Annual Report 1974
Comptroller of the Currency

The Administrator of National Banks

James E. Smith

Comptroller of the Currency

Letter of Transmittal

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
WASHINGTON, D.C., OCTOBER 1, 1975

SIRS: Pursuant to the provisions of Section 333 of the United States Revised Statutes, I am pleased to submit the 1974 *Annual Report of the Comptroller of the Currency.*

Respectfully,

JAMES E. SMITH,
Comptroller of the Currency.

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

Contents

Title of Section	*Page*
I. Condition of the National Banking System	1
II. Income and Expenses of National Banks	3
III. Structural Changes in the National Banking System	5
IV. Bank Examinations and Related Activities	13
V. Law Department	15
VI. Fiduciary Activities of National Banks	19
VII. International Banking and Finance	21
VIII. Administrative and Management Developments	23
IX. Other Activities	27
X. Financial Operations of the Office of the Comptroller of the Currency	29

Appendices

A. Merger Decisions, 1974	35
B. Statistical Tables	175
C. Addresses and Selected Congressional Testimony	251
D. Selected Rulings and Correspondence of the Comptroller of the Currency	299

Index 327

Statistical Tables

Table No.	Title	Page
1	Assets, liabilities, and capital accounts of National banks, 1973 and 1974	2
2	Income and expenses of National banks, 1973 and 1974	4
3	National banks and banking offices, by States, Dec. 31, 1974	6
4	Applications for National bank charters, and charters issued, by States, calendar 1974	7
5	Applications for National bank charters issued pursuant to corporate reorganizations, and charters issued, by States, calendar 1974	8
6	Applications for conversion to National bank charters, and charters issued, by States, calendar 1974	9
7	Branches of National banks, by States, calendar 1974	10
8	*De novo* branch applications of National banks, by States, calendar 1974	11
9	*De novo* branches of National banks opened for business, by community size and by size of bank, calendar 1974	1[illegible]
10	Mergers, calendar 1974	1[illegible]
11	Office of the Comptroller of the Currency: balance sheets	30
12	Office of the Comptroller of the Currency: statements of revenue, expenses, and Comptroller's equity	31
13	Office of the Comptroller of the Currency: statements of changes in financial position	3[illegible]

I. *Condition of the National Banking System*

Recessionary and inflationary factors in the economy during 1974 exerted an important influence on the operations of National banks. In contrast to a 17.8 percent rise in total loans in 1973, the increase registered during 1974 was 9.7 percent. Total securities held, which had grown only 0.9 percent during 1973's strong loan demand, edged upward 2.2 percent in 1974. The major source of new funds for the system during 1974 was a 15.7 percent increase in time and savings deposits, an increase nearly as great as the 16.0 percent figure for 1973. Demand deposits continued to show relatively small increases; 1973's growth rate of 3.8 percent eased to a minuscule 0.8 percent in 1974. In consequence, by the end of 1974, total time and savings deposits accounted for 58.2 percent of total deposits, a proportion that has climbed from 52.0 percent at the end of 1972 and 54.8 percent at the end of 1973.

Within the securities category, the 1974 decline of 6.1 percent in Treasuries held was more than offset by increases of 11.4 percent in securities of Government agencies and corporations and of 3.7 percent in municipals. Federal funds purchased and securities sold under agreement to repurchase grew only a nominal 1.0 percent as a source of funds. Among the relatively smaller accounts, acceptances outstanding increased sharply, from $2.9 billion at the end of 1973 to $7.1 billion at year-end 1974.

For the second consecutive year, the rate of growth in total assets was less than that of the prior year. At year-end 1974, total assets of National banks reached $534.4 billion, a figure 9.2 percent above the December 1973 amount. The two previous years' rates were 15.5 percent in 1972 and 12.6 percent in 1973.

In the composition of National bank assets, the proportion accounted for by loans increased very slightly in 1974, from 55.5 percent to 55.7 percent, while the proportion represented by securities dropped slightly, from 21.4 percent to 20.0 percent.

Total reserves on loans rose by 10.5 percent, from $4.6 billion to $5.1 billion, a slightly higher rate of increase than the 9.7 percent shown by total loans. Total capital of National banks reached $35.8 billion at year-end 1974, reflecting an 8.1 percent increase over the prior year figure of $33.1 billion. As in 1973, the capital markets were relatively unreceptive to bank debenture issues during 1974, and the total outstanding only inched upward, from $2.2 billion to $2.3 billion.

