of Indianapolis, chartered in 1913, is a single-office bank located in the Indianapolis stockyards district. Although located in a highly industrial area, it does not serve the needs of businesses in the area but specializes in serving the needs of cattlemen and livestock commission agents. This bank is the smallest bank operating in Marion County. Because of its size and the specialized services, it does not compete in any material way with the other banks operating in the county. In addition, the bank presently faces a management succession problem.

The addition of $4 million of deposits to the charter bank through this merger will have no effect on overall competition. The resulting bank will continue

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to rank as the third largest in the area, with 17.8 percent of total loans and 17.8 percent of total deposits; an increase of only 0.1 percent in total loans and 0.3 percent in total deposits over what the charter bank now holds. The merger will eliminate a noncompetitive institution and replace it with a full service institution capable of meeting the diversified needs of a number of business and individual borrowers located in the highly industrial section of Indianapolis. Furthermore, the management succession problem in the merging bank will be solved as capable officers in the charter bank will be available to replace the merging bank's chief executive officer when he retires.

Considered in the light of the statutory criteria, this merger is judged to be in the public interest, and is, therefore, approved.

NOVEMBER 13, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

This is a proposal to merge the Merchants National Bank (30 offices with deposits of $329.3 million) and the Live Stock Exchange Bank (one office with deposits of $5.7 million). Both banks are located in Marion County within the metropolitan area of Indianapolis, Ind.

Live Stock Exchange's clientele is presently limited to the neighboring stockyard commission houses and livestock feeders. Ten accounts provide two-thirds of all demand balances and one-half of all loans. However, Live Stock has increased its net operating income considerably over the past 5 years.

Live Stock Exchange is presently competitive with Merchants. The closest offices of Merchants are 1⅞, 1½, and 2⅛ miles from Live Stock Exchange; in all, eight offices of Merchants are within three miles of Live Stock Exchange. While these offices offer a much larger line of banking services than does Live Stock Exchange, both banks compete for loans and demand deposits. This competition would, of course, be eliminated by the proposed merger.

Banking in Marion County is highly concentrated. The three largest banks account for over 95 percent of total deposits in the county. Within Marion County, Ind., the proposed merger would increase Merchants National's share of IPC demand deposits by 0.3 percent from 20.7 to 21.0 percent. In such a highly concentrated market, any further increase in the concentration of banking resources in the hands of the largest banks is likely to have an adverse effect on competition.

* * *

THE JEFFERSON BANKING CO., JEFFERSON, OHIO, AND THE NORTHEASTERN OHIO NATIONAL BANK, ASHTABULA, OHIO

Name of bank and type of transaction	Total assets	Banking offices: In operation	Banking offices: To be operated
The Jefferson Banking Co., Jefferson, Ohio, with	$13,437,866	2	....
and The Northeastern Ohio National Bank, Ashtabula, Ohio (5075), which had	39,733,678	7	....
merged Dec. 31, 1967, under charter and title of the latter bank (5075). The merged bank at date of merger had	53,171,544	....	9

COMPTROLLER'S DECISION

On April 14, 1967, The Northeastern Ohio National Bank, Ashtabula, Ohio, with deposits of $32.5 million, and The Jefferson Banking Co., Jefferson, Ohio, with deposits of $10.2 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former. A hearing on this application was held in Ashtabula, Ohio, on July 25, 1967.

Ashtabula, Ohio, the largest city in Ashtabula County, is in the extreme northeast corner of the State, 56 miles east of Cleveland and 52 miles west of Erie, Pa. The present population is about 24,800, a significant increase over the 1960 population. It is situated in the center of a triangle formed by the cities of Cleveland, Pittsburgh, and Youngstown—all areas of 250,000 people or more. Ashtabula, lying just a few miles south of Lake Erie, has one of the finest harbors on the Great Lakes and is the most active port on the St. Lawrence Seaway. It ranks number one among all the Great Lakes ports in tonnage of general cargo moved. In 1966 it loaded for shipment over 11 million gross tons of iron ore. Its port facilities include railroad-operated docks, commercial docks with open and covered storage, finger piers extending 2,000 feet, and gantry cranes for loading and unloading heavy freight.

Jefferson, Ohio, with a population of 2,360, is the county seat of Ashtabula County and the home office of the merging bank. It is located in the southern part of the county some 10 miles from Ashtabula. Although the economy is primarily agricultural and residential, some light industry has recently moved into the area.

Ashtabula County, covering 706 square miles, is the largest in the State. The county's population in 1960 was approximately 100,000; 40 percent of which was nonfarm residents, 8 percent were rural farm residents and 52 percent resided in the urban areas. Industrial plants in the county, numbering 154, manufacture a variety of items such as electrical machinery, rubber, chemicals, and paper. Some of the larger plants among Ashtabula's 63 industries are Sherwin-Williams, Union Carbide Metals, and True Temper. Retail sales in the city of Ashtabula were $63 million in 1966, a $9 million increase over 1965.

The charter bank has seven offices located in the northern part of the county. The merging bank's only branch is in Rock Creek, Ohio, which is 10 miles southwest of its main office and 20 miles southwest of the main office of the charter bank. The nearest offices of the two banks are about 10 miles apart.

The present service area of the charter bank extends along the lake, including the cities of Conneaut, Ashtabula, Geneva, and Geneva on-the-Lake, and south to Harpersfield. The county is divided by Interstate 90 which runs east and west. This toll-free, four-lane, divided expressway which connects with the New York Thruway, creates a natural and reasonable separation between the service areas of the two banks. Testimony at the hearing established that for all practical purposes there is no existing competition between the participating banks. Witnesses testified that less than 2 percent of Northeastern's deposit and loan volume came from Jefferson's trade area and less than 1 percent of Jefferson's deposit and loan volume came from Northeastern's trade area.

The merging bank, situated in an agricultural environment, has traditionally been a leader in the field of farm loans and farm real estate financing. Due to this expertise, it has engendered a loan demand from the farm community that has absorbed most of its lendable funds leaving little available for installment or mortgage loans. The charter bank should be able to minimize this problem by making funds available from the more urban areas to serve the rural customers of the merging bank.

Typical of many small country banks, The Jefferson Banking Co. is faced with a severe management succession problem. It has suffered serious losses in experienced officer strength over the past several years by death and retirement. The testimony reveals that the president must personally handle every important loan application and credit matter in view of the lack of experienced personnel. The merging bank has been unsuccessful in its attempts to hire general supervisory talent. Due in large part to the management shortage, certain problems have been created in the bank's loan portfolio. The charter bank, on the other hand, is well staffed with a balanced combination of youth, experience, and education. The Superintendent of Banks of the State of Ohio testified regarding the management and staffing problems of the merging bank and the difficulty it faced in obtaining qualified officers because of the competition and higher salaries offered in the nearby communities of Youngstown, Cleveland, Akron, Canton, and Pittsburgh. It was also his view that the management succession problem as well as others could be readily solved by the merger of these two banks. He further testified that he believed that should the charter bank enter Jefferson by opening a *de novo* branch in Jefferson rather than by merger, it would endanger the merging bank.

Consummation of this merger will clearly serve the convenience and needs of the residents in and around Jefferson. The lending limit of the merging bank is $75,000 as compared with $300,000 limit of The Farmers National Bank & Trust Co. of Ashtabula which maintains an office in Jefferson. The resultant bank will have a competitive lending capacity. Trust services will be offered by the resultant bank to the people in and around Jefferson where there is a substantial demand since Jefferson enjoys the second highest per capita income in the county. The resultant bank will actively seek installment loan business in the Jefferson bank's trade area, which to date the merging bank has been unable to do; thus bringing it into competition with the county's largest bank. The merger would also bring to the customers of the merging bank special checking accounts, automobile dealer floor-plan financing and Ohio Higher Education Assistance Commission loans. The receiving bank, following the merger, would not only be large enough to consider the installation of computerized equipment, so important in modern banking today, but large enough to retain those of its customers whose credit demands appear to be outgrowing the bank's capacity.

The Jefferson bank, because of the shortage in top management, has been unable to devote the time and the talent to community civic activities which it should. The resulting bank, with an officer devoting full time to business development, would alleviate this situation and promote the continued growth of Jefferson.

In view of the record before this Office and applying the statutory criteria, we find that the benefits to the convenience and needs of the community clearly outweigh the anticompetitive aspects involved in this proposal. Accordingly, the application to merge, being in the public interest, is, therefore, approved.

OCTOBER 5, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger involves the second and third largest (out of five) banks in Ashtabula County, Ohio: The Northeastern Ohio National Bank ("Northeastern") and the Jefferson Banking Co. ("Jefferson Bank").

Ashtabula County is a growing community in the northeastern corner of Ohio, adjacent to Lake Erie and western Pennsylvania; it is 40–65 miles from Cleveland. The county had a population in 1960 of 93,067 which represented an 18 percent increase over 1950 and its population in 1966 was approximately 100,000.

The proposed merger would eliminate direct competition between Jefferson Bank's head office and the three Northeastern offices in Ashtabula, 10 miles to the north. It may also eliminate some direct competition with two of Northeastern's offices in Geneva, which are approximately 20 miles from Jefferson. There are no other banks lying between Jefferson and either of the northern communities; and, moreover, as the application states, "Being the largest metropolis in Ashtabula County, Ashtabula City, to some extent, draws customers from the entire county."

The proposed merger would also significantly increase concentration in the already concentrated Ashtabula County banking market. Northeastern presently holds 31.5 percent of the county's total bank deposits; and its acquisition of Jefferson Bank would add another 9.6 percent to its market share. Similarly, the two banks, respectively, hold about 37 percent and 10 percent of the county's IPC demand deposits.

Thus, the proposed merger would reduce the banking alternatives in this growing county from six to five, and result in a situation where over 75 percent of the county's total bank deposits are in the hands of the two largest banks. Therefore, we conclude that the proposed merger would have a significant adverse effect on competition in Ashtabula County.

* * *

UNIVERSITY NATIONAL BANK, FULLERTON, CALIF., AND NEWPORT NATIONAL BANK, NEWPORT BEACH, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
University National Bank, Fullerton, Calif. (15515), with	$8, 151, 683	4	
and Newport National Bank, Newport Beach, Calif. (15235), which had	32, 683, 049	3	
merged Dec. 31, 1967, under charter and title of the latter bank (15235). The merged bank at date of merger had	40, 834, 732		7

COMPTROLLER'S DECISION

On October 6, 1967, the University National Bank, Fullerton, Calif., with IPC deposits of $4.8 million, and the Newport National Bank, Newport Beach, Calif., with IPC deposits of $22.8 million, applied to the Comptroller of the Currency to merge under the charter and title of the latter.

Newport Beach, with a population of 40,000, is located 43 miles southeast of downtown Los Angeles in the extreme southern part of Orange County. It is a wealthy coastal community which will greatly benefit from the orderly development of the 35,000-acre Irvine Ranch immediately inland from the town. In addition to an annual population increase of 12,000 per year, the Irvine Ranch will contain the 4,000-acre Irvine industrial complex to provide employment for an estimated 16,000 persons.

The Newport National Bank was organized in 1964. In addition to its head office, it has two branches plus a pending application for an additional office. Its head office of the charter bank is located approximately 21 miles from the main office of the merging bank.

The University National Bank, chartered in 1965, operates its main office and two branches within the city of Fullerton. Located 26 miles southeast of downtown Los Angeles, Fullerton is primarily a residential community with a present population of approximately 80,000. In the service area of the merging bank, which is in the extreme northern portion of Orange County, can be found a California state college with an enrollment of 9,000 and several industrial firms employing in excess of 48,000.

In the service area of the charter, competition is provided by nine branches of the Bank of America NT & SA, five branches of Security First National Bank, four branches of United California Bank, two offices of Crocker-Citizens National Bank, as well as branch offices of five other local and regional banks. Within the service area of the merging bank are 12 branches of the Bank of America NT & SA, seven branches of the Security First National Bank, four branches of the United California Bank, as well as eight other branches of local and regional banks. Consummation of the merger will increase rather than lessen competition in the service areas of both banks. Since each bank operates in a different section of Orange County, there is no overlap of service areas. Consequently, there appears to be no evidence of common depositor or common borrower relationships. The resulting bank will be able to compete more actively with branches of the major statewide banks.

Consummation of the merger will enable the resulting bank to expand its travel services and possibly justify the future granting of trust powers. The larger bank will be better able to service the convenience and needs of clients in its service area through resulting increased depth in management, larger lending limits, and added services.

Applying the statutory criteria to the proposed merger we conclude that it is in the public interest, and the application is, therefore, approved.

December 1, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Newport National Bank, organized in 1963, with present deposits of $25.6 million, proposes to merge University National Bank, organized in 1965, with present deposits of $6.3 million. Both these banks operate in Orange County, a rapidly growing area in southern California.

The closest offices of the merging banks are 18 miles apart in a heavily populated part of Orange County. Between these offices of the merging banks there are many offices of competing banks, including the largest in California. The amount of direct competition between the merging banks would appear to be limited. The two merging banks account for less than 3 percent of Orange County's IPC demand deposits; and, therefore, the effect of the proposed merger upon banking concentration in Orange County does not appear to be substantial.

* * *

II. Additional Approvals

A. Approved, but in litigation.

PHILLIPSBURG NATIONAL BANK & TRUST CO., PHILLIPSBURG, N.J., AND SECOND NATIONAL BANK OF PHILLIPSBURG, PHILLIPSBURG, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices in operation*
The Phillipsburg National Bank & Trust Co., Phillipsburg, N.J. (1239), with	$21, 529, 000	3
and The Second National Bank of Phillipsburg, Phillipsburg, N.J. (5556), which had	15, 867, 000	2
Applied for permission to merge May 1, 1967, under the charter and with the title of the former bank (1239). The application was approved Dec. 18, 1967. The pending merger was challenged by Justice Department, Jan. 16, 1968, and is presently in litigation.		

COMPTROLLER'S DECISION

On May 1, 1967, the Phillipsburg National Bank & Trust Co., Phillipsburg, N.J., with deposits of $20 million and the Second National Bank of Phillipsburg, Phillipsburg, N.J., with deposits of $15.2 million, applied to the Comptroller of the Currency for permission to merge under the charter and title of the former. A public hearing was held on this application on August 14, 1967.

Phillipsburg is located on the eastern bank of the Delaware River in Warren County in northwest New Jersey in the area frequently referred to as the Lehigh

Valley section. This city, covering 3.7 square miles, had a 1960 population of 18,500 reflecting a 2.2 percent decline from the 1950 census and 5,700 households with an annual average income of $6,520. For many years, Phillipsburg has been a railroad and industrial center; five railroads now serve it, and five local industries employ 4,900 persons. This city is not only the trading center for Warren County but is also the largest city in the New Jersey area comprised of Warren, Hunterdon and Sussex counties.

Warren County, which surrounds Phillipsburg, is one of the last areas in the State to feel the impact of the burgeoning economic and population growth that has marked the eastern counties. Apart from Phillipsburg and its environs, Warren County is primarily agricultural depending upon dairy farming and related activities. The slowly increasing industrial activity of the county is being centered around Phillipsburg, which is economically linked to the other Lehigh Valley industrial towns of Allentown, Bethlehem and Easton.

Directly across the Delaware River from Phillipsburg is the City of Easton in Northampton County, Pa. Easton, with a 1960 population of 32,000, is connected with Phillipsburg by two well travelled highway bridges, one of which carries U.S. Highway 22 up the Lehigh Valley. Because of the close proximity and ease of travel between these cities, so much economic intercourse has developed that they must be treated as one economic unit. Some 3,552 Warren County, N.J., residents commute daily to jobs in Pennsylvania, while 3,432 Pennsylvania residents come into Warren County to work. The commingled life of these two cities is further demonstrated by the fact that Orr's retail department store in Easton derives 43 percent of its charge customers from New Jersey, while its Lopatcong, N.J., store derives 37 percent of its charge customers from Pennsylvania. This close relationship is further evidenced by the fact that the three Phillipsburg banks and the four Easton banks operate a common clearing house for their mutual convenience. Further, fully half the 5,000 employees of Ingersol Rand, Phillipsburg's largest employer are Pennsylvania residents.

Because of the large daily movement of population throughout this Lehigh Valley area with its consequent social and economic integration, the U.S. Bureau of the Census has designated it as a Standard Metropolitan Statistical Area. This statistical area has been defined to embrace all of Lehigh and Northampton counties in Pennsylvania and all of Warren County in New Jersey. Because this definition includes the cities of Allentown, Bethlehem and Easton in Pennsylvania and Phillipsburg in New Jersey, it is referred to as the Allentown-Bethlehem-Easton Metropolitan Statistical Area. The applicant banks operate within this area and compete with other banks located therein. For example, Phillipsburg National's retail auto loan business is divided with 60 percent in Jersey and 40 percent in Pennsylvania. Thirty percent of home improvement loans are made to Pennsylvania customers.

The impact of this proposed merger is difficult to assess because of conflicting definitions of the market served by the applicant banks. In view of the location of Phillipsburg in the eastern end of Lehigh Valley and its close economic ties with Easton, Bethlehem and Allentown farther up the Valley, it is proper to accept the entire statistical area as the section of the country in which these banks do business. The social and economic interchange of these cities and the mobility of so many of their residents throughout the entire area supports this view. Radio, television and newspaper companies operating in each of the component cities accept the statistical area as an appropriate market in solicitation of advertising. The four principal cities of the SMSA are only 18 miles apart through the valley. They are linked by Highway 22 and the new Interstate 78 as well as by two major railroads. Intercity rapid transit via bus connects them within a 20-minute drive and they share the same airport facilities.

The participating banks, however, suggest in their application that the market they serve is not coextensive with the statistical area. They would exclude all of Lehigh County except the City of Allentown, which lies on its eastern edge. In lieu of Lehigh County, they would include the northwest corner of Hunterdon County in New Jersey, because of its close proximity to Phillipsburg.

At the hearing on this application, the banks' witness further narrowed the geographic reach of the market by a line running north from the midpoint between Easton and Bethlehem to Nazareth, thence easterly, to include Stockertown, to the Delaware River, up the river to Belvidere, N.J., east again to encompass Oxford Furnace, then south to the Warren-Hunterdon county line and then westward in an arc about 5 miles south of Phillipsburgh to the starting point. This definition was justified on the grounds that it contained that section of the country from which the merging banks derive 93 percent of their deposits and 85 percent of their loans. This narrow definition of the market served by the participating banks for the purpose of assessing the competitive impact of this proposal is as unrealistic as would be a market circumscribed by a 10-mile radius about Phillipsburg. Such a definition serves only to point out where the merging banks now do business with their present customers. It does not truly indicate with what other banks outside the area they are competing to get new customers and to retain their present customers. The record clearly demonstrates that banks located in Allentown and Bethlehem solicit banking business originating in Phillipsburg and throughout Warren County. For this reason, the competitive force of this proposal will be viewed in the context of the geographic market set forth in the application. In addition, of course, banks situated as far away as Philadelphia, Newark and New York are active in the area. For example, between 1961 and 1966, the Howard Savings Institution of Newark and the Morris County Savings Bank of Morristown took 134 mortgages in Warren County.

Within the competitive market described by the applicant banks, there are 35 banks operating 57 offices, with aggregate deposits of $966.5 million and loans of $566.5 million. The market varies little from the Standard Metropolitan Statistical Area itself which has 37 banks, 88 offices and $936 million deposits on June 30, 1966. The largest bank in this market is the First National Bank of Allentown with deposits of $170 million. Two other banks in Allentown have deposits substantially in excess of the combined total of the merging banks, Merchants National Bank and Lehigh Valley Trust Co., with deposits of $105.8 and $85.2 million, respectively. Bethlehem also has two banks with larger deposits, First National Bank, with $87.8 million, and Union Bank & Trust Co. of Eastern Pennsylvania, with $70.4 million. Easton National Bank, one of the three banks immediately across the river and one-half mile from the merging institutions, would still have twice the deposits. The resulting bank would rank eighth in size in the market; second in the twin cities of Easton and Phillipsburg ahead of Lafayette Trust Co., Northampton National Bank and Phillipsburg Trust Co., with $21, $19, and $11 million, respectively.

The Phillipsburg National Bank was organized as a State institution in 1856 and was converted to a National Association in 1865. This bank, which has never been party to an amalgamation, operates its main office in the old central business district of Phillipsburg and a branch in the Hillcrest Shopping Mall in Lopatcong Township in the new and expanding northeast section of Phillipsburg. Its second branch is situated in Alpha, a suburban community 2.5 miles south of Phillipsburg. This bank is relatively small for an active industrial community. It has not been able to retain earnings commensurate with its growth, nor has it been able, on its limited earning base, to develop the management reserves it now needs. With its restricted resources, it has not been feasible for this bank to modernize its operations to provide the broader services possible through use of automatic data processing techniques.

The Second National Bank of Phillipsburg was organized under its present charter in 1900. This bank, whose deposits have increased from $5.9 million in 1947 to $15.4 at the end of 1966, operates its main office 100 feet from the main office of the charter bank. Although its one branch office is situated in the northeast sector of Phillipsburg on Route 24 directly opposite the Hillcrest Branch of the charter bank, the two branches serve different markets because the heavy commercial traffic on Route 24 forms an effective barrier to pedestrian traffic. Like its proposed partner in this merger, the Second National Bank has not been able to grow with the community, to modernize its operations, or to bolster its management staff with adequately trained persons.

The third and only other bank in Phillipsburg is the Phillipsburg Trust Company. This bank, with total deposits of $11.3 million, has enjoyed marked growth over the last 10 years. Whereas its deposits have increased by 107.4 percent, its loans have gone up 77 percent.

It cannot be doubted that the participating banks compete with each other. The application states:

> An analysis of the participating banks' business shows that they are presently in direct competition against each other in many ways as might be expected from their similarity in size and location of offices.

Because each bank operates its main office and a branch office in such close proximity to the main office and branch of the other, they must be deemed to serve coextensive markets. The following tabulation indicates that they compete in this market for the same customers by offering substantially identical banking services.

The competitive posture of these banks vis-a-vis each other is further indicated by their lending capabilities; Phillipsburg National Bank has a lending limit of $115,000, whereas the Second National Bank may lend up to $105,000.

Analysis of the table indicates the problems they face as small banks in a growing industrial community and explains their desire to merge despite the prevailing climate. Time and the expanding economy are catching up with them. Time deposits, upon which they pay high interest costs, constitute the bulk of the deposit base of each. Neither has been able to offset

	Percent of total	
	Phillipsburg National Bank	*Second National Bank*
Loans:		
Real estate	56	76
Consumer installment	24	10
Single payment to individuals	10	6
Commercial and industrial	8	3
Other	2	5
	100	100
Deposits:		
Demand	29	23
Time	71	77
	100	100

these high deposit-interest costs to any significant degree through profitable commercial and industrial loans. By concentrating their loans in real estate mortgages and consumer installment lending, they have encountered direct competition from the savings and loan associations and from the credit unions, small loan companies and sales finance companies. Phillipsburg is an industrial city, but with only 8 percent and 3 percent, respectively, of loan portfolio in the commercial and industrial category, it is plain that the subject institutions are not servicing these community needs. They have testified that they do intend to compete in that market in the event that the merger is approved.

Whether the existing competition between the participating banks which will be eliminated by this merger is substantial or not depends upon the definition of the product and geographic market to which it is referenced. Since several different geographic markets have been suggested for assessing the competitive impact of this merger, the following table, based on approximate total deposits and limited to commercial banks as a product market, clearly demonstrates the relative competitive impact for that product market in each suggested geographic area.

Suggested market area	*Total deposits (millions)*	*Percent deposits*
City of Phillipsburg (3 banks)	$45.6	75.7
Phillipsburg-Easton (7 banks)	147.8	23.3
Warren Co.-Easton-N.W. Hunterdon Co. (16 banks)	278.0	13.0
Modified Statistical Area of Application (35 banks)	966.6	3.6

Because it is manifest that the competitive impact of any bank merger decreases as the number of competitor banks increases, it is incumbent on the interested supervisory authorities to use utmost care in selecting the real area from which competition derives, if the public interest is to be truly protected. In the light of the foregoing analysis of the economic complex of this area of the country known as the Lehigh Valley section, there is no warrant for assessing this proposal in the context of a market comprised only of Phillipsburg or of Phillipsburg and Easton. A broader market, in tune with the realities of the economics of the area and the facts of banking competition, is clearly needed in this case. As counsel for the Department of Justice argued in a similar situation "banks may be said to be in competition if they are convenient alternatives for a customer."

Even in the wider market suggested by the applicants, it is clear that this merger will have some adverse effects on banking competition. It will eliminate one bank from the Phillipsburg-Easton complex where the local retail customer may be said to have his convenience alternatives, although its impact on the intermediate-sized and the quite-large customers may be concluded to be marginal at best. In the context of the broader market, this adverse competitive effect is not truly significant. The residents of Phillipsburg still have ready access to five other banking institutions in their town and in Easton. With 20 minutes driving time, they can reach the larger institutions in Hunterdon County, in Bethlehem and in Allentown.

The savings and loan institutions with which these banks most directly compete are 13 in number with deposits of $68.4 million on December 31, 1966. There are 34 finance companies in the market offering direct competition in the field of consumer financing, and, as was testified to by an officer of Phillipsburg National Bank with 11 years experience in finance companies, 80 90 percent of finance company customers would qualify for bank loans. More than 90 percent of the business of these two banks is in consumer financing and real estate loans. Yet, in these markets, commercial banks play a minor role. Nationally, savings and loan institutions and insurance companies account for the bulk of real estate loans with commercial banks accounting for less than 20 percent of institutional purchases. The partial statistics available in this market support the conclusion that the local pattern follows the national trend.

Counterbalancing and clearly outweighing whatever anticompetitive effects this merger will have are the benefits which the resulting bank can contribute directly and indirectly to the public it now serves and the broader range of customers it seeks, competitively, to serve. By this merger the resources, deposits and capital of the participating banks will be combined to provide the resulting institution with a broader earning base and a greater capacity to meet and serve the convenience and needs of its actual and potential customers.

The day has passed when, in an industrial community, a bank which pays its top management $11,000 per year can attract and retain talented people. Today, the typical management trainee—in any business—with a Master of Business Administration degree from one of the better schools can command $11,000 *to start*. If a bank cannot accommodate the adjustments to its salary schedules that these prices would entail, it must abandon the competitive struggle for excellence. But banking is too central to the economic well-being of a community to relegate it to the rag-tag, bottom of the barrel remanents in the interindustry struggle for qualified management personnel. If a community is too small to support more than one bank which can compete on an approximately equal basis with industry for qualified executive trainees, then it should have but one bank. For, it is true in banking as it is in all business that the prospect of a sound and vigorous venture bears a direct, one-to-one correlation to the relative capabilities of its leaders. While we are aware that many competing units in an industry is an end to be desired, if we must chose between some theoretical competitive injury and a sound banking system, then this office opts for the latter.

The union of these banks will remove many of the problems that each now faces as a small bank. The resulting bank, with its greater lending limit, will be better positioned to bid for and serve industrial interests moving into its home office environs. As it increases its industrial and commercial loans, acquiring compensating balances in the process, its earnings will improve. With improved earnings, it will be able to acquire competent and capable senior management to fill anticipated gaps at existing competitive prices. With the combined capital of the participating banks, the resulting bank can prudently undertake to modernize its operation by acquiring data processing equipment.

An obvious benefit to be derived from this merger is in the area of trust services. At this time, the charter bank has only 31 trust accounts whose assets total $1,734,000, and the merging bank has six accounts valued at $631,500. While neither bank can now afford a specialized trust officer to provide services commensurate with the needs of area residents, their combined total affords greater justification for such a specialist.

In summary, it appears that the competitive impact of this merger on the banking structure in this Lehigh Valley area will not be significant. Even its impact on the Phillipsburg Trust Co. should be beneficial. Outweighing the competitive effects of this merger are the benefits to the public, including the managerial and earning prospects to the resulting bank, which will follow. As a $37 million institution, the resulting bank will be able to overcome many of the handicaps endured by the participating banks because of their size.

Having weighed the subject application to merge against the statutory criteria in the context of the market from which competition for banking business is derived, it is concluded that this proposal is so clearly in the public interest that its slight anticompetitive impact must be accepted. The application is, therefore, approved.

December 18, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger involves the two largest banks in Phillipsburg, N.J.: Phillipsburg National Bank & Trust Co. ("Phillipsburg National") and Second National Bank of Phillipsburg ("Second National").

Phillipsburg is a town of 18,500 located in Warren County along the Delaware River, which serves as the New Jersey-Pennsylvania boundary. Easton, Pa. (population 31,955) is just across the river less than a half mile from Phillipsburg. There is a great deal of mobility among the people of New Jersey and Pennsylvania in the Phillipsburg-Easton area, both as to employment and changing of residences; and the Easton banks are said to derive about 25 percent of their total deposits from Warren County.

There are six banks with a total of 10 banking offices in the Phillipsburg-Easton area. Three of these banks with seven offices are located in Phillipsburg. The merging banks operate a total of five of these offices. Phillipsburg National and Second National are, respectively, the largest two banks in Phillipsburg and the third and fifth largest banks in the combined Phillipsburg-Easton area.

The proposed merger would eliminate substantial direct competition between the two largest Phillipsburg banks, leaving only one other banking alternative in the town; and it would reduce the number of banks in the Phillipsburg-Easton area from six to five. It would also increase banking concentration in the area. Phillipsburg National has 13.6 percent and Second National has 9.9 percent of the $147 million in total deposits held by the six banks in the Phillipsburg-Easton area. Alternatively, if the county in which both banks are located (Warren County, N.J.) were found to be the relevant market, the two banks would have 18.1 percent and 9.7 percent, respectively, of the $28.8 million in IPC demand deposits held by the county's 10 banks.

If the relevant market were expanded to include the entire Allentown-Bethlehem-Easton Standard Metropolitan Area, the applicants' market shares would be much less significant. We think, however, that use of such a broad market—in which Phillisburg is on the fringe of the main population centers—undoubtedly understates the competitive significance of this merger for the ordinary banking customer in Phillipsburg. Phillipsburg National and Second National have, respectively, 2.0 percent and 1.0 percent of the $269.5 million of IPC demand deposits in this broader market.

In the circumstances, we believe that the proposed merger may have a significant adverse effect on banking competition in Phillipsburg and in the somewhat broader Phillipsburg-Easton area.

* * *

B. Approved, but abandoned after litigation.

THE KEYSTONE TRUST CO., HARRISBURG, PA., AND NATIONAL BANK & TRUST CO. OF CENTRAL PENNSYLVANIA, YORK, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices in operation*
The Keystone Trust Co., Harrisburg, Pa., with	$11, 586, 000	1
and National Bank & Trust Co. of Central Pennsylvania, York, Pa. (694), which had applied for permission to merge Mar. 22, 1967, under title and charter of the latter bank (694). Application was approved Sept. 13, 1967, but was abandoned by the banks Dec. 19, 1967, after filing of antitrust suit by the Justice Department.	221, 930, 000	20

COMPTROLLER'S DECISION

On March 22, 1967, the Keystone Trust Co., Harrisburg, Pa., with IPC deposits of $9.7 million, and National Bank & Trust Co. of Central Pennsylvania, York, Pa., with IPC deposits of $189 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter. A public hearing on this application was held in Harrisburg, Pa., on June 8, 1967.

Harrisburg, the State capital with a population of approximately 80,000 is strategically located on the Susquehanna River in central Pennsylvania approximately midway between Philadelphia and Pittsburgh. Harrisburg's population gain in the period, 1950 to 1960, exceeded 18 percent, one of the highest in the country and the largest percentage gain in Pennsylvania. It is a billion dollar trade center and ranks first in marketing among the 29 cities in the United States with a population of 75,000 to 85,000. It is endowed with an excellent network of highways and distribution facilities including 70 motor carriers, three airlines, and the Pennsylvania and Reading railroads. The area, primarily industrial, is engaged in the manufacture of goods such as steel, wire, concrete, food, and garments. In addition, agriculture contributes heavily to local employment and income.

The city of York, population 54,000, is located about 25 miles southeast of Harrisburg in York County and is about 40 miles north of Baltimore, Md. The economy is supported primarily by diversified manufacturing and broad-based agricultural production. Economic conditions are stable and prospects for continued growth appear very favorable.

The National Bank & Trust Co. of Central Pennsylvania was founded as a State institution in 1845 and became a National bank in 1865. This bank serves the York-Harrisburg area with a total of 18 branches, six located in the immediate Harrisburg area, five in the York area, and the remainder within close proximity to the main banking location. It is a highly aggressive bank with above-average earnings, sound management, and very favorable future prospects.

Through its Harrisburg offices, the National Bank & Trust Co. of Central Pennsylvania competes very vigorously with the Dauphin Deposit Trust Co., which has total deposits of $168 million, and the Harrisburg National Bank and Trust Co., which has total deposits of $137 million. Though there are some 12 smaller banks operating in Dauphin County, only the Hummelstown bank, with a branch on the outskirts of Harrisburg, and The Keystone Trust Co. in uptown Harrisburg can possibly be viewed as competitors. In fact, however, these small banks, because of their internal limitations, do not contribute to the competitive climate of Harrisburg and are not viewed seriously as significant competitors by the three large banks. The real banking competition in Harrisburg derives from the much larger institutions in Pittsburgh and Philadelphia, which are constantly canvassing the area in search of new customers.

The Keystone Trust Co., originally organized in 1916, operates its only office in the city of Harrisburg where it is the smallest of four banks. It has experienced moderately steady growth and it is presently in sound condition. However, the bank's earnings have decreased in the past year and future earning prospects do not appear good. Although the bank's management has been successful in the past, present management is at or near retirement age, and management succession presents a problem.

The problems presently facing The Keystone Trust Co. derive in part from its very conservative approach to banking and in part from circumstances beyond its control. A decade or so ago, when its present management was younger, The Keystone Trust did not expand through branches because it was considered too costly. Today, its single office, now totally inadequate, is located in a blighted and declining area. It faces the prospect of being obliterated as urban renewal moves into the area or relocating in new quarters at a cost of $600,000, which is well above its capacity.

The earning history of The Keystone Trust Co. in recent years is a story of sacrifice. When competitive pressures affected normal income, Keystone's management tried various devices to maintain earnings for the protection of its shareholders. First, it maintained a low salary scale for its senior officers equal to, or slightly less than, that paid to the junior officers of the receiving bank. Secondly, it shifted its assets to concentrate heavily on tax-free municipal bonds. Recently it has been selling funds for lack of loan demand in its area. These efforts to maintain earnings have been bolstered by Keystone's reluctance to replace its obsolete posting machines and to employ young executives, both of which are becoming increasingly expensive.

The management facet of The Keystone Trust Co. is a worrisome problem for its directors and owners. At present, as the record shows, the bank is managed by three officers. Its chairman-president, who anticipates retirement in a very few years; and executive vice-president, who is a year closer to retirement than is the president; a younger vice-president, who faces early retirement by reason of a progressing disability; and a teller who serves as trust officer in his spare moments and overtime hours. Efforts to employ younger executives to strengthen the management team have been disheartening; their salary demands exceed the salary now paid to the president. To accede to these demands would necessitate an overall upward adjustment of the payroll for the present staff and would, necessarily, cut substantially into the earnings of The Keystone Trust Co.

While there is no doubt that The Keystone Trust Co. is now a sound bank and will continue to be sound as long as its present dedicated management and staff remains with it, the fact is clear that it must enter into union with another and larger bank if its shareholders, depositors, and customers are to be protected in the future. Faced with this inevitable fact, management, with proper concern for the welfare of its present staff, has selected the receiving bank as the most compatible partner for a union. Through this merger Keystone's present staff will not only be retained by the receiving bank, but their salaries will be upgraded and they will receive the benefits of a profit-sharing plan.

The Keystone Trust Co.'s ability to serve its customers is also being impaired by reason of its conservative operating policies and changing conditions. After 50 years of operation, this bank has only $10 million in deposits and a lending limit of $100,000. Its loan-to-deposit ratio is below 50 percent and it still does not make mortgage loans for more than two-thirds of the valuation and extending beyond 15 years. Though it has not been able to attract any new industrial accounts in this manufacturing area, it steadfastly refuses to advertise or to solicit aggressively. Many of its old customers have moved from the vicinity of this bank as the community declined. Some old customers, through loyalty to its staff, continue to do business with it at great inconvenience to themselves. Of these loyal customers, a few have been compelled to sever connections with The Keystone Trust Co. when, as a result of their own growth, their financial requirements outstripped the capabilities of the bank.

Whatever competitive impact this proposal will have will be in Harrisburg where the participating banks operate offices but one block apart. The anticompetitive effect of eliminating The Keystone Trust Co. from the Harrisburg banking scene is more illusory than real. As long as the remaining residents in the vicinity of these two offices have an opportunity to choose between them, some competition, at least in theory, can be said to exist. Though this competition will be eliminated by the merger, its passing will not be sufficiently serious to warrant the other risks which are foreseeable if the merger fails. All knowledgeable persons concede that The Keystone Trust Co.'s contribution to banking competition in Harrisburg is, at best, very slight and is constantly declining. When this miniscule contribution to competition is measured against the total competitive force of Harrisburg's three large banks and its many financial institutions, not to mention the impact of the Pittsburgh and Philadelphia banks, it is clear that its preservation, in the circumstances of this application, is warranted only by a stringent adherence to a doctrinaire devotion to theoretical concepts of competition.

Having considered all the evidence adduced in support of this application, it appears that the banking competition which will be eliminated by this merger is so slight that it is clearly outweighed by the public's interest in having the imminent problems of The Keystone Trust Co. resolved before they mature. The application of these banks to merge is, therefore, approved.

SEPTEMBER 13, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

National Bank & Trust Co. of Central Pennsylvania ("National Central") is the largest bank with operations centered in the Harrisburg-York-Lancaster region of south-central Pennsylvania. Six of its 19 offices are in the city of Harrisburg and 32 percent of its deposits are derived from this city. It proposes to acquire Keystone Trust Co. ("Keystone"), a smaller bank whose sole office is located in Harrisburg.

There are four commercial banks in the city of Harrisburg: (*a*) Dauphin Deposit Trust Co., (*b*) The Harrisburg National Bank & Trust Co., (*c*) National Central, and (*d*) Keystone.

Since Keystone's sole office is but one block from National Central's office in downtown Harrisburg, it is inevitable that the proposed merger would eliminate direct competition between the two banks for the type of business now done by Keystone. This involves primarily personal and smaller business accounts, for which the loss of one of four local banking alternatives is apt to be particularly serious.

The proposed merger would also significantly increase concentration in the city of Harrisburg as well as in the Harrisburg Standard Metropolitan Area.

If the merger is consummated, there will be only three commercial banks left in the city of Harrisburg. National Central's six Harrisburg offices account for 18.8 percent of the total deposits of commercial banks in Dauphin County, where Harrisburg is located. Keystone accounts for 2.8 percent of such deposits.

In the Harrisburg Metropolitan Area as a whole, eight National Central branches account for 12.4 percent of total deposits of commercial banks. Keystone's sole office accounts for 1.9 percent of such deposits.

We believe that the proposed merger would have a significantly adverse effect on competition, particularly in the city of Harrisburg.

* * *

CITIZENS BANK OF MONROE, MONROE, N.Y., AND COUNTY NATIONAL BANK, MIDDLETOWN, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices in operation*
Citizens Bank of Monroe, Monroe, N.Y., with	$12,183,000	2
and County National Bank, Middletown, N.Y. (13956), which had	121,306,000	22
applied for permission to merge May 2, 1967, under charter and title of the latter bank (13956). Application was approved Nov. 17, 1967, but was abandoned by the banks Mar. 12, 1968, after filing of antitrust suit by the Justice Department.		

COMPTROLLER'S DECISION

On May 2, 1967, Citizens Bank of Monroe, Monroe, N.Y., with IPC deposits of $11 million, and County National Bank, Middletown, N.Y., with IPC deposits of $100.3 million, applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter. A public hearing was held on this application in the Main Post Office in Middletown, N.Y., on July 27, 1967.

Both participating banks are headquartered in Orange County, which lies in the Third Banking District. Though the State law permits any bank domiciled in the district to branch into any community in the seven counties, which comprise the district, unless the community is closed by reason of the presence of the main office of another bank, the County National Bank operates its 23 branches in only three of these counties. It has 12 branches in Orange County, 10 in Dutchess County and one in Sullivan County; it has no offices in Westchester, Rockland, Wester or Putnam counties. Under the law, the presence of Citizens Bank in Monroe closes the city to branching by banks headquartered elsewhere in the district.

The three counties in which County National Bank operates are the northern suburbs of metropolitan New York. Orange County lies on the west side of the Hudson River contiguous to New Jersey's northern border. To the southeast of Orange County, but still on the west side of the Hudson River, is Rockland County. On the east side of the river immediately opposite Orange and Rockland counties are Dutchess, Putnam and Westchester counties. Immediately to the west of Orange County is Sullivan County.

Orange County, in which the County National Bank has its main office and 12 branches, is comprised of 530,560 acres. The population of the county, which has grown from some 152,000 in 1950 to 206,000 today, is principally centered in three cities, namely Middletown, with a population of 22,586, Newburgh, with a population of 31,956, and Port Jervis with a population of 9,372. While the economy of the area depends principally on agriculture, tourism and industry are making ever greater contributions. Though total farm acreage in the county declined from 273,820 acres in 1954 to 202,089 acres in 1964, with the size of the average farm increasing from 92.6 acres to 131.5 acres during the period, the value of farm products rose from $20.8 million to $29.9 million.

Industrial activity in Orange County is steadily increasing. Nonagricultural workers in the county increased in number from 35,936 in 1961 to 41,546 by the end of 1965. This total reflects 17,047 employed in 386 manufacturing concerns and 24,499 employed by 3,528 nonmanufacturing companies. Of the five leading industries in the county, apparel manufacturers employed 3,607, textiles, 2,203, chemicals, 1,400, electrical machinery, 1,364, and food processing, 1,215. By 1963, there were 2,058 retail establishments located in the county with annual sales of $283 million, an increase of $74 million over 1950 sales. Wholesale outlets numbered 278 in 1963 and reported total annual sales of $175 million. There were, at the same date, some 1,167 service establishments reporting sales of $33.3 million. The estimated income of Orange County has risen from $227 million in 1950 to $516 million in 1964. Between 1960 and 1965, 4,464 new homes priced between $15,000 and $50,000 have been constructed in the county. When the rapid transit lines of metropolitan New York are extended into the county as now planned, the residential growth of the area will be vigorously stimulated.

Dutchess County, in which County National Bank operates 10 branch offices, consists of 522,240 acres on the eastern side of the Hudson River. The population of this county has increased from 120,542 in 1950 to 176,008 in 1960. Today it is estimated at 213,650. The economy of this county depends primarily on light industry, agriculture and residential areas. Of the manufacturing concerns situated in this county, one employs 5,000 persons, three employ between 1,000 and 5,000, and 33 others employ between 100 and 500. The average manufacturer in Dutchess County employs 260 persons at an annual average wage of $7,000. Personal income in the county increased from $203 million in 1950 to $435 million in 1962. The median family income for 1964 was $7,875. Most homes are owned by one or two families and are within a $15,000 to $50,000 price range.

Sullivan County, in which County National Bank has one office, lies to the west of Orange County. The 663,040 acres, which comprise this county, are very hilly and dotted with lakes making it an ideal resort and vacation area. Its population, most of whom reside in the eastern section of the county, has grown from 37,901 in 1940 to 45,272 in 1960, with a presently estimated population of 48,667. The economy of this county depends primarily on agriculture and tourism. In addition to its famous dairly farms, Sullivan County ranks 10th in the Nation for its production of poultry and eggs. Its summer resorts have extended their operations to provide winter sports facilities. The gross income from tourism in 1962 was calculated to be $77 million, with $13 million paid out to hotel employees.

That banking competition in the Third Banking District is very intense is demonstrated by an analysis of these three counties. In Orange County, there are 16 commercial banks, operating 51 offices, five savings banks, with as many offices, and 11 savings and loan associations. Only four of the commercial banks have resources of $100 million or more to meet the growing credit needs of the county's rapidly expanding economy; three are headquartered outside the county and one, County National Bank, within the county. These three are the $109 million Rockland National Bank, Suffern, the $130 million Marine Midland National Bank of Southeastern New York of Poughkeepsie, and the $837 million County Trust Company of White

Plains. The other 12 commercial banks, which operate 17 branches, range in asset size from $3 million to $40 million. The competitive vitality of the savings banks in the area is demonstrated by the fact that both the Goshen Savings Bank and the Warwick Savings Bank are nearing $20 million, and the Middletown Savings Bank has $52 million and the Newburgh Savings Bank $82 million in deposits.

The banking needs of Dutchess County are now served by 13 commercial banks operating through 37 offices, six savings banks, with seven offices and four savings and loan association. County National Bank, the only out-of-county bank, maintain 10 of the 37 offices as branches. The other 12 commercial banks, doing business in the county, are headquartered there. Nine of these banks, ranging in asset size from $3.5 million to $16.5 million, operate a total of 14 offices. The remaining three banks, all located in Poughkeepsie, operate 10 branch offices. They are the $32 million Dutchess Bank and Trust Company, with three branches, now approved as a subsidiary of the $2.3 billion Charter New York Corporation, the $17.7 million Fallkill Bank and Trust Company, a subsidiary of the $5 billion Bankers Trust New York Corporation, with one branch, and the $130 million Marine Midland National Bank of Southeastern New York, with six branches. The largest bank situated in this county is the $177 million Poughkeepsie Savings Bank.

Sullivan County is well served by 19 offices of commercial banks competing to serve its residents, both permanent and itinerant. Of this number, 12 offices are operated by five banks, whose main offices are located in the county. The largest of these is the $32 million Sullivan County National Bank with five offices. The other seven commercial banking offices in the county are operated by four banks, with main offices in Poughkeepsie, Middletown, Chester and White Plains. Included in this latter group is the charter bank and the $19.6 million Chester National Bank. Also included is the $130 million Marine Midland National Bank of Southeastern New York, a subsidiary of the $3.8 billion ubiquitous Marine Midland Corporation, which also operates the $44 million Marine Midland Trust Company of Rockland County in this banking district and the $837 million County Trust Company.

A very significant factor contributing to the intense competition in this banking district and in these three counties is the aggressiveness of the major Manhattan-based banks located 50 miles to the south. Although it is difficult to make a quantitative assessment of the competitive impact of these large metropolitan banks, their contribution to local banking competition is a reality that all alert bankers in the area recognize. The excellent highways, tying the Third Banking District communities to New York City, make it equally easy for borrowers in the area to go to the Manhattan banks and for the banks to send their representative to potential customers in the area. The same highways carry many area residents to work in the city where they can conveniently do their banking. The ultimate development of the rapid transit system into this northern suburban area will stimulate commuting, will promote the economic growth of the Third Banking District, and will promote the competitive thrust of the Manhattan banks into the area.