TABLE 1

Assets, liabilities, and capital accounts of National banks, 1973 and 1974

[Dollar amounts in millions]

	Dec. 31, 1973 4,661 banks		Dec. 31, 1974 4,708 banks		Change, 1973–1974	
	Amount	Percent distribution	Amount	Percent distribution	Amount	Percent
ASSETS						
Cash and due from banks	$70,724	14.45	$76,557	14.33	$5,833	8.2
U.S. Treasury securities	30,966	6.32	29,081	5.44	−1,885	−6.0
Obligations of other U.S. Government agencies and corporations	15,072	3.08	16,788	3.14	1,716	11.3
Obligations of States and political subdivisions	55,236	11.28	57,296	10.72	2,060	3.7
Other securities	3,411	.70	3,835	.72	424	12.4
Total securities	104,685	21.38	107,000	20.02	2,315	2.2
Federal funds sold and securities purchased under agreements to resell	22,091	4.51	23,751	4.44	1,660	7.5
Direct lease financing	1,573	.32	2,426	.45	853	54.2
Loans	271,572	55.47	297,852	55.73	26,280	9.6
Fixed assets	8,144	1.66	9,052	1.69	908	11.1
Customers' liability on acceptances outstanding	2,847	.58	7,037	1.32	4,190	147.1
Other assets	7,965	1.63	10,747	2.02	2,782	34.9
Total assets	489,600	100.00	534,422	100.00	44,822	9.1
LIABILITIES						
Demand deposits of individuals, partnerships and corporations	136,056	27.79	137,829	25.79	1,773	1.3
Time and savings deposits of individuals, partnerships and corporations	181,215	37.01	207,794	38.88	26,579	14.6
Deposits of U.S. Government	6,193	1.26	2,711	.51	−3,482	−56.2
Deposits of States and political subdivisions	37,072	7.57	40,206	7.52	3,134	8.4
Deposits of foreign governments and official institutions, central banks, and international institutions	6,030	1.23	7,472	1.40	1,442	23.9
Deposits of commercial banks	23,379	4.78	29,552	5.53	6,173	26.4
Certified and officers' checks, etc.	5,935	1.21	5,662	1.06	−273	−4.6
Total deposits	395,881	80.86	431,225	80.69	35,344	8.9
Demand deposits	179,046	36.57	180,391	33.75	1,345	.7
Time and savings deposits	216,835	44.29	250,834	46.94	33,999	15.6
Federal funds purchased and securities sold under agreements to repurchase	35,975	7.35	36,323	6.80	348	.
Liabilities for borrowed money	3,722	.76	3,286	.61	−436	−11.
Acceptances executed by or for account of reporting banks and outstanding	2,921	.60	7,142	1.34	4,221	144.
Other liabilities	13,251	2.71	15,424	2.89	2,173	16.
Total liabilities	451,749	92.27	493,400	92.32	41,651	9.
Minority interest in consolidated subsidiaries	3	—	2	—	−1	−33.
RESERVES ON LOANS AND SECURITIES						
Reserves on loans	4,634	.95	5,119	.96	485	10.
Reserves on securities	79	.02	70	.01	−9	−11.
CAPITAL ACCOUNTS						
Capital notes and debentures	2,200	.45	2,258	.42	58	2.
Preferred stock	37	.01	13	—	−24	−64.
Common stock	7,904	1.61	8,336	1.56	432	5.
Surplus	13,513	2.76	14,067	2.63	554	4.
Undivided profits	8,998	1.84	10,652	1.99	1,654	18.
Reserves	484	.10	503	.09	19	3.
Total capital accounts	33,135	6.77	35,830	6.70	2,695	8
Total liabilities and capital accounts	489,600	100.00	534,422	100.00	44,822	9

NOTE: Data may not add to totals because of rounding. Dashes indicate amounts less than .01 percent.
The 1973 and 1974 data reflect consolidation of all majority-owned bank premises subsidiaries, and all significant domestic major owned subsidiaries, with the exception of Edge Act subsidiaries.

II. *Income and Expenses of National Banks*

The combination of real growth in the National Banking System and strong inflationary pressures led to steep increases in both total operating income and total operating expense in 1974; 29.6 percent for the former and 34.3 percent for the latter. Those high rates of increase were, however, slightly less than the comparable rates in 1973 of 32.6 percent and 35.9 percent, respectively. The figures for both 1973 and 1974 are in sharp contrast to those of 1972, when operating income rose by 10.5 percent and operating expense by 10.8 percent.

Applicable income taxes decreased slightly in 1974 compared to 1973, from $1.2 billion to $1.1 billion. With net security losses totalling $42.4 million in 1974, net income reached $4.0 billion for all National banks, a 7.4 percent increase over 1973. That rate of increase in net income compares with 13.9 percent in 1973 and 8.8 percent in 1972. Since the rate of growth of net income was slightly less than the 9.2 percent rate of growth in total assets, the rate of return on assets fell slightly in 1974 compared to 1973.

Interest and fees on loans totalled $28.4 billion in 1974, a 35.0 percent increase over 1973. Loan-related income accounted for 70.3 percent of total operating income, an increase from the 67.5 percent figure for 1973. Total revenues from securities holdings were $5.6 billion in 1974, an increase over 1973 of 11.6 percent. The proportion of operating income accounted for by income from securities continued to slip, from 16.0 percent in 1973 to 13.8 percent in 1974.

As dollar volume of Treasuries held declined for the third straight year, revenues from Federal funds sales and purchases of securities under agreement to resell surpassed revenues from Treasury holdings in 1974, $2.2 billion to $1.8 billion. Revenues from municipals held totalled $2.5 billion, a 13.5 percent increase over 1973, and holdings of securities of agencies and government corporations accounted for $1.0 billion in revenues, an increase of 40.3 percent over 1973.

On the expense side, the total cost of funds continued to burgeon, reflecting the growth in the proportion of time deposits to total deposits and ever-greater reliance on purchased non-deposit funds. Total interest on deposits reached $16.6 billion, an increase of 42.2 percent over 1973. The proportion of total operating expense accounted for by interest on deposits continued to increase, from 44.5 percent in 1973 to 47.1 percent in 1974. Similarly, the expense of Federal funds purchased and securities sold under agreements to repurchase spurted from $2.7 billion to $4.3 billion, a 59.5 percent increase. As a result, the proportion of operating expense accounted for by the cost of those purchased funds moved from 10.2 percent in 1973 to 12.1 percent in 1974.

Salaries and wages of officers and employees increased by 13.6 percent, but the proportion of operating expense represented by salaries and wages continued its decline. The figure has dropped from 23.8 percent in 1971 to 23.1 percent in 1972, to 18.8 percent in 1973, to 15.9 percent in 1974. Occupancy expense has shown a similar decline in relative importance, as the cost of funds has continued to jump upward.

Total cash dividends of $1.7 billion were declared by National banks in 1974, a 15.3 percent increase over 1973's $1.4 billion. The 1974 dividends reflected a payout ratio of 41.3 percent.

TABLE 2

Income and expenses of National banks, 1973 and 1974*

[Dollar amounts in millions]