The city of Middletown is located in the northwest sector of Orange County and, with an estimated present population somewhat in excess of 25,000, rightfully claims to be the second largest city in the county. It has now become the trading center for some 110,000 persons living in the surrounding areas. The city has been the principal beneficiary of the rapid economic growth that has marked Orange County's recent history.

County National Bank, organized in 1934 and headquartered in Middletown, has been striving to keep abreast of the surging development in the county. It is now a full-service bank operating offices in three counties in the Third Banking District. Of its 22 branches, 10 were opened as *de novo* ventures and 12 were acquired through three mergers in the last 5 years. County National's policy of expansion through merger constitutes its response to the competitive incursions being made into the area by the large New York City and Westchester County banks. Through its acquisitions, County National Bank has become a competitive force in Orange, Sullivan and Dutchess counties, while preserving locally oriented offices to serve community needs more effectively. But for this foresighted policy, County National Bank could well be searching out a buyer at this time rather than facing up to, and grappling with, its keen out-of-county competition.

Monroe is a village of nearly 4,000 population and is located in the town of Monroe in the southeastern section of Orange County. Because of its location in the midst of many small lakes, which dot the region, its permanent population is increased by the influx of several thousand tourists each summer. As the population of the town grew by 89.5 percent between 1950 and 1960 and by 13.2 percent since 1960, home construction in the $15,000- to $35,000-range kept apace. In 1965 alone, 117 homes were built. Retail sales, like the population, have increased from $6.8 million in 1958 to $9.7 million in 1963. Not only is this a 42 percent growth in retail sales in the town, but it means that the town's share of retail sales in the county increased from 3 to 3.4 percent in the same period.

Citizens Bank, located in the village of Monroe, has a virtual monopoly in this burgeoning market; State law precludes another bank from opening a branch. Despite its preferred position, its growth has not kept apace with community demands for credit. Though it has 73 percent of its deposits on loan, it does not have sufficient deposits, nor capital, to satisfy all the locally generated credit demands, particularly for mortgage money. Its lack of loanable funds has forced it to forego many desirable credits and lose its customers to banks located in other counties and in New York City. The very conservative attitude of the directors of this bank preclude it from competing for deposits with the Chester National Bank and the Central Valley National Bank, both of which offer more generous terms on time and demand deposit accounts. The convenience factor, which Citizens Bank offers to local residents through its two offices, is offset by the more attractive rates and terms of its competitors and the ease of banking by mail.

There is no immediate management problem confronting Citizens Bank. The passage of time, however, will create serious succession problems, unless capable and experienced persons are found to assume the lead, when the present executives retire. Finding such successors is a difficult task for a small bank; retaining capable young successors in a small bank is a more difficult task. A conservative, nonaggresive board not inclined to encounter the competitive rigors of today's banking market make it even more difficult to retain capable, aggressive, young executives.

The effect of this merger, when consummated, upon the competition between the participating banks and upon competition in the Third Banking District will be minimal. Though Citizens Bank in Monroe is only 14 miles southeast of County National Bank in Middletown, and both are located just off New York Route 17, they are separated by Goshen, with four banking offices, and Chester, with two. The closest branches of County National Bank to Citizens Bank are located in Washingtonville, 7 miles north of Monroe, and Greenwood Lake, 9 miles southwest of Monroe. This geographical dispersion of banking offices explains the low volume of deposit accounts with Monroe addresses now held by County National Bank. Ignoring the fact that many of these customers actually reside in or near Greenwood Lake and assuming, in the face of known competition by Chester National Bank and Central Valley National Bank in Monroe, that all deposits generated in Monroe rest in the participating banks, County National Bank has only 2.4 percent of the total. This is not now, nor likely to become, significant competition.

The impact of this merger on banking competition in the Third Banking District, or even in the three counties where County National Bank now has offices, is too slight to consider. The addition of Citizens Bank's deposits to those of County National Bank will not noticeably alter the fact that County National now holds only 2.6 percent of the total commercial bank deposits in the district. Even this low figure ignores the present competition deriving from other financial institutions competing in the district for savings dollars and credit accounts.

The benefits to be derived from this merger are sufficiently significant to both the participating banks and to the public to warrant its approval. By this merger, the problems of Citizens Bank in competing for deposits, in meeting the credit demands of the residents of Monroe, in providing competent management succession, and in providing adequate capital will be resolved. County National Bank's position in the district will be strengthened to the extent its deposit and capital structure are enlarged and its branch system is expanded by Citizens Bank's contribution. This strengthened position of County National will enable it to compete that much more effectively with larger banks ever more aggressively canvassing the district. It implements the policy of County National Bank to provide a locally oriented institution capable of serving the financial needs of district residents.

The residents of the town and village of Monroe will be the immediate beneficiaries of this merger; long range benefits will accrue to all within the Third Banking District. Upon consummation of this merger, County National Bank will enter Monroe and bring with it a broader range of banking services available at highly competitive rates. It will, as in other communities it has entered, provide a more convenient and congenial banking house in which to do business. It will also provide a ready source of mortgage credit to meet the demands of recent construction. By this merger, Monroe will be open to branch banking, thereby, giving the residents an alternative choice of banking services; Marine Midland National Bank of Southeastern New York has already received approval to open a branch in Monroe if, and when, this merger is completed. This new competition which will be promoted by the merger will, if competition ever can, serve the public interest.

In the light of the foregoing analysis, the merger of the Citizens Bank into the County National Bank will not have an adverse effect upon competition but will, on the contrary, promote the public interest. The application is, therefore, approved.

NOVEMBER 17, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

County National, the largest bank headquartered in Orange County, N.Y., proposes to acquire Citizens Bank, the 11th largest bank operating in the county. County National Bank, with deposits of $108.4 million, has, since 1954, acquired eight other banks, having aggregate deposits of over $60 million, and 17 banking offices in Orange County and two adjacent counties in southeastern New York.

Citizens Bank, with deposits of $11,037,000, has three offices in three small communities in the rapidly growing southeastern part of Orange County—the incorporated Village of Monroe (population 3,763); the unincorporated Town of Monroe (population 2,341); and the Village of Harriman (population 812), about 2.6 miles southeast of the Monroe Village. The last of these offices has been authorized, but not yet opened.

The proposed merger would foreclose direct competition between Citizens, as the sole bank in Monroe, and County National Bank, which operates (or has authorized) branch offices in nearby communities to the north, east, and south of Monroe. Moreover, it is clear that the amount of existing competition between the merging banks should substantially be increased, when County National opens its authorized Highland Mills branch (which would then become Citizens' closest competitor), and, to a lesser extent, when Citizens opens its authorized Harriman branch.

The proposed merger would significantly increase banking concentration in Orange County. It would add about 4 percent to the 30 percent share of the county's total deposits, which County National Bank, the county's largest bank by a substantial margin, already holds. It would also increase by about 3.6 percent that bank's share of the county's IPC demand deposits.

In summary, we believe that the proposed merger would have a significantly adverse effect on banking competition in Orange County.

* * *

NEW JERSEY NATIONAL BANK AND TRUST CO., NEPTUNE, N.J., AND BELMAR-WALL NATIONAL BANK, WALL TOWNSHIP, MONMOUTH COUNTY, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices in operation*
New Jersey National Bank and Trust Co., Neptune, N.J. (15297), with	$113,713,000	8
and Belmar-Wall National Bank, Wall Township, Monmouth County, N.J. (13848), which had	28,717,000	2
applied for permission to merge Sept. 22, 1967, under charter and title of the former bank (15297). Application was approved Dec. 18, 1967, but was abandoned by the banks Feb. 7, 1968, after filing of antitrust suit by the Justice Department.		

COMPTROLLER'S DECISION

On September 22, 1967, the New Jersey National Bank and Trust Company, Neptune, Monmouth County, N.J., with deposits of $105 million, and the Belmar-Wall National Bank, Wall Township, Monmouth County, N.J., with deposits of $26.7 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Monmouth County is located in central New Jersey on its Atlantic coast. This county, the southernmost of the tier of urbanized counties surrounding metropolitan New York, is within the "New York Standard Consolidated Area," an area designated by the U.S. Bureau of the Census to include Bergen, Essex, Hudson, Monmouth, Middlesex, Morris, Passaic, Somerset, and Union counties in New Jersey, and Dutchess, Nassau, Orange, Putnam, Queens, Rockland, Suffolk, and Westchester counties in New York and Fairfield County in Connecticut. Though Monmouth County traditionally has been agriculturally oriented, because of its location on the coast it has become an important recreational area attracting tourists from New York City, 50 miles to the north, and Philadelphia, 60 miles to the west. The bulk of the county's growth and economic development has been along its eastern fringe in a corridor that parallels the coast. This corridor extends from the Navesink River on the north to the Manasquan River on the south. It is 18 miles long and 6 miles wide. The western half of the county looks on this coastal region as the social, cultural, commercial, and economic hub.

Monmouth County has changed considerably since World War II. Around the key military installation at Fort Monmouth, there has developed an important electronics industry complex. Monmouth College has grown rapidly making an ever greater contribution to the economic life of the area. In compliment to the partial industrialization of the county, 30 percent of its work force is employed outside; it has become a bedroom area for technical and professional workers in the New York-New Jersey megalopolis. In recent years, the county as a whole has grown at three times the rate of the average national growth. This rate of growth can be expected to continue as the central and western sections of the county, still devoted to agriculture, provide ample open land for future development.

The financial needs of Monmouth County are effectively served by 12 commercial banks through 72 offices, 13 savings and loan associations, and 16 credit unions. Among the commercial banks, the Monmouth County National Bank of Red Bank, with total deposits of $161.2 million and 14 offices, is the largest. Central Jersey Bank and Trust Company of Freehold, with deposits of $144.7 million and 16 offices, is second in size. If and when its proposed merger with the Sea Bright National Bank is concluded, it will have 18 offices. The third largest bank is First Merchants National Bank of Asbury Park, which has deposits of $112.6 million and operates 11 offices. The applicant, New Jersey National Bank, ranks fourth in size in the county. The $35 million Keansburg-Middletown National Bank is fifth and the Belmar-Wall National Bank sixth. The remaining six banks in the county have aggregate deposits of $75 million.

The New Jersey National Bank, with deposits of $105 million, operates its main office and eight branches in the northern sector of the coastal corridor. Approval has been given to it to open two additional offices in the same area. Its southernmost branch is north of the Shark River, which separates it from the branches of the Belmar-Wall National Bank. New Jersey National Bank, with ample management resources in its capable corps of young and well trained executives, has enjoyed excellent growth in recent years as a result of its aggressive policies. It offers a full range of banking services within the limits of its capabilities many of which it pioneered in the county.

The Belmar-Wall National Bank, with total deposits of $25 million, operates three offices in the southern end of the coastal corridor south of the Shark River in the municipalities of Belmar, West Belmar, and Wall Township. None of these three offices is closer than 2 miles to the southernmost office of the New Jersey National Bank. This bank, dating from 1933, has followed very conservative policies and has largely confined its operations to serving persons residing within the immediate vicinity of its offices. Though its lending limit is almost $140,000, it has no commercial loans in excess of $50,000. Its total loan portfolio represents less than 40 percent of deposits and is limited, in the main, to mortgages and consumer installment loans. Thirty percent of the total loans are purchased from a Philadelphia Bank. Of its commercial loans, the five largest are to municipalities. The conservative approach of this bank is also manifest in its past failure to recruit, train, and have available a cadre of young and capable men to replace its present senior executives, who now contemplate retirement. The president of the bank is 67 and in poor health; his executive vice president and designated successor is 61. Successor management for these capable bankers is not available within the bank's ranks. The Board has no other member under 70 years of age. Finally, the physical facilities and equipment of the bank have not kept pace with its growth.

One difficulty in assessing the competitive impact of this merger, as in so many cases, arises from disagreement over the definition of the section of the country to be considered. Because the economic activity of Monmouth County is concentrated in the coastal corridor described above, it does not follow that this merger must be viewed in reference to so limited a market. This coastal corridor is the mecca for the rest of the county. Banks in all corners of the county, and beyond the county, compete for the business of persons who travel to the coast. The largest banks in the county, and the principal competitors to be considered, are Monmouth County National Bank and the Central Jersey Bank and Trust Company, both with offices as far away as Freehold, the county seat, 12.5 miles west of the coast and near as a few thousand feet to one or more of New Jersey National Bank's offices. These factors, together with the New Jersey statutes that restrict branch banking within county lines, indicate that Monmouth County is the smallest geographic area that may reasonably be considered in evaluating this merger proposal.

Because of their location midway between New York City and Philadelphia and the relative proximity of these cities, it is difficult to assess precisely the position these banks hold in their market area. Though all bankers, and persons seeking banks' assistance, in this section of New Jersey know with certainty that much of the local business goes to banks located in Philadelphia, Newark, and New York City, they cannot measure the volume. This means that any evaluation of competition among these banks that rests on reported figures of business done in the county is overstated. Further overstatement results from failure to include within the overall competitive financial picture the volume of local business done by out-of-area insurance companies, savings banks, savings and loan associations, credit unions, and finance companies.

The competitive impact of this merger in Monmouth County will be substantially more beneficial than harmful. The central and dominant factor to be evaluated in testing merger proposals in New Jersey is the State banking law. In this State, no bank may branch outside its home county, nor, within that county, may it branch into a municipality where a bank already has a branch, except by merger. In theory, a competitive market system rewards the more efficient company by permitting it to grow through internal expansion, in reaction to the increased demand for its services, attendant upon customer satisfaction. In practice, in a regulated industry such as banking, this competitive desideratum can be frustrated by laws designed to protect other considerations that the legislature might deem more important. Thus, it is an operative fact in our analysis of this merger that—absent merger—there is no way in which either bank can materially expand its service area no matter how well it serves the public.

There are 477.9 square miles in Monmouth County outside the federal facilities at Fort Monmouth. Of this total area, municipalities representing only 2.8 square miles are not already preempted by the presence of one or more banking offices. Of this total, New Jersey National Bank has facilities in municipalities comprising only 33 square miles, thus effectively limiting its branching capabilities to only 7 percent of the land area of the county. Belmar-Wall's branching area is even smaller. The three largest banks in the county, on the other hand, have considerably larger marketing areas, 130, 94, and 145 square miles, respectively.

Among commercial banks in the county, New Jersey National Bank ranks fourth, with a June 30, 1967 share of 15.64 percent and Belmar-Wall National Bank ranked sixth, with a market share of 3.98 percent. Together they would rank third, with a market share of 19.62 percent. Unrestricted use of these figures, of course, subsumes the premise that banks throughout the county are in competition with one another, or are potentially so. This premise is false. Because of the State branch banking laws, the two banks are not now and can never be in competition for retail, neighborhood business. Nor are they now in competition for the intermediate-sized customer; a market which Belmar-Wall National Bank plainly has refrained from entering. That is not to say that it never could do so. Conceivably, with the passing of the present board and present management, a new group could decide to enter this arena. Such a course is, however, neither necessary, nor even likely. With no way to grow beyond its present branch system, it seems reasonable that a bank policy that has been effective in terms of stockholders return would not be abandoned and the risks of a market for which the bank's deposit base is quite thin would be voluntarily assumed. The potentiality of competition between these two banks, therefore, is too remote and speculative to support a "reasonable probability" of a substantial lessening of competition.

By uniting the capabilities and capital of the participating banks, the resulting New Jersey National Bank will have a broader earning base with which to work. With the additional size to be gained, it can compete more aggressively for the growing middle-size customers and expand its range of services to the retail trade. Through the three new offices to be acquired, the New Jersey National Bank will make all the public benefits it now offers its customers conveniently available to the present customers of the Belmar-Wall National Bank. This merger will be publicly beneficial in that it will further stimulate the already keen competition between the resulting bank and the larger banks doing or seeking business in the county. With its adequate reserves of management personnel, it can assure continuing, efficient banking in Belmar, West Belmar, and Wall Township.

This merger is not only consonant with the public policy as defined by the State of New Jersey in its branching statutes, but will promote the convenience, needs and public interest of the county. The New Jersey National Bank, with an earned reputation for leadership and banking innovations, has been a forceful and progressive factor in promoting the economic growth of the county. Through this merger, the deposits held by the Belmar-Wall National Bank will be more extensively utilized to meet the needs of the residents of Monmouth County, rather than those of out-of-county borrowers. The increased earning base of the resulting bank would speed the occasion for the New Jersey Bank's adoption of in-house computers to reduce costs; cost savings which the bank's past performance indicates will be passed on to its customers. The computers will also permit an expansion of competitive services to the ultimate benefit of the community. The final benefit to be achieved by this proposal is the fact that the management problems now confronting the Belmar-Wall National Bank will be satisfactorily resolved without disruption in the local banking structure.

Having considered all the competitive aspects of this merger proposal, it is concluded that not only do its procompetitive results overbalance its slightly adverse effect on competition, but also that it clearly promotes the convenience and needs of the community and is in the public interest. The application to merge is, therefore, approved.

DECEMBER 18, 1967.

SUMMARY OF REPORT OF ATTORNEY GENERAL

New Jersey National is the fourth largest of 12 commercial banks in Monmouth County and operates eight offices in the eastern portion of the county. Belmar-Wall is one of eight smaller banks in the county and operates three offices immediately south of those of its prospective merger partner. New Jersey National is already the dominant bank in this portion of Monmouth County.

The closest offices of the merging banks are less than 2 miles apart: the Belmar office of Belmar-Wall and the head office of New Jersey National. Two other branches of New Jersey National (at Asbury Park and Ocean Grove) are also about 2 miles away from this Belmar office. Both banks do a similar type of loan and deposit business, and they would appear to be in direct competition with one another, both for loans and for demand and time deposits.

Within Monmouth County as a whole—an area which may overstate the relevant market here—the proposed merger would increase New Jersey National's share of total deposits from about 18.3 to 22.9 percent. The resulting bank would be third largest in the county, and the market share of the four largest banks in the county would be raised to about 82 percent.

In Eastern Monmouth County, New Jersey National is already the largest bank in terms of number of offices; the proposed merger would enhance that position. The resulting bank would operate 13 offices in this area (including the two approved, but unopened, offices of New Jersey National), or 40.6 percent of the total.

We believe that the proposed merger would have a significantly adverse effect upon competition within Monmouth County and, especially, its eastern part. It would eliminate existing competition between New Jersey National and Belmar-Wall and enhance New Jersey National's existing strong position in the eastern part of the county. It would also significantly increase the already high level of concentration in the county.

* * *

III. Disapproval

FIRST NATIONAL BANK OF CANTON, CANTON, OHIO, AND THE CANTON NATIONAL BANK, CANTON, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices in operation*
First National Bank of Canton, Canton, Ohio (76), with	$122, 189, 000	9
and The Canton National Bank, Canton, Ohio (14501), which had	49, 584, 000	3
were denied permission to consolidate Dec. 18, 1967, under charter and title of the former bank (76).		

COMPTROLLER'S DECISION

On October 11, 1967, the First National Bank of Canton, Canton, Ohio, with deposits of $104.9 million, and the Canton National Bank, Canton, Ohio, with deposits of $45 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Canton, the county seat of Stark County, and its satellite city of Massillon, constitute one of the State's principal metal manufacturing centers. It is noted for its iron and steel fabrications, roller bearings, farm equipment, and petrochemicals. While the population of the city has remained relatively stable in recent years, growing from 108,401 in 1940 to 113,631 in

1960, its suburban development has been marked. The Canton Standard Metropolitan Statistical Area, which is coextensive with the boundaries of Stark County, had a 1960 population of 340,345. Its population is now put at 369,300. The rate of growth in this county since 1950 has been slightly higher than the national average. Median family income in Stark County is now $6,358; an increase of 16 percent over State averages. Between 1958 and 1963 the manufacturing payroll in the county increased by 30 percent.

Stark County is located in the northeast quadrant of the State. It is surrounded by eight contiguous counties. To the north is Summit County which, with the city of Akron, has a population of 513,569 and Portage County, with a population of 91,798. On the east is Mahoning County which, including the City of Youngstown, has a population of 300,480 and Columbiana County with 107,004. Carroll County, with 20,857 residents, and Tuscarawas County, with 76,789, are south of Stark County. On the west are Holmes County, with 21,591 population, and Wayne County, with 75,497. The counties to the north and east are heavily industrial, while those to the south are less industrially oriented.

The competitive impact of this merger must be assessed not only in view of the market these banks serve but also against other banks which lie beyond Canton but seek to serve the same market. While the U.S. Bureau of the Census has determined that Stark County is a socially and economically integrated unit for statistical purposes, the applicant banks assert that their actual market extends beyond the county lines. They would include as part of their geographic market Summit and Portage counties on the north and Carroll and Tuscarawas counties to the south; contiguous counties to the east and west are excluded. This market, comprised of five counties, would constitute a corridor along a north-south axis with Canton in the center. It is questionable whether this market definition by the applicants is realistic.

On the basis of the interchange of wage earners between Stark County and its northern neighbors, applicant's market definition appears tenuous. As of the 1960 census only 0.6 percent of the labor force in Summit County commuted to work in Stary County, while only 1.9 percent of the employed in Summit County resided in Stark County. It is not demonstrated that the recent completion of U.S. Interstate Highway 77 between Canton and Akron has caused a significant increase in the employee interchange figures. There is even less reason for including Portage County, which has no substantial new highway connections with Stark County and which had only 1.9 percent of its labor force employed in Stark County in 1960.

There appears to be sound reasons to include Carroll County in the applicants' banking market. In 1960, 27.9 percent of the nonagricultural labor force of Carroll County was employed in Stark County. Since Carroll County has no cities or towns with as many as 3,000 persons, Canton, as the nearest large city, is a natural trading center for Carroll County residents. A regular trading center is as much a convenience location for banking as are places of employment and residence.

Tuscarawas County stands in a different relation to Stark County than does Carroll County and Summit and Portage counties. In 1960, 8.9 percent of its working population commuted to places of employment in Stark County. Whether this degree of worker interchange has increased since completion of Route 77 is not shown. With two towns over 10,000 population in Tuscarawas County—the contiguous communities of Dover and New Philadelphia—there is less reason for its residents to travel to Canton to trade than there is for the residents of Carroll County.

Against the foregoing background, it appears proper to confine the geographic market served by the participating banks to Stark and Carroll counties. The scant evidence of social and economic integration of Summit, Portage, and Tuscarawas counties with Stark County does not now warrant their inclusion in this market. Within this geographic market there is keen competition for both the savings dollar and the profitable loan.

Within Stark County are 15 commercial banks, operating 47 offices and controlling total deposits of $505.7 million. While there are no mutual savings banks or industrial banks, there are 13 savings and loan associations with 23 offices accounting for aggregate assets of $442.4 million. Some 44 credit unions and 66 finance company offices also compete within the county for small and personal loans and sales-financing services. The overall figures indicate that only 15 percent of the savings dollars in the county reside in commercial banks.

Of the 17 commercial banks operating in Stark and Carroll counties, five are headquartered in Canton, two in Massillon, two in Alliance and the remaining eight are dispersed in small communities throughout the area. In Canton, the Harter Bank & Trust Co., with total deposits of $123.6 million and 10 offices, is the largest. The charter bank is second in size. The

Peoples-Merchants Trust Co., with deposits of $82.7 million in its four offices, is third in rank. The merging bank is fourth in size with the First National City Bank of Alliance, whose deposits are $43 million, fifth. The Dime Bank, which has deposits of $23.4 million in two offices, is sixth. The seventh-ranked bank is in Massillon and the eighth is in Alliance. All the other banks in the two counties have $10 million or less in deposits.

The First National Bank of Canton, under whose charter this merger is proposed, operates nine offices. Six of these offices are in or near Canton. The other three are dispersed: one is located in the northernmost area on the main highway to Akron, one is in Minerva in the southern sector and adjacent to the Carroll County boundary line, and one branch is in Carroll County. The Canton National Bank operates three offices in Canton. Both of these banks, whose main offices are located side by side in the central business district of Canton, have obtained approval to open new branch offices in the Belden Village Shopping Center located 5.5 miles northeast of their main offices.

While some differences between the participating banks have developed with respect to the classes of customers served and size of accounts, both banks compete in rendering substantially the same services. First National Bank has 49 percent of its deposits on loan and Canton National Bank has 42 percent on loan. Of the total loans outstanding in these banks, the greatest variation appears among the commercial and industrial loans and consumer installment loans. First National Bank has 44 percent of its loans in the commercial and industrial category, whereas Canton National Bank has only 11 percent. Consumer installment loans account for 16 percent of First National Bank's total loans but 51 percent of Canton National Bank's. Though these figures reflect an orientation in each bank toward a different class of customer (a consequence of their size), they also indicate that the same service is available at each bank.

On the basis of demand deposits alone, this merger appears to be anticompetitive. As of June 30, 1966, total IPC demand deposits in Stark and Carroll counties were $160 million. The merging banks together had approximately $50.9 million of these deposits, or a market share of 31.75 percent. This appears sufficiently large to condemn the merger as substantially lessening competition.

The anticompetitive effect of this merger must condemn it unless the benefits which will redound to the public interest on its consummation redeem it. Both participating banks are sound, viable institutions. Each has grown apace with the city. The First National Bank has grown 134 percent between 1950 and 1963, while the Canton National Bank, during the same period, grew 144 percent. However, growth through a merger that does little more than deny a community a desirable banking alternative is not in the public interest. Both banks have capable, aggressive, and well-esteemed senior management teams. Though their successor management may appear somewhat thin, they are of a size and suitably located to secure promising young men at attractive salaries. While Canton National Bank does not now offer all the services available at the First National Bank, there is no indication in the record that the public is thereby deprived.

Having weighed this merger against the statutory criteria, this Office concludes that its effect will be substantially to lessen banking competition in the Canton market without producing sufficient countervailing benefits for the public's convenience and needs to redeem it. The application to merge is, therefore, denied.

DECEMBER 18, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger would unite the second ("First National") and fourth ("Canton National") largest banks in Canton, Ohio, and in Stark County (the Canton SMSA). The resulting bank would hold about 40 percent of total deposits, demand deposits, and total loans held by banks located in the city of Canton.

The main offices of the merging banks are both located close by on the same street in Canton, Ohio. The proposed merger would clearly eliminate considerable direct competition between these neighboring banks which do similar types of banking business (although in somewhat different proportions), within the same market. More generally, it would eliminate from the Canton market a bank whose potential capacity for future growth and competitive vigor now seems especially promising (as indicated, by the fact that its earnings have grown by 60 percent between 1962 and 1966).

Banking concentration, already high in the city of Canton and in Stark County, would be substantially increased by the proposed merger. Within Stark County, First National is the second largest bank, in terms of total deposits, with a 21.4-percent share; and Canton National is the fourth largest, with a 9-percent share. The merger would create a bank with 30.4 percent of total deposits and 29.6 percent of loans in Stark County. The top five banks in the county presently possess 79.8 percent of total deposits, and would after the proposed merger control 84.8 percent. Within the city of Canton, the market shares would be even higher.

We conclude that the proposed merger would eliminate substantial direct competition between the two banks, and would significantly increase the already high levels of concentration in commercial banking in Canton, Ohio, and Stark County (the Canton SMSA). The effect of the merger upon competition would be significantly adverse.

* * *

APPENDIX B

Statistical Tables

Statistical Tables

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Table B-1

Comptrollers of the Currency, 1863 to the present

No.	Name	Date of appointment	Date of resignation	State
1	McCulloch, Hugh	May 9, 1863	Mar. 8, 1865	Indiana
2	Clarke, Freeman	Mar. 21, 1865	July 24, 1866	New York
3	Hulburd, Hiland R	Feb. 1, 1867	Apr. 3, 1872	Ohio
4	Knox, John Jay	Apr. 25, 1872	Apr. 30, 1884	Minnesota
5	Cannon, Henry W	May 12, 1884	Mar. 1, 1886	Minnesota
6	Trenholm, William L	Apr. 20, 1886	Apr. 30, 1889	South Carolina
7	Lacey, Edward S	May 1, 1889	June 30, 1892	Michigan
8	Hepburn, A. Barton	Aug. 2, 1892	Apr. 25, 1893	New York
9	Eckels, James H	Apr. 26, 1893	Dec. 31, 1897	Illinois
10	Dawes, Charles G	Jan. 1, 1898	Sept. 30, 1901	Illinois
11	Ridgely, William Barret	Oct. 1, 1901	Mar. 28, 1908	Illinois
12	Murray, Lawrence O	Apr. 27, 1908	Apr. 27, 1913	New York
13	Williams, John Skelton	Feb. 2, 1914	Mar. 2, 1921	Virginia
14	Crissinger, D. R	Mar. 17, 1921	Apr. 30, 1923	Ohio
15	Dawes, Henry M	May 1, 1923	Dec. 17, 1924	Illinois
16	McIntosh, Joseph W	Dec. 20, 1924	Nov. 20, 1928	Illinois
17	Pole, John W	Nov. 21, 1928	Sept. 20, 1932	Ohio
18	O'Connor, J. F. T	May 11, 1933	Apr. 16, 1938	California
19	Delano, Preston	Oct. 24, 1938	Feb. 15, 1953	Massachusetts
20	Gidney, Ray M	Apr. 16, 1953	Nov. 15, 1961	Ohio
21	Saxon, James J	Nov. 16, 1961	Nov. 15, 1966	Illinois
22	Camp, William B	Nov. 16, 1966	....	Texas

TABLE B–2

Administrative Assistants to the Comptroller of the Currency and Deputy Comptrollers of the Currency

No.	Name	Dates of tenure		State
	ADMINISTRATIVE ASSISTANTS TO THE COMPTROLLER			
1	Larsen, Arnold E	Dec. 24, 1961	July 1, 1962	Nebraska
2	Faulstich, Albert J	July 2, 1962	July 18, 1965	Louisiana
3	Chase, Anthony G	July 21, 1965	Feb. 25, 1967	Washington
4	Wickman, Wayne G	Feb. 27, 1967	....	Texas
	DEPUTY COMPTROLLERS OF THE CURRENCY			
1	Howard, Samuel T	May 9, 1863	Aug. 1, 1865	New York
2	Hulburd, Hiland R	Aug. 1, 1865	Jan. 31, 1867	Ohio
3	Knox, John Jay	Mar. 12, 1867	Apr. 24, 1872	Minnesota
4	Langworthy, John S	Aug. 8, 1872	Jan. 3, 1886	New York
5	Snyder, V. P	Jan. 5, 1886	Jan. 3, 1887	New York
6	Abrahams, J. D	Jan. 27, 1887	May 25, 1890	Virginia
7	Nixon, R. M	Aug. 11, 1890	Mar. 16, 1893	Indiana
8	Tucker, Oliver P	Apr. 7, 1893	Mar. 11, 1896	Kentucky
9	Coffin, George M	Mar. 12, 1896	Aug. 31, 1898	South Carolina
10	Murray, Lawrence O	Sept. 1, 1898	June 27, 1899	New York
11	Kane, Thomas P	June 29, 1899	Mar. 2, 1923	Dist. of Columbia
12	Fowler, Willis J	July 1, 1908	Feb. 14, 1927	Indiana
13	McIntosh, Joseph W	May 21, 1923	Dec. 19, 1924	Illinois
14	Collins, Charles W	July 1, 1923	June 30, 1927	Illinois
15	Stearns, E. W	Jan. 6, 1925	Nov. 30, 1928	Virginia
16	Awalt, F. G	July 1, 1927	Feb. 15, 1936	Maryland
17	Gough, E. H	July 6, 1927	Oct. 16, 1941	Indiana
18	Proctor, John L	Dec. 1, 1928	Jan. 23, 1933	Washington
19	Lyons, Gibbs	Jan. 24, 1933	Jan. 15, 1938	Georgia
20	Prentiss, William, Jr	Feb. 24, 1936	Jan. 15, 1938	California
21	Diggs, Marshall R	Jan. 16, 1938	Sept. 30, 1938	Texas
22	Oppegard G. J	Jan. 16, 1938	Sept. 30, 1938	California
23	Upham, C. B	Oct. 1, 1938	Dec. 31, 1948	Iowa
24	Mulroney, A. J	May 1, 1939	Aug. 31, 1941	Iowa
25	McCandless, R. B	July 7, 1941	Mar. 1, 1951	Iowa
26	Sedlacek, L. H	Sept. 1, 1941	Sept. 30, 1944	Nebraska
27	Robertson, J. L	Oct. 1, 1944	Feb. 17, 1952	Nebraska
28	Hudspeth, J. W	Jan. 1, 1949	Aug. 31, 1950	Texas
29	Jennings, L. A	Sept. 1, 1950	May 16, 1960	New York
30	Taylor, W. M	Mar. 1, 1951	Apr. 1, 1962	Virginia
31	Garwood, G. W	Feb. 18, 1952	Dec. 31, 1962	Colorado
32	Fleming, Chapman C	Sept. 15, 1959	Aug. 31, 1962	Ohio
33	Haggard, Hollis S	May 16, 1960	Aug. 3, 1962	Missouri
34	Camp, William B	Apr. 2, 1962	Nov. 15, 1966	Texas
35	Redman, Clarence B	Aug. 4, 1962	Oct. 26, 1963	Connecticut
36	Watson, Justin T	Sept. 3, 1962	....	Ohio
37	Miller, Dean E	Dec. 23, 1962	....	Iowa
38	DeShazo, Thomas G	Jan. 1, 1963	....	Virginia
39	Egertson, R. Coleman	July 13, 1964	June 30, 1966	Iowa
40	Blanchard, Richard J	Sept. 1, 1964	....	Massachusetts
41	Park, Radcliffe	Sept. 1, 1964	June 1, 1967	Wisconsin
42	Faulstich, Albert J	July 19, 1965	....	Louisiana
43	Motter, David C	July 1, 1966	....	Ohio
44	Gwin, John D	Feb. 21, 1967	....	Mississippi

TABLE B–3

Regional Administrators of National banks

Region	Name	Headquarters	States
1	Elmer J. Peterman	Boston, Mass	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.
2	Charles M. Van Horn	New York, N.Y	New Jersey, New York.
3	R. Coleman Egertson	Philadelphia, Pa	Pennsylvania, Delaware.
4	John W. Shaffer, Jr	Cleveland, Ohio	Indiana, Kentucky, Ohio.
5	Page Cranford	Richmond, Va	District of Columbia, Maryland, North Carolina, Virginia, West Virginia.
6	Joseph M. Ream	Atlanta, Ga	Florida, Georgia, South Carolina.
7	Joseph G. Lutz	Chicago, Ill	Illinois, Michigan.
8	William A. Robson	Memphis, Tenn	Alabama, Arkansas, Louisiana, Mississippi, Tennessee.
9	Douglas T. Bushman	Minneapolis, Minn	Minnesota, North Dakota, South Dakota, Wisconsin.
10	Paul L. Ross* John R. Burt†	Kansas City, Mo	Iowa, Kansas, Missouri, Nebraska.
11	Norman R. Dunn	Dallas, Tex	Oklahoma, Texas.
12	John R. Thomas	Denver, Colo	Arizona, Colorado, New Mexico, Utah, Wyoming.
13	Kenneth W. Leaf	Portland, Oreg	Alaska, Idaho, Montana, Oregon, Washington.
14	Arnold E. Larsen	San Francisco, Calif	California, Hawaii, Nevada.

*Retired on Jan. 13, 1968.
†Appointed to succeed Mr. Ross.

TABLE B–4

Changes in the structure of the National banking system, by States, 1863–1967

	Organized and opened for business 1863–1967	Consolidated and merged under 12 U.S.C. 215		Insolvencies	Liquidated	12 U.S.C. 214		In operation Dec. 31, 1967
		Consolidated	Merged			Converted to State banks	Merged or consolidated with State banks	
United States	15,646	689	309	2,819	6,721	77	273	4,758
Alabama	201	4	2	45	62	0	0	88
Alaska	8	0	0	0	2	0	1	5
Arizona	32	1	0	6	21	0	0	4
Arkansas	163	1	1	39	55	0	0	67
California	602	20	27	66	389	3	17	80
Colorado	265	5	0	56	86	0	0	118
Connecticut	136	11	6	7	69	0	13	30
Delaware	32	0	0	1	18	0	8	5
District of Columbia	37	8	0	7	13	0	0	9
Florida	287	2	1	43	41	0	0	200
Georgia	203	8	0	42	87	5	0	61
Hawaii	7	1	0	0	4	0	0	2
Idaho	112	0	1	35	65	0	2	9
Illinois	972	19	4	227	296	3	1	422
Indiana	445	14	1	98	205	0	4	123
Iowa	562	4	0	205	243	7	1	102
Kansas	456	6	0	77	198	4	0	171
Kentucky	250	11	2	37	110	8	2	80
Louisiana	120	4	0	16	53	0	0	47
Maine	127	8	5	13	79	0	1	21
Maryland	156	3	10	17	69	0	9	48
Massachusetts	382	40	7	28	207	0	11	89
Michigan	350	11	3	77	157	0	4	98
Minnesota	512	8	0	116	192	1	0	195
Mississippi	94	5	3	16	34	0	0	36
Missouri	321	12	1	58	148	3	1	98
Montana	205	4	1	76	76	0	0	48
Nebraska	412	2	0	83	199	1	0	127
Nevada	17	1	0	4	8	0	1	3
New Hampshire	84	3	1	5	23	0	0	52
New Jersey	438	49	16	59	151	1	18	144
New Mexico	97	1	0	25	37	0	0	34
New York	1,017	123	59	130	441	8	72	184
North Carolina	158	8	14	44	58	0	9	25
North Dakota	263	3	0	100	118	0	0	42
Ohio	719	32	12	112	334	1	5	223
Oklahoma	775	12	0	85	454	4	0	220
Oregon	152	2	2	31	102	0	3	12
Pennsylvania	1,286	98	79	211	491	2	69	336
Rhode Island	67	3	0	2	58	0	0	4
South Carolina	134	8	8	43	49	0	0	26
South Dakota	224	13	0	93	81	2	0	35
Tennessee	219	8	0	36	94	2	2	77
Texas	1,325	45	0	142	574	19	3	542
Utah	45	4	0	6	19	2	2	12
Vermont	85	3	2	17	29	1	6	27
Virginia	278	23	33	28	74	0	7	113
Washington	243	18	8	51	138	0	1	27
West Virginia	197	11	0	38	68	0	0	80
Wisconsin	294	9	0	54	115	0	0	116
Wyoming	78	0	0	12	26	0	0	40
Virgin Islands	1	0	0	0	0	0	0	1
Puerto Rico	1	0	0	0	1	0	0	0

TABLE B-5

Charters, liquidations, and changes in issued capital stock of National banks, calendar 1967

	Number of banks	Capital stock		Capital notes and debentures
		Common	Preferred	
Increases:				
Banks newly chartered:				
Primary organizations	18	$4, 620, 000		
Reorganizations				
Conversion of State banks	*9	5, 550, 000		$300, 000
Capital stock:				
Preferred: 4 cases by new issue			$21, 423, 475	
Common:				
361 cases by statutory sale		26, 204, 157		
553 cases by statutory stock dividends		159, 269, 528		
5 cases by statutory consolidation		8, 713, 760		8, 740, 500
46 cases by statutory merger		20, 241, 458	5, 200, 000	822, 000
Capital notes and debentures: 30 cases by new issues				81, 703, 950
Total increases	27	224, 598, 903	26, 623, 475	91, 566, 450
Decreases:				
Banks ceasing operations:				
Voluntary liquidations:				
Succeeded by National banks	5	3, 575, 000		
Succeeded by State banks	2	400, 000	100, 000	
No successor				
Conservatorship: Absorbed by State bank	1	50, 000		
Statutory consolidations	3			
Statutory mergers	36			
Converted into State banks	5	1, 483, 000		
Merged or consolidated with State banks	14	2, 974, 400		
Insolvent	1	25, 000		
Capital stock:				
Preferred: 5 cases by retirement			302, 000	
Common:				
13 cases by statutory reduction		1, 442, 651		
1 case by statutory consolidation		1, 090, 728		
15 cases by statutory merger		5, 339, 355		150, 000
Capital notes and debentures: 60 retirements				17, 756, 421
Total decreases	67	16, 380, 134	402, 000	17, 906, 421
Net change	−40	208, 218, 769	26, 221, 475	73, 660, 029
Charters in force Dec. 31, 1966, and issued captial	4, 796	5, 113, 527, 836	29, 156, 400	1, 161, 455, 556
Charters in force Dec. 31, 1967, and issued capital	4, 756	5, 321, 746, 605	55, 377, 875	1, 235, 115, 585

*Excludes two banks which opened in 1967, but were chartered in 1966.

NOTE: Premium on sale of common stock $59,962,612 (348 cases).

TABLE B–6

*Applications for National bank charters, approved and rejected, by States, calendar 1967**

	Approved	Rejected
ALABAMA		
Heflin		Apr. 10
Chatom		Nov. 6
Roanoke		Dec. 20
COLORADO		
Brighton		Oct. 10
CONNECTICUT		
Simsbury		Sept. 6
FLORIDA		
Inverness		Feb. 9
Pensacola		Feb. 23
Port St. Joe		Mar. 27
Winter Park		Aug. 8
New National Bank of Miami	Aug. 29	
Beach National Bank, Fort Myers Beach	Sept. 6	
Fort Myers Beach		Sept. 11
Deerfield Beach		Oct. 19
GEORGIA		
First National Bank of Trion, Trion	Feb. 23	
Fairmont		Mar. 10
Columbus		Mar. 28
ILLINOIS		
Chicago		Feb. 24
Loves Park		May 24
Des Plaines		Dec. 20
Mount Prospect		Dec. 20
KANSAS		
Dodge City		June 29
LOUISIANA		
First National Bank of Port Allen, Port Allen	Nov. 29	
MASSACHUSETTS		
Belmont		Feb. 27
Wellesley		July 13
MICHIGAN		
Negaunee		Feb. 17
Flint		July 25
Walled Lake		Dec. 18
MINNESOTA		
New Hope		Feb. 17
Oak Park Heights		June 19
Olivia		Oct. 17
MISSISSIPPI		
First National Bank of Ocean Springs, Ocean Springs	June 27	
Corinth		Sept. 20
NEBRASKA		
Omaha		July 19
NEW HAMPSHIRE		
The Community National Bank of Rochester, Rochester	Apr. 13	
NEW JERSEY		
Mendham		Feb. 17
OHIO		
Cleveland		Mar. 13
Napoleon		May 9
PENNSYLVANIA		
York		June 27
TEXAS		
Houston		Feb. 14
Rockport		Mar. 8
Pasadena		July 14
UTAH		
Pioneer National Bank	Nov. 16	
WASHINGTON		
Pullman		Feb. 20
South Sound National Bank, Lacey	Mar. 8	
Kennewick		Sept. 6
WEST VIRGINIA		
Huntington		Oct. 3
WISCONSIN		
First Wisconsin National Bank of Greenfield	Dec. 18	
WYOMING		
Sheridan		Dec. 20
PUERTO RICO		
San Juan		Feb. 3

*Excludes conversions.

TABLE B–7

Newly organized National banks, by States, calendar 1967

Charter No.	Title and location of bank	Total capital accounts
	Total, United States: 18 banks	$8, 970, 125
	COLORADO	
15620	Fort Carson National Bank, Fort Carson	200, 000
	FLORIDA	
15621	First National Bank of Brooksville, Brooksville	400, 000
15638	New National Bank of Miami, Miami	350, 000
15622	Capital City Second National Bank, Tallahassee	504, 000
	Total: 3 banks	1, 254, 000
	GEORGIA	
15616	Security National Bank, Unincorporated area in Cobb County	600, 000
15632	The Citizens and Southern Park National Bank, Unincorporated area in DeKalb County	600, 000
	Total: 2 banks	1, 200, 000
	KANSAS	
15637	Fort Riley National Bank, Fort Riley	375, 000
15629	The Northgate National Bank of Hutchinson, Hutchinson	300, 000
	Total: 2 banks	675, 000
	NEW YORK	
15625	First City National Bank of Southern New York, Binghamton	250, 000
15626	Second National Bank of Jamestown, Jamestown	125, 500
15627	Lincoln National Bank of Syracuse, Syracuse	250, 000
	Total: 3 banks	625, 500
	SOUTH CAROLINA	
15619	National Bank of Commerce of Spartanburg, Spartanburg	2, 000, 000
	TEXAS	
15630	University National Bank, Galveston	390, 625
	WASHINGTON	
15640	South Sound National Bank, Lacey	500, 000
	WISCONSIN	
15634	Mequon National Bank, Mequon	600, 000
15618	Security National Bank of Racine, Racine	625, 000
15633	First National Bank of Sturgeon Bay, Sturgeon Bay	500, 000
15624	Central National Bank of Wausau, Wausau	400, 000
	Total: 4 banks	2, 125, 000

Table B–8

State chartered banks converted to National banks, calendar 1967

Charter No.	Title and location of bank	State	Effective date of charter 1967	Outstanding capital stock	Surplus, undivided profits and reserves	Total assets
	Total: 11 banks			$6, 525, 000	$11, 135, 945	$244, 284, 296
15613	Merchants & Farmers Bank of Franklin, National Association	Va	Jan. 1	275, 000	615, 222	8, 583, 158
15614	The First National Bank of Wayne County, Jesup	Ga	Jan. 3	400, 000	329, 619	5, 459, 589
15615	State National Bank, Evanston	Ill	Jan. 18	2, 500, 000	3, 637, 689	120, 696, 453
15617	Continental National Bank, Englewood	Colo	Feb. 14	*800, 000	1, 034, 574	23, 137, 098
15623	First National Bank, Schuyler	Nebr	Apr. 1	200, 000	268, 865	6, 927, 609
15628	First Northwestern National Bank, Redwood Falls	Minn	Apr. 24	200, 000	527, 309	9, 465, 018
15631	First National Bank, Searcy	Ark	June 30	500, 000	753, 530	14, 770, 250
15635	First Colbert National Bank, Leighton	Ala	Aug. 21	150, 000	193, 590	3, 989, 311
15636	City National Bank, Charlotte	N. C	Aug. 23	500, 000	1, 658, 179	14, 676, 372
15639	United National Bank of Vermillion	S. Dak	Oct. 31	400, 000	537, 500	14, 528, 239
15641	The Fallkill National Bank & Trust Co., Poughkeepsie	N. Y	Dec. 11	600, 000	1, 579, 868	22, 051, 199

*Includes $300,000 capital notes.