	1973		1974		Change, 1973–1974	
	Amount	Percent distribution	Amount	Percent distribution	Amount	Percent
Number of banks	4,661	....	4,708	....	47	1.01
Operating income:						
Interest and fees on loans	$21,054.5	67.45	$28,418.6	70.26	$7,364.1	34.98
Income on Federal funds sold and securities purchased under agreements to resell	1,454.7	4.66	2,173.1	5.37	718.4	49.38
Interest and dividends on investments:						
U.S. Treasury securities	1,821.8	5.84	1,752.7	4.33	−69.1	−3.79
Obligations of other U.S. Government agencies and corporations	725.7	2.32	1,018.4	2.52	292.7	40.33
Obligations of States and political subdivisions	2,230.8	7.15	2,531.3	6.26	300.5	13.47
Other securities	203.7	.65	258.9	.64	55.2	27.10
Trust department income	820.4	2.63	853.7	2.11	33.3	4.06
Service charges on deposit accounts	752.7	2.41	827.2	2.05	74.5	9.90
Other service charges, collection and exchange charges, commissions, and fees	815.7	2.61	938.5	2.32	122.8	15.05
Other operating income	1,334.3	4.27	1,676.0	4.14	341.7	25.61
Total operating income	31,214.2	100.00	40,448.3	100.00	9,234.1	29.58
Operating expense:						
Salaries and wages of officers and employees	4,922.0	18.75	5,593.0	15.87	671.0	13.63
Pensions and other employee benefits	905.3	3.45	1,034.0	2.94	128.7	14.22
Interest on deposits	11,666.0	44.45	16,585.0	47.06	4,919.0	42.17
Expense of Federal funds purchased and securities sold under agreements to repurchase	2,681.2	10.22	4,277.2	12.14	1,596.0	59.53
Interest on borrowed money	304.0	1.16	519.3	1.47	215.3	70.82
Interest on capital notes and debentures	130.4	.50	147.8	.42	17.4	13.34
Occupancy expense of bank premises, net	999.2	3.81	1,146.6	3.25	147.4	14.75
Furniture and equipment, depreciation, rental costs, servicing, etc.	718.7	2.74	811.9	2.30	93.2	12.97
Provision for loan losses (or actual net loan losses)	758.1	2.89	1,391.8	3.95	633.7	83.59
Other operating expenses	3,161.9	12.05	3,734.9	10.60	573.0	18.12
Total operating expense	26,246.9	100.00	35,241.4	100.00	8,994.5	34.27
Income before income taxes and securities gains or losses	4,967.3	....	5,206.9	....	239.6	4.82
Applicable income taxes	1,194.9	....	1,122.6	....	−72.3	−6.05
Income before securities gains or losses	3,772.5	....	4,084.3	....	311.8	8.27
Net securities gains (after tax effect)	−13.5	....	−42.4	....	−28.9	−214.07
Net income before extraordinary items	3,758.9	....	4,041.9	....	283.0	7.53
Extraordinary charges or credits	9.0	....	2.8	....	−6.2	−68.89
Minority interest in consolidated subsidiaries	—	....	—	....	—	....
Net income	3,767.7	....	4,044.5	....	276.8	7.35
Cash dividends declared:						
On common stock	1,447.0	....	1,670.2	....	223.2	15.4
On preferred stock	2.4	....	1.0	....	−1.4	−58.3
Total cash dividends declared	1,449.4	....	1,671.2	....	221.8	15.3
Ratio to income before income taxes and securities:						
Applicable income taxes	....	24.06	....	21.56	....	....
Net securities gains	....	−.27	....	−.81	....	....
Extraordinary charges or credits	....	.18	....	.05	....	....
Ratio to total operating income:						
Salaries and wages	....	15.77	....	13.83	....	....
Interest on deposits	....	37.37	....	41.00	....	....
All other operating expenses	....	10.13	....	9.23	....	....
Total operating expenses	....	84.09	....	87.13	....	....
Net income	....	12.07	....	10.00	....	....

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

NOTE: Dashes indicate amounts of less than $500,000. Data may not add to totals because of rounding.

III. *Structural Changes in the National Banking System*

The total number of National banks increased from 4,661 to 4,708 during 1974. Of those, 2,756 were unit banks and the remaining 1,952 operated 15,565 branches at year-end: a grand total of 20,273 National banking offices. The numbers of branches increased during the year by 5.5 percent and the total number of offices by 4.4 percent. Three unit banking states, Texas, Illinois, and Florida, led in total number of National banks with 569, 420, and 282, respectively. The largest number of branches per state are located in California, with 2,662, New York, with 1,544, and Pennsylvania, with 1,320.

National banks opened 939 *de novo* branches in 1974. Mergers and conversions led to the entry into the National Banking System of 246 additional preexisting branches, while 378 branches left the system through closings, mergers, and conversions.

Of the 939 *de novo* branches, 742 or 79 percent, were located in communities with populations of less than 100,000. Only 33, or less than 4 percent, were located in cities with 1 million or more people. Banks with total assets under $100 million established 470 of the *de novo* branches, or slightly over 50 percent of the total. Billion-dollar banks opened 204 *de novo* branches, about 22 percent of the total. New York led all states in *de novo* branches with 130, followed by Pennsylvania with 83 and California with 75.

Charters were issued for 92 newly organized National banks during 1974, compared with 94 in 1973. Texas, with 23, and Florida, with 19, were far ahead of other states in the number of new National banks, with third-place Missouri accounting for six. Sixty additional charters were issued pursuant to corporate reorganizations and 12 for banks converting from State systems to the National system.

Preliminary approval was granted to 92 *de novo* charter applications, compared to 134 in 1973. Florida and Texas led all other states, with 21 and 17 respectively, while Illinois ranked third with seven preliminary approvals.

During 1974, 66 merger, consolidation or purchase transactions involving two or more operating banks, and in which the resulting bank was a National bank, were completed. In 1973, there were 53 such transactions. In addition, 62 transactions were completed that involved only one operating bank, to effectuate corporate reorganizations.

TABLE 3

National banks and banking offices, by States, Dec. 31, 1974

	National banks			Number of branches	Number of offices
	Total	Unit	With branches		
United States	4,708	2,756	1,952	15,565	20,273
Alabama	93	36	57	267	360
Alaska	5	0	5	65	70
Arizona	3	1	2	265	268
Arkansas	74	20	54	144	218
California	55	9	46	2,662	2,717
Colorado	127	106	21	21	148
Connecticut	24	3	21	251	275
Delaware	5	3	2	4	9
District of Columbia	13	2	11	86	99
Florida	282	257	25	25	307
Georgia	64	17	47	311	375
Hawaii	2	1	1	10	12
Idaho	6	1	5	154	160
Illinois	420	326	94	93	513
Indiana	121	38	83	441	562
Iowa	99	52	47	76	175
Kansas	171	129	42	52	223
Kentucky	80	29	51	192	272
Louisiana	52	13	39	227	279
Maine	20	4	16	124	144
Maryland	40	8	32	336	376
Massachusetts	78	13	65	492	570
Michigan	117	25	92	696	813
Minnesota	202	189	13	17	219
Mississippi	39	6	33	212	251
Missouri	110	68	42	51	161
Montana	55	52	3	3	58
Nebraska	121	87	34	45	166
Nevada	4	1	3	74	78
New Hampshire	47	16	31	78	125
New Jersey	122	20	102	917	1,039
New Mexico	34	5	29	101	135
New York	154	38	116	1,544	1,698
North Carolina	26	4	22	761	787
North Dakota	43	28	15	16	59
Ohio	217	53	164	904	1,121
Oklahoma	193	142	51	51	244
Oregon	8	1	7	289	297
Pennsylvania	250	94	156	1,320	1,570
Rhode Island	5	0	5	113	118
South Carolina	18	3	15	289	307
South Dakota	31	20	11	69	100
Tennessee	75	13	62	353	428
Texas	569	569	0	0	569
Utah	11	6	5	93	104
Vermont	17	5	12	46	63
Virginia	109	17	92	625	734
Washington	23	7	16	501	524
West Virginia	100	89	11	11	111
Wisconsin	128	85	43	81	209
Wyoming	44	44	0	0	44
Virgin Islands	1	0	1	7	8
Puerto Rico	1	1	0	0	1
District of Columbia – all*	16	2	14	124	140

* 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 1974*

	Received†	Approved	Disapproved	Withdrawn	Pending Dec. 31, 1974	Chartered
United States	313	92	70	10	141	92
Alabama	9	1	2	0	6	2
Alaska	1	1	0	0	0	0
Arizona	0	0	0	0	0	0
Arkansas	2	0	1	0	1	0
California	12	4	4	0	4	3
Colorado	8	4	1	0	3	1
Connecticut	0	0	0	0	0	1
Delaware	0	0	0	0	0	0
District of Columbia	1	0	0	0	1	1
Florida	89	21	28	1	39	19
Georgia	3	2	1	0	0	2
Hawaii	0	0	0	0	0	0
Idaho	0	0	0	0	0	0
Illinois	23	7	3	0	13	3
Indiana	2	0	0	1	1	0
Iowa	0	0	0	0	0	0
Kansas	1	0	0	0	1	1
Kentucky	1	0	0	0	1	0
Louisiana	3	1	0	0	2	1
Maine	0	0	0	0	0	1
Maryland	4	3	1	0	0	1
Massachusetts	1	0	0	1	0	0
Michigan	11	3	0	1	7	5
Minnesota	6	1	1	1	3	1
Mississippi	4	0	3	0	1	0
Missouri	7	1	1	1	4	6
Montana	1	0	0	0	1	0
Nebraska	1	1	0	0	0	0
Nevada	0	0	0	0	0	0
New Hampshire	0	0	0	0	0	0
New Jersey	10	4	2	2	2	2
New Mexico	9	3	4	0	2	0
New York	6	2	0	0	4	3
North Carolina	1	0	1	0	0	2
North Dakota	1	0	0	0	1	0
Ohio	1	0	0	0	1	1
Oklahoma	3	1	0	1	1	1
Oregon	0	0	0	0	0	0
Pennsylvania	0	0	0	0	0	0
Rhode Island	0	0	0	0	0	0
South Carolina	3	2	0	0	1	0
South Dakota	0	0	0	0	0	0
Tennessee	3	1	0	1	1	2
Texas	60	17	11	1	31	23
Utah	2	0	2	0	0	0
Vermont	0	0	0	0	0	0
Virginia	9	4	3	0	2	4
Washington	2	2	0	0	0	0
West Virginia	2	2	0	0	0	3
Wisconsin	6	2	0	0	4	1
Wyoming	3	2	0	0	1	2
Virgin Islands	0	0	0	0	0	0
Puerto Rico	2	0	1	0	1	0