Table B–9

National banks reported in voluntary liquidation, calendar 1967*

Title and location of bank	Date of liquidation	Total capital accounts of liquidated banks
Total: 7 National banks		
Mission National Bank of Los Angeles, Los Angeles, Calif. (15087), absorbed by United States National Bank, San Diego, Calif. (10391)	Jan. 13	$3, 737, 599
Pioneer National Bank, Los Angeles, Calif. (15340), absorbed by United States National Bank, San Diego, Calif. (10391)	Jan. 13	2, 717, 517
The First National Bank of Saltsburg, Saltsburg, Pa. (2609), absorbed by The Savings and Trust Co. of Indiana, Indiana, Pa	Apr. 15	262, 761
Tiburon National Bank, Tiburon, Calif. (15149), absorbed by Sierra National Bank, Petaluma, Calif. (15174)	May 1	470, 870
The First National Bank of Baltimore, Baltimore, Ohio (7639), absorbed by The Hocking Valley National Bank of Lancaster, Ohio (1241)	May 8	310, 216
Valley National Bank, Littleton, Colo. (15121), absorbed by Arapahoe Bank, Littleton, Colo	June 3	615, 614
First National Bank, Lakeview, Tex. (12835), absorbed by First National Bank, Memphis, Tex. (6107)	Aug. 23	96, 931

*Wellsville National Bank, Wellsville, Pa. (8498) sold by conservator to Bank of Hanover and Trust Co., Hanover, Pa., Jan. 28, 1967.

TABLE B-10

National banks merged or consolidated with State banks, calendar 1967

Title and location of bank	*Effective date, 1967*	*Total capital accounts of National banks*
Total: 14 banks	....	$9, 680, 491
First National Bank of Allen Park, Allen Park, Mich. (14981) merged into Security Bank & Trust Co., Lincoln Park, Mich.	Jan. 17	367, 437
National Bank of Oak Cliff in Dallas, Dallas, Tex. (15322), merged into South Oak Cliff State Bank, Dallas, Tex.	Jan. 20	511, 207
The Southern Maryland National Bank of La Plata, La Plata, Md. (8456), merged into the Hughesville Savings Bank, Inc., Hughesville, Md., and under the title "Bank of Southern Maryland," La Plata, Md.	Mar. 14	978, 684
The First National Bank of Morganton, Morganton, N.C. (5450), merged into Wachovia Bank & Trust Co., Winston-Salem, N.C.	Apr. 17	2, 018, 669
The First National Bank of South Plainfield, South Plainfield, N.J. (11847), merged into The Edison Bank, Edison, N.J.	Apr. 28	495, 103
Emerald National Bank, Eugene, Oreg. (15163), merged into Citizens Bank, Eugene, Oreg.	May 1	300, 242
The Emerson National Bank of Warrensburgh, Warrensburg, N.Y. (9135), merged into State Bank of Albany, Albany, N.Y.	May 19	1, 093, 534
The Elkins Park National Bank, Elkins Park, Pa. (5043), merged into Industrial Valley Bank & Trust Co., Jenkintown, Pa.	May 29	206, 262
National Bank of Union City, Union City, Pa. (14993), merged into the Pennsylvania Bank & Trust Co., Titusville, Pa.	May 31	513, 892
The North Creek National Bank, North Creek, N.Y. (9716), merged into First Trust Co. of Albany, Albany N.Y.	July 31	596, 953
The Farmers National Bank & Trust Co. of Boyertown, Boyertown, Pa. (2900), merged into Peoples Trust City Bank, Reading, Pa.	Nov. 1	1, 345, 035
Highlands National Bank of Renton, Renton, Wash. (15517), merged into the Bank of the West, Bellevue, Wash.	Dec. 15	431, 103
The Orange National Bank, Orange, Mass. (2255), merged into Franklin County Trust Co., Greenfield, Mass.	Dec. 18	438, 001
The Sea Bright National Bank, Sea Bright, N.J. (14177), merged into The Central Jersey Bank & Trust Co., Freehold, N.J.	Dec. 27	384, 369

TABLE B-11

National banks converted into State banks, calendar 1967

Title and location of bank	*Effective date 1967*	*Total capital accounts of National banks*
Total: 5 banks	....	$2, 566, 069
Casitas National Bank, Carpinteria, Calif. (15525), converted into the County Bank, Santa Barbara, Calif.	May 31	824, 605
Plano National Bank, Plano, Tex. (15129), converted into Plano Bank & Trust, Plano	Aug. 1	345, 795
Stonewall National Bank of Corpus Christi, Tex. (15034), converted into Stonewall Bank, Corpus Christi	Sept. 1	340, 096
South Davis First National Bank, Bountiful, Tex. (15202), converted into South Davis Security Bank	Oct. 4	290, 015
First National Bank of Carrollton, Tex. (15099), converted into First Security Bank & Trust Co	Dec. 15	765, 558

TABLE B-12

Purchases of State banks by National banks, calendar 1967

Title and location of banks	*Effective date 1967*	*Total capital accounts of State banks*
Total: 5 banks	....	$5, 331, 124
United States National Bank, San Diego, Calif. (10391), purchased the Peoples Bank, Los Angeles, Calif.	Jan. 13	2, 350, 091
The Escanaba National Bank, Escanaba, Mich. (8496), purchased the Bark River State Bank, Bark River, Mich.	Feb. 14	196, 664
Seattle-First National Bank, Seattle, Wash. (11280), purchased the Bank of Sumas, Sumas, Wash.	May 1	56, 221
Santa Clarita National Bank, Newhall, Calif. (15547), purchased the Boulevard Bank, Sepulveda, Calif.	July 24	1, 039, 725
Clermont National Bank, Milford, Ohio (3234), purchased the Merchants & Farmers Bank, Owensville, Ohio	Sept. 30	1, 688, 423

TABLE B-13

Consolidations of National banks, or National and State banks, calendar 1967

Effective date	*Consolidating banks* / *Resulting bank*	*Outstanding capital stock*	*Surplus*	*Undivided profits and reserves*	*Total assets*
Total: 6 consolidations					
	CALIFORNIA				
Dec. 15	The First National Bank of Vista, Vista (13178)	$831, 600	$857, 000	$609, 328	$29, 623, 856
	Golden Gate National Bank, San Francisco (14939)	2, 095, 080	513, 030	0	44, 446, 859
	Liberty National Bank, San Francisco (13178)	1, 835, 952	1, 835, 952	1, 397, 490	73, 170, 715
	MONTANA				
Oct. 13	Daly National Bank of Anaconda, Anaconda (15540)	300, 000	450, 000	102, 960	11, 708, 986
	The First National Bank of Butte, Butte (2566)	300, 000	450, 000	945, 757	18, 187, 497
	First National Bank, Anaconda (15540)	750, 000	750, 000	1, 016, 404	30, 041, 400
	NEW JERSEY				
Jan. 27	The Boonton National Bank of Parsippany-Troy Hills (4274)	400, 000	600, 000	364, 835	23, 180, 119
	Trust Company of Morris County, Morristown	2, 449, 040	3, 050, 960	2, 187, 151	117, 209, 248
	Trust Company National Bank, Morristown (4274)	3, 289, 040	3, 650, 960	2, 111, 986	140, 389, 368
	NEW YORK				
May 8	Bank of North America, New York	5, 075, 375	7, 820, 687	5, 385, 254	394, 445, 609
	The Meadow Brook National Bank, New York (7703)	19, 341, 215	16, 358, 020	18, 370, 224	986, 768, 278
	National Bank of North America, New York (7703)	24, 995, 835	35, 004, 165	12, 350, 775	1, 382, 213, 887
	VIRGINIA				
Jan. 1	Merchants and Farmers Bank of Franklin, N.A., Franklin (15613)	275, 000	500, 000	115, 221	8, 583, 158
	Seaboard Citizens National Bank, Norfolk (10194)	2, 434, 500	7, 785, 500	969, 987	126, 325, 587
	Seaboard Citizens National Bank, Norfolk (10194)	6, 000, 000	5, 000, 000	1, 079, 885	134, 908, 746
July 21	First Valley National Bank, Rich Creek (15139)	180, 000	360, 000	42, 776	5, 554, 527
	The First National Bank, Narrows (11444)	299, 900	330, 000	375, 871	8, 575, 875
	The First National Bank, Narrows (15139)	500, 000	669, 900	398, 718	14, 130, 403

TABLE B–14

Mergers of National banks, or National and State banks, by States, calendar 1967

Effective date	Merging banks / Resulting bank	Outstanding capital stock	Surplus	Undivided profits and reserves	Total assets
Total: 68 merger actions					
	ARKANSAS				
June 30	First National Bank of Paragould, Paragould (13155)	$200,000	$200,000	$359,244	$10,032,408
	National Bank of Commerce of Paragould, Paragould (10004)	200,000	200,000	363,556	10,485,306
	First National Bank of Commerce, Paragould (10004)	500,000	500,000	522,800	20,517,714
	CALIFORNIA				
Jan. 31	The First National Bank of Elsinore, Elsinore (11922)	100,000	300,000	19,008	6,502,148
	First National Bank & Trust Co., Ontario (6268)	735,085	1,040,000	834,852	46,277,837
	First National Bank & Trust Co., Ontario (6268)	797,585	1,377,500	913,860	52,779,986
April 28	Providencia Bank, Burbank	840,000	326,000	0	5,465,939
	Valley National Bank, Glendale (14823)	831,600	445,000	203,143	28,169,535
	Valley National Bank, Glendale (14823)	831,600	445,000	109,878	33,429,483
Aug. 17	Saddleback National Bank, Tustin (15336)	404,250	267,250	141,308	15,417,559
	First National Bank of San Diego, San Diego (3050)	5,280,000	9,720,000	11,517,658	412,678,910
	Southern California First National Bank, San Diego (3050)	5,562,975	10,240,000	11,527,491	428,096,469
Aug. 31	Concord National Bank, Concord (15394)	1,000,000	250,000	254,869	9,427,330
	Central Valley National Bank, Oakland (6919)	4,356,000	5,953,200	2,077,245	198,625,859
	Central Valley National Bank, Oakland (6919)	4,356,000	5,953,200	1,937,104	208,153,189
Sept. 14	Huntington-Valley Bank, Huntington Beach	617,265	384,880	50,021	10,903,871
	Southern California First National Bank, San Diego (3050)	5,562,975	10,240,000	11,747,511	439,458,735
	Southern California First National Bank, San Diego (3050)	5,816,050	10,683,950	12,102,652	450,362,606
Sept. 25	Metropolitan Bank, Hollywood, Los Angeles	1,077,540	574,960	0	23,077,029
	The Bank of California N.A., San Francisco (9655)	18,591,800	38,408,200	11,095,564	1,446,689,151
	The Bank of California N.A., San Francisco (9655)	18,983,630	39,665,870	11,095,564	1,467,444,996
Oct. 5	Heritage-Wilshire National Bank, Los Angeles (15463)	2,009,620	431,324	66,788	18,650,581
	Southern California First National Bank, San Diego (3050)	5,816,050	11,931,778	10,755,102	447,017,083
	Southern California First National Bank, San Diego (3050)	6,321,970	11,578,030	13,110,662	465,667,663
Oct. 9	First National Bank of Oakland, Oakland (15180)	1,500,000	842,728	0	22,054,094
	Security National Bank of Contra Costra, Walnut Creek (15092)	500,000	335,000	336,216	26,446,717
	Security National Bank, Oakland (15180)	1,500,000	500,000	313,121	48,499,988
Oct. 9	Westminster National Bank, Westminster (15412)	1,000,000	250,000	58,326	4,299,964
	Commercial National Bank, Buena Park (15434)	1,025,000	250,000	315,833	7,935,016
	Commercial National Bank, Buena Park (15434)	1,025,000	250,000	324,159	12,234,980
Dec. 31	University National Bank, Fullerton (15515)	802,000	201,000	63,430	8,151,683
	Newport National Bank, Newport Beach (15235)	1,013,450	309,775	562,638	32,683,049
	Newport National Bank, Newport Beach (15235)	1,548,120	570,500	828,673	40,834,732
	FLORIDA				
Oct. 2	New National Bank of Miami, Miami (15638)	100,000	200,000	50,000	350,000
	The First National Bank of Miami, Miami (6370)	10,000,000	14,650,000	9,579,769	558,019,116
	The First National Bank of Miami, Miami (15638)	10,000,000	15,000,000	9,579,769	558,019,116

TABLE B-14—Continued

Mergers of National banks, or National and State banks, by States, calendar 1967

Effective date	*Merging banks* / *Resulting bank*	*Outstanding capital stock*	*Surplus*	*Undivided profits and reserves*	*Total assets*
	ILLINOIS				
Aug. 14	The Mutual National Bank of Chicago, Chicago (11092)	$1, 000, 000	$4, 500, 000	$755, 920	$57, 707, 249
	La Salle National Bank, Chicago (13146)	6, 352, 500	7, 500, 000	3, 070, 617	370, 421, 782
	La Salle National Bank, Chicago (13146)	9, 352, 500	6, 500, 000	1, 726, 536	428, 129, 031
	INDIANA				
Dec. 31	Livestock Exchange Bank, Indianapolis	200, 000	600, 000	397, 126	7, 280, 769
	Merchants National Bank & Trust Co. of Indianapolis, Indianapolis (869)	5, 000, 000	15, 000, 000	13, 384, 619	425, 198, 272
	Merchants National Bank & Trust Co. of Indianapolis, Indianapolis (869)	5, 202, 500	15, 599, 520	13, 733, 823	432, 383, 502
	IOWA				
Oct. 31	Morningside Savings Bank, Sioux City	100, 000	150, 000	281, 058	8, 489, 509
	The Live Stock National Bank of Sioux City, Sioux City (5022)	800, 000	1, 200, 000	1, 197, 240	34, 096, 918
	Northwestern National Bank of Sioux City, Sioux City (5022)	900, 000	1, 350, 000	1, 482, 013	42, 674, 611
	MASSACHUSETTS				
Feb. 24	The County Bank & Trust Co., Cambridge	600, 000	775, 000	283, 299	17, 901, 885
	Somerville National Bank, Somerville (4771)	500, 000	1, 500, 000	720, 311	29, 367, 338
	The County Bank N.A., Somerville (4771)	1, 600, 000	2, 000, 000	778, 610	47, 269, 223
May 19	First Bank & Trust Co. of Needham, Needham	307, 175	113, 450	0	3, 448, 627
	Southshore National Bank, Quincy (14798)	2, 380, 406	4, 619, 594	728, 327	123, 154, 572
	Southshore National Bank, Quincy (14798)	2, 487, 919	4, 944, 256	716, 777	126, 603, 199
Dec. 30	Lincoln National Bank of Chelsea, Chelsea (14087)	625, 000	625, 000	339, 366	17, 432, 092
	Commonwealth National Bank, Boston, (15399)	1, 628, 798	1, 630, 886	365, 633	27, 715, 523
	Commonwealth National Bank, Boston, (15399)	1, 628, 798	1, 630, 886	4, 749	43, 796, 911
	MICHIGAN				
Dec. 19	First State Bank of Mendon, Mendon	250, 000	50, 000	66, 018	5, 300, 503
	The American National Bank and Trust Co. of Michigan, Kalamazoo (13820)	2, 880, 000	3, 600, 000	1, 404, 099	141, 807, 188
	The American National Bank & Trust Co. of Michigan, Kalamazoo (13820)	3, 000, 000	3, 700, 000	1, 550, 117	146, 575, 548
	MISSISSIPPI				
Jan. 1	Pickens Bank, Pickens	30, 000	95, 000	1, 015	2, 049, 048
	First National Bank of Lexington, Lexington (13313)	75, 000	220, 000	597	5, 817, 458
	First National Bank of Lexington, Lexington (13313)	105, 000	315, 000	34, 186	7, 683, 096
Feb. 28	The Bank of Blue Mountain, Blue Mountain	50, 000	169, 500	25, 408	5, 188, 531
	The First National Bank, New Albany (15519)	125, 000	375, 000	182, 817	8, 450, 636
	The First National Bank, New Albany (15519)	168, 750	551, 250	121, 639	13, 615, 913

TABLE B-14—Continued

Mergers of National banks, or National and State banks, by States, calendar 1967

Effective date	*Merging banks* / *Resulting bank*	*Outstanding capital stock*	*Surplus*	*Undivided profits and reserves*	*Total assets*
	NEW JERSEY				
Apr. 28	First National Bank of Butler, Butler (6912)	$271,000	$300,000	$765,681	$18,152,775
	The First National Iron Bank of New Jersey, Morristown (1113)	2,880,000	2,340,000	1,271,013	108,475,333
	The First National Bank of New Jersey, Morristown (1113)	3,489,750	3,489,750	848,194	126,628,108
May 12	Bank of Nutley, Nutley	1,290,000	1,625,000	861,614	48,636,809
	First National State Bank of New Jersey, Newark (1452)	9,500,000	33,000,000	7,989,369	667,285,875
	First National State Bank of New Jersey, Newark (1452)	11,112,500	35,000,000	8,153,482	712,742,899
Sept. 29	Glen Ridge Trust Co., Glen Ridge	300,000	700,000	410,648	15,026,628
	National Newark and Essex Bank, Newark (1316)	13,948,700	21,051,300	8,935,338	566,382,593
	National Newark and Essex Bank, Newark (1316)	14,641,700	22,858,300	7,845,987	581,408,786
Oct. 20	Audubon National Bank, Audubon (11446)	450,000	90,000	392,814	19,733,636
	Haddonfield National Bank, Haddonfield (14457)	1,610,510	1,789,490	535,132	67,316,202
	Colonial National Bank, Haddonfield (14457)	2,285,510	2,714,490	677,946	87,049,838
	NEW YORK				
Apr. 10	The Unadilla National Bank, Unadilla (9516)	112,500	150,000	177,975	6,806,990
	Marine Midland National Bank of Troy, Troy (721)	1,918,750	3,081,250	3,461,930	108,832,179
	Marine Midland National Bank of Troy, Troy (721)	2,033,750	3,266,250	3,602,404	115,639,169
Apr. 28	The Maybrook National Bank, Maybrook (11927)	50,000	120,000	49,307	2,462,223
	County National Bank, Middletown (13956)	2,621,205	2,815,000	1,243,302	127,802,866
	County National Bank, Middletown (13956)	2,689,955	2,995,000	1,273,859	130,265,090
May 16	First City National Bank of Southern New York, Binghamton (15625)	200,000	40,000	10,000	250,000
	First City National Bank of Binghamton, Binghamton (202)	3,850,000	6,150,000	2,421,541	139,175,480
	First City National Bank of Binghamton, Binghamton (15625)	4,050,000	5,190,000	2,431,541	139,425,480
May 16	Second National Bank of Jamestown, Jamestown (15626)	100,000	20,000	5,500	132,142
	The First National Bank of Jamestown, Jamestown (548)	1,500,000	1,500,000	1,851,900	69,427,658
	The First National Bank of Jamestown, Jamestown (15626)	1,600,000	1,520,000	1,854,458	69,431,358
May 16	Lincoln National Bank of Syracuse, Syracuse (15627)	200,000	40,000	10,000	261,235
	Lincoln National Bank and Trust Co. of Central New York, Syracuse (13393)	3,053,590	7,000 000	3,032,401	206,747,093
	Lincoln National Bank and Trust Co. of Central New York, Syracuse (15627)	3,253,590	7,040,000	3,042,401	206,784,094
June 30	Federation Bank & Trust Co., New York	8,209,390	10,548,621	3,287,180	286,883,229
	Franklin National Bank, Mineola (12997)	39,907,250	50,000,000	14,361,952	2,055,462,485
	Franklin National Bank, Mineola (12997)	60,430,725	50,000,000	15,903,568	2,342,345,713
Oct. 17	The National Bank of Waterville, Waterville (1361)	65,000	235,000	149,979	5,626,577
	The Oneida National Bank & Trust Co. of Central New York, Utica (1392)	3,825,980	9,325,000	4,959,713	253,997,318
	The Oneida National Bank & Trust Co. of Central New York, Utica (1392)	3,897,480	9,560,000	5,103,192	259,603,889

TABLE B-14—Continued

Mergers of National banks, or National and State banks, by States, calendar 1967

Effective date	*Merging banks* / *Resulting bank*	*Outstanding capital stock*	*Surplus*	*Undivided profits and reserves*	*Total assets*
	NEW YORK—continued				
Dec. 14	The Hamlin National Bank of Holcomb, Holcomb (10046)	$100, 000	$100, 000	$185, 757	$5, 268, 883
	The Canandaigua National Bank & Trust Co., Canandaigua (3817)	700, 000	1, 100, 000	1, 109, 340	31, 852, 432
	The Canandaigua National Bank & Trust Co., Canandaigua (3817)	800, 000	1, 200, 000	1, 295, 097	37, 121, 314
Dec. 31	Chester-Schroon-Horicon Bank, Chestertown	100, 000	200, 000	116, 022	5, 691, 565
	Glens Falls National Bank & Trust Co., Glens Falls (7699)	1, 122, 188	1, 500, 000	1, 023, 058	60, 320, 330
	Glens Falls National Bank & Trust Co., Glens Falls (7699)	1, 397, 188	1, 700, 000	980, 080	66, 027, 895
	NORTH CAROLINA				
Feb. 21	The Oxford National Bank, Oxford (13896)	200, 000	400, 000	376, 315	9, 905, 043
	The Planters National Bank & Trust Co., Rocky Mount (10608)	1, 416, 935	2, 733, 065	742, 171	75, 139, 953
	The Planters National Bank & Trust Co., Rocky Mount (10608)	1, 816, 935	3, 183, 065	868, 486	85, 044, 996
Mar. 11	The Bank of Mayodan, Mayodan	66, 915	238, 532	56, 243	4, 110, 919
	Southern National Bank of North Carolina, Lumberton (10610)	2, 701, 485	3, 668, 485	1, 020, 425	97, 357, 855
	Southern National Bank of North Carolina, Lumberton (10610)	2, 821, 930	3, 853, 486	1, 076, 668	101, 468, 773
July 24	The Bank of Mount Gilead, Mount Gilead	26, 600	300, 000	351, 941	3, 096, 014
	Southern National Bank of North Carolina, Lumberton (10610)	2, 992, 890	3, 862, 973	715, 937	106, 034, 448
	Southern National Bank of North Carolina, Lumberton (10610)	3, 165, 790	4, 016, 673	1, 067, 878	109, 130, 462
Aug. 31	The Citizens Bank and Trust Co. of Southern Pines, Southern Pines	154, 615	700, 000	169, 536	13, 436, 483
	First Union National Bank of North Carolina, Charlotte (9164)	14, 673, 585	22, 764, 231	51, 21, 583	709, 027, 699
	First Union National Bank of North Carolina, Charlotte (9164)	15, 098, 780	23, 193, 651	5, 386, 685	722, 479, 074
Oct. 20	Bank of Lillington, Lillington	100, 000	200, 000	95, 201	3, 908, 384
	First National Bank of Eastern North Carolina, Jacksonville (14676)	1, 950, 000	1, 950, 000	213, 463	66, 862, 921
	First National Bank of Eastern North Carolina, Jacksonville (14676)	2, 175, 000	2, 110, 000	223, 665	70, 771, 305
Dec. 16	The Bank of Wendell, Wendell	100, 000	650, 000	235, 610	8, 220, 662
	First Union National Bank of North Carolina, Charlotte (9164)	15, 101, 905	23, 193, 651	6, 693, 704	779, 937, 909
	First Union National Bank of North Carolina, Charlotte (9164)	15, 351, 905	23, 843, 651	6, 652, 455	788, 115, 653
Dec. 29	Commercial and Industrial Bank, Fayetteville	358, 460	370, 072	395, 941	17, 370, 726
	North Carolina National Bank, Charlotte (13761)	13, 915, 250	40, 200, 890	11, 143, 312	1, 075, 341, 611
	North Carolina National Bank, Charlotte (13761)	14, 381, 250	40, 570, 962	11, 431, 714	1, 092, 712, 238

TABLE B-14—Continued

Mergers of National banks, or National and State banks, by States, calendar 1967

Effective date	Merging banks / Resulting bank	Outstanding capital stock	Surplus	Undivided profits and reserves	Total assets
	OHIO				
July 15	The Racine Home Bank, Racine	$55, 000	$55, 000	$51, 634	$1, 724, 497
	The First National Bank of Racine, Racine (9815)	50, 000	60, 000	76, 760	1, 760, 825
	The Racine Home National Bank, Racine (9815)	125, 000	115, 000	108, 921	3, 510, 267
July 31	The First National Bank of Stockport, Stockport (8042)	50, 000	50, 000	44, 343	1, 087, 682
	The First National Bank of McConnelsville, McConnelsville (46)	200, 000	200, 000	329, 848	5, 974, 752
	The First National Bank of McConnelsville, McConnelsville (46)	285, 000	285, 000	301, 637	7, 062, 434
Nov. 25	The Peoples Bank and Savings Co., New Philadelphia	150, 000	180, 195	177, 373	6, 966, 106
	The National Bank of Dover, Dover (4293)	472, 000	628, 000	837, 077	28, 060, 416
	The Peoples National Bank & Trust Co., Dover (4293)	652, 000	1, 148, 000	644, 645	35, 026, 523
Dec. 31	The Jefferson Banking Co., Jefferson	375, 000	375, 000	389, 675	13, 437, 866
	The Northeastern Ohio National Bank, Ashtabula (5075)	750, 000	1, 000, 000	672, 996	39, 733, 679
	The Northeastern Ohio National Bank, Ashtabula (5075)	1, 218, 750	1, 781, 250	562, 671	53, 171, 545
	PENNSYLVANIA				
Jan. 28	The Central National Bank of Columbia, Columbia (3873)	200, 000	350, 000	136, 197	7, 117, 903
	National Bank & Trust Co. of Central Pennsylvania, York (694)	7, 067, 000	8, 932, 980	4, 874, 781	216, 940, 187
	National Bank & Trust Co. of Central Pennsylvania, York (694)	7, 367, 020	9, 282, 980	4, 910, 978	224, 058, 089
Jan. 31	The First National Bank of Genesee, Genesee, (9783)	50, 000	100, 000	89, 043	1, 904, 411
	The Grange National Bank of Potter County at Ulysses, Ulysses (8739)	75, 000	120, 000	31, 603	2, 716, 210
	Grange National Bank of Potter County, Ulysses (8739)	155, 000	195, 000	115, 645	4, 620, 621
Jan. 31	The First National Bank of Landisville, Landisville (9312)	280, 000	420, 000	214, 912	10, 580, 738
	The Conestoga National Bank of Lancaster, Lancaster (3987)	1, 270, 000	2, 730, 000	2, 082, 836	59, 177, 479
	The Conestoga National Bank, Lancaster (3987)	1, 550, 000	3, 150, 000	2, 297, 749	69, 758, 217
Feb. 28	Tuscarora State Bank, Blairs Mill	50, 000	125, 000	31, 597	1, 491, 895
	The Juniata Valley National Bank, Mifflintown (5147)	377, 000	1, 153, 000	942, 826	19, 498, 652
	The Juniata Valley National Bank, Mifflintown (5147)	412, 000	1, 278, 000	989, 424	20, 990, 547
Apr. 28	The Second National Bank of Titusville, Titusville (879)	300, 000	400, 000	172, 907	8, 310, 491
	Marine National Bank, Erie (870)	1, 000, 000	2, 400, 000	766, 292	69, 078, 508
	Marine National Bank, Erie (870)	1, 300, 000	2, 800, 000	939, 199	77, 388, 999
June 7	The Atglen National Bank, Atglen (7056)	40, 000	160, 000	164, 583	3, 088, 385
	National Bank of Chester County & Trust Co., West Chester (552)	966, 500	4, 033, 500	1, 339, 035	71, 167, 478
	National Bank of Chester County & Trust Co., West Chester (552)	1, 018, 500	4, 281, 500	1, 403, 588	74, 255, 833
June 16	The First National Bank of Shickshinny, Shickshinny (5573)	125, 000	125, 000	252, 214	5, 645, 638
	The Wyoming National of Wilkes-Barre, Wilkes-Barre (732)	1, 200, 600	2, 000, 000	943, 841	51, 520, 965
	The Wyoming National Bank of Wilkes-Barre, Wilkes-Barre (732)	1, 300, 600	2, 150, 000	1, 196, 055	57, 166, 603

TABLE B-14—Continued

Mergers of National banks, or National and State banks, by States, calendar 1967

Effective date	Merging banks / Resulting bank	Outstanding capital stock	Surplus	Undivided profits and reserves	Total assets
	PENNSYLVANIA—continued				
Aug. 7	The First National Bank of Hastings, Hastings (11227)	$50,000	$100,000	$127,049	$3,019,139
	The First National Bank of Ebensburg, Ebensburg (5084)	190,000	760,000	578,627	25,131,283
	The First National Bank of Ebensburg, Ebensburg (5084)	227,500	872,500	712,369	28,150,422
Aug. 30	The First National Bank of Three Springs, Three Springs (10183)	75,000	1,050,000	64,762	2,507,613
	Union National Bank & Trust Co. of Huntingdon, Huntingdon (4965)	334,960	965,040	260,394	20,351,663
	Union National Bank & Trust Co. of Huntingdon, Huntingdon (4965)	391,210	1,088,790	325,156	22,859,277
Oct. 2	First National Bank & Trust Co. of Elizabethtown, Elizabethtown (3335)	125,000	925,000	132,729	13,307,439
	The Harrisburg National Bank & Trust Co., Harrisburg (580)	3,651,250	8,825,000	3,041,796	159,887,914
	The Harrisburg National Bank & Trust Co., Harrisburg (580)	4,088,750	9,750,000	2,862,025	173,195,353
Oct. 25	Citizens Bank of Wilkes-Barre, Wilkes-Barre	140,000	260,000	251,769	7,637,305
	Miners National Bank of Wilkes-Barre, Wilkes-Barre (13852)	3,025,000	6,000,000	3,021,098	157,536,594
	Miners National Bank of Wilkes-Barre, Wilkes-Barre (13852)	3,249,000	6,760,000	2,660,506	165,183,405
Oct. 31	The First National Bank of Bloomsburg, Bloomsburg (293)	156,250	243,750	247,613	10,653,505
	The First National Bank of Wilkes-Barre, Wilkes-Barre (30)	2,600,000	4,000,000	2,055,310	121,572,121
	The First National Bank of Wilkes-Barre, Wilkes-Barre (30)	2,800,000	4,700,000	1,806,645	131,906,675
Nov. 30	East Berlin National Bank, East Berlin (14091)	50,000	275,000	30,274	3,447,598
	Adams County National Bank, Cumberland Township (311)	850,000	1,510,000	607,737	34,055,893
	Adams County National Bank, Cumberland Township (311)	975,000	1,710,000	638,010	37,503,491
Dec. 9	The Glen Lyon National Bank, Glen Lyon (13160)	100,000	150,000	150,035	3,173,952
	The Hanover National Bank of Wilkes-Barre, Wilkes-Barre (14344)	200,000	800,000	406,039	19,274,573
	The Hanover National Bank of Wilkes-Barre, Wilkes-Barre (14344)	256,000	994,000	556,074	22,448,525
Dec. 27	Conemaugh Valley Bank, Blairsville	200,000	103,000	65,776	4,013,905
	First National Bank in Indiana, Indiana (14098)	525,000	525,000	778,938	24,600,698
	First National Bank in Indiana, Indiana (14098)	685,000	685,000	823,450	28,609,339
	SOUTH CAROLINA				
Oct. 21	Farmers Bank of Simpsonville, Simpsonville	135,000	175,000	62,123	4,643,493
	The Peoples National Bank, Greenville (10635)	1,650,000	2,660,000	1,928,451	67,975,417
	The Peoples National Bank, Greenville (10635)	1,737,750	2,835,000	1,985,824	71,943,098
	TEXAS				
Dec. 4	Empire State Bank of Dallas, Dallas	1,000,000	635,956	0	34,095,321
	The National Bank of Commerce of Dallas, Dallas (3985)	2,355,060	2,085,000	1,048,399	94,066,341
	National Bank of Commerce of Dallas, Dallas (3985)	4,555,060	1,525,000	1,044,355	128,161,663

TABLE B–14—Continued

Mergers of National banks, or National and State banks, by States, calendar 1967

Effective date	*Merging banks* / *Resulting bank*	*Outstanding capital stock*	*Surplus*	*Undivided profits and reserves*	*Total assets*
	VERMONT				
Jan. 13	Ludlow Savings Bank and Trust Co., Ludlow	$50,000	$110,500	$76,603	$3,623,575
	Vermont National Bank, Brattleboro (1430)	1,080,000	1,260,000	932,621	55,547,700
	Vermont National Bank, Brattleboro (1430)	1,215,000	1,370,500	921,983	59,169,044
Jan. 31	The Rutland County Bank, Rutland	330,000	650,000	636,749	18,241,668
	The Howard National Bank & Trust Co., Burlington (1698)	1,732,500	1,732,500	1,280,821	65,776,326
	The Howard National Bank & Trust Co., Burlington (1698)	2,310,000	2,310,000	1,753,186	84,013,194
	VIRGINIA				
Feb. 18	Middletown State Bank, Inc., Middletown	100,000	100,000	76,589	2,858,337
	Farmers & Merchants National Bank, Winchester (6084)	1,347,500	1,361,125	410,780	39,201,420
	Farmers & Merchants National Bank, Winchester (6084)	1,510,000	1,400,000	485,995	42,059,757
June 30	Union Bank & Trust Co. of Amelia, Amelia Court House	100,000	200,000	175,199	5,672,033
	The Fidelity National Bank, Lynchburg (1522)	3,736,900	4,900,000	2,244,388	145,549,695
	The Fidelity National Bank, Lynchburg (1522)	3,904,900	5,100,000	2,353,079	151,221,038
Aug. 31	The Farmers Bank of Elk Creek, Elk Creek	40,000	60,000	23,266	1,730,881
	The Grayson National Bank, Independence (10834)	100,000	300,000	127,684	6,911,773
	The Grayson National Bank, Independence (10834)	121,000	360,000	169,649	8,642,063
	WASHINGTON				
Oct. 20	First National Bank in Montesano, Montesano (5472)	150,000	150,000	109,726	6,273,796
	National Bank of Washington, Tacoma (3417)	6,014,513	8,985,488	5,688,963	369,156,153
	National Bank of Washington, Tacoma (3417)	6,015,213	9,284,787	4,885,855	375,397,696

TABLE B–15

Mergers resulting in National banks, by size of acquiring and acquired banks, 1960–67*

Assets of acquiring bank†	*Assets of acquired bank*					
	Less than $10 million	*$10 million to 24.9 million*	*$25 million to 49.9 million*	*$50 million to 99.9 million*	*$100 million and over*	*Total*
Less than $10 million	71	0	0	0	0	71
$10 million to $24.9 million	86	10	0	0	0	96
$25 million to $49.9 million	69	22	5	0	0	96
$50 million to $99.9 million	75	25	11	1	0	112
$100 million and over	152	89	29	15	11	296
Total	453	146	45	16	11	‡671

*Includes all forms of acquisitions since the effective date of the Bank Merger Act, May 13, 1960.
†In each transaction, the bank with larger total assets was considered to be the acquiring bank.
‡Includes 650 transactions, 6 involving 3 banks, 6 involving 4 banks, and 1 involving 5 banks.

TABLE B–16

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1967

Charter No.	Title and location of bank	Branches opened for business		
		Local	Other than local	Total
	Total	224	426	650
	ALABAMA			
14414	State National Bank of Alabama, Decatur	....	1	1
5249	The First National Bank of Dothan, Dothan	1	....	1
10377	The First National Bank of Fayette, Fayette	1	....	1
8765	The Henderson National Bank of Huntsville, Huntsville	1	....	1
4319	The First National Bank of Jacksonville, Jacksonville	1	....	1
15635	First Colbert National Bank, Leighton	....	1	1
13414	The American National Bank & Trust Co. of Mobile, Mobile	1	....	1
8963	The First National Bank of Scottsboro, Scottsboro	1	1	2
9855	The First National Bank of Stevenson, Stevenson	....	1	1
6173	The City National Bank of Tuscaloosa, Tuscaloosa	1	....	1
1853	The First National Bank of Tuscaloosa, Tuscaloosa	1	....	1
14160	First National Bank in Tuscumbia, Tuscumbia	1	....	1
7568	The First National Bank of Wetumpka, Wetumpka	1	....	1
	ARIZONA			
3728	First National Bank of Arizona, Phoenix	....	2	2
14324	The Valley National Bank of Arizona, Phoenix	....	1	1
	ARKANSAS			
14389	The First National Bank of Blytheville, Blytheville	1	....	1
14000	The Commercial National Bank of Little Rock, Little Rock	1	....	1
13958	Union National Bank of Little Rock, Little Rock	2	....	2
10004	First National Bank of Commerce, Paragould	1	....	1
6680	Simmons First National Bank of Pine Bluff, Pine Bluff	1	....	1
14631	Citizens National Bank of Walnut Ridge, Walnut Ridge	1	....	1
15608	Fidelity National Bank of West Memphis, West Memphis	....	1	1
	CALIFORNIA			
15347	Alameda First National Bank, Alameda	1	....	1
15437	Bakersfield National Bank, Bakersfield	....	1	1
14670	Community National Bank, Bakersfield	....	1	1
15484	Bellflower National Bank, Bellflower	....	1	1
14695	City National Bank, Beverly Hills	2	....	2
15398	Inyo-Mono National Bank, Bishop	....	4	4
15434	Commercial National Bank, Buena Park	....	1	1
11282	The First National Bank of Cloverdale, Cloverdale	....	1	1
15450	National Bank of Agriculture, Delano	....	1	1
15557	Imperial Valley National Bank, El Centro	....	1	1
15329	Humboldt National Bank, Eureka	1	....	1
15515	University National Bank, Fullerton	....	1	1
14823	Valley National Bank, Glendale, Glendale	....	1	1
15495	Mid-cal National Bank, Lodi	....	1	1
2491	Security First National Bank, Los Angeles	6	12	18
15388	Silverlake National Bank, Los Angeles	1	....	1
15182	Community National Bank of Fresno County, Mendota	....	2	2
15547	Santa Clarita National Bank, Newhall	....	1	1
6919	Central Valley National Bank, Oakland	....	2	2
15180	Security National Bank, Oakland	....	1	1
15220	Oceanside National Bank, Oceanside	1	....	1
6268	First National Bank & Trust Co., Ontario	....	2	2
15532	Commercial & Farmers National Bank, Oxnard	....	1	1
15174	Sierra National Bank, Petaluma	....	5	5
15032	Rocklin-Sunset National Bank, Rocklin	1	....	1
15349	Valley National Bank, Salinas	1	....	1
3050	Southern California First National Bank, San Diego	1	5	6
10391	United States National Bank, San Diego	....	4	4
13044	Bank of America National Trust & Savings Association, San Francisco	1	40	41
9655	The Bank of California, National Association, San Francisco	....	6	6
1741	Crocker-Citizens National Bank, San Francisco	1	11	12
13178	Liberty National Bank, San Francisco	....	1	1

TABLE B-16—Continued

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1967

Charter No.	Title and location of bank	Branches opened for business: Local	Other than local	Total
	CALIFORNIA—continued			
2158	The First National Bank of San Jose, San Jose	....	1	1
14891	Santa Barbara National Bank, Santa Barbara	....	1	1
14903	Valley National Bank, Sunnymead, Sunnymead	....	1	1
15357	San Joaquin Valley National Bank, Tulare	....	1	1
13178	The First National Bank of Vista, Vista	1	....	1
	CONNECTICUT			
335	The Connecticut National Bank, Bridgeport	....	1	1
1338	Hartford National Bank & Trust Co., Hartford	....	3	3
720	The Home National Bank & Trust Co., of Meriden, Meriden	....	1	1
1184	The New Britain National Bank, New Britain	1	....	1
2	The First New Haven National Bank, New Haven	....	1	1
227	The Second National Bank of New Haven, New Haven	....	2	2
15584	The Atlantic National Bank, Stamford	1	....	1
780	The Waterbury National Bank, Waterbury	1	....	1
	DISTRICT OF COLUMBIA			
15127	Public National Bank, Washington	1	....	1
	GEORGIA			
9617	The Fulton National Bank of Atlanta, Atlanta	1	....	1
15541	The National Bank of Georgia, Atlanta	1	....	1
4691	The Fourth National Bank of Columbus, Columbus	1	....	1
3907	The First National Bank of Dalton, Dalton	1	....	1
10270	The First National Bank & Trust Co. in Macon, Macon	1	....	1
7969	First National Bank of McDonough, McDonough	1	....	1
14046	The National Bank of Monroe, Monroe	1	....	1
13068	The Citizens & Southern National Bank, Savannah	....	1	1
13472	The Liberty National Bank & Trust Co. of Savannah, Savannah	2	....	2
9302	The First National Bank of Thomson, Thomson	1	....	1
	IDAHO			
1668	The Idaho First National Bank, Boise	....	1	1
14444	First Security Bank of Idaho, National Association, Boise	1	....	1
	ILLINOIS			
14331	National Bank of Aledo, Aledo	1	....	1
12870	The First National Bank, of Antioch, Antioch	1	....	1
3303	The Old National Bank of Centralia, Centralia	1	....	1
2584	The Second National Bank of Danville, Danville	1	....	1
4576	The Citizens National Bank of Decatur, Decatur	1	....	1
1881	Dixon National Bank, Dixon	1	....	1
14610	National Bank of Joliet, Joliet	1	....	1
14453	Melrose Park National Bank, Melrose Park	1	....	1
	INDIANA			
699	The First National Bank of Aurora, Aurora	1	....	1
14813	The First National Bank of Cedar Lake, Cedar Lake	....	1	1
11671	First-Farmers National Bank, Converse	....	1	1
12444	Old National Bank in Evansville, Evansville	1	....	1
14529	Mercantile National Bank of Hammond, Hammond	....	1	1
13759	American Fletcher National Bank & Trust Co., Indianapolis	2	1	3
984	The Indiana National Bank of Indianapolis, Indianapolis	1	4	5
869	Merchants National Bank & Trust Co. of Indianapolis, Indianapolis	1	1	2
2747	The First-Merchants National Bank of Michigan City, Michigan City	2	....	2
13816	First National Bank in New Castle, New Castle	1	....	1
8956	The Colonial National Bank, Tennyson	....	1	1

TABLE B-16—Continued

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1967

Charter No.	Title and location of bank	Branches opened for business		
		Local	Other than local	Total
	IOWA			
10408	First National Bank, Ames	1		1
13817	The Citizens National Bank of Boone, Boone	1		1
15085	East Des Moines National Bank, Des Moines		1	1
5022	Northwestern National Bank of Sioux City, Sioux City	1	1	2
	KANSAS			
6997	The Condon National Bank of Coffeyville, Coffeyville	1		1
	KENTUCKY			
5900	The Citizens National Bank of Bowling Green, Bowling Green	1		1
718	The First National Bank & Trust Co. of Covington, Covington		1	1
109	First National Lincoln Bank of Louisville, Louisville	1		1
14320	Liberty National Bank & Trust Co. of Louisville, Louisville	1		1
3832	The First & Farmers National Bank of Somerset, Somerset	1		1
	LOUISIANA			
4154	The First National Bank of Lake Charles, Lake Charles	1		1
4524	The Peoples National Bank of New Iberia, New Iberia		1	1
13689	The National Bank of Commerce in New Orleans, New Orleans	2		2
13648	Commercial National Bank in Shreveport, Shreveport	1		1
	MAINE			
498	First National Granite Bank of Augusta, Augusta	1	1	2
3941	The First National Bank of Bar Harbor, Bar Harbor		1	1
2260	First-Manufacturers National Bank of Lewiston and Auburn, Lewiston		1	1
4128	First National Bank of Portland, Portland		1	1
	MARYLAND			
1413	The First National Bank of Maryland, Baltimore		1	1
13745	Maryland National Bank, Baltimore		4	4
15102	National City Bank of Baltimore, Baltimore		1	1
15365	University National Bank, College Park		1	1
13747	Frederick County National Bank of Frederick, Frederick	1		1
13776	The Garrett National Bank in Oakland, Oakland		1	1
15497	The Old Line National Bank, Rockville	1	1	2
	MASSACHUSETTS			
15399	Commonwealth National Bank, Boston		1	1
200	The First National Bank of Boston, Boston	1		1
2504	First County National Bank, Brockton	1		1
13222	The Buzzards Bay National Bank, Buzzards Bay		1	1
4771	The County Bank National Association, Cambridge	1	1	2
614	Middlesex County National Bank, Everett		1	1
484	The Haverhill National Bank, Haverhill	1		1
1129	Merrimack Valley National Bank, Haverhill		2	2
13395	The Barnstable County National Bank of Hyannis, Hyannis		1	1
383	The First National Bank of Northampton, Northampton	2		2
1082	First Agricultural National Bank of Berkshire County, Pittsfield	1		1
1260	Pittsfield National Bank, Pittsfield	1		1
14798	South Shore National Bank, Quincy		4	4
726	Merchants-Warren National Bank of Salem, Salem	1		1
308	Third National Bank of Hampden County, Springfield	1	1	2
1135	The Mechanics National Bank of Worcester, Worcester		1	1
79	Worcester County National Bank, Worcester		1	1

TABLE B-16—Continued

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1967

Charter No.	Title and location of bank	Branches opened for business: Local	Other than local	Total
	MICHIGAN			
14185	Security National Bank of Battle Creek, Battle Creek	...	1	1
3948	First National Bank of Calumet-Lake Linden, Calumet	...	1	1
14925	City National Bank of Detroit, Detroit	1	...	1
13738	Manufacturers National Bank of Detroit, Detroit	...	2	2
14948	Michigan Bank, National Association, Detroit	...	1	1
13671	National Bank of Detroit, Detroit	1	2	3
8496	Northern Michigan National Bank, Escanaba	...	1	1
15049	Metropolitan National Bank of Farmington, Farmington	...	1	1
15575	Union Bank & Trust Co. (National Association), Grand Rapids	...	2	2
7676	The Houghton National Bank, Houghton	1	...	1
13741	The National Bank of Jackson, Jackson	...	1	1
13820	The American National Bank & Trust Co. of Michigan, Kalamazoo	1	3	4
14032	Michigan National Bank, Lansing	...	1	1
12971	First National Bank in Mount Clemens, Mount Clemens	1	...	1
5607	The First National Bank of Petoskey, Petoskey	1	...	1
13739	Community National Bank of Pontiac, Pontiac	...	1	1
14773	National Bank of Royal Oak, Royal Oak	1	...	1
15403	Valley National Bank of Saginaw, Saginaw	...	1	1
3378	Clinton National Bank & Trust Co., St. Johns	...	5	5
15527	Oakland National Bank, Southfield	3	...	3
15008	Troy National Bank, Troy	1	...	1
13874	The National Bank of Wyandotte, Wyandotte	1	...	1
13807	The National Bank of Ypsilanti, Ypsilanti	1	...	1
	MISSISSIPPI			
10738	First-Columbus National Bank, Columbus	1	...	1
3765	The First National Bank of Greenville, Greenville	1	...	1
15539	Southern National Bank of Hattiesburg, Hattiesburg	1	...	1
10523	First National Bank of Jackson, Jackson	2	...	2
11898	The Commercial National Bank & Trust Co. of Laurel, Laurel	1	...	1
13313	First National Bank of Lexington, Lexington	...	1	1
13722	Britton & Koontz National First Bank, Natchez	1	...	1
15519	First National Bank, New Albany	...	3	3
14592	First National Bank of Picayune, Picayune	1	...	1
3258	First National Bank of Vicksburg, Vicksburg	1	...	1
	MISSOURI			
4079	The First National Bank of Carrollton, Carrollton	1	...	
	MONTANA			
15540	First National Bank, Anaconda	...	1	
	NEBRASKA			
13408	First National Bank & Trust Co. of Fremont, Fremont	1	...	1
15379	Security National Bank of Omaha, Omaha	1	...	1
	NEVADA			
14406	Security National Bank of Nevada, Reno	...	1	
	NEW HAMPSHIRE			
14835	Hampton National Bank, Hampton	...	1	1
4740	The Lakeport National Bank of Laconia, Laconia	...	1	1
1070	The Souhegan National Bank of Milford, Milford	1	...	1

TABLE B-16—Continued

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1967

Charter No.	Title and location of bank	Branches opened for business: Local	Other than local	Total
	NEW JERSEY			
13363	First Merchants National Bank, Asbury Park		1	1
11658	Beach Haven National Bank & Trust Co., Beach Haven		1	1
9268	The First National Bank of Bordentown, Bordentown	1		1
13855	The National Bank of Sussex County, Branchville		1	1
1346	The Cumberland National Bank of Bridgeton, Bridgeton	1		1
1222	Mechanics National Bank of Burlington County, Burlington		1	1
1209	First Camden National Bank & Trust Co., Camden	1		1
13893	The Edgewater National Bank, Edgewater	1		1
15430	Rariton Valley National Bank, Edison Township	1		1
14457	Colonial National Bank, Haddonfield		1	1
12646	The First National Bank of Hamilton Square, Hamilton Square		1	1
374	The First National Bank of Jersey City, Jersey City	1		1
4147	Peoples National Bank of Monmouth County, Keyport	1	1	2
12022	Peoples National Bank of Camden County, Laurel Springs		1	1
1113	The First National Iron Bank of New Jersey, Morristown		1	1
4274	Trust Company National Bank, Morristown	2	8	10
2343	Union National Bank & Trust Co., Mount Holly	1		1
1452	Fisrt National State Bank of New Jersey, Newark		4	4
1316	National Newark & Essex Bank, Newark		1	1
15505	Security National Bank, Newark	1		1
4724	The Second National Bank of Orange, Orange	1		1
12524	Perth Amboy National Bank, Perth Amboy	2		2
3922	The City National Bank & Trust Co. of Salem, Salem	1		1
15327	First National Bank of Scotch Plains, Scotch Plains	1		1
6692	Citizens National Bank of Morris County, Succasunna		1	1
14189	The First National Bank of Tuckahoe, Tuckahoe		1	1
2918	The Vineland National Bank & Trust Co., Vineland	1		1
7265	The First National Bank of Williamstown, Williamstown	1		1
	NEW MEXICO			
13814	First National Bank in Albuquerque, Albuquerque	1		1
6597	The First National Bank of Belen, Belen		1	1
8767	The Clovis National Bank, Clovis	1		1
14971	Deming National Bank, Deming	1		1
6183	The First National Bank of Farmington, Farmington	1		1
	NEW YORK			
10029	First National Bank of Bay Shore, Bay Shore		1	1
3817	The Canandaigua National Bank & Trust Co., Canandaigua		1	1
1198	The Tanners National Bank of Catskill, Catskill	1		1
1349	The Chester National Bank, Chester		1	1
2272	First National Bank of Cortland, Cortland		1	1
11511	Tinker National Bank, East Setauket	1		1
980	The First National Bank of Glens Falls, Glens Falls		1	1
7703	National Bank of North America, Jamaica	6	12	18
548	The First National Bank of Jamestown, Jamestown		1	1
10456	The First National Bank of Jeffersonville, Jeffersonville		1	1
13121	The Mahopac National Bank, Mahopac		1	1
13956	County National Bank, Middletown		2	2
12997	Franklin National Bank, Mineola		15	15
13314	Nanuet National Bank, Nanuet		1	1
2370	The Chase Manhattan Bank (National Association), New York	3		3
15428	Chelsea National Bank, New York	1		1
15558	Community National Bank & Trust Co. of Richmond, New York (Staten Island)	1		1
1461	First National City Bank, New York	3	1	4
15029	Royal National Bank of New York, New York	1		1
14734	Tappan Zee National Bank, Nyack		1	1
12788	The Peoples National Bank of Long Island, Patchogue		1	1
15641	The Fallkill National Bank & Trust Co., Poughkeepsie	1	1	2
4230	The Suffolk County National Bank of Riverhead, Riverhead		1	1

TABLE B-16—Continued

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1967

Charter No.	Title and location of bank	Branches opened for business: Local	Other than local	Total
	NEW YORK—continued			
1342	The Merchants National Bank & Trust Co. of Syracuse, Syracuse	....	2	2
721	Marine Midland National Bank of Troy, Troy	....	2	2
1392	The Oneida National Bank & Trust Co. of Central New York, Utica	....	1	1
368	First National Bank of Waterloo, Waterloo	....	1	1
2657	The National Bank of Northern New York, Watertown	....	1	1
8158	Seaway National Bank, Watertown	....	1	1
	NORTH CAROLINA			
9164	First Union National Bank of North Carolina, Charlotte	....	10	10
13761	North Carolina National Bank, Charlotte	1	4	5
3903	The Concord National Bank, Concord	....	1	1
14676	First National Bank of Eastern North Carolina, Jacksonville	....	2	2
10610	Southern National Bank of North Carolina, Lumberton	1	3	4
4896	The First National Bank of Mount Airy, Mount Airy	1	....	1
10608	The Planters National Bank & Trust Co., Rocky Mount	....	2	2
	NORTH DAKOTA			
4384	The First National Bank of Dickinson, Dickinson	1	....	1
	OHIO			
14579	First National Bank of Akron, Akron	....	1	1
7744	The Athens National Bank, Athens	1	1	2
2302	The First National Bank of Bellevue, Bellevue	1	....	1
15416	First National Bank, Bowling Green	....	1	1
76	First National Bank of Canton, Canton	....	1	1
4318	Central National Bank of Cleveland, Cleveland	2	2	4
786	The National City Bank of Cleveland, Cleveland	....	2	2
14761	Society National Bank of Cleveland, Cleveland	....	2	2
5065	The Ohio National Bank of Columbus, Columbus	1	1	2
10	The Third National Bank & Trust Co. of Dayton, Dayton	1	1	2
2604	The Winters National Bank & Trust Co. of Dayton, Dayton	....	1	1
4293	The Peoples National Bank & Trust Co., Dover	....	1	1
15577	Elyria Savings & Trust National Bank, Elyria	1	....	1
15573	Euclid National Bank, Euclid	....	1	1
10105	The Peoples National Bank of Greenfield, Greenfield	1	....	1
13944	Greenville National Bank, Greenville	1	....	1
652	The Portage National Bank, Kent	....	1	1
1241	The Hocking Valley National Bank, Lancaster	....	2	2
13767	First National Bank & Trust Co. of Lima, Lima	....	1	1
14290	The Lorain National Bank, Lorain	1	....	1
11831	The National City Bank of Marion, Marion	....	1	1
46	First National Bank, McConnelsville	....	1	1
4842	The Old Phoenix National Bank of Medina, Medina	....	1	1
3234	Clermont National Bank, Milford	....	1	1
14686	The Lake County National Bank of Painesville, Painesville	....	1	1
1061	The Miami Citizens National Bank & Trust Co., Piqua	1	1	2
1006	The Piqua National Bank & Trust Co., Piqua	1	....	1
	OKLAHOMA			
7386	The Cleveland National Bank, Cleveland	1	....	1
12065	The Security National Bank of Duncan, Duncan	1	....	1
12016	The Fidelity National Bank & Trust Co. of Oklahoma City, Oklahoma City	1	....	1
	OREGON			
8554	The Forest Grove National Bank, Forest Grove	....	1	1
1553	First National Bank of Oregon, Portland	....	2	2
4514	United States National Bank of Oregon, Portland	1	....	1

TABLE B-16—Continued

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1967

Charter No.	Title and location of bank	Branches opened for business		
		Local	Other than local	Total
	PENNSYLVANIA			
2137	The National Bank of Boyertown, Boyertown	....	1	1
575	The National Bank of Chester Valley, Coatesville	....	1	1
311	Adams County National Bank, Cumberland Township	....	1	1
5084	The First National Bank of Ebensburg, Ebensburg	....	2	2
2515	The Ephrata National Bank, Ephrata	1	....	1
870	Marine National Bank, Erie	....	1	1
580	The Harrisburg National Bank & Trust Co., Harrisburg	....	2	2
3893	Peoples First National Bank & Trust Co., Hazleton	1	....	1
12688	The Hershey National Bank, Hershey	1	....	1
31	Penn Central National Bank, Huntingdon	....	1	1
4965	Union National Bank & Trust Co. of Huntingdon, Huntingdon	....	1	1
14098	First National Bank in Indiana, Indiana	....	1	1
12098	The Moxham National Bank of Johnstown, Johnstown	....	1	1
5073	The Merchants National Bank of Kittanning, Kittanning	....	1	1
3987	The Conestoga National Bank, Lancaster	....	2	2
240	The First National Bank of Lebanon, Lebanon	....	1	1
311	Adams County National Bank, Littlestown	....	1	1
5147	The Juniata Valley National Bank, Mifflintown	....	1	1
10275	The First National Bank of Milford, Milford	....	1	1
14542	Cumberland County National Bank & Trust Co., New Cumberland	....	1	1
8499	The Farmers National Bank & Trust Co. of New Holland, New Holland	1	....	1
324	The First National Bank & Trust Co. of Newtown, Newtown	....	1	1
2531	The Peoples National Bank & Trust Co. of Norristown, Norristown	....	1	1
9149	The National Bank of North East, North East	....	1	1
539	The Philadelphia National Bank, Philadelphia	1	1	2
6301	Mellon National Bank & Trust Co., Pittsburgh	....	2	2
252	Pittsburgh National Bank, Pittsburgh	1	4	5
705	The Union National Bank of Pittsburgh, Pittsburgh	1	....	1
2222	Western Pennsylvania National Bank, Pittsburgh	....	1	1
39	The First National Bank of Towanda, Towanda	....	1	1
4355	First Blair County National Bank of Tyrone, Tyrone	....	1	1
8739	Grange National Bank of Potter County, Ulysses	....	1	1
552	National Bank of Chester County & Trust Co., West Chester	....	1	1
30	The First National Bank of Wilkes-Barre, Wilkes-Barre	....	1	1
14344	The Hanover National Bank of Wilkes-Barre, Wilkes-Barre	....	1	1
13852	Miners National Bank of Wilkes-Barre, Wilkes-Barre	2	....	2
732	The Wyoming National Bank of Wilkes-Barre, Wilkes-Barre	....	1	1
1464	Williamsport National Bank, Williamsport	....	1	1
694	National Bank & Trust Co. of Central Pennsylvania, York	....	1	1
	RHODE ISLAND			
1302	Industrial National Bank of Rhode Island, Providence	....	2	2
	SOUTH CAROLINA			
14425	The Citizens & Southern National Bank of South Carolina, Charleston	....	4	4
2044	The South Carolina National Bank of Charleston, Charleston	1	7	8
13720	The First National Bank of South Carolina, Columbia	....	1	1
14784	Carolina National Bank of Easley, Easley	1	....	1
10635	The Peoples National Bank, Greenville	1	3	4
14967	The First National Bank of Lancaster, Lancaster	1	....	1
15025	First National Bank of St. George, St. George	....	1	1
	SOUTH DAKOTA			
4631	First National Bank of the Black Hills, Rapid City	1	....	1
10592	Northwestern National Bank of Sioux Falls, Sioux Falls	....	1	1
15636	United National Bank of Vermillion, Vermillion	....	4	4

TABLE B-16—Continued

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1967

Charter No.	Title and location of bank	Branches opened for business: Local	Other than local	Total
	TENNESSEE			
3341	The First National Bank of McMinn County, Athens	1	....	1
7848	The Hamilton National Bank of Chattanooga, Chattanooga	1	....	1
9667	The First National Bank of Cookeville, Cookeville	1	....	1
5263	First Citizens National Bank of Dyersburg, Dyersburg	1	....	1
12790	The National Bank of Commerce of Jackson, Jackson	1	....	1
10842	The First National Bank of Sullivan County, Kingsport	....	1	1
14657	The Kingsport National Bank, Kingsport	....	1	1
13539	The Hamilton National Bank of Knoxville, Knoxville	1	....	1
5528	The First National Bank of Manchester, Manchester	1	....	1
336	The First National Bank of Memphis, Memphis	1	....	1
13681	National Bank of Commerce in Memphis, Memphis	3	....	3
13349	Union Planters National Bank of Memphis, Memphis	1	....	1
3032	First American National Bank of Nashville, Nashville	1	....	1
13103	Third National Bank in Nashville, Nashville	1	....	1
3530	The Peoples National Bank of Shelbyville, Shelbyville	1	....	1
	UTAH			
4341	Zions First National Bank, Salt Lake City	1	....	1
	VERMONT			
1430	Vermont National Bank, Brattleboro	....	1	1
1698	The Howard National Bank & Trust Co., Burlington	....	3	3
1195	The National Bank of Middlebury, Middlebury	1	....	1
	VIRGINIA			
14893	Mount Vernon National Bank & Trust Co. of Fairfax, Annandale	....	1	1
15254	Fidelity National Bank, Arlington	2	....	2
14904	Security National Bank, Baileys Cross Roads	....	1	1
5591	The Culpeper National Bank, Culpeper	....	1	1
8688	The First National Bank of Emporia, Emporia	1	....	1
6389	The National Bank of Fairfax, Fairfax	1	....	1
1572	The First National Bank of Harrisonburg, Harrisonburg	1	....	1
5261	The Rockingham National Bank of Harrisonburg, Harrisonburg	1	....	1
11694	Valley National Bank, Harrisonburg	....	1	1
13880	Russell County National Bank, Honaker	....	1	1
10834	The Grayson National Bank, Independence	....	1	1
1522	The Fidelity National Bank, Lynchburg	....	1	1
6748	The Peoples National Bank of Manassas, Manassas	....	1	1
15139	The First National Bank, Narrows	....	1	1
10194	Seaboard Citizens National Bank, Norfolk	....	1	1
11381	American National Bank, Portsmouth	....	2	2
11387	The Peoples National Bank of Pulaski, Pulaski	....	1	1
10080	The Central National Bank of Richmond, Richmond	....	1	1
15530	Metropolitan National Bank, Richmond	....	1	1
11817	The Colonial-American National Bank of Roanoke, Roanoke	1	1	2
6084	Farmers and Merchants National Bank, Winchester	1	2	3
1635	The Shenandoah Valley National Bank of Winchester, Winchester	....	1	1
	WASHINGTON			
15233	Valley National Bank of Auburn, Auburn	1	....	1
7474	The Bellingham National Bank, Bellingham	1	....	1
4375	The National Bank of Commerce of Seattle, Seattle	3	2	5
13230	The Pacific National Bank of Seattle, Seattle	1	....	1
14394	Peoples National Bank of Washington, Seattle	....	1	1
11280	Seattle-First National Bank, Seattle	....	5	5
4668	Old National Bank of Washington, Spokane	1	....	1
3417	National Bank of Washington, Tacoma	....	1	1
12292	Puget Sound National Bank, Tacoma	....	2	2

TABLE B–17

Domestic branches of National banks closed, by States, calendar 1967

Charter No.	Title and location of bank	Branches closed		
		Local	Other than local	Total
	Total	18	49	67
	ALASKA			
14651	National Bank of Alaska, Anchorage	1		1
	CALIFORNIA			
6268	First National Bank & Trust Co., Ontario	1		1
10391	United States National Bank, San Diego		1	1
13044	Bank of America National Trust & Savings Association, San Francisco		3	3
1741	Crocker-Citizens National Bank, San Francisco	1	7	8
15149	Tiburon National Bank, Tiburon		4	4
	CONNECTICUT			
2	The First New Haven National Bank, New Haven		1	1
	GEORGIA			
1559	The First National Bank of Atlanta, Atlanta		1	1
	IDAHO			
1668	The Idaho First National Bank, Boise		1	1
	INDIANA			
9381	The First Merchants National Bank of Michigan City, Michigan City	1		1
	KANSAS			
11707	First National Bank in Great Bend, Great Bend	1		1
	KENTUCKY			
14894	Fort Knox National Bank, Fort Knox	1		1
109	First National Lincoln Bank of Louisville, Louisville		1	1
5132	The Lincoln County National Bank of Stanford, Stanford		1	1
	LOUISIANA			
14977	Whitney National Bank of New Orleans, New Orleans	2		2
	MASSACHUSETTS			
1129	Merrimack Valley National Bank, Haverhill		1	1
13395	The Barnstable County National Bank of Hyannis, Hyannis		1	1
14798	South Shore National Bank, Quincy		1	1
	MICHIGAN			
13738	Manufacturers National Bank of Detroit, Detroit		1	1
15575	Union Bank & Trust Co., (National Association), Grand Rapids	1		1
191	The First National Bank & Trust Co., of Kalamazoo, Kalamazoo		1	1
12697	The Dart National Bank of Mason, Mason		1	1
13739	Community National Bank of Pontiac, Pontiac		1	1

TABLE B-17—Continued

Domestic branches of National banks closed, by States, calendar 1967

Charter No.	Title and location of bank	Branches closed: Local	Branches closed: Other than local	Branches closed: Total
	MISSOURI			
4157	The First National Bank of Independence, Independence	1	....	1
	NEBRASKA			
13408	First National Bank & Trust Co. of Fremont, Fremont	1	....	1
3496	The First National Bank of North Platte, North Platte	1	....	1
	NEW JERSEY			
4274	Trust Company National Bank, Morristown	....	1	1
1316	National Newark & Essex Bank, Newark	....	1	1
14177	The Sea Bright National Bank, Sea Bright	....	1	1
11847	The First National Bank of South Plainfield, South Plainfield	2	....	2
	NEW YORK			
12997	Franklin National Bank, Mineola	....	1	1
2370	The Chase Mahattan Bank (National Association), New York	1	....	1
9716	The North Creek National Bank, North Creek	....	2	2
13393	Lincoln National Bank & Trust Co. of Central New York, Syracuse	....	1	1
9135	The Emerson National Bank of Warrensburgh, Warrensburg	....	1	1
	NORTH CAROLINA			
9164	First Union National Bank of North Carolina, Charlotte	....	1	1
13761	North Carolina National Bank, Charlotte	....	3	3
10610	Southern National Bank of North Carolina, Lumberton	1	....	1
5450	The First National Bank of Morganton, Morganton	1	2	3
	OHIO			
7639	The First National Bank of Baltimore, Baltimore	....	1	1
	OREGON			
15163	Emerald National Bank, Bethel-Danebo	....	1	1
	PENNSYLVANIA			
3147	The National Bank of Malvern, Malvern	....	1	1
5496	The First National Bank of Milford, Milford	....	1	1
252	Pittsburgh National Bank, Pittsburgh	....	1	1
14093	National Bank of Union City, Union City	....	1	1
	SOUTH CAROLINA			
2044	The South Carolina National Bank of Charleston, Charleston	....	1	1
14211	The First National Bank of South Carolina, Columbia	....	1	1
	TENNESSEE			
3341	The First National Bank of McMinn County, Athens	1	....	1

TABLE B–18

Principal assets, liabilities, and capital accounts of National banks, by deposit size, year end 1966 and 1967

[Dollar amounts in millions]

	Number of banks	Total assets	Cash and cash items	Loans and discounts	Securities: Total	Securities: U.S. Government obligations	Fixed assets	Deposits: Total	Deposits: Demand	Deposits: Time and savings	Capital stock	Capital notes and debentures	Surplus, undivided profits, and reserves
1967													
Total	4, 758	$263, 375	$46, 634	$136, 753	$69, 656	$34, 308	$3, 876	$231, 374	$123, 038	$108, 336	$5, 367	$1, 235	$13, 128
Banks with deposits of—													
Less than $1.0	32	29	7	11	11	9	0	26	21	5	1	0	3
1.0 to 1.9	195	350	60	153	130	99	4	304	183	121	12	0	31
2.0 to 4.9	1, 000	3, 964	593	1, 874	1, 400	929	64	3, 528	1, 883	1, 645	105	0	286
5.0 to 9.9	1, 279	10, 323	1, 422	4, 923	3, 687	2, 139	177	9, 315	4, 622	4, 693	236	1	620
10.0 to 24.9	1, 254	21, 789	2, 906	10, 695	7, 517	4, 032	381	19, 697	9, 455	10, 241	458	16	1, 198
25.0 to 49.9	472	18, 007	2, 431	8, 895	6, 001	3, 056	309	16, 254	7, 934	8, 320	372	28	906
50.0 to 99.9	230	17, 315	2, 486	8, 635	5, 594	2, 888	288	15, 647	7, 761	7, 886	372	29	812
100.0 to 499.9	226	51, 542	9, 339	26, 317	14, 143	6, 952	838	46, 118	25, 874	20, 244	1, 104	147	2, 496
Over 500.0	70	140, 055	27, 389	75, 250	31, 173	14, 204	1, 816	120, 485	65, 305	55, 181	2, 707	1, 014	6, 777
1966													
Total	4, 799	235, 996	41, 690	128, 609	57, 668	30, 355	3, 451	206, 456	112, 377	94, 079	5, 138	1, 161	12, 160
Banks with deposits of—													
Less than $1.0	45	42	9	17	14	11	1	35	27	8	2	0	4
1.0 to 1.9	244	436	78	194	156	122	8	376	227	149	17	0	39
2.0 to 4.9	1, 152	4, 531	695	2, 162	1, 562	1, 065	78	4, 015	2, 206	1, 812	137	1	326
5.0 to 9.9	1, 299	10, 340	1, 481	4, 940	3, 633	2, 191	174	9, 305	4, 772	4, 533	252	2	644
10.0 to 24.9	1, 172	20, 290	2, 797	10, 121	6, 738	3, 781	357	18, 341	9, 065	9, 276	446	16	1, 132
25.0 to 49.9	416	15, 912	2, 267	8, 015	5, 081	2, 752	274	14, 318	7, 267	7, 051	357	24	818
50.0 to 99.9	205	15, 632	2, 345	8, 094	4, 688	2, 538	253	14, 096	7, 152	6, 941	350	27	770
100.0 to 499.9	201	46, 019	8, 733	24, 247	11, 552	6, 141	729	41, 135	23, 738	17, 397	1, 015	134	2, 283
Over 500.0	65	122, 794	23, 285	70, 819	24, 244	11, 754	1, 577	104, 838	57, 926	46, 912	2, 562	957	6, 144

NOTE: Data may not add to totals because of rounding.

TABLE B–19

Dates of reports of condition of National banks, 1914–67

[For dates of previous calls, see *Annual Report* for 1920, vol. 2, table No. 42, p. 150]

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1914	13		4			30			12	31		31
1915			4		1	23			2		10	31
1916			7		1	30			12		17	27
1917			5		1	20			11		20	31
1918			4		10	29		31			1	31
1919			4		12	30			12		17	31
1920		28			4	30			8		15	29
1921		21		28		30			6			31
1922			10		5	30			15			29
1923				3		30			14			31
1924			31			30				10		31
1925				6		30			28			31
1926				12		30						31
1927			23			30				10		31
1928		28				30				3		31
1929			27			29				4		31
1930			27			30			24			31
1931			25			30			29			31
1932						30			30			31
1933						30				25		30
1934			5			30				17		31
1935			4			29					1	31
1936			4			30						31
1937			31			30						31
1938			7			30			28			31
1939			29			30				2		30
1940			26			29						31
1941				4		30			24			31
1942				4		30						31
1943						30				18		31
1944				13		30						30
1945			20			30						31
1946						29			30			31
1947						30				6		31
1948				12		30						31
1949				11		30					1	31
1950				24		30				4		30
1951				9		30				10		31
1952			31			30			5			31
1953				20		30			30			31
1954				15		30				7		31
1955				11		30				5		31
1956				10		30			26			31
1957			14			6				11		31
1958			4			23			24			31
1959			12			10				6		31
1960			15			15				3		31
1961				12		30			27			30
1962			26			30			28			28
1963			18			29			30			20
1964				15		30				1		31
1965				26		30				13		31
1966				5		30			20			31
1967				25		30				4		30

Notes

Act of Feb. 25, 1863, provided for reports of condition on the 1st of each quarter before commencement of business.

Act of June 3, 1864—1st Monday of January, April, July, and October, before commencement of business, on form prescribed by Comptroller (in addition to reports on 1st Tuesday of each month showing condition at commencement of business in respect to certain items; i.e., loans, specie, deposits, and circulation).

Act of Mar. 3, 1869, not less than 5 reports per year, on form prescribed by Comptroller, at close of business on any past date by him specified.

Act of Dec. 28, 1922, minimum number of calls reduced from 5 to 3 per year.

Act of Feb. 25, 1927, authorized a vice president or an assistant cashier designated by the board of directors to verify reports of condition in absence of president and cashier.

Act of June 16, 1933, requires each National bank to furnish and publish not less than 3 reports each year of affiliates other than member banks, as of dates identical with those for which the Comptroller shall during such year require reports of condition of the bank. The report of each affiliate shall contain such information as in the judgment of the Comptroller shall be necessary to disclose fully the relations between the affiliate and the bank and to enable the Comptroller to inform himself as to the effect of such relations upon the affairs of the bank.

Sec. 21(a) of the Banking Act of 1933 provided, in part, that after June 16, 1934, it would be unlawful for any private bank not under State supervision to continue the transaction of business unless it submitted to periodic examination by the Comptroller of the Currency or the Federal Reserve bank of the district, and made and published periodic reports of conditions the same as required of National banks under sec. 5211, U.S.R.S. Sec. 21(a) of the Banking Act of 1933, however, was amended by sec. 303 of the Banking Act of 1935, approved Aug. 23, 1935, under the provisions of which private banks are no longer required to submit to examination by the Comptroller or Federal Reserve bank, nor are they required to make to the Comptroller and publish periodic reports of condition. (Five calls for reports of condition of private banks were made by the Comptroller, the first one for June 30, 1934, and the last one for June 29, 1935.)

Sec. 7(a)(3) of the Federal Deposit Insurance Act (Title 12, U.S.C., sec. 1817(a)) of July 14, 1960, provides, in part that, effective Jan. 1, 1961, each insured National bank shall make to the Comptroller of the Currency 4 reports of condition annually upon dates to be selected by the Comptroller, the Chairman of the Board of Governors of the Federal Reserve System, and the Chairman of the Board of Directors of the Federal Deposit Insurance Corporation, or a majority thereof. Two dates shall be selected within the semiannual period of January to June, inclusive, and 2 within the semiannual period of July to December, inclusive. Sec. 161 of Title 12 also provides that the Comptroller of the Currency may call for additional reports of condition, in such form and containing such information as he may prescribe, on dates to be fixed by him, and may call for special reports from any particular association whenever in his judgment the same are necessary for use in the performance of his supervisory duties.

TABLE B–20

Total and principal assets of National banks, by States, June 30, 1967

[Dollar amounts in millions]

	Number of banks	*Total assets*	*Cash assets**	*U.S. Government obligations, net*	*State and local securities, net*	*Other bonds, notes, net†*	*Loans and discounts net*	*Federal funds sold*	*Direct lease financing*
United States	4,780	$242,039	$39,462	$29,544	$27,660	$5,409	$130,082	$2,643	$360
Alabama	87	2,714	454	424	338	87	1,344	10	—
Alaska	5	289	41	46	30	8	152	0	0
Arizona	4	1,964	229	187	171	62	1,217	13	1
Arkansas	67	1,215	215	160	157	31	609	13	—
California	86	30,485	4,172	2,807	4,002	799	17,277	161	135
Colorado	118	2,511	427	316	236	34	1,401	16	4
Connecticut	30	2,210	347	180	327	49	1,226	12	1
Delaware	5	28	3	8	—	2	14	—	0
District of Columbia	9	1,778	314	375	96	23	864	69	0
Florida	200	6,224	1,132	990	717	252	2,841	88	1
Georgia	60	3,266	588	305	320	82	1,821	30	10
Hawaii	2	471	77	51	58	18	247	0	1
Idaho	9	747	89	89	93	16	441	—	—
Illinois	423	21,007	3,050	3,127	2,241	577	11,174	275	53
Indiana	123	5,337	967	902	492	141	2,575	157	7
Iowa	102	1,720	340	262	166	54	856	11	1
Kansas	171	2,123	342	387	248	80	1,007	25	—
Kentucky	80	1,670	286	280	190	26	825	30	1
Louisiana	47	3,079	576	504	344	52	1,488	48	1
Maine	21	507	65	58	73	9	284	5	0
Maryland	48	2,199	407	260	214	49	1,175	53	2
Massachusetts	90	6,537	1,223	565	756	60	3,619	113	5
Michigan	98	9,719	1,362	1,410	1,103	241	5,358	28	9
Minnesota	195	4,929	849	607	551	132	2,675	15	5
Mississippi	36	1,168	205	155	137	23	604	10	—
Missouri	98	4,459	873	560	469	86	2,319	58	12
Montana	49	698	90	114	79	12	378	4	—
Nebraska	127	1,882	333	234	178	93	985	18	1
Nevada	3	515	71	73	66	17	262	1	—
New Hampshire	52	552	78	60	52	3	337	12	0
New Jersey	146	7,620	907	977	1,203	165	4,115	92	2
New Mexico	34	782	124	125	75	18	386	31	—
New York	186	39,045	7,607	3,469	3,717	530	21,623	485	53
North Carolina	24	2,227	403	180	300	56	1,214	7	—
North Dakota	42	597	69	107	69	16	316	3	0
Ohio	224	10,805	1,465	1,602	1,483	271	5,649	131	16
Oklahoma	220	3,585	687	565	397	117	1,680	63	4
Oregon	12	2,981	455	347	343	52	1,675	2	4
Pennsylvania	343	15,957	2,136	1,978	2,147	278	8,862	219	19
Rhode Island	4	889	108	64	143	7	550	1	0
South Carolina	26	1,092	207	151	95	22	572	16	0
South Dakota	34	673	84	128	58	15	369	1	—
Tennessee	77	4,118	757	565	423	66	2,168	37	0
Texas	546	15,493	3,069	1,906	1,701	389	7,772	186	1
Utah	13	787	128	62	123	14	432	9	2
Vermont	27	350	33	42	40	6	217	5	0
Virginia	114	3,830	531	508	436	81	2,165	20	1
Washington	28	4,145	708	430	453	75	2,331	19	3
West Virginia	80	1,154	157	281	124	25	519	23	2
Wisconsin	114	3,402	557	465	377	75	1,826	17	3
Wyoming	40	454	61	85	40	12	241	1	—
Virgin Islands	1	48	3	13	7	—	24	0	0
District of Columbia–all‡	14	2,691	449	543	160	32	1,377	79	0

*Cash, balances with other banks, and cash items in process of collection.

†Effective June 30, 1967, includes stock of Federal Reserve and other corporate stock.

‡Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

NOTE: Data may not add to totals because of rounding. Dashes indicate amounts less than $500,000.

Table B–21

Total and principal liabilities of National banks, by States, June 30, 1967

[Dollar amounts in millions]

	Total liabilities	Total deposits	Demand deposits, total	Time and savings deposits, total	Demand deposits, IPC*	Time deposits, IPC	Federal funds purchased
United States	$222,941	$211,098	$107,595	$103,503	$80,208	$90,488	$3,140
Alabama	2,487	2,429	1,404	1,025	1,045	963	6
Alaska	271	268	138	130	108	82	0
Arizona	1,824	1,717	742	975	596	919	60
Arkansas	1,112	1,088	655	433	487	402	5
California	28,520	27,241	10,591	16,650	8,796	13,831	181
Colorado	2,312	2,255	1,142	1,113	894	996	17
Connecticut	2,036	1,950	1,078	872	946	777	3
Delaware	26	26	12	14	11	14	0
District of Columbia	1,651	1,611	968	643	856	633	12
Florida	5,737	5,581	3,033	2,548	2,269	2,250	33
Georgia	2,982	2,833	1,733	1,100	1,240	978	53
Hawaii	421	414	209	205	159	168	0
Idaho	695	683	333	350	252	349	0
Illinois	19,385	18,300	9,290	9,010	6,932	7,950	280
Indiana	4,945	4,687	2,560	2,127	1,788	1,935	98
Iowa	1,586	1,546	894	652	630	621	18
Kansas	1,926	1,900	1,161	739	747	686	5
Kentucky	1,527	1,504	904	600	735	565	1
Louisiana	2,807	2,755	1,710	1,045	1,215	881	9
Maine	459	439	235	204	209	194	3
Maryland	2,026	1,945	1,173	772	912	729	26
Massachusetts	5,974	5,635	3,683	1,952	2,741	1,718	69
Michigan	9,104	8,822	3,563	5,259	2,787	4,622	88
Minnesota	4,553	4,358	2,168	2,190	1,474	2,018	107
Mississippi	1,070	1,021	644	377	408	362	26
Missouri	4,060	3,877	2,375	1,502	1,634	1,357	108
Montana	648	623	293	330	228	308	7
Nebraska	1,721	1,669	1,024	645	732	630	33
Nevada	474	465	233	232	166	221	1
New Hampshire	499	474	287	187	242	172	2
New Jersey	7,053	6,807	3,115	3,692	2,614	3,549	40
New Mexico	722	705	400	305	298	249	—
New York	35,785	31,495	17,430	14,065	11,192	11,220	959
North Carolina	2,059	1,956	1,081	875	838	721	29
North Dakota	554	543	241	302	197	282	—
Ohio	9,946	9,586	4,406	5,180	3,463	4,759	98
Oklahoma	3,253	3,185	1,878	1,307	1,344	1,174	24
Oregon	2,779	2,680	1,118	1,562	920	1,281	25
Pennsylvania	14,455	13,842	6,267	7,575	5,097	6,874	207
Rhode Island	827	782	282	500	217	469	22
South Carolina	1,000	952	735	217	605	198	7
South Dakota	623	609	285	324	216	295	3
Tennessee	3,782	3,641	2,034	1,607	1,349	1,379	22
Texas	14,181	13,594	8,020	5,574	5,798	4,608	301
Utah	728	706	296	410	224	339	9
Vermont	322	314	114	200	100	194	0
Virginia	3,519	3,397	1,576	1,821	1,283	1,706	31
Washington	3,854	3,661	1,874	1,787	1,515	1,765	88
West Virginia	1,043	1,019	542	477	409	473	1
Wisconsin	3,158	3,057	1,459	1,598	1,141	1,407	23
Wyoming	414	403	189	214	139	197	3
Virgin Islands	45	44	19	25	9	15	0
District of Columbia—all†	2,486	2,420	1,439	981	1,289	960	14

*IPC deposits are those of individuals, partnerships, and corporations.

†Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

Note: Data may not add to totals because of rounding. Dashes indicate amounts less than $500,000.

Table B-22

Capital accounts of National banks, by States, June 30, 1967

[Dollar amounts in millions]

	Total capital accounts	Debentures	Preferred stock	Common stock	Surplus	Undivided profits	Reserves
United States	$19,098	$1,227	$30	$5,252	$8,465	$3,539	$585
Alabama	227	0	0	71	93	51	12
Alaska	18	—	0	5	5	7	1
Arizona	140	26	0	33	58	21	2
Arkansas	103	1	0	31	43	26	2
California	1,965	144	0	522	846	431	22
Colorado	199	4	—	63	91	40	1
Connecticut	174	11	0	46	92	24	1
Delaware	2	0	0	1	1	—	—
District of Columbia	127	0	0	35	65	26	1
Florida	487	23	0	184	199	67	14
Georgia	284	57	0	61	103	37	26
Hawaii	50	12	0	9	18	9	2
Idaho	52	0	0	16	28	8	—
Illinois	1,622	11	—	537	771	250	53
Indiana	392	13	0	94	182	94	9
Iowa	134	0	0	36	59	37	2
Kansas	197	2	—	57	88	47	3
Kentucky	143	0	0	31	74	35	3
Louisiana	272	8	3	62	155	43	1
Maine	48	0	0	18	18	11	1
Maryland	173	2	0	46	80	40	5
Massachusetts	563	10	0	151	298	99	5
Michigan	615	47	3	160	264	109	32
Minnesota	376	16	0	119	154	82	5
Mississippi	98	6	0	25	61	5	1
Missouri	399	26	0	108	158	98	9
Montana	50	1	0	19	19	11	—
Nebraska	161	3	—	43	62	49	4
Nevada	41	0	0	17	16	5	3
New Hampshire	53	—	0	10	29	13	1
New Jersey	567	28	—	160	263	105	11
New Mexico	60	0	0	20	20	9	11
New York	3,260	574	20	810	1,222	435	199
North Carolina	168	15	0	39	85	26	3
North Dakota	43	1	0	14	17	11	—
Ohio	859	27	0	236	423	169	4
Oklahoma	332	18	—	92	132	86	4
Oregon	202	0	0	71	78	48	5
Pennsylvania	1,502	61	1	306	787	284	63
Rhode Island	62	1	0	16	31	14	0
South Carolina	92	0	—	23	50	18	1
South Dakota	50	—	0	16	21	12	1
Tennessee	336	19	0	84	156	69	8
Texas	1,312	52	0	435	547	240	38
Utah	59	0	0	19	30	10	0
Vermont	28	—	1	8	11	7	1
Virginia	311	2	0	97	152	59	1
Washington	291	0	0	85	126	78	2
West Virginia	111	0	0	24	56	26	5
Wisconsin	244	3	0	79	109	45	8
Wyoming	40	1	0	6	20	12	1
Virgin Islands	3	0	0	1	1	1	—
District of Columbia—all*	205	13	0	48	100	43	1

*Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

Note: Data may not add to totals because of rounding. Dashes indicate amounts less than $500,000.

TABLE B–23

Total and principal assets of National banks, by States, Dec. 30, 1967

[Dollar amounts in millions]

	Number of banks	*Total assets*	*Cash assets**	*U.S. Government obligations, net*	*State and local securities, net*	*Other securities, net*	*Loans and discounts, net*	*Federal funds sold†*	*Direct lease financing*
United States	4, 758	$263, 375	$46, 634	$34, 308	$29, 002	$6, 346	$136, 753	$2, 562	$412
Alabama	88	2, 951	541	466	369	89	1, 409	16	—
Alaska	5	317	45	57	35	9	156	3	0
Arizona	4	2, 087	291	230	192	38	1, 246	7	1
Arkansas	67	1, 356	271	194	171	44	639	4	—
California	80	32, 233	5, 037	3, 202	3, 482	796	18, 177	277	162
Colorado	118	2, 786	545	380	255	38	1, 466	19	4
Connecticut	30	2, 339	371	179	347	39	1, 302	25	1
Delaware	5	30	4	9	0	1	14	1	0
District of Columbia	9	1, 900	354	436	97	27	891	57	0
Florida	200	7, 100	1, 467	1, 167	761	313	3, 062	118	1
Georgia	61	3, 513	747	337	316	85	1, 882	8	10
Hawaii	2	484	54	56	72	20	257	2	1
Idaho	9	828	112	121	102	11	459	4	—
Illinois	422	22, 553	3, 618	3, 287	2, 341	892	11, 546	216	61
Indiana	123	5, 677	1, 157	997	498	142	2, 672	98	6
Iowa	102	1, 923	421	304	183	73	896	10	1
Kansas	171	2, 341	411	440	272	110	1, 044	25	—
Kentucky	80	1, 891	347	330	209	31	886	55	1
Louisiana	47	3, 405	738	568	360	54	1, 567	50	1
Maine	21	535	78	71	71	6	292	4	0
Maryland	48	2, 311	413	294	272	42	1, 189	50	2
Massachusetts	89	7, 196	1, 466	797	775	66	3, 797	67	5
Michigan	98	10, 482	1, 582	1, 469	1, 099	245	5, 809	47	11
Minnesota	195	5, 396	988	698	603	168	2, 826	13	5
Mississippi	36	1, 261	211	177	156	26	652	4	—
Missouri	98	5, 023	1, 117	697	497	166	2, 380	60	14
Montana	48	754	101	139	89	18	379	7	—
Nebraska	127	2, 103	436	261	195	108	1, 054	8	—
Nevada	3	531	72	76	69	13	276	1	—
New Hampshire	52	602	87	97	48	4	337	17	0
New Jersey	144	8, 269	1, 012	1, 142	1, 322	214	4, 338	69	2
New Mexico	34	824	138	139	90	17	392	24	—
New York	184	42, 964	8, 665	4, 340	4, 202	611	23, 021	392	62
North Carolina	25	2, 567	494	262	309	68	1, 358	7	1
North Dakota	42	660	79	132	79	27	324	2	0
Ohio	223	11, 714	1, 767	1, 988	1, 560	238	5, 798	151	16
Oklahoma	220	4, 110	910	626	453	152	1, 832	58	4
Oregon	12	3, 195	489	416	352	86	1, 742	2	4
Pennsylvania	336	17, 091	2, 420	2, 351	2, 322	334	9, 061	219	20
Rhode Island	4	957	98	90	175	7	566	0	0
South Carolina	26	1, 216	238	162	108	28	623	26	0
South Dakota	35	742	97	151	68	23	382	2	—
Tennessee	77	4, 521	916	617	428	67	2, 319	43	—
Texas	542	17, 202	3, 775	2, 190	1, 824	466	8, 266	164	1
Utah	12	825	133	73	119	14	460	4	3
Vermont	27	372	37	53	34	7	230	4	0
Virginia	113	4, 212	592	562	467	98	2, 333	63	1
Washington	27	4, 522	763	521	543	81	2, 452	14	3
West Virginia	80	1, 230	178	299	137	34	537	18	2
Wisconsin	116	3, 721	656	554	424	88	1, 887	23	4
Wyoming	40	504	89	101	43	12	243	1	—
Virgin Islands	1	49	9	3	9	—	27	0	0
District of Columbia—all‡	14	2, 869	514	605	175	37	1, 413	69	0

*Cash, balances with other banks, and cash items in process of collection.

†Includes securities purchased under agreements to resell.

‡Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

NOTE: Data may not add to totals because of rounding. Dashes indicate amounts less than $500,000.

TABLE B–24

Total and principal liabilities of National banks, by States, Dec. 30, 1967

[Dollar amounts in millions]

	Total liabilities	Total deposits	Demand deposits, total	Time and savings deposits, total	Demand deposits, IPC*	Time deposits, IPC	Federal funds purchased†
United States	$243, 645	$231, 374	$123, 038	$108, 336	$92, 686	$95, 104	$3, 182
Alabama	2, 718	2, 648	1, 541	1, 107	1, 129	1, 027	7
Alaska	298	295	153	142	125	88	0
Arizona	1, 947	1, 827	792	1, 035	647	965	74
Arkansas	1, 245	1, 218	761	457	573	421	6
California	30, 223	28, 732	11, 946	16, 786	10, 023	13, 932	394
Colorado	2, 580	2, 530	1, 380	1, 150	1, 092	1, 053	8
Connecticut	2, 160	2, 070	1, 186	884	1, 050	798	—
Delaware	28	27	13	14	12	15	0
District of Columbia	1, 769	1, 727	1, 062	665	913	654	9
Florida	6, 595	6, 413	3, 696	2, 717	2, 617	2, 414	43
Georgia	3, 215	3, 107	1, 953	1, 154	1, 406	1, 040	24
Hawaii	433	428	211	217	164	173	0
Idaho	775	760	382	378	287	378	0
Illinois	20, 799	19, 729	10, 269	9, 460	7, 867	8, 288	328
Indiana	5, 269	5, 020	2, 872	2, 148	2, 031	1, 996	93
Iowa	1, 783	1, 753	1, 037	716	735	664	2
Kansas	2, 138	2, 111	1, 291	820	855	724	4
Kentucky	1, 743	1, 715	1, 075	640	879	604	4
Louisiana	3, 125	3, 061	1, 972	1, 089	1, 414	918	16
Maine	486	469	262	207	220	200	—
Maryland	2, 134	2, 052	1, 252	800	996	758	24
Massachusetts	6, 585	6, 153	4, 135	2, 018	3, 082	1, 810	105
Michigan	9, 854	9, 558	4, 024	5, 534	3, 220	4, 894	101
Minnesota	5, 013	4, 844	2, 528	2, 316	1, 758	2, 152	71
Mississippi	1, 161	1, 099	703	396	475	377	36
Missouri	4, 611	4, 436	2, 849	1, 587	1, 860	1, 459	97
Montana	702	680	334	346	263	324	2
Nebraska	1, 937	1, 886	1, 194	692	837	677	27
Nevada	489	478	235	243	180	230	1
New Hampshire	547	515	322	193	257	186	2
New Jersey	7, 683	7, 430	3, 582	3, 848	2, 943	3, 692	23
New Mexico	762	746	432	314	336	263	1
New York	39, 628	35, 428	20, 280	15, 148	13, 588	12, 243	855
North Carolina	2, 392	2, 257	1, 285	972	1, 000	799	50
North Dakota	615	601	268	333	228	315	1
Ohio	10, 831	10, 468	5, 072	5, 396	4, 044	4, 987	63
Oklahoma	3, 768	3, 654	2, 280	1, 374	1, 714	1, 247	60
Oregon	2, 989	2, 886	1, 239	1, 647	1, 047	1, 351	34
Pennsylvania	15, 559	14, 893	6, 942	7, 951	5, 775	7, 182	213
Rhode Island	886	837	311	526	250	481	23
South Carolina	1, 122	1, 066	840	226	683	208	3
South Dakota	689	674	325	349	263	318	—
Tennessee	4, 173	3, 971	2, 352	1, 619	1, 493	1, 440	43
Texas	15, 866	15, 254	9, 452	5, 802	6, 821	4, 862	261
Utah	764	737	323	414	243	345	15
Vermont	344	335	123	212	105	205	—
Virginia	3, 894	3, 770	1, 831	1, 939	1, 468	1, 817	18
Washington	4, 222	4, 061	2, 109	1, 952	1, 751	1, 920	30
West Virginia	1, 116	1, 084	586	498	438	493	5
Wisconsin	3, 469	3, 383	1, 729	1, 654	1, 355	1, 499	—
Wyoming	463	455	231	224	166	204	0
Virgin Islands	46	43	16	27	11	16	2
District of Columbia—all‡	2, 658	2, 591	1, 578	1, 013	1, 373	987	13

*IPC deposits are those of individuals, partnerships, and corporations.
†Includes securities sold under agreements to repurchase.
‡Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

NOTE: Data may not add to totals because of rounding. Dashes indicate amounts less than $500,000.

TABLE B–25

Capital accounts of National banks, by States, Dec. 30, 1967

[Dollar amounts in millions]

	Total capital accounts	*Debentures*	*Preferred stock*	*Common stock*	*Surplus*	*Undivided profits*	*Reserves*
United States	$19, 730	$1, 235	$55	$5, 312	$8, 832	$3, 549	$747
Alabama	233	0	0	72	95	54	12
Alaska	19	—	0	6	7	5	1
Arizona	140	25	0	33	58	22	2
Arkansas	111	5	0	31	45	26	4
California	2, 010	139	0	518	941	383	29
Colorado	206	4	—	64	93	44	1
Connecticut	179	11	0	47	93	27	1
Delaware	2	0	0	1	1	—	—
District of Columbia	131	1	0	36	69	25	—
Florida	505	25	0	190	204	71	15
Georgia	298	60	0	61	105	42	30
Hawaii	51	12	0	9	18	10	2
Idaho	53	0	0	16	29	8	—
Illinois	1, 754	12	3	541	782	277	139
Indiana	407	13	0	95	186	105	8
Iowa	140	0	0	37	62	37	4
Kansas	203	3	—	57	90	50	3
Kentucky	148	0	0	32	75	37	4
Louisiana	280	8	3	64	159	45	1
Maine	49	0	0	18	18	12	1
Maryland	177	2	0	46	80	43	6
Massachusetts	611	12	0	151	320	94	34
Michigan	628	46	3	161	283	95	40
Minnesota	383	16	0	121	154	86	6
Mississippi	100	6	0	26	66	1	1
Missouri	412	26	0	108	164	104	10
Montana	52	1	0	19	19	13	—
Nebraska	166	3	—	44	63	52	4
Nevada	42	0	0	17	17	6	2
New Hampshire	55	—	0	10	30	13	2
New Jersey	586	28	—	164	279	103	12
New Mexico	62	1	0	20	20	9	12
New York	3, 336	571	41	817	1, 298	406	203
North Carolina	175	15	0	43	89	25	3
North Dakota	45	1	0	14	18	11	1
Ohio	883	27	0	239	452	160	5
Oklahoma	342	20	—	93	133	93	3
Oregon	206	0	0	71	78	52	5
Pennsylvania	1, 532	61	1	308	806	295	61
Rhode Island	71	—	0	18	32	14	7
South Carolina	94	0	—	23	51	19	1
South Dakota	53	—	0	17	22	13	1
Tennessee	348	19	0	89	158	73	9
Texas	1, 336	54	2	442	559	237	42
Utah	61	0	0	19	32	10	0
Vermont	28	—	1	8	11	8	—
Virginia	318	2	0	98	154	63	1
Washington	300	0	0	86	127	84	3
West Virginia	114	0	0	25	58	26	5
Wisconsin	252	3	0	81	112	48	8
Wyoming	41	1	0	6	20	13	1
Virgin Islands	3	0	0	—	2	1	—
District of Columbia—all*	211	13	0	49	104	43	2

*Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

NOTE: Data may not add to totals because of rounding. Dashes indicate amounts less than $500,000.

Table B–26

Loans and discounts of National banks, by States, Dec. 30, 1967

[Dollar amounts in millions]

	Loans and discounts, net	Reserves	Loans and discounts, gross	Loans secured by real estate	Loans to financial institutions	Loans to purchase or carry securities	Loans to farmers	Commercial and individual loans	Personal loans to individuals	Other loans
United States	$136, 753	$2, 841	$139, 594	$32, 944	$8, 574	$4, 700	$4, 591	$55, 163	$29, 974	$3, 648
Alabama	1, 409	34	1, 443	237	72	21	36	476	524	77
Alaska	156	5	161	71	—	—	—	56	33	1
Arizona	1, 246	16	1, 262	313	36	8	173	418	310	4
Arkansas	639	11	650	164	19	13	48	198	200	8
California	18, 177	321	18, 498	5, 720	906	227	603	7, 292	3, 444	306
Colorado	1, 466	24	1, 490	294	98	34	200	440	406	18
Connecticut	1, 302	25	1, 327	434	44	18	3	393	386	49
Delaware	14	0	14	7	—	—	—	3	4	—
District of Columbia	891	16	907	320	107	18	—	235	200	27
Florida	3, 062	50	3, 112	646	136	106	53	1, 099	988	84
Georgia	1, 882	34	1, 916	361	140	27	18	740	594	36
Hawaii	257	4	261	115	4	5	5	66	52	14
Idaho	459	8	467	151	8	8	75	98	121	6
Illinois	11, 546	309	11, 855	2, 034	1, 026	670	325	5, 719	1, 840	241
Indiana	2, 672	52	2, 724	887	161	44	75	693	786	78
Iowa	896	18	914	241	30	16	194	214	198	21
Kansas	1, 044	16	1, 060	152	41	15	252	341	250	9
Kentucky	886	16	902	239	54	17	51	231	284	26
Louisiana	1, 567	27	1, 594	267	116	55	19	708	373	56
Maine	292	6	298	97	6	3	10	93	85	4
Maryland	1, 189	23	1, 212	372	75	29	17	363	335	21
Massachusetts	3, 797	85	3, 882	542	270	37	5	2, 141	768	119
Michigan	5, 809	109	5, 918	2, 333	356	106	49	1, 618	1, 262	194
Minnesota	2, 826	46	2, 872	727	214	71	157	1, 052	570	81
Mississippi	652	16	668	125	19	15	31	249	206	23
Missouri	2, 380	40	2, 420	469	218	94	105	958	528	48
Montana	379	8	387	107	2	2	80	90	104	2
Nebraska	1, 054	20	1, 074	128	28	40	369	293	203	13
Nevada	276	3	279	102	10	5	6	76	77	3
New Hampshire	337	6	343	85	8	3	5	108	128	6
New Jersey	4, 338	96	4, 434	1, 809	212	93	20	1, 044	1, 150	106
New Mexico	392	11	403	73	15	5	43	136	120	11
New York	23, 021	603	23, 624	3, 709	1, 850	1, 858	79	12, 640	2, 835	653
North Carolina	1, 358	27	1, 385	217	61	29	23	587	440	28
North Dakota	324	8	332	108	2	3	67	80	69	3
Ohio	5, 798	114	5, 912	1, 745	297	130	81	1, 603	1, 845	211
Oklahoma	1, 832	32	1, 864	322	82	13	175	758	449	65
Oregon	1, 742	25	1, 767	455	113	17	91	726	345	20
Pennsylvania	9, 061	180	9, 241	2, 554	487	138	121	3, 498	2, 049	394
Rhode Island	566	7	573	282	30	1	—	135	97	28
South Carolina	623	12	635	88	25	19	14	230	235	24
South Dakota	382	12	394	102	7	1	125	82	73	4
Tennessee	2, 319	46	2, 365	346	165	57	44	894	810	49
Texas	8, 266	157	8, 423	912	610	498	415	3, 731	1, 994	263
Utah	460	7	467	171	26	22	20	138	82	8
Vermont	230	3	233	108	1	3	8	45	66	2
Virginia	2, 333	39	2, 372	695	92	47	53	627	795	63
Washington	2, 452	50	2, 502	586	177	27	135	960	559	58
West Virginia	537	11	548	192	14	5	11	119	200	7
Wisconsin	1, 887	43	1, 930	653	100	31	49	586	435	76
Wyoming	243	4	247	63	3	3	49	74	54	1
Virgin Islands	27	—	27	15	0	—	0	9	3	—
District of Columbia—all*	1, 413	21	1, 434	474	178	41	—	346	354	41

*Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

Note: Data may not add to totals because of rounding. Dashes indicate amounts of less than $500,000.

TABLE B-27

Income and expenses of National banks, by States, year ended Dec. 31, 1967*

[Dollar amounts in thousands]

	United States	Alabama	Alaska	Arizona	Arkansas	California	Colorado	Connecticut	Delaware	District of Columbia	Florida	Georgia	Hawaii
Number of banks	4, 758	88	5	4	67	80	118	30	5	9	200	61	2
Current operating revenue:													
Interest and dividends on—													
U.S. Government obligations	$1, 400, 999	$19, 669	$2, 079	$9, 586	$7, 812	$143, 045	$15, 792	$7, 943	$396	$17, 696	$46, 036	$15, 486	$2, 247
Other securities	1, 121, 994	12, 843	1, 290	7, 611	6, 689	164, 060	9, 242	12, 547	27	3, 453	34, 196	11, 916	2, 415
Interest and discount on loans†	8, 458, 936	94, 890	11, 862	83, 873	42, 228	1, 182, 916	96, 021	82, 668	893	54, 360	194, 112	126, 830	18, 034
Service charges and other fees on banks' loans	169, 483	1, 483	1, 249	2, 287	201	37, 045	2, 480	1, 233	42	2, 161	5, 895	3, 935	1, 408
Service charges on deposit accounts	576, 770	9, 318	1, 590	7, 978	3, 646	113, 068	9, 701	7, 616	71	4, 383	19, 396	13, 000	1, 185
Other service charges, commissions, fees, and collection and exchange charges	229, 992	1, 942	741	2, 950	1, 095	26, 456	2, 689	2, 243	13	877	5, 559	10, 126	492
Trust department	435, 331	4, 052	148	3, 137	804	48, 856	8, 336	8, 668	0	4, 156	12, 904	6, 688	781
Other current operating revenue	257, 438	2, 211	329	1, 250	577	52, 496	4, 345	1, 510	23	541	8, 338	3, 486	859
Total current operating revenue	12, 650, 943	146, 408	19, 288	118, 672	63, 052	1, 767, 942	148, 606	124, 428	1, 465	87, 627	326, 436	191, 467	27, 421
Current operating expenses:													
Salaries and wages:‡													
Officers	901, 734	12, 675	2, 037	9, 446	6, 516	127, 649	13, 320	11, 238	136	6, 766	27, 261	15, 405	2, 354
Employees other than officers	1, 673, 051	20, 677	3, 559	19, 057	8, 062	250, 365	20, 766	21, 313	253	12, 022	46, 461	30, 352	4, 120
Number of officers	*75, 808*	*1, 075*	*130*	*855*	*615*	*11, 466*	*1, 147*	*842*	*19*	*475*	*2, 389*	*1, 212*	*207*
Number of employees other than officers	*369, 780*	*5, 448*	*652*	*4, 162*	*2, 102*	*50, 466*	*10, 144*	*4, 502*	*74*	*2, 404*	*11, 252*	*6, 535*	*807*
Officer and employee benefits—pensions, hospitalization, social security, insurance, etc.	391, 192	5, 045	562	3, 815	1, 959	53, 448	4, 408	5, 312	35	1, 926	9, 299	7, 849	1, 554
Fees paid to directors and members of executive, discount and other committees	43, 286	692	35	117	518	1, 061	831	602	15	387	1, 798	766	94
Interest on time and savings deposits	4, 418, 031	40, 331	4, 826	41, 463	17, 340	727, 882	46, 578	33, 614	486	26, 052	104, 920	47, 993	8, 256
Interest and discount on borrowed money§	153, 825	306	18	1, 531	545	24, 673	874	521	2	540	2, 655	1, 928	70
Net occupancy expense of bank premises	489, 366	5, 117	974	5, 405	2, 753	76, 455	7, 194	6, 644	79	3, 506	12, 283	9, 864	1, 181
Furniture and equipment—depreciation, rents, servicing, uncapitalized costs, etc.	313, 130	4, 421	851	4, 132	1, 748	37, 258	5, 628	4, 491	61	2, 392	11, 978	7, 046	1, 065
Other current operating expenses	1, 311, 831	16, 205	1, 981	12, 376	8, 107	139, 273	17, 281	14, 765	198	8, 396	41, 871	26, 155	3, 052
Total current operating expenses	9, 695, 446	105, 469	14, 843	97, 342	47, 548	1, 438, 064	116, 880	98, 500	1, 265	61, 987	258, 526	147, 358	21, 746
Net current operating earnings	2, 955, 497	40, 939	4, 445	21, 330	15, 504	329, 878	31, 726	25, 928	200	25, 640	67, 910	44, 109	5, 675

Recoveries, transfers from valuation reserves, and profits													
On securities:													
Profits and securities sold or redeemed	91, 181	2, 741	382	1, 264	382	14, 411	1, 410	369	5	877	1, 600	1, 249	27
Recoveries	2, 570	1	0	0	2	3	32	0	0	0	59	2	0
Transfers from valuation reserves	36, 704	120	0	0	24	3, 494	384	334	0	0	263	0	0
On loans:													
Recoveries	6, 670	87	0	0	99	437	235	3	14	63	215	21	0
Transfers from valuation reserves	28, 705	481	0	0	183	337	46	82	0	0	329	2, 964	0
All other	86, 769	312	77	254	344	16, 924	554	702	7	2, 205	2, 523	705	69
Total recoveries, transfers from valuation reserves and profits	252, 599	3, 742	459	1, 518	1, 034	35, 606	2, 661	1, 490	26	3, 145	4, 989	4, 941	96
Losses, chargeoffs, and transfers to valuation reserves:													
On securities:													
Losses on securities sold	75, 963	414	0	786	321	1, 720	486	99	7	9	2, 648	152	10
Chargeoffs on securities not sold	4, 483	21	0	0	95	25	36	0	1	0	4	16	0
Transfers to valuation reserves	52, 179	163	0	0	123	12, 445	55	86	0	54	211	124	0
On loans:													
Losses and chargeoffs	13, 563	248	0	0	128	931	800	0	42	431	1, 259	19	0
Transfers to valuation reserves	519, 044	7, 065	1, 040	8, 643	2, 736	57, 299	5, 013	4, 396	8	5, 523	13, 771	9, 380	1, 357
All other	105, 434	1, 000	129	1, 638	550	15, 832	1, 103	2, 071	6	673	2, 938	3, 659	157
Total losses, chargeoffs, and transfers to valuation reserves	770, 666	8, 911	1, 169	11, 067	3, 953	88, 252	7, 493	6, 652	64	6, 690	20, 831	13, 350	1, 524
Net income before related taxes	2, 437, 430	35, 770	3, 735	11, 781	12, 585	277, 232	26, 894	20, 766	162	22, 095	52, 068	35, 700	4, 247
Taxes on net income:													
Federal	594, 047	9, 441	1, 108	2, 860	2, 950	52, 724	6, 530	3, 170	31	9, 050	11, 870	10, 639	571
State	85, 892	1, 658	5	282	0	28, 702	1, 519	2, 162	1	0	0	0	346
Total taxes on net income	679, 939	11, 099	1, 113	3, 142	2, 950	81, 426	8, 049	5, 332	32	9, 050	11, 870	10, 639	917
Net income before dividends	1, 757, 491	24, 671	2, 622	8, 639	9, 635	195, 806	18, 845	15, 434	130	13, 045	40, 198	25, 061	3, 330
Cash dividends declared:													
On common stock	794, 056	9, 595	483	6, 305	3, 045	102, 883	8, 456	7, 890	40	6, 011	14, 550	10, 270	1, 775
On preferred stock	2, 124	0	0	0	0	0	0	0	0	0	0	0	0
Total cash dividends declared	796, 180	9, 595	483	6, 305	3, 045	102, 883	8, 456	7, 890	40	6, 011	14, 550	10, 270	1, 775
Net income after dividends	961, 311	15, 076	2, 139	2, 334	6, 590	92, 923	10, 389	7, 544	90	7, 034	25, 648	14, 791	1, 555
Capital accounts‖	19, 095, 324	225, 330	17, 959	139, 593	104, 308	1, 969, 466	198, 920	174, 178	2, 236	127, 060	485, 877	278, 942	49, 702
Ratios:													
Net income before dividends to capital accounts (percent)	9. 20	10. 95	14. 60	6. 19	9. 24	9. 94	9. 47	8. 86	5. 81	10. 27	8. 27	8. 98	6. 70
Total current operating expenses to total current operating revenue (percent)	76. 64	72. 04	76. 95	82. 03	75. 41	81. 34	78. 65	79. 16	86. 35	70. 74	79. 20	76. 96	79. 30

See footnotes at end of table.

TABLE B-27—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1967*

[Dollar amounts in thousands]

	Idaho	*Illinois*	*Indiana*	*Iowa*	*Kansas*	*Kentucky*	*Louisiana*	*Maine*	*Maryland*	*Massachusetts*	*Michigan*	*Minnesota*	*Mississippi*
Number of banks	9	422	123	102	171	80	47	21	48	89	98	195	36
Current operating revenue:													
Interest and dividends on—													
U.S. Government obligations	$4, 925	$138, 532	$42, 141	$12, 541	$19, 785	$13, 234	$24, 232	$2, 746	$13, 402	$29, 354	$67, 308	$29, 312	$7, 588
Other securities	3, 325	101, 755	19, 816	7, 128	9, 987	7, 238	12, 428	2, 344	8, 540	24, 810	43, 061	24, 152	5, 654
Interest and discount on loans†	30, 209	688, 732	173, 392	56, 084	66, 947	55, 816	97, 861	19, 990	76, 769	237, 690	346, 003	170, 712	41, 985
Service charges and other fees on banks' loans	877	9, 000	2, 966	628	519	854	946	381	2, 969	3, 844	5, 925	2, 729	196
Service charges on deposit accounts	3, 395	25, 625	12, 023	4, 360	5, 697	3, 839	7, 957	1, 623	6, 818	17, 942	18, 657	11, 221	4, 004
Other service charges, commissions, fees and collection and exchange charges	1, 395	14, 100	6, 834	1, 910	2, 053	704	2, 935	318	1, 322	18, 634	7, 591	9, 785	2, 462
Trust department	347	46, 955	8, 814	2, 188	2, 023	1, 975	1, 804	1, 492	2, 925	17, 177	14, 692	10, 431	933
Other current operating revenue	452	23, 205	3, 399	1, 355	1, 224	1, 057	2, 237	349	949	9, 762	7, 797	2, 954	869
Total current operating revenue	44, 925	1, 047, 904	269, 385	86, 194	108, 235	84, 717	150, 400	29, 243	113, 694	359, 213	511, 034	261, 296	63, 691
Current operating expenses:													
Salaries and wages: ‡													
Officers	4, 178	62, 908	22, 249	9, 439	11, 847	7, 557	10, 834	2, 530	8, 210	25, 518	25, 110	19, 881	5, 438
Employees other than officers	6, 184	119, 796	37, 432	10, 446	11, 410	10, 923	19, 702	4, 689	17, 626	58, 764	71, 137	29, 545	8, 422
Number of officers	*370*	*4, 575*	*1, 818*	*1, 046*	*1, 069*	*784*	*851*	*239*	*745*	*1, 994*	*1, 857*	*1, 698*	*474*
Number of employees other than officers	*1, 479*	*24, 305*	*8, 679*	*2, 750*	*2, 817*	*2, 869*	*4, 502*	*1, 166*	*4, 124*	*12, 435*	*15, 084*	*6, 994*	*2, 106*
Officer and employee benefits—pensions, hospitalization, social security, insurance, etc	1, 520	30, 021	7, 496	2, 380	2, 753	2, 422	4, 158	995	3, 520	12, 355	15, 181	7, 705	2, 207
Fees paid to directors and members of executive, discount and other committees	80	3, 660	1, 221	503	848	555	714	227	545	1, 047	1, 223	1, 092	398
Interest on time and savings deposits	14, 615	394, 523	74, 835	25, 549	29, 570	23, 559	41, 959	7, 192	28, 193	82, 523	224, 930	95, 005	14, 726
Interest and discount on borrowed money§	33	16, 495	4, 376	716	500	103	1, 479	101	1, 912	7, 990	6, 470	3, 129	1, 379
Net occupancy expense of bank premises	1, 246	29, 518	10, 901	3, 232	3, 604	3, 337	6, 388	1, 443	5, 719	15, 983	19, 890	8, 866	1, 790
Furniture and equipment—depreciation, rents, servicing, uncapitalized costs, etc	1, 430	20, 006	8, 356	2, 874	3, 018	2, 719	4, 765	941	3, 508	9, 784	11, 371	6, 180	2, 751
Other current operating expenses	4, 854	103, 210	34, 026	10, 682	10, 651	9, 795	18, 959	3, 956	13, 370	39, 284	50, 440	28, 335	8, 833
Total current operating expenses	34, 140	780, 137	200, 892	65, 821	74, 201	60, 970	108, 958	22, 074	82, 603	253, 248	425, 752	199, 738	45, 944
Net current operating earnings	10, 785	267, 767	68, 493	20, 373	34, 034	23, 747	41, 442	7, 169	31, 091	105, 965	85, 282	61, 558	17, 747

Recoveries, transfers from valuation reserves and profits:													
On securities:													
Profits and securities sold or redeemed	36	7, 532	2, 607	839	946	613	2, 827	353	1, 276	3, 597	1, 196	595	506
Recoveries	2	725	14	0	6	2	0	0	0	38	6	262	0
Transfers from valuation reserves	122	1, 691	3, 677	1	249	213	572	48	173	12, 527	738	12	117
On loans:													
Recoveries	8	346	205	58	159	52	111	16	66	103	30	242	44
Transfers from valuation reserves	0	960	146	805	46	315	85	36	6	8, 591	924	171	264
All other	62	3, 228	4, 406	274	691	915	339	86	364	21, 439	1, 740	620	501
Total recoveries, transfers from valuation reserves and profits	230	14, 482	11, 055	1, 977	2, 097	2, 110	3, 934	539	1, 885	46, 295	4, 634	1, 902	1, 432
Losses, chargeoffs, and transfers to valuation reserves:													
On securities:													
Losses on securities sold	1, 259	6, 290	1, 109	339	364	219	407	137	477	578	3, 320	1, 744	223
Chargeoffs on securities not sold	0	1, 003	105	60	95	117	62	8	27	8	11	310	51
Transfers to valuation reserves	0	6, 289	5, 298	21	113	681	1, 913	0	210	1, 545	334	15	448
On loans:													
Losses and chargeoffs	6	637	321	130	399	178	219	0	156	61	90	230	46
Transfers to valuation reserves	1, 409	37, 728	11, 903	2, 634	4, 938	4, 329	7, 653	1, 218	4, 408	16, 695	23, 816	10, 735	4, 228
All other	209	7, 256	1, 932	835	964	1, 554	1, 542	421	2, 533	11, 931	1, 481	724	708
Total losses, chargeoffs, and transfers to valuation reserves	2, 883	59, 203	20, 668	4, 019	6, 873	7, 078	11, 796	1, 784	7, 811	30, 818	29, 052	13, 758	5, 704
Net income before related taxes	8, 132	223, 046	58, 880	18, 331	29, 258	18, 779	33, 580	5, 924	25, 165	121, 442	60, 864	49, 702	13, 475
Taxes on net income:													
Federal	2, 092	67, 256	17, 104	4, 996	8, 255	5, 317	10, 528	1, 420	8, 872	25, 576	8, 673	11, 009	3, 702
State	582	0	0	0	866	0	0	0	0	8, 040	0	4, 564	0
Total taxes on net income	2, 674	67, 256	17, 104	4, 996	9, 121	5, 317	10, 528	1, 420	8, 872	33, 616	8, 673	15, 573	3, 702
Net income before dividends	5, 458	155, 790	41, 776	13, 335	20, 137	13, 462	23, 052	4, 504	16, 293	87, 826	52, 191	34, 129	9, 773
Cash dividends declared:													
On common stock	2, 791	62, 398	13, 798	5, 069	7, 098	4, 812	8, 553	2, 059	7, 390	27, 784	22, 800	16, 935	4, 252
On preferred stock	0	70	0	0	9	0	146	0	0	0	174	0	0
Total cash dividends declared	2, 791	62, 468	13, 798	5, 069	7, 107	4, 812	8, 699	2, 059	7, 390	27, 784	22, 974	16, 935	4, 252
Net income after dividends	2, 667	93, 322	27, 978	8, 266	13, 030	8, 650	14, 353	2, 445	8, 903	60, 042	29, 217	17, 194	5, 521
Capital accounts‖	51, 794	1, 650, 587	392, 507	134, 449	196, 553	143, 420	271, 296	47, 401	172, 981	573, 626	613, 388	374, 020	97, 004
Ratios:													
Net income before dividends to capital accounts (percent)	10. 54	9. 44	10. 64	9. 92	10. 25	9. 39	8. 50	9. 50	9. 42	15. 31	8. 51	9. 12	10. 07
Total current operating expenses to total current operating revenue (percent)	75. 99	74. 45	74. 57	76. 36	68. 56	71. 97	72. 45	75. 48	72. 65	70. 50	83. 31	76. 44	72. 14

See footnotes at end of table.

TABLE B-27—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1967*

[Dollar amounts in thousands]

	Missouri	*Montana*	*Nebraska*	*Nevada*	*New Hampshire*	*New Jersey*	*New Mexico*	*New York*	*North Carolina*	*North Dakota*	*Ohio*	*Oklahoma*	*Oregon*	*Pennsylvania*
Number of banks	98	48	127	3	52	144	34	184	25	42	223	220	12	336
Current operating revenue:														
Interest and dividends on—														
U.S. Government obligations	$27, 565	$5, 660	$11, 757	$3, 573	$2, 765	$44, 282	$5, 607	$152, 654	$10, 086	$5, 464	$81, 599	$26, 299	$16, 763	$92, 825
Other securities	17, 806	3, 276	8, 042	2, 671	1, 667	46, 036	2, 891	154, 690	12, 592	3, 253	56, 935	16, 350	14, 210	78, 853
Interest and discount on loans†	145, 207	25, 987	67, 320	18, 638	23, 335	264, 747	28, 760	1, 321, 167	84, 699	20, 803	351, 542	116, 306	112, 508	555, 414
Service charges and other fees on banks' loans	1, 508	582	461	620	212	4, 715	366	22, 643	5, 728	250	4, 286	1, 621	2, 937	8, 779
Service charges on deposit accounts	5, 107	2, 747	4, 270	1, 954	2, 604	22, 829	3, 090	51, 327	6, 951	2, 031	24, 377	9, 941	13, 426	21, 760
Other service charges, commissions, fees, and collection and exchange charges	2, 505	1, 003	2, 756	400	516	5, 389	1, 094	26, 491	4, 480	984	6, 427	3, 059	1, 716	9, 356
Trust department	10, 466	274	2, 859	1, 006	627	11, 913	823	75, 187	3, 736	436	15, 896	3, 813	4, 355	40, 581
Other current operating revenue	4, 697	338	1, 775	470	517	4, 034	688	61, 883	1, 919	283	5, 900	2, 447	3, 469	12, 162
Total operating revenue	214, 861	39, 867	99, 240	29, 332	32, 243	403, 945	43, 319	1, 866, 042	130, 191	33, 504	546, 962	179, 836	169, 384	819, 730
Current operating expenses:														
Salaries and wages:‡														
Officers	15, 406	4, 158	11, 496	2, 798	3, 203	28, 521	4, 404	87, 232	11, 664	3, 082	35, 079	19, 486	15, 748	53, 105
Employees other than officers	27, 932	4, 258	11, 097	4, 136	4, 550	60, 059	6, 295	239, 053	20, 186	3, 214	68, 562	20, 878	23, 912	98, 172
Number of officers	*1, 229*	*376*	*966*	*297*	*288*	*2, 361*	*382*	*5, 893*	*1, 054*	*295*	*2, 780*	*1, 757*	*1, 527*	*4, 828*
Number of employees other than officers	*6, 333*	*998*	*2, 818*	*974*	*1, 202*	*13, 494*	*1, 473*	*44, 198*	*4, 991*	*881*	*15, 489*	*5, 051*	*5, 113*	*21, 944*
Officer and employee benefits—pensions, hospitalization, social security, insurance, etc	5, 598	1, 278	3, 314	694	1, 022	13, 933	1, 062	67, 846	4, 118	896	13, 382	4, 948	5, 118	25, 116
Fees paid to directors and members of executive, discount and other committees	832	243	688	45	306	2, 295	277	2, 428	464	227	2, 026	981	174	4, 203
Interest on time and savings deposits	63, 876	12, 502	27, 551	9, 252	7, 855	138, 042	11, 760	730, 955	40, 302	13, 174	186, 638	53, 491	66, 688	297, 203
Interest and discount on borrowed money§	4, 128	654	823	1	64	1, 166	102	22, 962	1, 657	58	5, 007	1, 899	1, 064	9, 418
Net occupancy expense of bank premises	7, 667	1, 408	3, 411	1, 442	1, 495	19, 378	1, 757	74, 547	5, 141	1, 274	17, 639	6, 636	6, 931	29, 111
Furniture and equipment—depreciation, rents, servicing, uncapitalized costs, etc	5, 286	909	3, 440	1, 008	1, 002	10, 788	1, 461	30, 306	4, 400	784	12, 043	5, 251	4, 473	20, 693
Other current operating expenses	23, 375	5, 632	11, 017	2, 892	4, 366	45, 207	5, 957	174, 160	16, 634	3, 472	64, 683	19, 226	14, 056	82, 304
Total current operating expenses	154, 100	31, 042	72, 837	22, 268	23, 863	319, 389	33, 075	1, 429, 489	104, 566	26, 181	405, 059	132, 796	138, 164	619, 325
Net current operating earnings	60, 761	8, 825	26, 403	7, 064	8, 380	84, 556	10, 244	436, 553	25, 625	7, 323	141, 903	47, 040	31, 220	200, 405

Recoveries, transfers from valuation reserves and profits:														
On securities:														
Profits and securities sold or redeemed	2, 476	205	1, 589	56	237	2, 287	232	8, 878	659	107	5, 118	1, 599	556	4, 319
Recoveries	77	177	61	0	53	80	0	360	5	8	92	20	2	57
Transfers from valuation reserves	2, 544	165	276	928	500	891	0	2, 023	1, 065	0	327	667	0	606
On loans:														
Recoveries	105	255	72	0	55	185	49	328	11	8	97	640	3	233
Transfers from valuation reserves	759	72	254	0	45	1, 600	201	615	165	0	3, 249	70	4	587
All other	235	104	296	146	556	2, 066	476	10, 187	224	108	2, 013	427	466	2, 475
Total recoveries, transfers from valuation reserves and profits	6, 196	978	2, 548	1, 130	1, 446	7, 109	958	22, 391	2, 129	231	10, 896	3, 423	1, 031	8, 277
Losses, chargeoffs, and transfers to valuation reserves:														
On securities:														
Losses on securities sold	1, 647	176	446	810	88	3, 049	426	17, 286	916	288	1, 867	457	269	13, 207
Chargeoffs on securities not sold	121	17	334	0	5	87	5	256	46	23	119	56	0	248
Transfers to valuation reserves	37	339	796	394	56	326	53	1, 852	25	0	6, 997	574	0	877
On loans:														
Losses and chargeoffs	485	365	69	0	78	411	64	128	76	62	183	747	52	331
Transfers to valuation reserves	7, 627	817	3, 757	2, 145	1, 238	12, 805	1, 344	85, 737	6, 118	865	19, 035	10, 660	5, 920	35, 524
All other	786	355	703	327	214	2, 861	406	9, 921	1, 246	68	2, 182	1, 005	4, 341	5, 244
Total losses, chargeoffs, and transfers to valuation reserves	10, 703	2, 069	6, 105	3, 676	1, 679	19, 539	2, 298	115, 180	8, 427	1, 306	30, 383	13, 499	10, 582	55, 431
Net income before related taxes	56, 254	7, 734	22, 846	4, 518	8, 147	72, 126	8, 904	343, 764	19, 327	6, 248	122, 416	36, 964	21, 669	153, 251
Taxes on net income:														
Federal	16, 256	2, 118	7, 105	717	2, 610	13, 008	2, 389	64, 510	3, 543	1, 460	35, 889	9, 481	4, 404	33, 385
State	1, 369	0	0	0	0	0	0	28, 288	622	171	0	1, 263	2, 179	0
Total taxes on net income	17, 625	2, 118	7, 105	717	2, 610	13, 008	2, 389	92, 798	4, 165	1, 631	35, 889	10, 744	6, 583	33, 385
Net income before dividends	38, 629	5, 616	15, 741	3, 801	5, 537	59, 118	6, 515	250, 966	15, 162	4, 617	86, 527	26, 220	15, 086	119, 866
Cash dividends declared:														
On common stock	15, 930	3, 937	6, 856	2, 480	1, 842	25, 772	2, 414	122, 514	8, 019	2, 145	36, 105	12, 606	9, 809	63, 794
On preferred stock	0	0	6	0	0	8	0	1, 595	0	0	0	21	0	61
Total cash dividends declared	15, 930	3, 937	6, 862	2, 480	1, 842	25, 780	2, 414	124, 109	8, 019	2, 145	36, 105	12, 627	9, 809	63, 855
Net income after dividends	22, 699	1, 679	8, 879	1, 321	3, 695	33, 338	4, 101	126, 857	7, 143	2, 472	50, 422	13, 593	5, 277	56, 011
Capital accounts‖	400, 427	50, 587	161, 016	41, 729	52, 526	563, 014	59, 349	3, 249, 055	168, 213	43, 292	856, 238	332, 936	203, 098	1, 491, 267
Ratios:														
Net income before dividends to capital accounts (percent)	9. 65	11. 10	9. 78	9. 11	10. 54	10. 50	10. 98	7. 72	9. 01	10. 66	10. 11	7. 88	7. 43	8. 04
Total current operating expenses to total current operating revenue (percent)	71. 72	77. 86	73. 39	75. 92	74. 01	79. 07	76. 35	76. 61	80. 32	78. 14	74. 06	73. 84	81. 57	75. 55

See footnotes at end of table.

TABLE B-27—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1967*

[Dollar amounts in thousands]

	Rhode Island	*South Carolina*	*South Dakota*	*Tennessee*	*Texas*	*Utah*	*Vermont*	*Virginia*	*Washington*	*West Virginia*	*Wisconsin*	*Wyoming*	*Virgin Islands*	*District of Columbia—all*Δ
Number of banks	4	26	35	77	542	12	27	113	27	80	116	40	1	14
Current operating revenue:														
Interest and dividends on—														
U.S. Government obligations	$3, 194	$6, 857	$6, 418	$25, 696	$89, 323	$3, 310	$2, 036	$24, 676	$21, 330	$12, 277	$21, 669	$4, 100	$327	$25, 083
Other securities	5, 302	4, 165	2, 867	17, 589	72, 280	4, 684	1, 344	17, 249	19, 772	4, 708	14, 194	1, 746	295	5, 903
Interest and discount on loans†	34, 968	41, 058	25, 877	139, 444	510, 476	29, 027	14, 548	147, 172	160, 263	35, 252	114, 553	17, 245	1, 743	86, 376
Service charges and other fees on banks' loans	571	304	257	2, 637	6, 989	1, 300	274	4, 149	4, 489	401	1, 413	329	409	2, 476
Service charges on deposit accounts	1, 810	4, 830	2, 367	7, 908	29, 907	2, 836	1, 241	11, 213	18, 895	1, 669	6, 021	1, 501	45	7, 241
Other service charges, commissions, fees, and collection and exchange charges	260	1, 637	1, 412	5, 339	12, 650	1, 472	139	3, 809	6, 980	647	3, 413	753	79	1, 330
Trust department	1, 963	1, 867	602	5, 623	21, 098	936	289	7, 257	7, 359	1, 541	4, 223	315	0	7, 443
Other current operating revenue	931	556	530	1, 311	10, 984	316	201	2, 251	3, 063	843	3, 947	278	71	1, 184
Total current operating revenue	48, 999	61, 274	40, 330	205, 547	753, 707	43, 881	20, 072	217, 776	242, 151	57, 338	169, 433	26, 267	2, 969	137, 036
Current operating expenses:														
Salaries and wages:‡														
Officers	2, 478	7, 247	4, 262	15, 126	62, 989	2, 508	1, 765	18, 177	19, 309	4, 972	13, 934	2, 851	232	9, 902
Employees other than officers	5, 386	11, 935	4, 158	26, 859	80, 720	4, 760	2, 628	29, 036	40, 542	6, 476	21, 680	2, 922	562	18, 393
Number of officers	*214*	*660*	*402*	*1, 355*	*5, 474*	*248*	*186*	*1, 707*	*1, 728*	*476*	*1, 091*	*263*	*19*	*697*
Number of employees other than officers	*1, 348*	*3, 107*	*1, 077*	*6, 588*	*18, 933*	*1, 266*	*705*	*7, 413*	*8, 393*	*1, 612*	*5, 665*	*720*	*136*	*3, 783*
Officer and employee benefits—pensions, hospitalization, social security, insurance, etc	1, 835	2, 563	1, 309	6, 120	19, 140	1, 143	550	6, 725	8, 673	1, 406	4, 731	622	125	3, 101
Fees paid to directors and members of executive, discount and other committees	124	354	211	602	4, 096	155	186	1, 320	345	518	856	291	10	582
Interest on time and savings deposits	20, 880	7, 413	13, 260	61, 144	233, 869	17, 403	7, 814	74, 092	75, 359	16, 884	63, 667	8, 991	1, 046	39, 664
Interest and discount on borrowed money§	430	260	103	5, 144	16, 862	381	28	1, 147	1, 272	114	532	159	44	818
Net occupancy expense of bank premises	1, 556	2, 474	1, 542	7, 137	25, 772	1, 460	807	7, 797	10, 466	1, 755	6, 267	1, 058	66	6, 022
Furniture and equipment—depreciation, rents, servicing, uncapitalized costs, etc	932	2, 492	1, 081	6, 159	19, 399	1, 139	457	5, 835	7, 400	1, 215	5, 556	801	46	3, 459
Other current operating expenses	3, 724	8, 083	3, 680	23, 669	91, 734	4, 573	1, 871	22, 939	24, 258	6, 562	18, 396	2, 967	339	14, 468
Total current operating expenses	37, 345	42, 821	29, 606	151, 960	554, 581	33, 522	16, 106	167, 068	187, 624	39, 902	135, 619	20, 662	2, 470	96, 409
Net current operating earnings	11, 654	18, 453	10, 724	53, 587	199, 126	10, 359	3, 966	50, 708	54, 527	17, 436	33, 814	5, 605	499	40, 627

Recoveries, transfers from valuation reserves and profits:														
On securities:														
Profits and securities sold or redeemed	24	211	162	5, 977	2, 545	70	121	1, 835	2, 605	407	1, 172	93	1	928
Recoveries	0	0	1	25	55	4	0	26	301	6	3	3	0	8
Transfers from valuation reserves	0	15	37	133	887	0	0	515	132	90	94	50	0	0
On loans:														
Recoveries	3	4	24	59	1, 406	7	21	227	55	92	26	91	0	69
Transfers from valuation reserves	0	205	11	31	1, 125	15	0	18	2, 550	25	325	8	0	40
All other	154	278	175	270	3, 122	17	89	1, 330	870	146	962	133	103	2, 236
Total recoveries, transfers from valuation reserves and profits	181	713	410	6, 495	9, 140	113	231	3, 951	6, 513	766	2, 582	378	104	3, 281
Losses, chargeoffs, and transfers to valuation reserves:														
On securities:														
Losses on securities sold	134	465	152	2, 954	2, 161	795	308	851	1, 597	888	1, 557	49	2	724
Chargeoffs on securities not sold	0	1	16	567	311	0	13	54	10	30	104	5	0	2
Transfers to valuation reserves	0	226	0	1, 234	5, 544	0	0	2, 281	293	63	41	43	0	54
On loans:														
Losses and chargeoffs	0	15	17	68	3, 118	0	27	352	117	234	49	184	0	431
Transfers to valuation reserves	2, 547	1, 870	1, 011	6, 454	34, 203	1, 931	559	10, 185	10, 546	1, 266	5, 824	959	172	7, 494
All other	624	826	189	1, 182	4, 858	149	92	2, 158	2, 217	185	1, 360	60	29	852
Total losses, chargeoffs, and transfers to valuation reserves	3, 305	3, 403	1, 385	12, 459	50, 195	2, 875	999	15, 881	14, 780	2, 666	8, 935	1, 300	203	9, 557
Net income before related taxes	8, 530	15, 763	9, 749	47, 623	158, 071	7, 597	3, 198	38, 778	46, 260	15, 536	27, 461	4, 683	400	34, 351
Taxes on net income:														
Federal	1, 408	6, 062	3, 222	13, 796	47, 088	1, 376	1, 012	10, 814	14, 546	5, 270	5, 403	1, 384	47	13, 885
State	505	272	297	0	0	254	79	0	0	0	1, 866	0	0	0
Total taxes on net income	1, 913	6, 334	3, 519	13, 796	47, 088	1, 630	1, 091	10, 814	14, 546	5, 270	7, 269	1, 384	47	13, 885
Net income before dividends	6, 617	9, 429	6, 230	33, 827	110, 983	5, 967	2, 107	27, 964	31, 714	10, 266	20, 192	3, 299	353	20, 466

See footnotes at end of table.

Table B-27—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1967*

[Dollar amounts in thousands]

	Rhode Island	South Carolina	South Dakota	Tennessee	Texas	Utah	Vermont	Virginia	Washington	West Virginia	Wisconsin	Wyoming	Virgin Islands	District of Columbia—all Δ
Cash dividends declared:														
On common stock	$3, 122	$4, 632	$2, 884	$10, 788	$54, 976	$3, 860	$963	$14, 185	$12, 551	$3, 556	$9, 757	$1, 517	0	$10, 065
On preferred stock	0	1	0	0	0	0	33	0	0	0	0	0	0	0
Total cash dividends declared	3, 122	4, 633	2, 884	10, 788	54, 976	3, 860	996	14, 185	12, 551	3, 556	9, 757	1, 517	0	10, 065
Net income after dividends	3, 495	4, 796	3, 346	23, 039	56, 007	2, 107	1, 111	13, 779	19, 163	6, 710	10, 435	1, 782	$353	10, 401
Capital accounts‖	64, 319	90, 883	50, 273	336, 118	1, 303, 016	59, 407	27, 387	309, 590	290, 835	110, 678	244, 632	40, 024	2, 818	205, 007
Ratios:														
Net income before dividends to capital accounts (percent)	10. 29	10. 37	12. 39	10. 06	8. 52	10. 04	7. 69	9. 03	10. 90	9. 28	8. 25	8. 24	12. 53	9. 98
Total current operating expenses to total current operating revenue (percent)	76. 22	69. 88	73. 41	73. 93	73. 58	76. 39	80. 24	76. 72	77. 48	69. 59	80. 04	78. 66	83. 19	70. 35

*Includes all banks operating as National banks at year end, and full year data for those State banks converting to National banks during the year.
†Includes revenues from the sales of Federal funds.
‡Number of employees at year end excluding building employees.
§Includes expenses incurred in purchasing Federal funds.
‖Includes the aggregate book value of debentures, preferred stock, common stock, surplus, undivided profits, and reserves. These are averages from the June and December call dates in the year indicated and the previous December call date.
ΔIncludes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

Table B–28

Income and expenses of National banks, by deposit size, year ended Dec. 31, 1967*

[Dollar amounts in thousands]

	Total	Banks operating full year with deposits in December 1967, of—							
		$2,000.0 and under	$2,000.1 to $5,000.0	$5,000.1 to $10,000.0	$10,000.1 to $25,000.0	$25,000.1 to $50,000.0	$50,000.1 to $100,000.0	$100,000.1 to $500,000.0	Over $500,000.0
Number of banks	4, 758	227	1, 000	1, 279	1, 254	472	230	226	70
Total deposits	$231, 374, 000	$330, 000	$3, 528, 000	$9, 315, 000	$19, 697, 000	$16, 254, 000	$15, 647, 000	$46, 118, 000	$120, 485, 000
Capital stock (par value)	5, 367, 000	13, 000	105, 000	236, 000	458, 000	372, 000	372, 000	1, 104, 000	2, 707, 000
Capital accounts†	19, 730, 000	47, 000	391, 000	857, 000	1, 672, 000	1, 306, 000	1, 213, 000	3, 747, 000	10, 497, 000
Current operating revenue:									
Interest and dividends on—									
U.S. Government obligations	$1, 400, 999	$4, 540	$39, 731	$92, 506	$168, 567	$126, 928	$116, 125	$281, 268	$571, 334
Other securities	1, 121, 994	963	13, 922	46, 333	104, 611	88, 411	80, 012	220, 104	567, 638
Interest and discount on loans‡	8, 458, 936	11, 393	125, 309	331, 167	702, 848	575, 587	551, 177	1, 639, 935	4, 521, 520
Service charges and other fees on banks' loans	169, 483	94	1, 278	4, 239	11, 937	11, 187	10, 529	32, 009	98, 210
Service charges on deposit accounts	576, 770	1, 065	11, 968	32, 493	68, 094	52, 651	44, 391	122, 197	243, 911
Other service charges, commissions fees, and collection and exchange charges	229, 992	378	4, 175	9, 251	18, 498	13, 644	13, 459	45, 947	124, 640
Trust department	435, 331	1	203	1, 087	7, 335	17, 177	23, 511	96, 187	289, 830
Other current operating revenue	257, 438	198	1, 982	6, 009	12, 588	11, 574	12, 709	37, 149	175, 229
Total current operating revenue	12, 650, 943	18, 632	198, 568	523, 085	1, 094, 478	897, 159	851, 913	2, 474, 796	6, 592, 312

See footnotes at end of table.

TABLE B–28—Continued

Income and expenses of National banks, by deposit size, year ended Dec. 31, 1967*

[Dollar amounts in thousands]

	Total	$2,000.0 and under	$2,000.1 to $5,000.0	$5,000.1 to $10,000.0	$10,000.1 to $25,000.0	$25,000.1 to $50,000.0	$50,000.1 to $100,000.0	$100,000.1 to $500,000.0	Over $500,000.0
	Banks operating full year with deposits in December 1967, of–								
Current operating expenses:									
Salaries and wages: §									
Officers	$901, 734	$4, 048	$30, 651	$61, 728	$106, 714	$79, 203	$70, 679	$187, 626	$361, 085
Employees other than officers	1, 673, 051	1, 653	21, 147	60, 525	131, 176	114, 232	110, 711	350, 988	882, 619
Number of officers	*75, 808*	*684*	*3, 598*	*6, 386*	*10, 261*	*6, 846*	*5, 707*	*14, 795*	*27, 531*
Number of employees other than officers	*369, 780*	*615*	*5, 971*	*16, 155*	*34, 504*	*28, 710*	*27, 058*	*79, 007*	*177, 760*
Officer and employee benefits—pensions, hospitalization, social security, insurance, etc	391, 192	422	4, 604	13, 074	29, 115	25, 433	24, 687	80, 132	213, 725
Fees paid to directors and members of executive, discount and other committees	43, 286	419	3, 301	6, 681	10, 206	5, 724	4, 067	7, 123	5, 765
Interest on time and savings deposits	4, 418, 031	4, 152	56, 678	168, 013	369, 491	304, 045	295, 578	781, 031	2, 439, 043
Interest and discount on borrowed money‖	153, 825	58	259	825	1, 609	3, 111	3, 602	22, 218	122, 143
Net occupancy expense of bank premises	489, 366	877	8, 507	22, 402	45, 422	37, 296	37, 170	100, 583	237, 109
Furniture and equipment—depreciation, rents, servicing, uncapitalized costs, etc	313, 130	418	4, 916	12, 782	26, 597	23, 769	25, 400	81, 483	137, 765
Other current operating expenses	1, 311, 831	2, 405	24, 264	61, 831	129, 429	106, 223	97, 095	275, 366	615, 218
Total current operating expenses	9, 695, 446	14, 452	154, 327	407, 861	849, 759	699, 036	668, 989	1, 886, 550	5, 014, 472
Net current operating earnings	2, 955, 497	4, 180	44, 241	115, 224	244, 719	198, 123	182, 924	588, 246	1, 577, 840
Recoveries, transfers from valuation reserves and profits:									
On securities:									
Profits and securities sold or redeemed	91, 181	59	957	2, 926	8, 010	7, 333	7, 096	19, 603	45, 197
Recoveries	2, 570	1	68	199	580	359	357	285	721
Transfers from valuation reserves	36, 704	0	39	197	1, 838	2, 396	1, 527	6, 757	23, 950

On loans:									
Recoveries	6, 670	280	1, 765	1, 910	1, 255	461	141	294	564
Transfers from valuation reserves	28, 705	17	324	1, 021	2, 677	1, 015	2, 065	5, 577	16, 009
All other	86, 769	32	928	2, 285	4, 906	5, 583	4, 118	10, 623	58, 294
Total recoveries, transfers from valuation reserves and profits	252, 599	389	4, 081	8, 538	19, 266	17, 147	15, 304	43, 139	144, 735
Losses, chargeoffs, and transfers to valuation reserves:									
On securities:									
Losses on securities sold	75, 963	99	1, 037	3, 173	6, 565	6, 511	4, 388	16, 108	38, 082
Chargeoffs on securities not sold	4, 483	5	226	710	1, 273	405	246	490	1, 128
Transfers to valuation reserves	52, 179	10	106	488	2, 280	3, 262	1, 903	7, 660	36, 470
On loans:									
Losses and chargeoffs	13, 563	572	4, 088	4, 200	2, 726	1, 275	162	402	138
Transfers to valuation reserves	519, 044	482	7, 684	23, 411	47, 441	37, 252	34, 604	96, 531	271, 639
All other	105, 434	96	1, 137	4, 094	8, 337	6, 893	7, 700	16, 868	60, 309
Total losses, chargeoffs, and transfers to valuation reserves	770, 666	1, 264	14, 278	36, 076	68, 622	55, 598	49, 003	138, 059	407, 766
Net income before related taxes	2, 437, 430	3, 305	34, 044	87, 686	195, 363	159, 672	149, 225	493, 326	1, 314, 809
Taxes on net income:									
Federal	594, 047	652	7, 191	19, 689	46, 093	38, 232	37, 750	132, 478	311, 962
State	85, 892	67	675	1, 736	3, 223	2, 751	1, 995	8, 475	66, 970
Total taxes on net income	679, 939	719	7, 866	21, 425	49, 316	40, 983	39, 745	140, 953	378, 932
Net income before dividends	1, 757, 491	2, 586	26, 178	66, 261	146, 047	118, 689	109, 480	352, 373	935, 877
Cash dividends declared:									
On common stock	794, 056	991	9, 609	24, 041	52, 464	45, 659	43, 607	154, 968	462, 717
On preferred stock	2, 124	1	0	32	58	8	74	211	1, 740
Total cash dividends declared	796, 180	992	9, 609	24, 073	52, 522	45, 667	43, 681	155, 179	464, 457
Net income after dividends	961, 311	1, 594	16, 569	42, 188	93, 525	73, 022	65, 799	197, 194	471, 420

*Includes newly organized National banks opened during 1967.
†This includes the aggregate book value of debentures, preferred stock, common stock, surplus, undivided profits, and reserves.
‡Includes revenues from the sales of Federal funds.
§Number of employees at year end excluding building employees.
‖Includes expenses incurred in purchasing Federal funds.

TABLE B–29

Capital accounts, net profits, and dividends of National banks, 1944–67

[Dollar amounts in thousands]

Year (last call)	*Number of banks*	*Capital stock (par value)**			*Total capital accounts**	*Net profits before dividends*	*Cash dividends*		*Ratios (percent)*			
		Preferred	*Common*	*Total*			*On preferred stock*	*On common stock*	*Net profits before dividends to capital accounts*	*Cash dividends to net profits before dividends*	*Cash dividends on preferred stock to preferred capital*	*Total cash dividends to capital accounts*
1944	5, 031	$110, 597	$1, 440, 519	$1, 551, 116	$4, 114, 972	$411, 844	$5, 296	$139, 012	10. 01	35. 04	4. 79	3. 51
1945	5, 023	80, 672	1, 536, 212	1, 616, 884	4, 467, 618	490, 133	4, 131	151, 525	10. 97	31. 76	5. 12	3. 48
1946	5, 013	53, 202	1, 646, 631	1, 699, 833	4, 893, 038	494, 898	2, 427	167, 702	10. 11	34. 38	4. 56	3. 48
1947	5, 011	32, 529	1, 736, 676	1, 769, 205	5, 293, 267	452, 983	1, 372	182, 147	8. 56	40. 51	4. 22	3. 47
1948	4, 997	25, 128	1, 779, 362	1, 804, 490	5, 545, 993	423, 757	1, 304	192, 603	7. 64	45. 76	5. 19	3. 50
1949	4, 981	20, 979	1, 863, 373	1, 884, 352	5, 811, 044	474, 881	1, 100	203, 644	8. 17	43. 11	5. 24	3. 52
1950	4, 965	16, 079	1, 949, 898	1, 965, 977	6, 152, 799	537, 610	712	228, 792	8. 74	42. 69	4. 43	3. 73
1951	4, 946	12, 032	2, 046, 018	2, 058, 050	6, 506, 378	506, 695	615	247, 230	7. 79	49. 04	5. 11	3. 81
1952	4, 916	6, 862	2, 171, 026	2, 177, 888	6, 875, 134	561, 481	400	258, 663	8. 17	46. 14	5. 83	3. 77
1953	4, 864	5, 512	2, 258, 234	2, 263, 746	7, 235, 820	573, 287	332	274, 884	7. 92	48. 01	6. 02	3. 80
1954	4, 796	4, 797	2, 381, 429	2, 386, 226	7, 739, 553	741, 065	264	299, 841	9. 58	40. 50	5. 50	3. 88
1955	4, 700	4, 167	2, 456, 454	2, 460, 621	7, 924, 719	643, 149	203	309, 532	8. 12	48. 16	4. 87	3. 91
1956	4, 659	3, 944	2, 558, 111	2, 562, 055	8, 220, 620	647, 141	177	329, 777	7. 87	50. 99	4. 49	4. 01
1957	4, 627	3, 786	2, 713, 145	2, 716, 931	8, 769, 839	729, 857	171	363, 699	8. 32	49. 85	4. 52	4. 15
1958	4, 585	3, 332	2, 871, 785	2, 875, 117	9, 412, 557	889, 120	169	392, 822	9. 45	44. 20	5. 07	4. 18
1959	4, 542	3, 225	3, 063, 407	3, 066, 632	10, 003, 852	800, 311	165	422, 703	8. 00	52. 84	5. 12	4. 23
1960	4, 530	2, 050	3, 257, 208	3, 259, 258	10, 695, 539	1, 046, 419	99	450, 830	9. 78	43. 09	4. 83	4. 22
1961	4, 513	2, 040	3, 464, 126	3, 466, 166	11, 470, 899	1, 042, 201	119	485, 960	9. 09	46. 64	5. 83	4. 24
1962	4, 503	9, 852	3, 662, 603	3, 672, 455	12, 289, 305	1, 068, 843	202	517, 546	8. 70	48. 44	2. 05	4. 21
1963	4, 615	24, 304	3, 861, 738	3, 886, 042	13, 102, 085	1, 205, 917	1, 126	547, 060	9. 20	45. 46	4. 63	4. 18
1964	4, 773	27, 281	4, 135, 789	4, 163, 070	14, 297, 834	1, 213, 284	1, 319	591, 491	8. 49	48. 86	4. 83	4. 15
1965	4, 815	28, 697	4, 600, 390	4, 629, 087	16, 111, 704	1, 387, 228	1, 453	681, 802	8. 61	49. 15	5. 06	4. 24
1966	4, 799	29, 120	5, 035, 685	5, 064, 805	17, 971, 372	1, 582, 535	1, 348	736, 591	8. 81	46. 63	4. 63	4. 11
1967	4, 758	38, 081	5, 224, 214	5, 262, 295	19, 095, 324	1, 757, 491	2, 124	794, 056	9. 20	45. 30	5. 58	4. 17

*These are averages of data from the Reports of Condition of the previous December, and June and December of the respective years.

NOTE: For earlier data, see *Annual Reports of the Comptroller of the Currency*, 1938, p. 115, and 1963, p. 306.

TABLE B-30

Loan losses and recoveries of National banks, 1945–67

[Dollar amounts in thousands]

Year	*Total loans end of year*	*Losses and chargeoffs**	*Recoveries†*	*Net losses or recoveries (+)*	*Ratio of net losses or net recoveries (+) to loans*
					Percent
1945	$13, 948, 042	$29, 652	$37, 392	+$7, 740	+0. 06
1946	17, 309, 767	44, 520	41, 313	3, 207	. 02
1947	21, 480, 457	73, 542	43, 629	29, 913	. 14
1948	23, 818, 513	50, 482	31, 133	19, 349	. 08
1949	23, 928, 293	59, 482	26, 283	33, 199	. 14
1950	29, 277, 480	45, 970	31, 525	14, 445	. 05
1951	32, 423, 777	53, 940	31, 832	22, 108	. 07
1952	36, 119, 673	52, 322	32, 996	19, 326	. 05
1953	37, 944, 146	68, 533	36, 332	32, 201	. 08
1954	39, 827, 678	67, 198	41, 524	25, 674	. 06
1955	43, 559, 726	68, 951	39, 473	29, 478	. 07
1956	48, 248, 332	78, 355	37, 349	41, 006	. 08
1957	50, 502, 277	74, 437	39, 009	35, 428	. 07
1958	52, 796, 224	88, 378	50, 205	38, 173	. 07
1959	59, 961, 989	80, 507	54, 740	25, 767	. 04
1960	63, 693, 668	181, 683	51, 506	130, 177	. 20
1961	67, 308, 734	164, 765	52, 353	112, 412	. 17
1962	75, 548, 316	157, 040	59, 423	97, 617	. 13
1963	83, 388, 446	190, 188	68, 464	121, 724	. 15
1964	95, 577, 392	239, 319	113, 635	125, 684	. 13
1965	116, 833, 479	276, 737	86, 911	189, 826	. 16
1966	126, 881, 261	341, 505	100, 625	240, 880	. 19
1967	136, 752, 887	391, 691	112, 434	279, 257	. 20
Average for 1945–67	56, 396, 981	125, 182	53, 047	79, 135	. 13

*Excludes transfers to valuation reserves beginning in 1948.
†Excludes transfers from valuation reserves beginning in 1948.

NOTE: For earlier data, see *Annual Report of the Comptroller of the Currency,* 1947, p. 100.

TABLE B-31

Securities losses and recoveries of National banks, 1945-67

[Dollar amounts in thousands]

Year	*Total securities end of year*	*Losses and chargeoffs**	*Recoveries†*	*Net losses or recoveries (+)*	*Ratio of net losses to securities*
					Percent
1945	$55, 611, 609	$74, 627	$54, 153	$20, 474	0. 04
1946	46, 642, 816	74, 620	33, 816	40, 804	. 09
1947	44, 009, 966	69, 785	25, 571	44, 214	. 10
1948	40, 228, 353	55, 369	25, 264	30, 105	. 07
1949	44, 207, 750	23, 595	7, 516	16, 079	. 04
1950	43, 022, 623	26, 825	11, 509	15, 316	. 04
1951	43, 043, 617	57, 546	6, 712	50, 834	. 12
1952	44, 292, 285	76, 524	9, 259	67, 265	. 15
1953	44, 210, 233	119, 124	8, 325	110, 799	. 25
1954	48, 932, 258	49, 469	9, 286	40, 183	. 08
1955	42, 857, 330	152, 858	15, 758	137, 100	. 32
1956	40, 503, 392	238, 997	13, 027	225, 970	. 56
1957	40, 981, 709	151, 152	5, 806	145, 346	. 35
1958	46, 788, 224	67, 455	12, 402	55, 053	. 12
1959	42, 652, 855	483, 526	18, 344	465, 182	1. 09
1960	43, 852, 194	154, 372	21, 198	133, 174	. 30
1961	49, 093, 539	51, 236	10, 604	40, 632	. 08
1962	51, 705, 503	47, 949	6, 350	41, 599	. 08
1963	52, 601, 949	45, 923	7, 646	38, 277	. 07
1964	54, 366, 781	86, 500	4, 117	82, 383	. 15
1965	57, 309, 892	67, 898	4, 650	63, 248	. 11
1966	57, 667, 429	302, 656	5, 635	297, 021	. 52
1967	69, 656, 371	149, 545	6, 400	143, 145	. 21
Average for 1945-67	48, 010, 377	114, 241	14, 059	100, 183	. 21

*Excludes transfers to valuation reserves beginning in 1948.
†Excludes transfers from valuation reserves beginning in 1948.

NOTE: For earlier data, see *Annual Report of the Comptroller of the Currency*, 1947, p. 100.

TABLE B-32

Total assets of foreign branches of National banks, year end 1953-67*

[Dollar amounts in thousands]

1953	$1, 682, 919	1961	$1, 780, 926
1954	1, 556, 326	1962	2, 008, 478
1955	1, 116, 003	1963	2, 678, 717
1956	1, 301, 883	1964	3, 319, 879
1957	1, 342, 616	1965	7, 241, 068
1958	1, 405, 020	1966	9, 364, 278
1959	1, 543, 985	1967	11, 856, 316
1960	1, 628, 510		

*Includes military facilities operated abroad by National banks in 1966 and thereafter.

Table B-33

Foreign branches of National banks, 1960–67

End of year	Number of branches operated by National banks	National bank branches as a percentage of total foreign branches of U.S. banks	End of year	Number of branches operated by National banks	National bank branches as a percentage of total foreign branches of U.S. banks
1960	93	75.0	1964	138	76.7
1961	102	75.6	1965	196	93.5
1962	111	76.6	1966	230	94.3
1963	124	77.5	1967	278	95.5

Table B-34

Assets and liabilities of foreign branches and military facilities of National banks, Dec. 30, 1967: consolidated statement

[Dollar amounts in thousands]

Cash and cash items	$199, 943	Total demand deposits	$1, 982, 708
Due from banks (time and demand)	1, 534, 568	Total time deposits	6, 604, 741
Securities	262, 312	U.S. Government deposits	234, 981
Loans and discounts	4, 723, 091	Certified checks, officers' checks, official checks	77, 500
Customers' liability on acceptances	586, 086	Total deposits	8, 899, 930
Fixed assets	63, 460	Other liabilities and borrowed funds	290, 266
Other assets	127, 094	Liabilities on acceptances	587, 239
Due from head office and branches (gross)	4, 359, 762	Due to head office and branches (gross, including capital)	2, 078, 881
Total	11, 856, 316	Total	11, 856, 316

TABLE B–35

Assets and liabilities of National banks, date of last report of condition, 1950–67

[Dollar amounts in thousands]

Year	*Number of banks*	*Total assets*	*Cash and due from banks*	*U.S. Government obligations*	*Other securities*	*Loans and discounts, net*	*Other assets*	*Total deposits*	*Liabilities for borrowed money*	*Other liabilities*	*Capital*	*Surplus, undivided profits and reserves*
1950...	4, 965	$97, 240, 093	$23, 813, 435	$35, 691, 560	$7, 331, 063	$29, 277, 480	$1, 126, 555	$89, 529, 632	$76, 644	$1, 304, 828	$2, 001, 650	$4, 327, 339
1951...	4, 946	102, 738, 560	26, 012, 158	35, 156, 343	7, 887, 274	32, 423, 777	1, 259, 008	94, 431, 561	15, 484	1, 621, 397	2, 105, 345	4, 564, 773
1952...	4, 916	108, 132, 743	26, 399, 403	35, 936, 442	8, 355, 843	36, 119, 673	1, 321, 382	99, 257, 776	75, 921	1, 739, 825	2, 224, 852	4, 834, 369
1953...	4, 864	110, 116, 699	26, 545, 518	35, 588, 763	8, 621, 470	37, 944, 146	1, 416, 802	100, 947, 233	14, 851	1, 745, 099	2, 301, 757	5, 107, 759
1954...	4, 796	116, 150, 569	25, 721, 897	39, 506, 999	9, 425, 259	39, 827, 678	1, 668, 736	106, 145, 813	11, 098	1, 889, 416	2, 485, 844	5, 618, 398
1955...	4, 700	113, 750, 287	25, 763, 440	33, 690, 806	9, 166, 524	43, 559, 726	1, 569, 791	104, 217, 989	107, 796	1, 488, 573	2, 472, 624	5, 463, 305
1956...	4, 659	117, 701, 982	27, 082, 497	31, 680, 085	8, 823, 307	48, 248, 332	1, 867, 761	107, 494, 823	18, 654	1, 716, 373	2, 638, 108	5, 834, 024
1957...	4, 627	120, 522, 640	26, 865, 134	31, 338, 076	9, 643, 633	50, 502, 277	2, 173, 520	109, 436, 311	38, 324	1, 954, 788	2, 806, 213	6, 278, 004
1958...	4, 585	128, 796, 966	26, 864, 820	35, 824, 760	10, 963, 464	52, 796, 224	2, 347, 698	117, 086, 128	43, 035	1, 999, 002	2, 951, 279	6, 717, 522
1959...	4, 542	132, 636, 113	27, 464, 245	31, 760, 970	10, 891, 885	59, 961, 989	2, 557, 024	119, 637, 677	340, 362	2, 355, 957	3, 169, 742	7, 132, 375
1960...	4, 530	139, 260, 867	28, 674, 506	32, 711, 723	11, 140, 471	63, 693, 668	3, 040, 499	124, 910, 851	110, 590	3, 141, 088	3, 342, 850	7, 755, 488
1961...	4, 513	150, 809, 052	31, 078, 445	36, 087, 678	13, 005, 861	67, 308, 734	3, 328, 334	135, 510, 617	224, 615	3, 198, 514	3, 577, 244	8, 298, 062
1962...	4, 505	160, 657, 006	29, 683, 580	35, 663, 248	16, 042, 255	75, 548, 316	3, 719, 607	142, 824, 891	1, 635, 593	3, 446, 772	3, 757, 646	8, 992, 104
1963...	4, 615	170, 233, 363	28, 634, 500	33, 383, 886	19, 218, 063	83, 388, 446	5, 608, 468	150, 823, 412	395, 201	5, 466, 572	4, 029, 243	9, 518, 935
1964...	4, 773	190, 112, 705	34, 065, 854	33, 537, 250	20, 829, 531	95, 577, 392	6, 102, 678	169, 616, 780	299, 308	5, 148, 422	4, 789, 943	10, 258, 252
1965...	4, 815	219, 102, 608	36, 880, 248	31, 895, 565	25, 414, 327	116, 833, 479	8, 078, 989	193, 859, 973	172, 087	7, 636, 524	6, 089, 792	11, 334, 232
1966...	4, 799	235, 996, 034	41, 689, 580	30, 354, 996	27, 312, 433	127, 453, 846	9, 185, 179	206, 456, 287	1, 105, 147	9, 975, 692	6, 299, 133	12, 159, 775
1967...	4, 758	263, 374, 709	46, 633, 658	34, 307, 948	35, 348, 423	136, 752, 887	10, 331, 793	231, 374, 420	296, 821	11, 973, 852	6, 602, 519	13, 127, 097

NOTE: For earlier data, revised for certain years and made comparable to those in this table, references should be made as follows: Years 1863 to 1913, inclusive, *Comptroller's Annual Report for 1913;* figures 1914 to 1919, inclusive, report for 1936; figures 1920 to 1939, inclusive, report for 1939; and figures 1936 to 1949, inclusive, report for 1966.

TABLE B–36

*Common trust funds, by States, 1966 and 1967**

	Number of banks with common trust funds		Number of common trust funds		Number of account participations		Total assets of funds (millions)		Percent change in assets	
	1966	1967	1966	1967	1966	1967	1966	1967	1965–66	1966–67
Total United States	497	539	1,089	1,195	295,325	316,947	$7,612.0	$8,347.5	1.1	9.7
Alabama	6	7	10	13	1,841	2,118	19.3	22.6	6.6	17.1
Alaska	1	1	1	1	45	51	.4	.6	—	50.0
Arizona	4	4	13	13	2,606	2,858	71.2	82.4	7.7	15.7
Arkansas	3	3	4	4	985	1,026	10.2	11.9	6.3	16.7
California	11	11	35	36	24,042	25,949	521.2	613.0	1.9	17.6
Colorado	13	14	25	30	6,325	6,304	166.2	199.8	5.5	20.2
Connecticut	12	16	26	34	5,990	7,338	169.3	200.7	−4.8	18.5
Delaware	3	3	10	9	3,381	3,169	91.7	83.1	21.9	−9.4
District of Columbia	4	6	7	12	2,736	3,109	84.5	99.1	1.2	17.3
Florida	17	16	31	31	3,916	4,009	73.4	85.5	3.5	16.5
Georgia	8	10	19	22	4,967	5,214	106.5	119.1	−7.5	11.8
Hawaii	3	3	7	7	1,429	1,617	22.9	27.4	1.3	19.6
Idaho	3	3	5	5	339	677	3.5	7.5	52.2	214.3
Illinois	13	16	32	38	9,449	10,999	404.8	455.9	10.4	12.6
Indiana	13	15	26	34	3,881	4,646	67.2	83.7	−16.4	24.6
Iowa	2	3	4	7	627	948	15.8	21.6	29.5	36.7
Kansas	4	6	8	12	589	770	9.5	13.9	8.0	46.3
Kentucky	7	7	12	16	2,514	2,788	43.0	50.6	−1.4	17.7
Louisiana	2	2	2	2	275	314	3.7	3.9	8.8	5.4
Maine	7	8	17	19	2,342	2,688	61.8	66.9	1.1	8.3
Maryland	6	7	14	17	6,345	6,991	167.2	179.2	−2.4	7.2
Massachusetts	23	24	46	54	12,842	14,029	475.5	513.0	−3.9	7.9
Michigan	14	13	43	40	9,060	8,653	231.7	216.0	22.7	−6.8
Minnesota	9	10	23	27	5,716	6,513	97.3	124.6	−6.9	28.1
Mississippi	2	2	5	5	1,090	1,403	11.6	19.5	.9	68.1
Missouri	10	10	25	26	10,512	11,287	275.6	295.8	−6.6	7.3
Montana	3	3	5	5	614	672	6.4	7.6	6.7	18.7
Nebraska	4	4	7	7	1,490	1,731	29.8	37.7	18.3	26.5
Nevada	1	1	3	3	471	508	7.1	8.5	7.6	19.7
New Hampshire	4	4	6	6	314	339	10.2	11.4	−8.1	11.8
New Jersey	17	19	36	39	6,981	7,659	109.6	127.1	3.3	16.0
New Mexico	2	4	6	8	1,192	1,362	21.1	26.3	12.2	24.6
New York	24	25	79	80	28,009	28,575	1,416.3	1,530.4	.1	8.1
North Carolina	10	11	21	24	8,960	9,599	165.4	191.0	14.7	15.5
North Dakota	3	3	6	8	563	751	3.4	6.5	−17.1	91.2
Ohio	25	28	66	75	10,232	12,194	280.7	348.1	−10.6	24.0
Oklahoma	6	6	16	16	1,465	1,570	29.8	38.0	10.0	27.5
Oregon	4	4	12	13	4,949	5,236	85.2	98.2	−6.7	15.3
Pennsylvania	75	83	140	154	63,680	64,008	1,425.4	1,372.3	.2	−3.7
Rhode Island	3	3	10	10	1,924	2,065	45.4	51.7	7.1	13.9
South Carolina	2	3	4	7	1,589	2,298	14.5	27.4	−32.2	89.0
South Dakota	5	5	9	9	705	757	6.5	7.4	12.1	13.8
Tennessee	10	10	15	15	2,614	2,657	48.5	54.5	3.4	12.4
Texas	31	33	61	63	8,566	10,419	238.2	287.6	−1.9	20.7
Utah	5	5	10	10	2,367	2,550	25.0	29.3	83.8	17.2
Vermont	7	7	12	12	863	941	8.6	9.5	11.7	10.5
Virginia	23	25	45	50	8,315	8,589	180.3	194.6	4.0	7.9
Washington	7	7	24	21	6,273	6,529	119.7	137.7	9.2	15.0
West Virginia	9	9	10	10	1,100	1,338	14.1	17.1	10.8	21.3
Wisconsin	17	17	36	36	8,245	9,132	115.9	132.3	9.0	14.2
Wyoming	0	0	0	0	0	0	0	0	0	0

*These figures were derived from a survey of banks and trust companies operating common trust funds. Data are for the last valuation date in 1966 and 1967.

NOTE: Data may not add to totals because of rounding.

TABLE B-37

Trust assets and income of National banks, by States, calendar 1967

	Accounts where National banks exercise investment responsibility (Dollar amounts in millions)*				*Trust department income (Dollar amounts in thousands)*
	Number of banks	*Employee benefit accounts†*	*Other trust accounts‡*	*Total trust accounts*	
United States	1,651	$34,748	$60,729	$95,467	$438,618
Alabama	28	233	662	885	4,052
Alaska	4	6	11	17	148
Arizona	3	26	380	406	3,137
Arkansas	29	16	216	232	804
California	16	2,691	4,324	7,015	48,856
Colorado	28	157	1,028	1,185	8,336
Connecticut	13	231	1,393	1,624	8,668
Delaware	0	0	0	0	0
District of Columbia§	6	222	1,093	1,315	7,443
Florida	77	233	2,136	2,369	12,904
Georgia	26	223	864	1,087	6,688
Hawaii	1	20	99	119	781
Idaho	3	10	39	49	347
Illinois	149	5,371	5,386	10,757	46,955
Indiana	95	278	1,800	2,078	8,814
Iowa	45	50	340	390	2,188
Kansas	43	33	397	430	2,023
Kentucky	50	32	359	391	1,975
Louisiana	19	94	194	288	1,804
Maine	18	24	216	240	1,492
Maryland	11	76	482	558	2,925
Massachusetts	57	1,141	2,352	3,493	17,177
Michigan	33	2,828	1,925	4,753	14,692
Minnesota	19	742	1,513	2,255	10,431
Mississippi	17	37	157	194	933
Missouri	35	602	1,853	2,455	10,466
Montana	11	2	38	40	274
Nebraska	19	81	413	494	2,859
Nevada	2	4	122	126	1,006
New Hampshire	20	6	109	115	627
New Jersey	89	182	1,411	1,593	11,913
New Mexico	16	13	170	183	823
New York	80	11,106	7,898	19,004	75,187
North Carolina	15	172	650	822	3,736
North Dakota	8	8	52	60	436
Ohio	53	1,166	3,148	4,314	15,896
Oklahoma	36	165	688	853	3,813
Oregon	2	170	545	715	4,355
Pennsylvania	142	4,171	8,116	12,287	40,581
Rhode Island	2	161	333	494	1,963
South Carolina	8	76	349	425	1,867
South Dakota	9	13	60	73	602
Tennessee	28	111	1,126	1,237	5,623
Texas	134	1,085	3,156	4,241	21,098
Utah	2	57	127	184	936
Vermont	11	5	40	45	289
Virginia	52	137	1,058	1,195	7,257
Washington	11	274	1,034	1,308	7,359
West Virginia	28	13	283	296	1,541
Wisconsin	35	192	532	724	4,223
Wyoming	13	2	52	54	315

*As of December 1967.

†Employee benefit accounts include all accounts where the bank acts as trustee, regardless of whether investments are partially, or wholly, directed by others. Insured plans or portions of plans funded by insurance are omitted, as are employee benefit accounts held as agent.

‡Includes all accounts, except employee benefit accounts and corporate accounts, in which the bank acts in the following, or similar, capacities: Trustee (regardless of whether investments are directed by others), executor, administrator, guardian; omits all agency accounts and accounts where the bank acts as registrar of stocks and bonds, assignees, receiver, safekeeping agent, custodian, escrow agent, or in similar capacities.

§Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

APPENDIX C

Addresses and Selected Congressional Testimony of

WILLIAM B. CAMP

Comptroller of the Currency

293-544—68——15

Addresses and Selected Congressional Testimony of William B. Camp, Comptroller of the Currency

Date and Topic

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REMARKS OF WILLIAM B. CAMP, COMPTROLLER OF THE CURRENCY, BEFORE THE 70TH ANNUAL CONVENTION, OKLAHOMA BANKERS ASSOCIATION, TULSA, OKLA., MAY 4, 1967

Our Common Purposes

Looking back over my 30 years with the Comptroller's Office, one of the continuing pleasures has been meeting with bankers such as yourselves. These meetings not only provide opportunities for renewing friendships, but also stimulate thoughts on our common purposes.

Similar meetings of bankers' groups were held long before any of us attended our first, and we know that their objectives were little different from our own. Fortunately, the proceedings of these meetings were often recorded and they remind us of some of the parallels between ourselves and bankers several years ago. Shortly after my appointment as Comptroller, a friend sent me the July 15, 1905, issue of *The American Banker.*

This issue featured a report of a meeting of the Tennessee Banker's Association, including copies of some of the speeches that were made at their 1905 convention on top of Lookout Mountain. Reading these speeches, I was impressed with the enduring nature of some of the fundamental principles and problems of banking; only the reactions in response to the world about us change and therein lies the touchstone of successful, meaningful and useful bank supervision. Put simply, in order to exploit emerging opportunities, we must meet present circumstances and developing conditions in new and imaginative fashion. Indeed, the commercial bankers have pioneered and led in many of the modern innovations that are commonly accepted by business today.

Banking is a changing field—a dynamic field—and I encourage the young men entering the profession, just as I encourage you today, to stay abreast of modern needs and opportunities. But we must, at the same time, be sure our reactions and practices are consistent with prudent and sound banking operations. Our ultimate goal is, after all, the preservation of a viable and sound banking system.

This is not an easy task in today's world of computers, satellites, and supersonic jets; nor was it in years past. According to the July 1905 *American Banker,* we were in "an age of wonderful advancements, startling discoveries, and fast transportation like the 'Pennsylvania Flyer,' a train which could go from New York to Chicago, some 900 miles, in 18 hours—wireless telegraphy, the automobile, (and) the flying machine."

The speakers before the Tennessee bankers were fully aware of the difficulties in following "safe, prudent banking" practices while adapting to existing needs. In lauding the virtues of "conservative banking" one speaker observed that "Conservatism as commonly interpreted is a very desirable element in the makeup of the executive officers and directors of a bank, but conservative banking that opposes change because it is change has no place among the progressive and successful bankers of today."

The man who carries a half bushel of corn in one end of the bag and a large stone in the other end to balance it as he rides horseback to the mill, because his father did it that way, is out of harmony with this age of progress and development. And yet, the man who grasps at every new fad and change that comes along and adopts it because it is change, without first carefully and patiently considering its suitability and desirability, thinking only how brilliantly he may outstrip his more plodding competitors, is an unsafe leader.

Fads are easy to follow; often too easy, not because bankers are given to fads and fashions but rather, I think, because fads are often imprudent, well meaning reactions to a rapidly shifting environment.

Never before have we been in the midst of an economic climate undergoing such rapid and pervasive changes: industries appear almost to arise fullblown out of Minerva's head; the activities of others are transformed almost as readily; business and household locations shift from central-city to suburbs, from East to West, from North to South, from rural to urban and back, almost in disregard of traditional locational ties.

These changes are not always predictable and sometimes follow patterns that are quite unexpected. All of you present are aware of industries or of centers of residential construction in your own communities, which once seemingly promised a prosperous and extended growth, but ultimately faded away. No doubt we could compile a long list of such disappointments.

The future course of your communities' industrial and residential growth is by no means the only difficulty in adapting to a changing world. Most of these conditions call for new practices, for new credit techniques, for new bank services, or for expansion of existing practices. In my opinion, banks in recent years have done a truly outstanding and imaginative job of developing and adapting their procedures in response to these demands, and, as stated earlier, in exploring and leading the way for modern business techniques.

The initial introduction of new services, no matter how carefully thought out in advance, is only one step in the ultimate expansion of a bank's services to the public. Until we have experience, it is difficult to judge the effects and the benefits of proposed new practices. One vital aspect of innovation, especially by banks, is the continual and most careful appraisal of information concerning the costs and benefits—both to the bank and to its customers—of any newly introduced service. I would certainly not quarrel with any sincere banker striving to be of maximum service to his community. I would only caution him to have his homework done, and to first explore a new course as fully as possible with all the management techniques and tools at his command.

The present rush by banks to introduce credit cards may serve as a case in point. On the whole, it appears that by venturing into this area, banks deserve high marks for aggressively serving clear and legitimate public needs. In a continuing effort to keep our examination procedures current, we are adding a special section in the report dealing exclusively with credit cards. This should prove especially valuable to banks currently offering credit cards and to those of you contemplating the same.

Some 20 years ago, installment lending by banks was approximately at the same point in development that credit cards are today. Many forecasted doom if banks were to enter the consumer credit field. Yet today, the installment loan function is the "bread and butter" of many banking operations. This was not accomplished without problems being encountered, but these obstacles were solved by the banking system, one that allowed itself the flexibility and foresight to adapt under the most negative and pressing conditions. No doubt many of you present helped to make installment credit the profitable business it is today.

The credit card is simply another means of extending credit. The banker who extends credit, whether it be in large or small amounts, has the responsibility to his borrower, to his bank, and to his community to exercise prudent judgment. Credit is a positive and constructive force when administered with intelligence. Indeed, I know of no business or businessman in our present economy who could survive and build without some form of credit being available to him.

Credit is one of the industries which has served to make our country strong. When abused, it can be destructive, not only to the recipient, but in extreme circumstances to the credit grantor, and ultimately to the national economy. Like atomic energy, it must be harnessed for the good of the Nation, because when perverted, abused or carelessly administered, it has latent power for destruction.

Certain studies which are now underway, coupled with the new section in our examination report, hopefully will pinpoint any inherent problems in this activity and provide sound guidelines for future operations.

For each of us, operating banker and bank supervisor, this seems to be a time for thorough analysis. This is not to imply that the Comptroller's Office, during my tenure, intends to rest on past groundwork—only, that change just for the sake of change is not always the most prudent road to travel. It is just as necessary today, as in years past, to maintain the proper perspective in choosing between innovations and traditional methods.

During my career with the Office of the Comptroller of the Currency, one of my most significant observations has been the efforts of the banking system to meet the needs of their communities and our great Nation. This has been accomplished, both at the State and National levels, through the establishment of new banks and branches, and through the establishment of new supervisory and management techniques to aid the banks in helping to develop their communities.

It should be pointed out that this Office does not, of course, select any new sites for proposed banking facilities, as this determination must rest with the applicants. Applications for new charters and branches should represent well-meaning efforts to respond to the growth, to the changing geographic distribution, and to the changing population and industrial composition of towns and cities. However, we frequently find, in reviewing branch and charter applications, that these applications are not always well conceived and even today's high level of income and growth do not guarantee the prospects of a poorly located bank or branch any more than they guarantee an overextended line of credit.

The banking system's structural response to the challenges that have faced it has been widely discussed. Much of this discussion has, in my opinion, been misdirected to the alleged conflicts between the various regulatory and supervisory agencies. To me, the reputed conflict has been overdrawn.

As a member of the Board of Directors of the FDIC, I have not missed a single meeting since becoming Comptroller. Nor have I missed a meeting of the Coordinating Committee on Bank Supervision, of which I am currently Chairman.

I do not envision anything other than a very smooth operation of the Coordinating Committee. Certainly, in a great democratic process such as we have in this country, there are bound to arise differing views from time to time. But that's healthy, and those differing views will in no way bring about any cleavage in the Committee.

The common objectives of the bank regulatory agencies have brought forth productive results in the past few months. For example, the agencies devised a formula which was inserted in the December 1966 report of condition in order to obtain the liquidity position on a given date of the commercial banking system. Each insured bank, as a supplement to its report of condition, was requested to supply uniform information with respect to its volume of liquid assets. While the formula employed is by no means perfect, it nevertheless was the first time the bank supervisory agencies received uniform liquidity data on the banking system.

We initiated a procedure for dealing with the transfer of information involving changes of ownership of insured banks, loans to executive officers, and loans on bank stock. This information is especially helpful to each agency in discharging its supervisory responsibilities. In addition, when the occasion warrants, the agencies have conducted simultaneous examinations. The advertising guidelines are another example. Other matters presently under study are a uniform report of condition, accounting regulations and capital adequacy.

I am happy to report, in short, that the climate among the regulatory agencies has reached a high point from the standpoint of cooperation and assistance in all matters of mutual interest, and I am confident this will redound to the benefit of commercial banking throughout this country.

The structure of commercial banking in the United States has been shaped by the existence of both State and National supervisory agencies. Some critics have held that the dual banking system is a vehicle for opposing change.

This is unfortunate, and, quite frankly, *wrong!* To my mind, the dual banking system is well suited for facilitating change and for generally pursuing our common purposes.

As I have stressed, our common purposes stem from the necessity, and benefits, of adapting our banking practices and institutions to the changes that America's dynamic, and sometimes erratic, development thrusts upon the banking system. This development is complex and varied; some aspects of the changes in the economy of Oklahoma and of your own communities often differ widely from that of other States and of other communities. So, too, must the responses of banking in Oklahoma and in other States vary if local banks are to best serve their own communities. For individual bankers, this sometimes involves an aggressive, yet judicious offering of modified or new services that are permitted under existing ground rules, our various State and Federal banking laws.

But, as we are all well aware, ground rules which were considered adequate, or even liberal, a few decades ago may now strangle legitimate efforts of banks to best serve their communities. Moreover, ground rules that suffice for one State may smother the operations of banks that face very different challenges in another State.

The dual banking system, above all else, provides the freedom to mold the ground rules to best serve the circumstances of individual States. Looking at banking in all States, as I must, I am forced to consider regulatory policy in terms of its effect on all National banks which operate under many and varied circumstances. But for individual States, it seems to me that the dual banking system permits a smooth evolution of banking legislation—a particular experiment can be confined initially to one State, and individual States are able to draw on the results of other States. It also places the responsibility for initiating changes in many ground rules with the States' banking community, bank supervisors, and legislature.

But we must be ever vigilant—we must constantly reexamine our ground rules and their restraints on services to our communities, and we must be constantly prepared to initiate those changes which studies show to be necessary and in the public interest. Only by continual reexamination of our policies, can we meet the challenges of today's dynamic economy with aggressiveness and imagination. Whenever any of us neglects the continual review of our policies, be they operating, supervisory, or legislative, we neglect our responsibilities in pursuit of our common purposes.

BEFORE THE TEXAS BAR ASSOCIATION IN CONVENTION, DALLAS, TEX., JULY 7, 1967

I am honored and pleased to have the opportunity to address this distinguished gathering of attorneys from my home State of Texas. It is not often that a client gets an opportunity to talk back to this many lawyers at once, so I accepted the invitation to speak to you with special pleasure.

I think I more than qualify as a client. When I took office as Comptroller of the Currency early this year, I probably inherited more lawsuits than any Comptroller in history. Fortunately, I also inherited an able staff of attorneys. Many of these suits involve important issues which may be of interest to you, and if you will excuse a layman's presentation of these issues, I shall be glad to summarize some of them a little later.

Long before the involvement of our Office in extensive litigation, the attorneys on our staff were considered a highly important element of our team of professionals. That team is made up of our Deputy Comptrollers, Bank Examiners, Economists and Administrative experts in addition to our attorneys. Together they make up what we think is one of the most competent professional staffs of any agency in Washington. Their specialty is banking in all its aspects. The function of our Office is the supervision and regular examination of all National banks and the enforcement of all Federal laws and regulations which apply to National banks. In cooperation with the other Federal and State agencies concerned with financial institutions, our sole aim is the furtherance of the soundness and liquidity of our entire banking system.

My title, Comptroller of the Currency, is no longer descriptive in any material way, of our functions. As all of you I am sure are aware, the National banks ceased issuing currency of circulation many years ago. The term Administrator of National Banks is much more descriptive of our actual operation.

In the performance of its functions, any banking agency must depend heavily upon its lawyers. Banking is an industry which touches law in all its forms, perhaps more so than any other business. Each banker and bank supervisor must thread his way through an intricate network of State and Federal statutes, case law and regulations. This network is constantly being revised to meet the everchanging nature of our business environment. Indeed, in too many cases, the change in law and regulation has not been rapid enough, and our attorneys must try to fit new forms of banking activity into statutory and regulatory molds which were formed to fit earlier technologies.

As an example, the development of automation is having a tremendous effect on bank operations and our lawyers and other staff people are constantly being asked whether this or that activity made possible by use of computers is permissible under present law and regulation. In the larger institutions, the computer has virtually revolutionized bank operations and has opened up many new opportunities for service to the public. Our latest lawsuit covers just this question—the scope of the permissible activity by banks in the computer field.

We think that the function of an agency, such as ours, is not to obstruct new activities by banks, but only to watch carefully the effect of such activities on the financial soundness and liquidity of each particular bank. Today, the rush is on for banks to finance consumer purchases by the use of credit cards. On the whole, it appears that by venturing into this area, banks deserve high marks for aggressively serving clear and legitimate public needs. We, in turn, have added a special section in our regular examination which deals exclusively with the credit card operation.

If the public continues to accept the concept of revolving credit and credit cards as a convenient means of financing its purchases of goods and services, it may be necessary for you, as lawyers, to urge upon the courts and legislatures such changes in State and Federal statutes or precedents as may be necessary to adapt current law to current lending practices.

This is just one of the many types of legal questions which we have to deal with daily. I think one of the reasons we have been able to attract top law students, as well as experienced attorneys to our staff is the great variety of legal work in our Office. Although we deal with only one industry—banking, on the law side we have to cover all three branches of government. Our attorneys may be in court in the morning, before a Congressional committee in the afternoon and, of course, dealing with the Executive Branch all day long.

One of the most important and apparently growing activities of our lawyers is participation in administrative hearings on applications for new National bank charters, new branches of existing National banks and mergers. The final adoption of a practical, fair and expeditious hearing procedure for such applications is a task which is absorbing our attorneys, as well as those of other Federal and State banking agencies.

It would seem that the hearing procedures for handling such applications should by now be set, but the fact is that for almost 100 years from the founding of our Office in 1863 until about 1963, the licensing functions of our Office were conducted on an entirely informal conference basis without adversary proceedings. An authority on administrative law, Professor Kenneth Davis, in his *Treatise on Administrative Law,* described these proceedings as follows:

> The striking fact is that whereas the nonbanking agencies administer their systems of requiring license and approvals by conducting formal adjudications in most cases involving controversies, the banking agencies use methods of informal supervision, almost always without formal adjudication, even for the determination of controversies. The contrast is a striking one with respect to each parallel problem; for instance, the problem of the extent of community need is about the same whether the application is for establishment of a bank, a television station, or an airline, and yet the problem is handled in the banking field by the methods of the business man and in the other fields by the methods of the judge in his courtroom.

The informal conference method referred to by Davis, of course, could not have been utilized for almost a century without the approval of the industry affected, the courts and the Congress.

With respect to the general feeling of bankers on this question, I think it is a safe assumption that the great majority of them favor the conference method over the adversary approach. If this were not so, I think that there would have been legislation on the point long before now.

Every court considering the question, has held that there is no statutory or constitutional requirement for a formal adversary hearing prior to our action on an application. There are quite a few cases on the point, the latest appellate case being *Webster Groves Trust Co.* v. *Saxon,* decided by the Eighth Circuit Court of Appeals in December 1966.

Despite this long history of acceptance of our informal approach to licensing matters, there has been considerable push toward more formality in recent years. The competition for choice locations in rapidly developing suburban areas has become increasingly intense with a corresponding increase in protests by competing institutions and conflicting applications for the same location. Other causes include an increasing number of applications for new bank charters with corresponding increased opposition by existing banks, as well as developments in the law concerning bank mergers.

There are also other factors which have led us recently to a reexamination of our administrative processes. One such factor was the decision of the Fourth Circuit Court of Appeals in the *First National Bank of Smithfield* v. *Saxon.* The court, while upholding the general rule that neither due process nor any statute required our Office to hold adversary proceedings, held that in the absence of such proceedings the district court must receive evidence on and decide *de novo* the question of whether the community needed a new branch bank. There have also been some bills introduced in the Congress which would require our Office to hold full scale Administrative Procedure Act hearings prior to the chartering of new banks or branches.

Thus, the traditional informal conference methods of handling matters is coming under scrutiny from various directions. I wish to underline with all the emphasis I can, the fact that under our traditional informal procedures, all parties, whether applicants or protestants, have equal access to those people in our Office who are responsible for making recommendations and decisions.

First, our Examiners visit the community to be affected, interview the applicant, competing bankers and others representing a wide cross-section of the business and civic life of the community. The State Supervisor of Banking is contacted for his views. After the application has been thoroughly investigated and a recommendation made by the Regional Administrator, it is forwarded to Washington for consideration by Deputy Comptrollers, Law, Economics, and other departments. At any time during the process, any officer responsible in the field or in Washington, is free to telephone or call in any person interested in the application, whether for it or against it. Similarly, any protestant could ask for and receive an opportunity to express his objections to the application to our people. However, the procedure was essentially investigative, rather than adversary, and opposing interests were not called in at the same time.

This same procedure is still being used in the handling of uncontested applications. In certain cases, however, on the request of an applicant or a protesting party, we now schedule adversary hearings held usually in the regional office. While these hearings are not conducted with the full formality of an APA hearing, a verbatim transcript of the proceedings is taken and cross-examination by opposing parties is permitted.

In the near future it is our expectation that a final format for these adversary hearings will be published in the *Federal Register.* In these procedural regulations, we will do our best to serve the interests of fairness to all parties and, at the same time, not bog down the growth of the industry in a morass of administrative and judicial proceedings. It will do neither protestants nor applicants any good if a procedure is adopted voluntarily by our Office or forced upon us by the courts or the Congress, which will prevent *any bank* from using a contested location for the two, three or more years it takes to resolve a contested administrative proceeding held in accordance with the Administrative Procedures Act. That would be akin to throwing out the baby with the bath water and, in this case the baby could be the best interests of the banking system. I am confident that through the application of the best principles of administrative law, our agency and the other Federal and State banking agencies which are encountering this problem, can come up with a practical solution which will be supported by the courts and Congress.

In the time remaining, I will summarize as best I can the issues involved in some of our more important recent litigation.

I would like to start with a case that we lost recently. I refer to the so-called "revenue bond" case. *Baker Watts, et al.* v. *Saxon and the New York Port Authority.* The plaintiffs in *Baker Watts* were a group of investment bankers who challenged the legality of our position on the types of public securities National banks can underwrite.

The Federal District Count for the District of Columbia, held that under applicable statutes, National banks cannot underwrite any bonds which are not directly or indirectly backed by the full faith and credit of a political entity possessing general taxing power, including the power to tax real estate within its borders. The statute in question, 12 U.S.C. 24 uses the words "general obligations of any State or of any political subdivision thereof," and we argued to the court that the concept of taxing power is nowhere contained in the statute.

Unfortunately, not only did the district court disagree with us, but also the Federal Reserve Board and the Solicitor General. The Solicitor General has the power of decision whether to appeal such matters and, contrary to our recommendations, the decision was made that the government not appeal the case, although we understand that the Port of New York Authority is pressing its appeal.

As a result, the arena for this rather long-standing controversy has shifted in part from the courts to the Congress, where a bill, S. 1306, is pending which would permit commercial banks to underwrite the bonds in question. As we see it, the only issue involved in the revenue bond matter is the strictly legal one. It is no longer true, if it ever was, that public bonds payable out of specific sources of revenue, present greater underwriting risks than do the so-called general obligation bonds. Many revenue bonds are rated higher than some general obligations and, in the case of other issues, the reverse could be true.

Consequently it does not appear that the restrictive interpretation reached by the court, will result in any significant safeguards against banks taking undue underwriting risks. It could result, however, in appreciably higher costs to these public issuers who are denied the benefit of bids from commercial bank underwriters. At the request of the Senate committee considering S. 1306, our Office, in cooperation with the Federal Reserve, is attempting to gather significant price data on the underwriting costs of bonds on which commercial banks have been permitted to bid, as compared with those issues on which commercial bank participation has been prohibited. Our Office regards revenue bond underwriting as a legitimate and prudent activity for National banks, and we support the pending legislation to permit this activity.

The most significant recent case involving our Office is the one brought in Minnesota three weeks ago by the Association of Data Processing Service Organizations against the American National Bank and Trust Company of St. Paul and our Office. It challenges the right of National banks to contract for the performance of computer services for customers and for others. As I mentioned earlier, banking is rapidly becoming heavily computerized. In view of the rapid technological developments in this area, this case is certainly one of our most important pending pieces of litigation.

American State Bank v. *Saxon and the Kenosha National Bank* is in Federal District Court for the District of Columbia. The issue is whether a Wisconsin State statute, which authorizes savings and loan associations to have branches in Wisconsin, may be interpreted as permitting the establishment of branches by National banks in Wisconsin. I understand that a similar fact situation exists here in Texas. The former Comptroller, Mr. Saxon, gave tentative approval to the defendant Kenosha National Bank to open a branch on the theory that the National Bank Act (12 U.S.C. 36) permits National banks to branch at locations where State banks are permitted to branch. The basis of the defendant's position is that the definition of State bank in section 36 includes any "institution carrying on the business of banking" and that savings and loan associations are, in fact, essentially engaged in carrying on the business of banking. The plaintiff, a State bank, made a motion for summary judgment enjoining the opening of the branch. The District Court refused to rule that, as a matter of law, the plaintiff was entitled to his injunction and has set the case for trial on the mixed question of fact and law of what constitutes the business of banking. The trial has not yet been held.

Arnold Tours Inc. v. *The Comptroller and the South Shore National Bank* is a recent case, pending in Federal District Court in Massachusetts. It involves the issue of whether a National bank may legally offer travel services. It has long been the position of our Office, and this antedates Comptroller Saxon, that providing travel agency services for its customers historically has been a part of commercial banking and within the incidental powers of National banks. The plaintiffs, a group of independent travel agents, are challenging the correctness of our ruling and the activities being conducted pursuant to it. The case is in an early stage and no decision has been rendered.

First Citizens Bank and Trust Company v. *Saxon*, pending in the Eastern District of North Carolina, is representative of a group of branch cases filed in the Fourth Circuit. In these cases, competitor banks are seeking to enjoin the opening of National bank branches on the ground, among others, that hearings afforded to protesting parties by the Comptroller are inadequate. Some of these suits were filed following the decision of the Fourth Circuit Court of Appeals in *First National Bank of Smithfield* v. *Saxon* discussed earlier. As I said before, we regard the issue of administrative law involved in the North Carolina cases as a most important one not only for our Office, but for the whole banking industry and all State and Federal agencies with authority to license new banks and branches.

Some of the North Carolina cases involve another unresolved issue of importance. That is the extent of the reach of the Supreme Court decision in *Walker Bank and Trust Company* v. *Saxon*, the Utah case. You will recall that the Supreme Court held specifically in *Walker* that a provision of the Utah law, permitting branching only by acquisition of an existing bank, was binding on National banks, but it did so in rather general language. The application of the *Walker* rule to other types of State law provisions, such as provisions requiring determinations by State administrative officials, will probably require further clarification by the courts.

Georgia Association of Independent Insurance Agents v. *Saxon* is a challenge to our ruling which permits National banks to sell credit life and other types of insurance coverage incidental to the lending function. The district court for the Northern District of Georgia held against us. However, an appeal is being taken to the Circuit Court of Appeals.

Investment Company Institute v. *Saxon* challenges our ruling permitting a National bank to sell participations in a pool of securities managed by the bank as a fiduciary. The suit is based on the Glass-Steagall Act which had as one of its purposes the separation of investment banking from commercial banking. The case was argued last week in the Federal District Court for the District of Columbia, and we are awaiting decision.

I will end with a case which we won recently in the district court for the Northern District of Florida, *First National Bank in Plant City and Camp* v. *Dickinson*. The issue was whether the use by a National bank of an armored car to pick up money for deposit from stated locations, constituted unauthorized branch banking. Our position is that it did not. The court granted our motion for summary judgment on this issue, and the other side has filed a notice of appeal.

I think you will agree with me after listening to the brief summary of some of our recent activities, that law and banking are closely interwoven. Lawyers are an integral part of our team. In conjunction with the rest of our staff, they perform a vital function in the carrying out of our basic mission—the protection and furtherance of a viable and sound banking system.

BEFORE THE WEST VIRGINIA BANKERS ASSOCIATION AT THE GREENBRIAR HOTEL, HOMESTEAD, W. VA., SATURDAY, JULY 29, 1967

Bank Management and Community Development

No one who traverses the rolling hills, the fertile valleys and the lofty mountains of this State can fail to be moved by the grandeur of its beauty. Many have learned the joys you offer to vacationers. Some, like myself, look forward to pleasant years of retirement within your borders.

Your material resources are rich and enormously varied. Near at hand lie the burgeoning markets of the metropolitan East as well as the South and Midwest. Opportunities abound for an accelerating pace of development.

But this future has to be created—it will not emerge without foresighted policies and dedicated efforts. No group will play a more critical role than you, the leading bankers of the State.

Throughout modern history, those nations have advanced most which have been blessed with bankers of vision and enterprise. The same has been true of areas within nations.

Our country's economic development is going forward so rapidly—and in so many directions at once—

that its most constant aspect is change, itself. Products and services which were unknown a few years ago are commonplace commodities today. In this restless ferment of growth, entire industries migrate from one site to another, and those they employ either move with their old jobs to new locations or find work in still different areas of enlarged opportunity.

It is not uncommon to ask a new acquaintance where he is from and have him reel off half a dozen localities in which he has lived and worked over the past decade. The reasons are not difficult to understand. Societies progress by mastering their environments, improving their technologies, and making the best and fullest use of their human and material resources. In an age of far-flung markets and highly-technical and large-scale enterprise, an essential ingredient for success is capital.

The banking system is the chief instrument for the gathering and distribution of capital resources, and the skill and energy which bankers display in performing this function will critically determine the rate of economic advance. In my opinion, banks in recent years have done a truly outstanding and imaginative job in developing and adapting their procedures in response to these demands. But this is only the beginning and banks must remain alert to the opportunities which present themselves almost daily.

This high responsibility of bankers for community development is often obseured by the nature of the public controls applied to banking. Those of us who have the task of supervising the banking system often appear to be more concerned with what bankers should *not* do than with what they *should* do. And, in a democratic society, it is right that this should be so. The discretionary authority of bank management should not be limited except where bank solvency and liquidity are threatened. In such instances, when bank management has obviously failed, we have an obligation to step in and carry out our supervisory responsibility.

But banking, nevertheless, remains in a unique position in terms of its public role and its public responsibilities. In most other industries, we rely on freedom to compete as the principal safeguard of the public interest. Bankers, in contrast, enjoy a large measure of freedom from competition. More significantly, they stand alone in their publicly-conferred authority to create credit.

A less tangible, but equally real factor, is the position of trust and confidence which bankers enjoy as community leaders. The spirit which motivates the banks of a community will intimately influence its entire outlook. Show me outstanding bankers doing a *real job* in their area, and I'll show you a striving, exuberant, industrious community. This is especially true of smaller communities, where the sources of leadership are ordinarily fewer and outside influences usually are not as pronounced.

There was a time when bankers, and those who supervised banks, were seemingly not overly interested in seeking new methods of assuring the most effective use of their resources. Indeed, this was true for a long period following the bank holiday of 1933, and it has not entirely disappeared. But now there is a growing awareness that banks should be more than mere repositories of savings.

They are—as they are described—true financial intermediaries between those who save and those who spend and invest. Banks are the source of finance for much of the industry and commerce of the Nation—for businesses both large and small, those now in operation and those in prospect for the future.

The manner in which banks draw upon and utilize the resources at their command—more than any other single factor—will set the pace and direction of industrial and commercial development throughout the Nation. Indeed, I know of no business or businessman in our present economy who could survive and build without some form of credit being available to him.

Credit is one of the industries which has served to make our country strong. When abused, it can be destructive, not only to the recipient, but in extreme circumstances to the credit grantor, and ultimately to the national economy.

Banks are living institutions with great and often unrealized capacities to serve their communities. I know there are some who fear that if banks expand their functions they will tread on the toes of established competitors in related fields. But so long as their activities remain essentially financial in nature, and do not imperil their solvency and liquidity, I see no valid criterion of public policy which can justify withholding their services to the communities in which they operate.

This is a matter of the highest importance, particularly in States which are on the threshold of a new level of development. It is often the case in these States, that capital and enterprise are deficient in terms of the prospects which confront them.

What is essential is a vital, vibrant core of initiative, coupled with the skill, experience and resources to conceive new ideas and make them a reality. This need is likely to be the greatest where the population of a State is widely scattered and low in concentration, and particularly where a unit banking system prevails.

In these circumstances, it is often true that a single local bank represents the principal—or even the only—source for nurturing and conceiving plans for community development. The local banker has the knowledge and the experience to appraise new prospects and new opportunities; his leadership is respected in the community; he represents a vital source of needed initial financing; and he can call more readily on required outside assistance.

Perhaps, most important of all, where small and less well-known businesses are involved, the local banker's judgment and willingness to assist is often the controlling factor determining the future of these enterprises.

This concern with the best use of resources transcends both local and State boundaries. Wherever any community in the Nation fails to develop its full potential, it impoverishes the entire Nation in that degree. If all our resources were fully mobile, the problem would be less difficult. But it is obvious that many material resources are highly immobile. And even labor and entrepreneurial skill are often tied closely to local areas.

It is thus of the utmost importance to the national welfare that, in every community, there should be forces at work to develop its full potential. This is a local responsibility fully in keeping with our national ideals and traditions. In this endeavor, the banking system has a vital role to play.

Not all communities are alike in the opportunities which present themselves. But the immensely widened range of activities which banks in many cities have undertaken in recent years does afford an example of the prospects for banking services in community development. Both in ordering its internal operations, and in conceiving new ways to bring its services to the public, the banking industry is constantly undergoing a rebirth of enterprise.

Change and awareness are the words today. We must constantly reexamine our methods of doing business and be prepared to initiate those changes which studies show are necessary and in the public interest. Only by this policy can we meet the challenges of today's dynamic economy and not be neglectful of the contributions each of us should make to our community, State and Nation.

Such efforts bear fruit not only in the constantly increasing profitability of banking operations, which in each subsequent period has reached record levels, but also in imparting the necessary vitality to the industry and commerce of the Nation.

There are some who are concerned that this new spirit manifested in the banking industry is not in keeping with its prudent traditions. But I find nothing imprudent in seeking new methods to better serve the public. These new services, provided they are soundly conceived and administered, will redound to the benefit of the banks and the public. As I have stated earlier, the bankers who are willing to pioneer, to employ the capital, and have the vision and, yes, the courage, will be the leaders of tomorrow.

The greater risk is that these opportunities will be imprudently neglected out of a narrow view of the banker's proper role in the development of his community. The public franchise, which bankers enjoy, places upon them a special responsibility of trust to see that the mechanism of finance is soundly employed.

This responsibility calls for nothing less than a constant alertness to community needs; the vision to see the prospects which lie ahead; and the leadership to convert prospects to full reality.

You, as taxpayers, and, certainly the National bankers among you who so enthusiastically contribute to the annual cost of our operations, may be waiting for a few words concerning our own responsibilities and how we intend to carry them out in the future.

I would describe the primary assignment and function of our Office as the examination of banks to the best of our ability. As I have stated on several occasions, one of the principal emphases during my tenure as Comptroller will be on better examinations. This is not to say that examinations have not been good in the past, only to say that we shall continually strive to make them better; and I hope whoever follows me as Comptroller will endeavor to improve the examining and other functions of our Office to the same extent. When I became Comptroller, we set about to augment our examining personnel by at least 200 new examiners. In this connection, we have 14 men throughout the United States who visit the colleges and universities on a continuing basis, in an endeavor to recruit the top graduates. Up to the present time, we have been able to recruit, in a highly competitive market, about 150 new examiners. I have discussed the examining functions with President Johnson and I know of his deep interest in this area of the operations of our Office.

I should point out that I use the word "examine" in its broadest sense. I believe the word "analyze" would be better to describe the work of a National Bank Examiner. We insist that our examiners review all facets of bank operations. In doing so, we require the examiner to assess thoroughly the capacity of management and of operations and procedures. Here, I would stress good internal control procedures, because a bank with a sound system of internal checks and balances is less likely to suffer serious losses. With this in mind, we have for some time placed additional emphasis on internal audit controls and verification procedures. And, our examiners are required, in those banks which they determine to lack adequate internal controls, to perform whatever additional audit functions they deem essential to get a complete picture of the banks' operations. Our aim is not to routinely provide an additional audit, but to bring about the adoption of satisfactory internal controls within the bank. We believe that our experience since the issuance of our directive has sustained its value to the banking industry. The overwhelming majority of banks, especially in the medium- and larger-sized institutions, had adequate internal controls prior to our directive. All but a very few of the remaining banks have instituted adequate internal control systems since the issuance of our directive.

I would like to reemphasize that our responsibility is largely supervision. In this connection I wish to say again that I do not believe it is my duty to keep out competition resulting from any function that a bank, in our judgment, can legally perform directly so long as these functions are soundly conceived and operated. It has been our experience that bankers do not need government supervisors to tell them how to go after new business or to initiate new activities. We are confident in your ability to respond to the challenges of our changing times.

Before the General Session of the 93d Annual Convention of the American Bankers Association, New York, N.Y., Tuesday, September 26, 1967

The history of banking in our country has paralleled the rise in stature of the Nation to the greatest among the world's industrial powers. It has reflected our struggles and our advances—our political as well as our economic development from a loose association of States to a vigorous and forceful Federal union. And it has borne the mark of the vicissitudes which have characterized the developing relationships among the States and with the Federal government, the alternating cycles of boom and bust which we experienced for many generations, and the changing conceptions of the proper role of government in relation to business.

Through the years, banking policies often have been the object of public controversy and political action. Operating practices, which in other industries are solely the responsibility of management, have, in banking, been matters of public concern and public control. The competition for banking markets has thus been transferred in some degree to the political sphere. Where political action replaces market competition as the instrument of business rivalry, policy differences are likely to be emphasized and to attract greater public notice.

Our concern should be to find, beneath these differences, some common ground—*a unifying principle*—upon which we can agree and which will furnish a better perspective of the challenge we now face.

Many of the disputes of recent years have been merely jurisdictional. Banks are chartered and regulated both by the Federal Government and by the States. The course of political events has, in turn, favored one and then the other class of banks.

Within the Federal Government, banking is regulated by three agencies with basically different responsibilities and thus different outlooks on banking policies. This has produced varying attitudes concerning the proper function and purpose of bank regulation.

I regard the jurisdictional issues as the least important of the questions we face. When we consider that any set of banking laws and regulations is quickly outmoded in the dynamic world in which we live, there are significant advantages in having more than one agency involved.

The truly important questions relate to the proper functions of banks and the appropriate range of their operations. These are issues which would not arise in the unregulated sectors of the economy—because there we rely principally on private competition to safeguard the public interest. Nevertheless, it is in the unregulated industries that we are likely to find some guide to the limits that should be placed on bank regulation. I say this because, in the traditions of our private enterprise system, any deviation from freedom of competition must be clearly defined and clearly justified.

Bank regulation is designed for the purpose of establishing and maintaining public confidence in the solvency and liquidity of banks. These controls are regarded as necessary in order that banks may perform effectively as the principal channel through which financial resources are directed to productive uses, as repositories of a large part of the Nation's savings, and as the major source of our money supply.

As I have stated on earlier occasions, banking is a changing field—a dynamic field—the achievement of community and national growth calls for new practices; for new credit techniques, for new banking services and for expansion of existing practices. Banks in recent years have done a truly outstanding and imaginative job in developing and adapting their procedures in response to these demands and in exploring and in leading the way for modern business techniques.

If we are to respect our traditional reliance on private initiative and freely competitive markets, banks should be entirely free to compete in the performance of any financial function which does not impair their solvency or liquidity. Indeed, they should be encouraged to do so as the institutions best equipped to serve their communities in this respect.

It is clear, when we examine recent banking history in this perspective, that many of the controversies relate not to the capacity of banks safely and prudently to extend and diversify their operations in response to emerging public needs, *as they should*—but to the very different and much narrower issues of State versus National banks, large versus small banks, and banks versus nonbank financial institutions. There is little hope that a banking system fully capable of taking its place within the most dynamic and most forward-moving economy in the world, can be sustained if we center our attention on issues such as these.

The broad interest of the public is in making certain that all banking needs are efficiently served as they arise, and that the fullest and most effective use is made of all banking facilities.

Indeed, the structure of commercial banks in the United States has been shaped by the existence of both State and National supervisory agencies. Some critics have held that the dual banking system is a vehicle for opposing change. This is unfortunate, and, quite frankly, *wrong!* To my mind the dual banking system is well suited for facilitating change and for generally pursuing a greater unity of purpose.

If all banking authorities charter new banks and authorize new branches independently, on the basis of the unfulfilled needs which exist at the time of application, the broadest scope will be preserved for initiative by banking groups, and there will be the least risk of overbanking or underbanking. The chance will be maximized that the most enterprising and the most efficient banks of all sizes and in all jurisdictions will prosper and grow, and that the public will be served to best advantage.

The manner in which banks draw upon and utilize the resources at their command—more than any other single factor—will set the pace and direction of industrial and commercial development throughout the Nation.

In the past, the limitations placed upon the range of banking functions have encouraged the rise of nonbank financial institutions, and thus produced new groups with competitive interests to be served through political action. Here again, the public interest would best be served by insuring the fullest use of the great potential of the banking system to serve consumer needs—within the limitations of bank solvency and liquidity.

Some seek assurance that the added competition of banks in performing new functions will produce measurable benefits. But it is the restriction of competition, and not its furtherance, which requires defense and justification. In financial, as in other markets, the presumption lies in favor of maximizing competition—and banks should not be excluded from any financial market which they may safely and prudently serve.

Since it seems desirable to maintain a broad scope for private initiative in banking, it may appear that it is also desirable to employ the antitrust laws to assure the proper degree of competition as we do in other industries. But the problem is not that simple.

Through their chartering and branching powers, the banking authorities regulate the competitive structure of the banking industry. The banking structure, however, is also affected by mergers—and to administer this structural factor by different standards, diminishes the effectiveness both of bank regulation and banking operations.

I have no illusion that the public welfare is always easy to discern. And I realize that reasonable men may differ on what is good and proper. But I do believe that if our efforts are directed to this objective, rather than the narrower considerations which underlie most of the controversies of the past, we shall find a greater unity of purpose, and we shall be better able to fashion a banking structure equal to the tasks which lie ahead for our expanding population and our growing industry and commerce.

In each community, large and small, throughout the Nation, new vistas for growth and development may be opened through the leadership of bankers. We face, in the years before us, tasks, both domestic and international, which will challenge to the utmost our resolve, our ingenuity, and our energy and initiative. These challenges will have to be met by both the public and private sectors. You, as individuals, as well as representatives of your institutions, have not hesitated in the past to become involved in public sector activities.

One of the most significant aspects of community service is the part banks play in local planning and development programs, ranging from urban renewal projects to planning the conservation and development of the natural resources of an entire region.

Apart from their contributions in the economic sphere and civic affairs, banks have become increasingly involved in a variety of social problems which not many years ago would have been considered outside their purview.

A survey made by a large National bank indicates that not all bankers by any means agree that the bank as an *institution* should involve itself with social problems. They say that while these causes are fine for bankers to work for as individual citizens, they are too controversial for participation by the bank as a corporation.

On the other hand, more than two-thirds of the medium-sized and large banks participating in the survey stated that it would be appropriate for their institutions to concern themselves with vital social problems such as the retraining of workers displaced by automation, problems confronting public schools and associated with school dropouts, and low income housing.

Rewarding employment must be found for a growing labor force more highly trained in each new generation. Our rising aspirations call for continued, and even accelerated advances in technology to produce more and better products and distribute them with greater efficiency. The Nation's political and economic goals, both at home and abroad, will test our productive powers with increasing intensity.

In the performance of these vital tasks, the banking industry is critically involved at every point. The essential element of finance, so largely provided by the banking industry, is an indispensable ingredient for the progress of the economy—and the vision which bankers display in selecting and supporting productive enterprises will be a crucial factor determining the level of our achievements.

I am pleased to report that the commercial banking system of this country is healthy, sound, and growing dramatically. Although the economy slowed somewhat in the first half of 1967, we have not experienced any broad troubles. Personal income and employment keep rising. Although there have, of course, been adjustments in certain areas of the economy, it should be pointed out that the economic up-turn in the country is now approximately 7 years old. This matches the 80-month expansion which spans World War II. The record period of growth and expansion cannot be attributed to sheer luck. Weight must be given to the contributions of the anti-recession policies adopted by the Federal Government and to the underlying strength in the private sectors of the economy.

Let's compare consumer price increases during the first 18 month periods of the last three conflicts the United States has been involved in. During the first 18 months of World War II, we experienced a 12 percent consumer price increase. During the first 18 months of Korea, we experienced an 8 percent consumer price increase, while during the first 18 months of major build-up in Vietnam we experienced a 3.3 percent increase. This low figure of 3.3 percent is even more remarkable when you consider that we have not had any wage and price controls as we had in both Korea and World War II.

In closing, I would like to reemphasize that our sights should be set on our opportunities and our obligations—on constructive measures to improve performance and broaden the horizons of all our banks. This is a joint responsibility which calls for an understanding relationship between the regulatory authorities and the banking industry. The stakes are high and the aim is worthy of the full energies and thought of this industry which has contributed so much in the past and holds so much promise for the future.

I am confident that, working together, we can meet this challenge.

Before the Committee on Banking and Currency, House of Representatives, Washington, D.C., March 20, 1967

Mr. Chairman and Members of the House Committee on Banking and Currency: This is my first appearance before your committee as Comptroller of the Currency, and I, together with members of our staff, welcome this opportunity to meet with you today. While most of you are, of course, fully familiar with the scope and operations of our Office, I thought it might be helpful to some of the newer members of the committee, if I briefly outlined some of the history and functions of our Office.

The Office of the Comptroller of the Currency was created pursuant to the National Bank Act of 1863. Our Office is charged by statute with the authority to charter new National banks, pass upon their applications to branch, merge, and consolidate, and to examine, supervise, and regulate the operations of our 4,800 National banks, their 9,400 domestic branches and 235 foreign branches.

As of December 31, 1966, National banks had approximately $235.9 billion in total assets, $126.8 billion in total loans, $206.4 billion in total deposits and $18.6 billion in total capital accounts. In addition, on the basis of latest available data, National banks had investment responsibility over $89.5 billion in trust accounts.

By statute, all National banks are required to be members of the Federal Reserve System.

I consider the examination function to be the primary responsibility of our Office. In carrying out this responsibility, we have presently 14 regional offices and 114 subregional offices throughout the United States. Attached to these offices are 1,133 commercial examiners and 87 trust examiners. The scope of a National bank examination embraces every phase of banking activity found in the particular bank under examination. Its primary purpose is to assess the quality of the bank's assets and the quality of its management, in an effort to maintain the liquidity and solvency of the banking system. The examiner also determines whether the bank under examination is operating within applicable banking laws and regulations.

We strive to maintain the highest level of competency in our examining personnel. Toward this end, we have assigned one man in each of our 14 regions to recruit the best graduates we can get from the country's colleges and universities. Because the work of an examiner involves a considerable amount of travel, the Office has always had to contend with a fairly high turnover, as younger men get married and establish their families. Our recruiting efforts have been generally successful, however, as the percentage of examiners with college degrees has increased markedly in recent years. We encourage all of our examiners to enroll in graduate schools of banking and we advance various internal training programs for our domestic, international, and trust examiners.

Members of this committee have expressed interest in the past in the matter of cooperation and coordination among the various banking agencies. I believe there has been significant improvement in recent months in this area. As you know, the Comptroller sits as an ex officio member of the FDIC. In that capacity, I have attended every Board meeting of the FDIC without exception since my nomination. In addition, I attend regularly with members of my staff, approximately every two weeks, meetings of the informal Interagency Coordinating Committee set up last year. The meetings are attended by Mr. Randall and Mr. Horne, of the FDIC and the Home Loan Bank Board, as well as Governor Robertson of the Federal Reserve. The chairmanship of the Committee is rotated every three months. Governor Robertson has been Chairman for the past quarter, and I shall assume the role of Chairman commencing April 1. In my opinion, these meetings are proving to be most constructive. Any topic of mutual interest may be placed on the agenda by any member, and a full and frank discussion is held.

In the few months since November, concrete results in several areas have been achieved by this Committee. In December, the Committee worked out a set of guidelines on the subject of the advertising of rates paid on deposits and share accounts. These guidelines, in identical form, were sent by each agency to the institutions under its jurisdiction on December 16, 1966. The results so far have been good in that we have seen a marked improvement in the clarity of bank advertising—and on the part of savings and loans—of interest rates on deposits.

The banking agencies have also joined in requesting all banks to complete liquidity analysis forms to provide more current information on the vital matter of bank liquidity. After consultation, the FDIC and the Federal Reserve have agreed to request the same figures from commercial banks under their supervision as of year-end 1966. We expect to seek liquidity information in the same form in connection with our request for the spring call reports of condition.

Several staff committees have been set up to work on individual problems such as achieving uniformity in the various financial reports required to be submitted by State and National banks. We regard this goal as being especially important in view of the increasing use of data processing machines by our agencies. We are hopeful that the synchronization of our reporting requirements in conjunction with automation will produce valuable additional information for use both by the agencies and the industry.

We think that the results of coordination show not only in the positive actions enumerated, but, perhaps, even more significantly in the absence of unilateral actions at variance with positions taken by other agencies.

Before the Senate Committee on Banking and Currency, Washington, D.C., April 13, 1967

Mr. Chairman and Members of the Committee: The Office of the Comptroller of the Currency appreciates this opportunity to express its views regarding S. 5, the Truth-in-Lending Act of 1967.

Our Office has long believed that the American consumer is entitled to be told what his cost for credit will be. And he is entitled to have this information in a way which not only sets out his absolute cost, but also enables him to decide who is offering the best terms and what type of credit best fits his resources and needs.

Because we state our position directly, please do not conclude that we believe all persons who extend credit do so with a design to mislead or confuse the credit user. Let me say that the complaints we receive against

National banks regarding truth-in-lending problems have been minuscule in number. We believe banks generally have always tried to portray fairly to their customers what it will cost them for credit.

The need for this truth-in-lending legislation, in our view, results primarily from the fact that there are so many ways by which credit is extended today that the ordinary citizen finds it very difficult to make a meaningful comparison and rational choice regarding the credit program which best meets his needs.

The Comptroller's Office believes that S. 5 will help a great deal to meet the needs of the consumer. The bill would require every individual and firm, which is engaged in the business of extending credit, to furnish to each prospective credit user a clear written statement of the amount of finance charge to be paid for the extension or use of credit. Also, to enable the user to compare the relative cost of credit, creditors would be required to state finance charges in terms of an annual percentage rate.

Many States today regulate consumer credit and call for the disclosure of certain kinds of credit information for certain kinds of credit transaction. The overall picture in this field, however, is widely divergent and, from the viewpoint of the consumer, does not provide the uniform bases he needs for comparing finance charges made from different credit sources. It is appropriate for the Federal Government to fill this need and, in this regard, we are pleased to note that the bill permits exemption for any class of credit transactions which are effectively regulated by State law.

For these reasons, this Office supports the position of the Treasury Department in urging that S. 5, the Truth-in-Lending Act of 1967, be enacted.

Before the Subcommittee on Financial Institutions of the Senate Banking and Currency Committee, Washington, D.C., Monday, August 28, 1967

Mr. Chairman and Members of the Subcommittee: The Office of Comptroller of the Currency appreciates this opportunity to lend its support to S. 1306. We strongly urge its enactment into law.

As we see it, the basic question before this subcommittee is whether National and State-member banks should have the power to deal in and underwrite revenue bonds issued by State and local governments. They now have this authority with respect to other general obligations of the same entities. This question raises two basic considerations of policy: First, what benefits will flow to the public from the underwriting of revenue bonds by National and State-member banks? Second, what risks are there for National and State-member banks in engaging in this activity?

Public Benefit

Today, our State and local governments face ever increasing demands for new and expanded public services. These demands are rooted in the myriad social and economic problems of our time. New and better roads are needed. New and better schools are needed. New and better mass transportation is needed. New and better public housing is needed. New and better medical facilities are needed. The list is almost endless.

These public needs are acute. Indeed, the newspapers of this summer, headlining the "crisis in our cities," dramatically demonstrate what happens when vital public needs go unsatisfied. Our State and local governments must somehow find the money to satisfy the requirements of their citizens. And they must do so at the lowest possible cost.

Since World War II, annual borrowing by State and local governments to finance the development of urgently needed public services has increased tremendously. In 1941, State and local governments spent less than $8 billion for goods and services. Today, they spend over $95 billion. The outstanding long-term obligations of State and local governments have risen proportionately. Today, such obligations total around $110 billion. In 1966, alone, State and local governments sold over $11 billion of securities. And this year it is expected they will sell between $13 and $14 billion.

Revenue bonds have become a favored method for State and local governments to obtain financing. In the early 1930's, the amount of revenue bonds issued annually was negligible. In the late 1940's, the figure rose to $500 million. By 1966, the total climbed to about $4 billion. In the late 1940's, revenue bonds accounted for less than 20 percent of new State and local bond issues. In 1966, they represented about 37 percent.

Many reasons account for this substantial growth. Revenue bonds are extremely well suited to financing public projects which produce income to repay the bonds. The theory is that those who directly benefit from a public project, and not the general public, should pay for it. In many instances, revenue bonds are the most practical way for a heavily taxed community to solve pressing money problems on a sound financial basis. Sometimes revenue bonds may be the only way for a community faced with a statutory debt limit to obtain funds to provide services.

Because revenue bond financing is vitally important to State and local governments, any measure which would lower the cost of such financing to these governments would be beneficial. In our opinion, S. 1306 will afford substantial savings to State and local governments, and ultimately to their taxpayers.

We have given the subcommittee our study of the savings which we foresee. The study, made at your request, shows that the entry of National and State-member banks into revenue bond underwriting will achieve large dollar savings for State and local governments. We find that the savings to the public on new issues for 1968 alone would be $12.5 million. By 1975, the savings would likely exceed $27 million per year. The total savings on new revenue bond issues from 1968 to 1975 should reach $182.5 million. How our study was conducted and the basis for our conclusions are explained in the text of the study.

We believe that, if S. 1306 were adopted, it would increase competition in the bidding for and the distribution of revenue bonds. It would broaden and strengthen the market for revenue bonds. The resulting enlarged market would enhance their attractiveness as investments. Even small banks, intimately familiar with local needs, could provide essential assistance in the preparation and marketing of revenue bond issues of their communities. Throughout the country, investors, who customarily rely on their bank for information concerning tax-exempt securities, would become more interested in sound revenue bonds. Finally, permitting the banks to trade in and make markets in revenue bonds would improve their marketability and character as liquid investments suitable for bank portfolios and fiduciaries generally.

In this connection, perhaps one further point should be made. We expect that other witnesses will attempt to deprecate the benefits we find will flow from the underwriting of revenue bonds by National and State-member banks. And, as in the past, they will probably assert a presumption for preserving the status quo in the absence of overwhelming public benefit to the contrary. We hope this assertion will be rejected. In our view, restrictions on competition are unwarranted, unless justified by overriding considerations of public interest. This would be consistent with our nation's theory of free enterprise. As we shall now point out, we see no public interest to bar commercial banks from revenue bond underwriting.

Banking Risks

Opponents of S. 1306, particularly those who desire to preserve their privileged competitive position, may be quick to conjure up arguments against this bill. They have done so previously with respect to similar legislative proposals. Their contentions should be critically examined.

One argument is that Congress, in the Banking Acts of 1933 and 1935, took pains to divorce commercial banking from investment banking. Therefore, to enact S. 1306 would be a reversal of policy, since commercial banks would be returned to the investment banking business. This argument is just plain wrong. In the McFadden Act of 1927, Congress approved the authority of National banks to underwrite general obligations of States and their political subdivisions. This authority was reaffirmed, without change, in the 1933 and 1935 Acts.

We acknowledge that Congress, in the early 1930's, desired to separate commercial from investment banking. Yet clearly, this attitude did not affect in any way the authority of National banks to underwrite general obligations of State and local governments. Such authority preexisted and was constant and unchanged during the banking legislation which followed the depression.

Congress has always recognized that obligations of State and local governments have a special status. It would hardly be a reversal of policy to reaffirm this fact in the light of modern financing techniques. And that is all this Bill would do. It would merely recognize that revenue bonds enjoy the same special status as other State and local securities.

In this connection, it is not irrelevant to point out that when Congress creates a new federal security and wishes to establish a market for the same, it does not hesitate to authorize commercial banks to underwrite and deal in that security. Some examples are obligations issued under the Federal Farm Loan Act, obligations issued by Fanny May, and obligations of the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the TVA.

A second argument is that commercial bank underwriting of revenue bonds would entail substantially increased risks for banks. This argument is not persuasive for two reasons.

First, S. 1306 would permit National and State-member banks to deal in and underwrite only the same securities which, at present, they are allowed to purchase for their own accounts. The bill would limit the securities of any one issuer which such banks could hold at any one time, whether in their dealer or investment accounts or as a result of an underwriting, to a total amount not in excess of 10 percent of the bank's capital stock and surplus. Accordingly, no underwriting bank could acquire investment securities of lesser quality or in greater amount than that which it is now permitted to acquire for its investment portfolio.

Second, today the default record for revenue bonds and the ratings they receive from the bond rating services clearly show that such bonds are not inherently riskier than obligations backed by general taxing powers. In fact, many revenue bonds enjoy a higher rating than some obligations backed by general tax revenues. The present situation is anomalous in that, it is asserted by some, the law permits commercial banks to underwrite any of the latter securities, but prohibits underwriting of all revenue bonds. Many revenue bonds are far superior in credit quality to some other general obligation bonds.

The third argument is that conflicts of interest, arising from the underwriting function and the deposit, investment, and trust functions of banks, are likely to result. For example, a bank underwriting a revenue bond issue would have an interest in selling the bonds to depositors and correspondents. Therefore, its interest would impair its ability to give disinterested advice. Four answers serve to rebut this contention. First, an underwriting bank will develop increased knowledge concerning the issuers and the market. This knowledge will greatly enhance its ability to give accurate and helpful investment advice. Second, providing correspondent services, of which investment portfolio advice is but a part, is a highly competitive business. To contend that an underwriting bank would recommend inferior securities to its customers, because it underwrote such securities, is unrealistic. The risk of losing correspondents will afford adequate assurance that the underwriting bank will give the best possible advice to its correspondents. Third, the bill would require an underwriting bank to disclose to its correspondents that it is marketing the securities in its capacity as an underwriter or dealer. Thus, the correspondent is on notice and can, if necessary, take appropriate measures to guard its interests. Fourth, there is no evidence of such self-dealing on the part of commercial banks engaged in marketing other government obligations they now underwrite. There is no reason why this problem will suddenly arise in the case of revenue bonds.

A variation of the same argument suggests that banks might be tempted to sell securities which they have underwritten to their trust accounts. However, any such possibility has been obviated by the bill itself. It provides that the purchase of revenue bonds by a bank as fiduciary, from itself as an underwriter or dealer, shall not be permitted, unless lawfully directed by court order. Of course, the bank, as a trustee, is limited to buying securities set forth in the legal list of securities held eligible for fiduciary investment, unless it is given discretion or other authority in the trust indenture.

Even without this provision, the possibility of self-dealing is obviated by our Regulation 9 and by applicable examination procedures of this Office. Regulation 9, governing our supervision of trust departments, expressly prohibits the use of fiduciary funds to purchase property or obligations from the bank, unless lawfully authorized by the governing instrument, by court order, or by local law. This is a fudamental precept of fiduciary law which is widely recognized in the courts. We enforce this rule irrespective of the intrinsic qualities of the property or obligations involved.

We believe that S. 1306 will enable National and State-member banks to make a substantial contribution toward assisting State and local governments. Our past efforts have permitted National banks to perform in some degree their functions in this area of public finance. However, both National banks and State-member banks need S. 1306 to achieve the full participation in this market and thereby allow the public to obtain the full benefits of such participation. We strongly endorse S. 1306.

TESTIMONY BY DEAN MILLER, DEPUTY COMPTROLLER OF THE CURRENCY FOR TRUSTS, BEFORE THE SENATE BANKING AND CURRENCY COMMITTEE, WASHINGTON, D.C., NOVEMBER 16, 1967

Mr. Chairman and Members of the Committee: We are pleased to have been invited to appear here today to present the views of the Comptroller of the Currency on the amendments proposed by Senator McIntrye to S. 1659.

Briefly stated, the amendments would make clear that the Banking Act of 1933 does not preclude the operation by banks of collective investment funds for monies held by them in fiduciary capacities in their trust departments. It would also clarify the question of the application of the federal securities laws to these funds. The Comptroller of the Currency believes that these ends are desirable and can be effected consistently with the maintenance of the solvency and liquidity of the banks.

The pooling by banks of small fiduciary accounts into more economically manageable units, however one chooses to label it, is nothing more than the combination of two financial services which banks have made available to their customers for many years. These are the management of investment portfolios, and the operation of commingled funds for the more economical investment of monies held as fiduciary. We have supervised these activities for years and believe that the record shows that no abusive practices have developed. We are confident that the extension of these services to cover additional types of accounts, including self-employed pension accounts, can be done without danger of abuse developing. In any event, the proposed amendments provide ample safeguards against the possibility of abuse.

The proposed amendments to S. 1659 would subject the proposed extensions of bank activities to the full protection afforded the public by the securities laws. Further, the amendments do not lessen the responsibility of the bank supervisors in this area. For example, if S. 1659 were amended as proposed, we would continue to maintain regulations governing bank operation of collective funds and would continue to require, among other things, that our prior approval be obtained before a National bank may establish a managing agency fund. We believe that, by enabling banks to make their vast investment expertise more available to their customers, the amendments would accomplish a highly desirable end.

The amendments would also subject the operation by banks of pooled pension and profit sharing trusts, established by self-employed persons to the securities laws, subject to the regulation of the banking agencies. They would clear up the legal questions which have interfered with bank implementation of the self-employed retirement plans which Congress sought to promote in H.R. 10. These trusts are little different from those which banks have been administering and pooling for their corporate customers, under our supervision, for many years. Because of the intensive scrutiny of these operations which is presently being carried out by the banking agencies, it is logical to place the administration of the securities laws applicable to such funds with these supervisory bodies. In addition, it follows the precedent and format set by the Securities Act Amendments of 1964 with respect to bank securities. We are confident that our agency can assume the responsibilities which the amendments would add, and believe that, here too, they will serve a most desirable end.

For the foregoing reasons we favor adoption of the amendments offered by Senator McIntyre.

APPENDIX D

Selected Correspondence

of

the Office of
Comptroller of the Currency

Selected Correspondence of the Office of the Comptroller of the Currency

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DECEMBER 21, 1966.

Your letter of October 10, 1966, to our Regional Administrator has been forwarded to this Office for reply. You ask whether a National bank may acquire, for $343,000, all of the stock of an agricultural credit corporation from the parent corporation. You note that you are the president of the agricultural credit corporation, the foregoing National bank, and the parent corporation, of which the agricultural credit corporation is a subsidiary.

This Office understands that agricultural credit corporations are examined on a regular basis by the Farm Credit Administration, an agency of the United States. We further understand that the various laws under which agricultural credit corporations operate limit both the term and the amount of credit that may be extended to any one borrower, as well as the amount that may be extended to all borrowers in aggregate. You stated in a conversation with a member of the Law Department that, during its last examination, the agricultural credit corporation had no assets classified and that, at this time, the corporation is in a highly liquid condition.

As provided in paragraph 7376 of the *Comptroller's Manual for National Banks,* a National bank may engage in activities which are a part of the business of banking or incidental thereto through a department of the bank or through a subsidiary corporation, the controlling stock of which is owned by the bank. Clearly, the business of an agricultural credit corporation is part of the business of banking. Your bank, therefore, may acquire the stock of a corporation engaged in such business.

Although the third paragraph of 12 U.S.C. 371c exempts from the limitations of that section investment in or extension of credit to a bank subsidiary engaged solely in the business of an agricultural credit corporation, it is the policy of this Office to require National banks to obtain our approval of such investments or extensions of credit that exceed 10 percent of the parent bank's capital and surplus. Under the circumstances described above in the second paragraph, this Office has no objection to an investment by the National bank in the agricultural corporation of an amount not to exceed the book value of such corporation (not more than $367,500), which is an amount equivalent to approximately one-third of the bank's capital and surplus. *See paragraph 1100 of the Comptroller's Manual for National Banks*).

Your attention is also directed to paragraph 7380(b) of the *Comptroller's Manual for National Banks,* which provides that origination of loans by a National bank's subsidiary at locations other than the main office or a branch office of the bank does not violate 12 U.S.C. 36 and 81, provided that the loans are approved and made at that main office or branch office, or at an office of the subsidiary located on the premises of or contiguous to that main office or branch office. At the present time, Wyoming does not permit branch banking. Accordingly, if the subsidiary is to approve and, therefore, make loans, the office of the subsidiary at which such loans will be approved must be located on the premises of, or contiguous to, the main office of the National bank.

BANK MERGERS

JANUARY 23, 1967.

Hon. JOHN TOWER,
Committee on Banking and Currency,
United States Senate, Washington, D.C.:

I thank you for your courtesy and consideration at my confirmation hearing on January 18, 1967. During the hearing, you submitted two written questions and requested my written response thereto. Your first question was as follows:

It is my understanding that you have expressed a policy of following at least to some extent the program of your predecessor.

I noted two interviews, one with you and one with Mr. Saxon which appeared in *Banking Magazine* recently.

In the December issue, Mr. Saxon said, speaking of the need for additional bank mergers:

"There is a crying need for larger aggregates of banking resources and bigger pools of capital. In Florida today there is no bank big enough to meet a mere fraction of the State's banking needs. Houston is another case in point; it hasn't a single billion-dollar bank. The biggest bank they have there is totally inadequate and must draw capital from

Chicago and other distant centers. Dallas, too, lacks a bank of adequate size. We need more larger banks."

In the January issue of *Banking Magazine,* you seemed to agree with Mr. Saxon's statement when you said:

"Some metropolitan areas need bigger banks in order to attract and retain valuable business which is presently going to other financial centers."

Could you elaborate somewhat on your thinking and perhaps Mr. Saxon's thinking on the Houston and Dallas situations?

Major metropolitan areas require banks which are capable of satisfying the financial requirements of local residents and businesses. An ideal structure would allow all such requirements to be satisfied locally. The degree to which local banking needs can be met by local banks varies substantially from area to area. Some cities, however, have no bank which has the capital and deposit structure necessary to meet most or all of the credit needs of every class of bank customer within their trade areas. Many of these banks are further handicapped because they cannot afford to hire trained and experienced personnel to service specialized customer requirements. Consequently, much valuable banking business which originates in these localities goes to other cities, often hundreds of miles away.

Assessing the reasons why certain metropolitan areas have not produced larger banks is an exercise which usually results in heated discussion of the merits of branch, group, and chain banking. Whatever the reasons, however, it is undoubtedly true that some localities have an urgent need for some increase in concentration of banking resources.

Whether or not there is a need for increased banking concentration in a particular area and whether or not a proposed bank merger will respond to such need are inquiries not easily answered. Because each merger application presents unique questions, every decision to approve or disapprove requires careful investigation and deliberation and, not infrequently, some prognostication.

I believe I should not attempt to speak for Mr. Saxon or to explain or interpret to you his thinking with regard to the Houston and Dallas areas. Also, since I may be required to decide future mergers which may come from these areas, I do not think it would be appropriate for me to prejudge any application by speculating as to the condition of any given market.

Your second question was as follows:

In December, mention was made in a periodical issued by an important element of the financial industry that the FDIC has continued to refuse the Government Accounting Office access to Federal Deposit Insurance Corporation bank examination reports, whereas the Federal Savings and Loan Insurance Corporation has given full cooperation to the GAO in connection with the files of the Home Loan Bank Board.

I read the explanation given by Joe Barr of the FDIC position, but I thought perhaps you might give us your thinking about the issue as a new member of the FDIC board.

The FDIC does not give the GAO access to reports of examination of open banks because the FDIC believes that preserving the basic concept of absolute confidentiality of such reports is essential to proper bank supervision and to the functioning of deposit insurance in the public interest. The FDIC's position is based on its total experience, its understanding of the intent of Congress and the special nature of bank examination and supervisory proceedings. Only recently, a judicial decision upheld this basic concept, stressing the latter point.

The GAO, on the other hand, believes that it should have access to all FDIC records, including open bank examination reports, because the financial condition of the FDIC is inseparably linked with the banks it insures. Apparently, this viewpoint also extends to independent verification of examiner findings through separate bank examination.

We can appreciate the desire of the GAO to carry out its mandate to audit the financial transactions of the FDIC. We concur, however, in the FDIC's position.

The FDIC, in performing its functions, acquires a very large body of data about banks and bank management. This information traditionally has been furnished freely by bankers on the understanding that it would not be made available to anyone other than those agencies directly concerned with bank supervision. By its very nature, much of this information could not be obtained on other than a confidential basis, for it is necessarily a mixture of fact, judgment, and personal opinion. If the Federal and State supervisors of banks had not clearly treated most of this material in strict confidence through the years, the sources of essential information would be denied them and effective bank supervision would be severely inhibited. In that context, a public interest and public confidence issue of some magnitude is at stake, rather than the sanctity of the FDIC's records during an audit limited by statutory language to records pertaining to financial transactions.

BANK SERVICE CORPORATION

OCTOBER 30, 1967.

This is in reply to your letter of October 6, 1967, which relates to the proposed bank service corporation in which a National bank plans to invest. You specifically inquire whether a bank presently owning automated data processing equipment could lease such equipment to the service corporation and yet continue to service its own customers on the equipment. You state, in a subsequent telephone conversation with a member of our Law Department, that the proposed lessor bank will purchase an interest in the service corporation.

Under 12 U.S.C. 1864, a bank service corporation is restricted to "the performance of bank services for banks." *Comptroller's Manual,* paragraph 7390, interprets that phrase as including the direct performance by the service corporation for a shareholder bank's customers of services which the shareholder bank has agreed to perform for its customer. Accordingly, if a bank undertakes to handle the payroll accounts or the accounts receivable of a customer, a bank service corporation may perform for the bank the service necessary to enable the bank to fulfill its undertaking. It should be noted, however, that the basic proposition that a bank may perform data processing services for hire is under attack in two cases filed in Federal District Courts in Minnesota and Rhode Island.

You further state that the proposed corporation would act as agent for the participating banks in the processing and servicing of participation loans. This Office concurs with your opinion that the role of agent for the purpose of processing and servicing participation loans is a proper function for a bank service corporation.

Your third question relates to a proposed increase in the capitalization in the bank service corporation. This Office has no objection to such an increase other than to point out that 12 U.S.C. 1862(a) limits the investment of any one bank in a bank service corporation to an amount not greater than 10 percent of the bank's capital and surplus.

CHARTER ACTIONS

NOVEMBER 15, 1967.

Hon. WRIGHT PATMAN,
Committee on Banking and Currency,
House of Representatives, Washington, D.C.:

This is in reference to your letter of October 18, 1967, referring to the present general policy of this Office with respect to the chartering of new National banks, and to a particular application for a new bank in Atlanta, Ga., which has been disapproved. The applicants in the Atlanta case have asked that we reconsider that decision and we are in the process of doing so.

With respect to our general policy on chartering, I must respectfully disagree with your conclusion that it has been unduly tight since I assumed office. In the first nine months of this year, 17 new National banks were chartered. This is not out of line with the figures for previous years going back to 1952, with the exception of the years 1962, 1963 and 1964, when there was a substantial increase in the number of State and National banks chartered. As you know, Mr. Saxon was of the view that the chartering policy of the Office in previous years had been unduly restrictive, and that there were numerous areas of the country which were then underbanked. As you cite in your letter, Mr. Saxon implemented that belief by approving a comparatively large number of applications during the first years of his term. He recognized, however, that a period of digestion was necessary in order to give the new institutions time to grow and, in 1966, granted only 24 new charters.

As I have testified before your committee, we evaluate each application strictly on the banking, economic, and other related facts which are applicable to the particular service area in question. Since the Atlanta application is being reconsidered, I do not think it would be appropriate for me to go into detail as to the reasons which led to the initial rejection of it. It is a matter of public knowledge, however, that Atlanta constitutes one of the most competitive banking markets in the country. In this connection, banks such as The Citizens and Southern, The First National Bank of Atlanta and the Trust Company of Georgia compete very vigorously with each other.

With respect to your statement that our policies raise "serious questions of law" as well as of policy, our attorneys advise that the decisional law under our enabling statutes definitely establishes a discretion in this Office to disapprove, as well as to approve, charter applications. These decisions establish that there is no "right" to a bank charter in the sense that any reputable group with the necessary capital is entitled to receive one merely by filing an application.

We recognize that the exercise of this discretion often involves very close and difficult decisions, especially where competing applications are received for the same area. It is not at all uncommon for competing applicants to be of equally good repute and financial capability. We can only exercise our best judgment in each case in light of the existing competitive needs of the community and the other factors set forth in Section 6 of the FDI Act.

CHECK GUARANTY PLANS

JUNE 28, 1967.

This is in reply to your letter of June 2, 1967, in which you raise certain questions in connection with the proposed issuance of check guaranty cards to certain credit-worthy customers of a National bank. Under the terms of the check guaranty plan, issued in conjunction with a prearranged credit plan by which the bank would agree to honor a customer's overdrafts to a maximum of $5,000, the bank would guarantee payment of checks drawn by a cardholder in amounts up to $100 provided certain procedural conditions are complied with. Your questions are as follows:

(1) Whether the ruling in paragraph 7015 of the *Comptroller's Manual for National Banks* was based on a check guaranty plan, wherein the bank's liability was limited or, as in the case in the plan proposed by the subject bank, its potential liability was virtually unlimited?

(2) In assuming that cardholders would draw guaranty checks in excess of their maximum prearranged credit line, would the bank be in violation of 12 U.S.C. 501 and, therefore, subject to the penalties imposed by 18 U.S.C. 1004?

As stated in paragraph 7015 of the *Comptroller's Manual,* an arrangement whereby a bank holds out to the public that it will honor checks drawn on it up to a certain amount by a depositor displaying a "check guaranty card," is, in essence, an agreement by the bank with its depositor to extend credit to the depositor, if necessary, to honor his checks. Such an arrangement is essentially a commitment to lend and is within the power of a National bank. In issuing the ruling set forth in Paragraph 7015, this Office recognized that a bank's potential liability under a check guaranty plan could be virtually unlimited. Indeed, under a check guaranty plan of the nature you propose, which is similar to other plans now operating, this Office cannot be certain that a bank's liability would be limited. The payee of a guaranty check would be unaware of the cardholder having reached his maximum overdraft limit and might accept, theoretically, a check drawn in excess of that limit resulting, nevertheless, in the bank's being obligated to pay the item. As you expressed in your letter, a depositor may exceed his credit line and cause the bank to become obligated to pay to third parties more than the bank would consider it prudent to lend to that customer. The overdraft risk would, however, come to the bank's attention immediately, allowing it to minimize losses and reduce its unlimited liability. According, it should be noted that the manner in which potential credit risks of this nature are evaluated, and the means which are used to minimize them are questions of prudent banking and not of corporate authority. In other words, the bank is best protecting its unlimited liability potential by initially placing the card only with these credit-worthy customers who may not have the propensity to exceed their credit line.

In answer to question two, since a check guaranty plan is an arrangement by the bank with its depositor to lend its credit, if necessary, to honor his checks drawn and cashed by a merchant in accordance with established procedures, the practice does not involve a certification by the bank that the depositor has on deposit an amount of money not less than the amount specified in such check. The plan does not presuppose that a drawer will have sufficient funds on deposit to cover the check. The bank, if necessary, will lend its credit to the depositor, which is the essence of "guaranty" the plan is designed to provide. The provisions of 12 U.S.C. 501 and 18 U.S.C. 1004 are, therefore, not applicable.

It is the opinion of the Comptroller's Office that a National bank has sufficient interest in facilitating the cashing of checks by its depositors so that it may, under its corporate powers as enumerated in paragraph Seventh of 12 U.S.C. 24, guarantee checks drawn upon it and cashed by a merchant in accordance with established procedures. See *The National Banking Review,* June 1965, pp. 576–577. There is, therefore, no objection to the adoption of such a plan as outlined in your letter of June 2, 1967.

DEPOSIT MACHINES

FEBRUARY 15, 1967.

This is in reference to your letter of January 4, 1967, our acknowledgement of January 13, 1967, and previous correspondence with our Regional Office. You state that you are concerned with the ruling, stated in paragraph 7491 of the *Comptroller's Manual for National Banks,* which permits National banks to utilize at any location a machine that receives checks, currency, or coin for deposit. Specifically, you express concern with the use of these automatic machines by a National bank and ask if their use does not raise questions of unauthorized branch banking and competitive unfairness to smaller banks.

Sections 36(f) of Title 12, United States Code, defines the term "branch" as follows:

"(f). The term 'branch' as used in this section shall be held to include any branch bank, branch office, branch agency, additional office, or any branch place of business located in any State or Territory of the United States or in the District of Columbia at which deposits are received, or checks, paid, or money lent."

It has been and still is the position of this Office that the deposit machine does not violate, or come within the scope of, applicable branching laws inasmuch as the bank does not accept funds for deposit until they have reached the bank's premises. The machine issues a slip which provides evidence of the transaction and states expressly that the transaction will become a deposit upon verification and crediting at the bank. Accordingly, the transaction at the site of the machine does not fall within the purview of 12 U.S.C. 36(f). An agency relationship is created between the customer and the person transporting the funds to the bank. This position is analogous to our ruling in paragraph 7490 of the *Comptroller's Manual for National Banks* which states that a National bank, to meet the requirements of its customers, may furnish armored car messenger service if there is an agreement that the messenger is the agent of the customer rather than of the bank. It is our opinion that whether a messenger collects money and checks on foot, in an armored car, or by means of a deposit machine, the nature of services being performed is essentially the same. The important factor is that the messenger is expressly understood to be an agent for the customer, not for the bank.

I am sure you would agree that this Office cannot prohibit new developments in banking simply because the possibility exists that some institutions would be put at a competitive disadvantage. In keeping with our supervisory authority, a proposal cannot be viewed solely in terms of its cost. We must consider primarily its conformity to law and its effect upon the financial condition and soundness of the banks.

The National bank, in utilizing deposit machines at locations off the bank's premises, acted in conformity to paragraph 7491 of the *Comptroller's Manual*. This action, in our view, is not in violation of Federal law or at variance with sound banking practices.

We trust that this is fully responsive to your inquiries.

ELECTRONIC DATA PROCESSING SERVICES

FEBRUARY 1, 1967.

HON. DANTE B. FASCELL,
Legal and Monetary Affairs Subcommittee of the Committee on Government Operations,
House of Representatives,
Washington, D.C.:

Thank you for your letter of January 9, 1967, requesting the views and comments of this Office with respect to a letter of complaint against the competition which commercial banks and savings and loan associations give to the data processing industry.

A National bank may own and operate data processing equipment as is necessary or convenient for it to carry on its business. If the bank is to achieve full utilization of its investment in or cost for such equipment, it should be permitted to make the equipment available for the use of others when not engaged for the bank's own work. Accordingly, it is our position that a National bank which owns or otherwise holds data processing equipment for its own present or future needs may, for compensation, make such equipment available to others at times when the equipment is not in use for the bank.

Our conclusion is supported by the analogous right of a National bank to own or lease a building for banking purposes, even though it occupies only a part thereof and rents out the remainder to achieve maximum return on its investment.

Those who would bar banks from providing data processing services would attempt to separate out certain customer services as "nonbanking functions" and call them impermissible. The error of this approach is that data processing services are essentially *new* developments, not only for banks but for nonbanking companies as well. The issue is not one of banks straying into unrelated fields. It is rather one of the changing face of the banking function.

Electronic data processing machines are making it possible for banks and other companies to offer on a mass marketing basis services previously available to only a few. In the tradition of the free competitive system, those companies, be they banks or nonbanks, which are best able to offer these services at the lowest price to their customers will prevail. At this comparatively early stage of the competitive race, we do not think some of the contestants should be permitted to impose handicaps on or disqualify altogether an important contender.

EXAMINATION REPORTS

DECEMBER 14, 1967.

HON. K. A. RANDALL,
Federal Deposit Insurance Corporation,
Washington, D.C.:

This is in reference to your letter of November 15, 1967, containing the latest proposal by the General Accounting Office on the matter of its access to examination reports and related data on open insured banks. In view of the fact that the GAO request covers National as well as State banks, you have asked for our comments before preparing the reply of the Corporation to the GAO proposal.

The proposal is to give GAO unrestricted access to the examination reports and related data, but with the use of a code identification system, so that each bank would be identified by code number instead of by name.

We understand that the matter of GAO access to examination reports has been a point of disagreement between F.D.I.C. and GAO for some time. The positions of the two agencies are set forth in the Report of Audit of F.D.I.C. for the fiscal year ended June 30, 1965.

The position of GAO as set forth in the 1965 Report is that they consider it a part of their audit function to "evaluate the contingent adverse effect upon the financial condition of the Corporation of specific situations which may have been identified at insured banks," and also "to evaluate the effectiveness of bank examinations performed and the degree of reliability that can be placed upon such examinations to disclose problems at insured banks." GAO concludes that they have been "unable to fully discharge (their) audit responsibility," because the F.D.I.C. has not given them access to examination reports, files and other records regarding open banks.

The F.D.I.C., on the other hand, takes the position: (1) That the information obtained from banks by examiners is received in confidence and with the express understanding that it will not be made available to persons other than those charged with responsibility for bank supervision; that the whole examiner-banker relationship is based on this confidentiality and would be seriously impaired, if not destroyed by the GAO proposal; (2) that the Congress has never evidenced any intention to permit GAO access to bank examinations; and, (3) that, in any event, the GAO does *not* have responsibility for either assessing the sufficiency of the F.D.I.C. fund or reviewing the performance of bank examiners. The F.D.I.C. cites in support of its position, 12 U.S.C. 1827 which states that "The *financial transactions* of the Corporation shall be audited by the General Accounting Office, etc." (Italic supplied)

It is my understanding that, while this Office has not been asked before to express a view on this matter, previous Comptrollers of the Currency, in their capacities as directors of F.D.I.C., have always been in agreement with the F.D.I.C. position. Since you have apparently addressed your inquiry to me in my capacity as Comptroller, I asked our own Law Department to look into the matter and advise me.

The advice given to me by our Chief Counsel, supports the F.D.I.C. position in all respects. In addition, he advises that insofar as examination reports prepared by employees of this Office are concerned, that there are additional legal considerations which prevent access by GAO.

The Congress by permitting Reorganization Plan No. 26, section 1, to become effective on July 31, 1950, 15 F.R. 4935, 64 Stat. 1280, specifically excepted the bank examination functions and records of the Comptroller of the Currency from the centralization of authority intended by the series of Reorganization plans, effected in 1950. At no time, before or after 1950, has this Office been subject to audit by the Comptroller General.

Aside from legal considerations, we do not see how any useful purpose would be served by GAO review of open bank examination reports. Since the GAO has no expertise in the field of bank supervision, we do not see how access to the reports would enable them to judge either the adequacy of the insurance fund or the adequacy of any bank examiner. For the above cited reasons, we would not favor any abrogation of the present arrangements between the Corporation and the GAO.

GUIDELINES FOR ADVERTISING

October 9, 1967.

We are in receipt of an advertisement recently placed by your bank in a newspaper publicizing your "5 percent passbook savings account." The advertisement fails to meet the standards enumerated in the Comptroller's letter of December 16, 1966, to all National bank presidents, and it misstates some of the provisions of Federal Reserve Regulation Q. For your convenience, a copy of both the advertisement and the letter is attached.

The advertisement violates standards (1), (3) and (4). It does not state whether the 5 percent rate is simple or compounded; it does not clearly and affirmatively state that the deposit must be held 90 days in order to earn 5 percent interest; and, it erroneously states that the account, rather than the depositor, is insured by the F.D.I.C. up to $15,000.

The first paragraph of the section captioned "Your money is readily available" is erroneous. First, interest rates on time and savings accounts are governed by the Federal Reserve Board rather than the F.I.D.C. Second, Regulation Q does not normally "require 90 days written notice before you withdraw your money." Only time deposits earning 5 percent or 5½ percent interest must be held 90 days, and payment may be made either 90 days after deposit or 90 days after written notice. Third, payment may be made before maturity only to prevent a hardship under the circumstances described in Section 217.4(d) of Regulation Q. This is a very limited situation and does not make a depositors money "readily available."

We note that a letter was sent to you on April 13, 1967, to the effect that your advertisement concerning your 30-day savings certificates was in violation of Regulation Q. On September 5, 1967, our Regional Counsel notified you that your billboard advertisement concerning your 5 percent passbook savings was in violation of standards (1) and (3) of our advertising guidelines.

We will expect your compliance with the letter and spirit of the advertising guidelines of this Office, as well as accuracy in your explanation of any provisions of Regulation Q mentioned in your advertisements.

INDUSTRIAL DEVELOPMENT AUTHORITY

FEBRUARY 7, 1967.

This refers to your letter of December 8, 1966, requesting the views of this Office with respect to paragraph 1181 in the *Comptroller's Manual for National Banks,* relating to loans to an industrial development authority. Since you recently advised this Office that the proposed loan which impelled your request has not developed, we will limit our comments to a short discussion of that paragraph.

Paragraph 1181 sets forth certain conditions which must be complied with in order for a loan or other extension of credit to an industrial development authority or similar public entity not to be deemed an obligation of the authority under 12 U.S.C 84. The borrowing authority or similar public entity must have been created for the purpose of constructing and leasing a plant facility to an industrial occupant. In addition, the bank must rely on the credit of the industrial occupant; the authority's liability with respect to the loan must be limited solely to whatever interest it has in the particular facility; the authority's interest must be assigned to the bank as security for the loan; and the industrial occupant's lease rentals must be assigned and paid directly to the bank.

There has been a trend in recent years toward the development of local industrial facilities through the use of local development entities. These entities have, for the most part, been created as political subdivisions of States or municipalities. The increasing sums required by those entities in order to develop industrial sites were available, to a great extent, only from commercial banks. In recognizing that the sums advanced to such entities were actually for the benefit of the industrial occupants, this Office promulgated paragraph 1181 in order to ensure that upon compliance with stated conditions, such loans would not be deemed obligations of such entities under 12 U.S.C. 84. Basic to this paragraph is the requirement that the entity or authority be a public entity, a political subdivision of the State or municipality. It does not appear that a nonprofit institution organized under a State membership corporation law would qualify as an industrial development authority for the purpose of paragraph 1181.

However, your bank may wish to give consideration to paragraph 1175 in the *Comptroller's Manual* for possible application to the foregoing situation. That paragraph provides that where the obligation of a customer to repay a loan is limited to the proceeds of a contract or to an asset transferred as security, therefore, and his obligation with respect to the collateral is limited to a warranty of validity, as of the date of its transfer, neither the described obligations of the customer nor the collateral represent obligations of the customer subject to the lending limit under 12 U.S.C. 84. As a matter of prudent judgment, a bank should take appropriate action to assure that there will not be an undue concentration of underlying collateral substantially dependent upon a limited area of economic activity. This ruling, in effect, provides that the liability of the borrower shall be *in rem,* so that the recourse, collection and effect of the debt under the obligation shall be restricted and limited to and be had only against the real estate described in the accompanying mortgage.

INTERLOCKING DIRECTORATES

JUNE 30, 1967.

Hon. EMANUEL CELLER,
Committee on the Judiciary,
House of Representatives,
Washington, D.C.:

Thank you for your letter of February 10, 1967, requesting the views of the Comptroller of the Currency relative to the proposed legislation H.R. 2509, which proposes to amend Section 8 of the Clayton Act to prohibit certain management interlocking relationships, and for other purposes. The effect of this proposed amendment would be the substitution, in its entirety, for the present language of Section 8.

The bill, in substance, prevents interlocking relationships, unless approved by the Attorney General, where a person who is a director, officer, or employee with management functions, holds, at the same time, the position of director, officer, or employee with management functions in any other entity which is an actual or potential competitor, customer, supplier, source of credit or capital, or whose principal business is the holding of stock in, or control of, any entity in commerce. Said provisions of the bill apply to entities engaged in commerce having capital, surplus, and undivided profits aggregating more than $1 million. The provisions do not apply when one of the entities owns more than 50 percent of the voting stock of the other or others, or where 50 percent or more of the voting stock of each of the entities is directly or indirectly owned by the same entity.

Banks of all sizes throughout the country have boards of directors composed of business leaders with expertise in various fields of endeavor. These persons give specialized and technical knowledge that otherwise would not be available to the banks. In order to cope with the intricacies of business today, it is necessary to have the best advice available. To eliminate from the boards of directors such qualified persons would place banking under a serious handicap. The banks would have to undergo a complete reshuffling of their directorates and be compelled to draw from within for their directors. Such action would force the banks to forgo the invaluable contributions of the businessmen who are so knowledgeable in their respective fields. We feel that this loss to the banking industry would far exceed any good that could be derived from this bill.

The proposed bill would have the effect of preventing lawfully constituted holding companies, with 50 percent or less stock interest in a bank, from having representation on the board of directors of such affiliate in which it has control or a substantial investment. The prohibitions would thwart the very purpose for the existence of bank holding companies by fettering their ability to place loans among their affiliates.

Additionally, it would prevent a person engaged in doing business with a bank from serving on a bank's board, even if such person had supplied capital or invested in a particular bank. Such provisions would severely handicap banks in obtaining the capital and deposits they need to grow and to serve the community. Substantial depositors would not be interested in investing money in an organization where they were precluded from having representation and no opportunity to voice an opinion in the bank's operations, which vitally concern their investments.

While presently there may be opportunities for abuses and self-dealing in corporations having interlocking directorates, we have not seen significant evidence of abuses by directors with ties in both business and banking. We regard the present statutory regulation of banking as sufficient to prevent the type of abuse which H.R. 2509 is designed to prevent. The banking industry is under constant scrutiny because of its multiple examinations conducted by the various governmental agencies. These examinations prevent, deter and, if necessary, ferret out any and all of the abuses at which the bill is aimed.

One of the most notable features of Section 8 of the Clayton Act, as presently written, is the fact that it has been amended five times since its passage in 1914. Each of these amendments was based upon a recognition that the more sweeping general rule of Section 8 could not practicably be applied *in toto* to the banking industry. As a result, the amendments carved out significant exceptions which today comprise the greater part of the Section. The rationale advanced in the preceding paragraphs, therefore, has been proven historically valid. If Congress were now to repeal Section 8 and substitute the broad proposal contained in H.R. 2509, it later would be faced, as have five Congresses since 1914, with the necessity for amending the new Act in order to permit the banking industry to perform its essential role in our economy.

It is, therefore, our sincere belief that applying the operative provisions of H.R. 2509 to banks would not be in the public interest. Its provisions would deprive the Nation's banking system of invaluable advice and experience; its passage would make it extremely difficult to banks to progress and keep pace with our growing economy; and, its exclusionary provisions could cause substantial and harmful turmoil in an industry in which stability is essential. Accordingly, this Office would be strongly opposed to applying the provisions of the proposed legislation to the commercial banking industry.

INVESTMENT SECURITIES

AUGUST 31, 1967.

Hon. WILLIAM PROXMIRE,
Subcommittee on Financial Institutions,
United States Senate, Washington, D.C.

This letter is in reference to the testimony of our Office, before the Subcommittee on Financial Institutions of the Senate Committee on Banking and Currency, with respect to S. 1306 (90th Cong., 1st sess.).

Upon reflection, it has occurred to us that perhaps some of our testimony may need clarification. We refer to the colloquy relating to the procedures by which this Office determines that National banks invest in or underwrite and deal in securities of good quality.

At the outset, it should be clearly understood that our Office does not, on its own initiative, rule on the eligibility of every security issue in which National banks may be interested. The number of security issues each year would make this a burdensome task. Clearly, our present staff could not undertake this responsibility and we now see no need to hire additional personnel to do so.

This does not mean, however, that National banks may freely invest in or underwrite and deal in security issues as they will. Our Office has three methods to supervise this activity.

The first method is the imposition by our Office of a quality standard. Our Regulation 1 (12 CFR 1) establishes this standard pursuant to our authority to further define the term "investment security." We believe that this standard also applies to general obligations of States and political subdivisions thereof. In our view, such obligations are not a class of security separate and distinct from investment securities, as defined in 12 U.S.C. 24(7). We consider State and local obligations to be a type of investment security, as to which, however, the limitations regarding underwriting and dealing are inapplicable.

Our quality standard is reflected in Regulation 1.3(e) and 1.5 (a) and (b). It is there provided, in pertinent part, as follows:

> (e) The phrase "general obligation of any State or of any political subdivision thereof" means an obligation supported by the full faith and credit of the obligor. It includes an obligation payable from a special fund when the full faith and credit of a State or any political subdivision thereof is obligated for payments into the fund of amounts which will be sufficient to provide for all required payments in connection with the obligation. It implies an obligor possessing resources sufficient to justify faith and credit.
>
> (a) . . . A bank may purchase an investment security for its own account when in its prudent banking judgment (which may be based in part upon estimates which it believes to be reliable), it determines that there is adequate evidence that the obligor will be able to perform all that it undertakes to perform in connection with the security, including all debt service requirements, and that the security may be sold with reasonable promptness at a price which corresponds reasonably to its fair value.
>
> (b) . . . A bank may, subject to limitations set forth in § 1.6(b), purchase an investment security for its own account although its judgment with respect to the obligor's ability to perform is based predominantly upon estimates which it believes to be reliable. Although the appraisal of the prospects of any obligor will usually be based in part upon estimates, it is the purpose of this paragraph to permit a bank to exercise a somewhat broader range of judgment with respect to a more restricted portion of its investment portfolio. It is expected that this authority may be exercised not only in the absence of a record of performance but also when there are prospects for improved performance. It is also expected that an investment security purchased pursuant to this paragraph may by the establishment of a satisfactory financial record become eligible for purchase under paragraph (a) of this section.

Thus, each National bank, in the exercise of prudent banking judgment, must apply this quality standard before purchase of any investment or public security.

The second method is the prior ruling procedure of our Office. As provided in Regulation 1.5(a) and 1.9, a National bank may request a ruling of this Office of its own volition. Although National banks are not obliged to obtain our prior clearance, they frequently do so.

The third and most important method is our examination process. The instructions of our Office to our examiners and to all National banks, as set forth in the *Comptroller's Policy Guidelines For National Bank Directors*, provide, in pertinent part, as follows:

> Careful credit analysis is as essential in making sound investments as it is in granting sound loans. The responsibility for prudent management of a bank's investment account cannot be delegated to a correspondent, brokerage house, or rating service.
>
> Paragraph 1.8 of the Investment Securities Regulation Section of the *Comptroller's Manual for National Banks* requires every bank to maintain complete credit information for all investment securities. Public securities, except United States Government and Federal Agency Obligations, are not exempt from the above requirement. In determining the soundness of a public security, the following information should be obtained and analyzed:
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> 1. Statement of total debt including all related obligations.
> 2. Assessed valuation, including basis of assessment.
> 3. Property tax rates.
> 4. Tax collection record.
> 5. Receipts and disbursements.
> 6. Sinking fund operation and requirement.
> 7. Future debt service requirement.
> 8. Population.
> 9. Economic background.
> 10. Default record.
> 11. Per capita debt.
>
> Appropriate credit information should also be obtained for investment securities as defined in Paragraph 1.3(b) of the Investment Securities Regulation.
>
> In reviewing an investment account, the Examiner should determine the quality, market value, and liquidity of the

account and whether the bank is complying with related laws and regulations.

In addition to making a credit analysis of all securities held for resale, the Examiner should carefully review the bank's underwriting and trading activities for any indication of a possible conflict of interest with the bank's trust activities.

Although our examination process is an after-the-fact investigation, this is not a handicap in properly supervising the quality of securities in the investment and underwriting portfolios of National banks. Occasionally, a loss is sustained by a National bank which fails to observe our quality standard. But we know of no case in recent years where such a loss has been an important consequence to the bank's solvency.

Finally, it should be said that we exercise the same supervisory function over security portfolios of National banks as we do over the loan portfolios of such banks. We do not have authority for prior approval or disapproval of loans made by National banks. We would not ask for such authority. Similarly, we would not seek authority to approve or disapprove in advance securities purchased by National banks for their investment or underwriting portfolios.

REAL ESTATE LOANS

April 18,1967.

This is in reply to your letter of March 6, 1967, in which you inquire whether a minimum rental or percentage occupancy requirement, made as a condition to a takeout commitment by a permanent lender, will render the commitment unsatisfactory under 12 U.S.C. 371. You note that the Comptroller, as reported on page 215 of the December 1966 issue of *The National Banking Review,* has ruled that a commitment to advance the full amount of the loan at the end of 29 months, on condition that the building be at least 80 percent occupied, did not constitute a valid and binding agreement, by a financially responsible lender, to advance the full amount of the bank's loan upon the completion of the building, as is required by 12 U.S.C. 371.

As is stated in paragraph 2400(c) of the *Comptroller's Manual for National Banks,* if a National bank, in extending interim credit to finance the construction of an industrial or commercial building, relies primarily for repayment of the loan on a commitment by a financially responsible lender to take up the loan upon completion of construction, the loan is not a real estate loan and is not subject to the limitation contained in the third paragraph of 12 U.S.C. 371 that such loans have maturities not to exceed 24 months. Although there is no specific restriction as to the period of time over which such takeout commitments may extend, they must be made for a definite or determinable date subsequent to completion of construction. A minimum rental or percentage occupancy requirement would make uncertain the date at which the takeout commitment would become effective. Accordingly, a takeout commitment, subject to such conditions, would not constitute a valid and binding commitment with the meaning of 12 U.S.C. 371. It should be noted, however, that in situations where the permanent lender agrees to advance a partial amount upon completion of the building and conditions a further advance upon a minimum occupancy requirement, only that part of the loan which is supported by a takeout commitment, subject to the occupancy requirement, is classified as a real estate loan under 12 U.S.C. 371.

SECURITIES LOANS

October 18, 1967.

Hon. Dante B. Fascell,
Legal and Monetary Affairs Subcommittee of the Committee on Government Operations,
House of Representatives,
Washington, D.C.:

Thank you for your letter of September 28, 1967, calling the attention of this Office to an article in the *Wall Street Journal* of the same date. The article reports that certain lenders, which it describes as "unregulated lenders," make loans to speculators for the purpose of permitting them to purchase or carry registered stocks without regard for the margin requirements of Regulation U of the Federal Reserve Board (12 CFR 221). It also states that some banks make loans to the so-called unregulated lenders, knowing that such lenders will reloan the proceeds in circumvention of Regulation U.

Authority to issue Regulation U is vested exclusively in the Federal Reserve Board by the Securities Exchange Act of 1934, particularly section 7 thereof (15 U.S.C. 78). Accordingly, this Office does not have a policy position with regard to the substantive provisions of such regulation. This Office does, however, have the limited responsibility to ascertain if National banks are complying with the requirements of Regulation U, including section 221.3(q) thereof. This we do in the course of our regular examinations of National banks. If a violation is discovered, we promptly bring the matter to the attention of the National bank involved for correction.

In our examinations of National banks, we have not found patterns of loans made to so-called unregulated lenders with knowledge of their intent to reloan the same to finance the purchase or carrying of registered stock. And the violations we occasionally discover provide no basis for suspecting that such patterns do exist. This is not to say, however, that each violation of Regulation U by a National bank is uncovered by this Office.

Many times a National bank does not know that its loan to a so-called unregulated lender is a violation of section 221.3(q). If the unregulated lender, who is also engaged in other lending activities, informs the bank that he does not intend to reloan the money for the purpose of financing or carrying a registered stock, and the bank has no reason to suspect otherwise, the loan will be an unknowing violation of subsection 221.3(q) on the part of the bank. In this regard, it should be noted that section 7(d) of the Securities Exchange Act of 1934 prescribes a subjective test, namely the purpose of the so-called unregulated lender, as the standard for determining whether that statute is violated. Such a standard is not always susceptible to easy application.

Even if the bank's lending officer has knowledge that a loan is in violation of section 221.3(q), this Office may not discover the violation during our examination, for two reasons. First, the credit file of the bank may not disclose, or otherwise suggest, the violation. Thus, the examiner reviewing that file will have no way of knowing of the impropriety, unless told by the lending officer. Second, if the loan in question is not in arrears, is otherwise in good standing, and the amount thereof is below the amount set as the standard for reviewing loans in the course of a particular examination, the examiner may have no occasion to review the credit file and speak to a bank official regarding the loan.

Although, as indicated, we have no reason to believe that a substantial number of loans in violation of Regulation U are now made by National banks, in order to guard against such possibility this Office intends to remind our examiners to follow our instructions in this area and be especially alert to violations of such regulation, including section 221.3(q). We expect these instructions to go forward to our field personnel in the very near future.

TRAVEL SERVICES

OCTOBER 4, 1967.

Hon. EMMANUEL CELLER,
Committee on the Judiciary,
House of Representatives,
Washington, D.C.:

Reference is made to your letter of September 26, 1967, in which you request our comments with respect to a letter from a travel-agency president. He presents several arguments in support of pending legislation designed to prevent National banks from operating travel agencies. In substance, he feels the operation by National banks of travel services is illegal, is not in the public interest, represents unfair competition, will drive the independent travel agent out of business, and permits the bank to pressure its depositors and borrowers to utilize such service.

The position of this Office in regard to National banks acting as travel agents is set forth in Paragraph 7475 of the *Comptroller's Manual for National Banks,* as follows:

> Incident to those powers vested in them under 12 U.S.C. 24, National banks may provide travel services for their customers and may receive compensation therefor. Such services may include the sale of trip insurance and the rental of automobiles as agent for a local rental service. In connection therewith, National banks may advertise, develop, and extend such travel services for the purpose of attracting customers to the bank.

There are several bases for this ruling. First, both State and National banks have a long history of service as travel agents. In the period between the Civil War and the 1920's, the banks in some sections of the country played a large role in arranging travel accommodations for immigrants. Thus, banks are not "entering" the travel business. Some have been in the field for nearly 100 years.

The second basis for the ruling was determination by this Office that the furnishing of travel services as the agent of a carrier is a proper banking function. It complements many established banking services such as the issuance of traveler's letters of credit and traveler's checks, the providing of custody accounts, safe deposit facilities, and the entire range of bank credits employed in international trade and investment. Also, although the activities of a travel agent have become formalized in recent years, the basic function continues to be the delivery of documents—the tickets—against payment of the price. This function, of course, is identical to that performed by banks in connection with several areas of domestic and international commerce. For example, in commercial transactions between distant parties, sellers customarily make banks their agents for the delivery of documents and the collection of drafts.

Rule 67, to which the travel-agency president refers in his letter, was a reflection of certain advertising and profitability restrictions imposed after World War II on travel departments operated by National banks. This "rule" was neither published in the *Code of Federal Regulations* nor contained in the *Comptroller's Digest of Opinions*, the forerunner of the *Comptroller's Manual for National Banks*. In 1959, after an extensive 2-year study conducted by this Office at the behest of the American Society of Travel Agents, these restrictions were lifted.

As previously noted, National banks and independent travel agents have been offering travel services, side by side, for nearly 100 years. We have been unable to discover a single instance in which an independent travel agent has been driven out of business as a result of competition from a National bank, or in which a National bank has applied pressure on a customer, through its lending and borrowing relationship, to utilize the bank's travel services. We are strongly of the opinion, especially during these times of increased demand by the general public for travel services, that it would be adverse to the public interest to eliminate, as the agency president suggests, National banks as competitors in this area.

Finally, it should be noted, that although he objects to the participation of National banks in the travel service area, the New York legislature has added to its "banking powers" statute, which controls the activities of New York State banks, the following provision, in pertinent part:

> § 96 Every bank and trust company shall * * * have the following powers.
>
> 13. To reserve or order transportation, travel accommodations or other travel services.
>
> Consolidated Laws of New York
> Banking Laws, § 96

TRUTH-IN-LENDING

April 25, 1967.

Hon. Wallace F. Bennett,
Committee on Banking and Currency,
United States Senate,
Washington, D.C.:

We are pleased to submit the following as our answers, for the record, to the questions you asked at the conclusion of our testimony on April 13, 1967, concerning S. 5, the Truth-In-Lending Act of 1967.

(1) "Can you tell how a bank check credit program would comply with S. 5?"

We assume the question refers to the activity wherein a bank agrees to honor, up to a maximum amount, checks written by a depositor in excess of the balance in his account. The bank, in effect, upon being satisfied with the depositor's credit standing, makes a commitment to lend the maximum amount to the depositor. The depositor receives the proceeds of his loan by writing checks in excess of his account balance.

We believe that it is the intent of the bill that this type of credit extension be treated similarly to the revolving credit account. No credit is extended until the borrower overdraws his account and, at that time, a finance charge, usually at a monthly rate of 1 percent to 1½ percent, is charged. We believe it is the intent of the bill that this would be disclosed as an annual rate of 12 percent to 18 percent.

(2) "Can you tell how a bank credit card program would comply with S. 5?"

A bank's credit card program, for purposes of S. 5, is, at least as far as the customer is concerned, essentially the same as a retailer's revolving credit program. The difference, which is not significant, is that the bank takes the position which the merchant or seller of goods or services would occupy in a revolving credit program. Thus, a bank credit card program should not present any unique problems with respect to S. 5. If the imposed rate is 1½ percent per month, the annual rate would be 12 times 1½ percent, or 18 percent. Whatever method is adopted by S. 5 regarding revolving credit programs would also be applicable to bank credit card programs.

(3) "What about credit card programs where a fee is paid to get the card?"

A fee paid to obtain a credit card can, as the regulators choose, be viewed either as a cost incident to obtaining credit, such as the cost of a credit investigation report, or a one-time cost spread over an indefinite lifetime of the card. If the former view is adopted, this fee will enter into the computation of the aggregate finance charge to be paid by the borrower for the extension or use of credit. If the latter view is taken, the fee for obtaining the card should not be included in the rate.

(4) "How would a variable interest rate contract comply with S. 5?"

We are not sure what is meant in the question by "variable rate contract." If the reference is to a graduated rate contract with a fixed term and a definite payment schedule, a single rate equivalent may be obtained through the use of tables.

In the case of an open-end contract with graduated rates, a single rate can only be obtained by hypothesizing in regard to the length and terms of the loan. Rules could be established by the regulating agency.

In the case of a really variable rate, where the rate is subject to unpredictable change, the annual rate could only be given on the basis of the rate in effect at the time the contract is drawn. Additional information regarding the events which would cause change in the rate, overall maximum rate, etc., could be given in narrative.

UNDERWRITING REVENUE BONDS

SEPTEMBER 1, 1967.

Hon. JOHN SPARKMAN,
Committee on Banking and Currency,
United States Senate, Washington, D.C.:

Reference is made to your request for the views of this Office on S. 1306, a bill "To assist cities and States by amending section 5136 of the Revised Statutes, as amended, with respect to the authority of National banks to underwrite and deal in securities issued by States and local governments, and for other purposes."

The Glass-Steagall Act of 1933 authorized commercial banks to underwrite general obligations of States and their political subdivisions, although it also forbade banks to underwrite other securities. The effect of the law was to assure States and local governments that they would have the benefit of effective competition between commercial banks and investment bankers in the marketing of their obligations.

Since the depression years, public needs have grown extensively, and State and local governments in planning methods of financing their needs have been increasingly faced with antiquated statutory debt limits. Consequently, in order to raise funds to finance their public needs, these political entities have had to raise revenues through other means than property taxation to which debt limits are principally keyed. The practice developed of allocating revenues from specific sources to specific purposes. Bonds to be paid from revenues thus allocated have come to be known as revenue bonds. This type of bond now constitutes nearly half of the bonds issued by State and local governments. In practice, these bonds have proved to be just as sound as general obligations, and there is no basis whatever for asserting as a generality that general obligation bonds are sounder than revenue bonds.

There is no less need for effective competition between commercial banks and investment bankers in the marketing of revenue bonds than in the marketing of general obligation bonds. Moreover, there is no basis for making a distinction between general obligation and revenue bonds with respect to bank participation in their marketing. No such distinction was ever written into law, and it exists today only because of the historical accident that the general mode of State and local government financing when the law was enacted was through the issuance of general obligations.

Indeed, this Office has interpreted the term "general obligation" in the existing law as covering certain kinds of sound issues which had been previously considered revenue bonds. The Board of Governors of the Federal Reserve System, although it testified before your Committee in favor of enactment of S. 1306, has not accepted the Comptroller's interpretation of the powers of National banks in this regard, but has taken the position that only bonds backed by the full faith and credit of a political subdivision possessing full powers of taxation may be underwritten under existing law. The question is involved in litigation now pending in the Court of Appeals for the District of Columbia.

S. 1306 is limited in scope and would not go so far as to authorize National banks to deal in and underwrite revenue bonds which do not have the requisite soundness, nor would it authorize such banks to do so in unlimited amounts. It would authorize banks to deal in and underwrite only those revenue bonds now eligible for purchase by National banks, and only in amounts not exceeding 10 percent of the bank's capital and surplus, for any single issuer. Thus, there would be little, if any, additional risk to a bank over that which it may have under existing law. Moreover, S. 1306 would specifically exclude industrial revenue and special assessment bonds.

The only other possible objection to the proposed legislation is the possibility of conflict of interest abuse on the part of individual banks. This objection seems hardly tenable in view of the fact that substantively there is little, if any, difference between revenue bonds and general obligation bonds, which banks have long been permitted to deal in and underwrite, in view also of the fact that conflict of interest abuse has not been a problem in the administration of the laws which permit bank underwriting of general obligations.

The proposed legislation would merely modernize the powers of National banks in light of modern methods of public financing, and would provide for local governments a greater competitive market than they now have in which to finance badly needed public improvements. This Office, therefore, strongly urges the enactment of S. 1306.

VOTING OF BANK STOCK

DECEMBER 18, 1967

Hon. WRIGHT PATMAN,
Committee on Banking and Currency,
House of Representatives,
Washington, D.C.:

Thank you for your letter of November 17, 1967, which requests a report from this Office on H.R. 13884 (90th Cong., 1st sess.).

H.R. 13884 deals with two subjects. First, it would prohibit any insured bank from controlling the voting of any of its own stock, and, secondly, it would extend the present requirements for mandatory cumulative voting now imposed on National banks to cover all insured banks.

First. The provisions of H.R. 13884 which would prohibit insured banks from voting their own capital stock apparently refer to situations where such banks hold their stock as trustees. National banks are presently prohibited from holding their own stock, beneficially (12 U.S.C. 83), and we believe most State banks are similarly restricted.

National banks presently may not vote their own stock, which they hold as trustee, at elections of directors, "unless under the terms of the trust the manner in which such shares shall be voted may be determined by a donor or beneficiary of the trust and unless such donor or beneficiary actually directs how such shares shall be voted * * *." (12 U.S.C. 61).

H.R. 13884 would repeal the above provision and, in its place, write an absolute prohibition forbidding any insured bank to "directly or indirectly exercise or control the exercise of the voting rights of its capital stock."

Although this Office has heard of one recent complaint concerning a State bank, respecting its voting of its stock held in trust, similar complaints cannot, however, be levied against any National bank. For National banks, the above-quoted provisions of 12 U.S.C. 61 contain a completely adequate safeguard. Since this provision now fully protects against improprieties by National banks, we see no necessity for the more stringent rule of H.R. 13884.

If, *arguendo*, some Federal legislation is considered necessary and proper with regard to State banks, we believe that the above-quoted provision of 12 U.S.C. 61 should serve as the standard.

H.R. 13884 would also have undesirable side effects upon all banks. One effect would be its disruptive impact. H.R. 13884 would render each insured bank, both State and National, practically incapable of acting as trustee of a trust, the assets of which include stock of such bank. Thus, every trust containing stock of an insured bank would have to be lodged with a different bank. This would disrupt many trusts now in existence. And this would be true whether such stock was, in terms of value, a substantial portion of the trust's assets.

H.R. 13884 would also foster the creation of interbank influence. If a bank, as trustee, holds substantial stock in another bank, the former could, through cumulative voting, obtain representation on the latter's board of directors. The trustee bank could, with justification, insist that such representation is necessary to fulfill its fiduciary duty to oversee the management of its trust assets and to preserve and enhance their value. While some such situations exist today, H.R. 13884 would serve to greatly enlarge the number of cases in which this would occur.

Second. The second provision of H.R. 13884 would extend the present mandatory cumulative voting requirements on National banks to cover the election of directors of every *insured* bank.

This Office has had mixed experiences with regard to the subject of cumulative voting. The desirability of cumulative voting is a matter of disagreement among many knowledgeable and respected legal commentators.

This Office recognizes that cumulative voting is considered a means of achieving corporate democracy. Indeed, on occasion, cumulative voting has enabled us to work toward the solution of supervisory problems through minority interests. On the other hand, we have seen many instances where cumulative voting has been used and abused by fractious and disruptive elements leading to supervisory problems. A rather important drawback to cumulative voting is that it sometimes enables a competitor bank to place a director on its rival's board, an obviously undesirable situation. Accordingly this Office has no recommendation to make with regard to that part of the bill which would subject State banks to the cumulative voting requirement.

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