* Excludes conversions and corporate reorganizations.
† Includes 151 applications pending as of December 31, 1973.

Table 5

Applications for National bank charters issued pursuant to corporate reorganizations, and charters issued, by States, calendar 1974

	*Received**	*Approved*	*Disapproved*	*Withdrawn*	*Pending Dec. 31, 1974*	*Chartered*
United States	65	62	0	1	2	60
Alabama	6	6	0	0	0	6
Alaska	0	0	0	0	0	0
Arizona	0	0	0	0	0	0
Arkansas	1	1	0	0	0	1
California	1	1	0	0	0	0
Colorado	0	0	0	0	0	4
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	7	7	0	0	0	1
Indiana	0	0	0	0	0	1
Iowa	0	0	0	0	0	0
Kansas	0	0	0	0	0	0
Kentucky	1	1	0	0	0	0
Louisiana	0	0	0	0	0	0
Maine	0	0	0	0	0	0
Maryland	0	0	0	0	0	1
Massachusetts	6	6	0	0	0	3
Michigan	5	5	0	0	0	10
Minnesota	0	0	0	0	0	0
Mississippi	1	1	0	0	0	0
Missouri	0	0	0	0	0	0
Montana	0	0	0	0	0	0
Nebraska	0	0	0	0	0	0
Nevada	0	0	0	0	0	0
New Hampshire	0	0	0	0	0	3
New Jersey	1	1	0	0	0	5
New Mexico	0	0	0	0	0	0
New York	2	2	0	0	0	5
North Carolina	0	0	0	0	0	0
North Dakota	0	0	0	0	0	0
Ohio	5	5	0	0	0	2
Oklahoma	2	2	0	0	0	0
Oregon	0	0	0	0	0	0
Pennsylvania	1	1	0	0	0	0
Rhode Island	0	0	0	0	0	0
South Carolina	2	0	0	1	1	0
South Dakota	0	0	0	0	0	0
Tennessee	1	0	0	0	1	5
Texas	17	17	0	0	0	9
Utah	0	0	0	0	0	0
Vermont	0	0	0	0	0	0
Virginia	3	3	0	0	0	3
Washington	0	0	0	0	0	1
West Virginia	2	2	0	0	0	0
Wisconsin	0	0	0	0	0	0
Wyoming	1	1	0	0	0	0
Virgin Islands	0	0	0	0	0	0
Puerto Rico	0	0	0	0	0	0

* Includes 6 applications pending as of December 31, 1973.

TABLE 6

Applications for conversion to National bank charter and charters issued, by States, calendar 1974

	Received	Approved	Disapproved	Withdrawn	Pending Dec. 31, 1974	Chartered
United States	13	11	0	0	2	12
Alabama	0	0	0	0	0	0
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	0	0	0	0	0	0
Connecticut	0	0	0	0	0	0
Delaware	0	0	0	0	0	0
District of Columbia	0	0	0	0	0	0
Florida	1	0	0	0	1	1
Georgia	0	0	0	0	0	1
Hawaii	0	0	0	0	0	0
Idaho	0	0	0	0	0	0
Illinois	0	0	0	0	0	1
Indiana	0	0	0	0	0	0
Iowa	1	1	0	0	0	1
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	1	1	0	0	0	1
Minnesota	0	0	0	0	0	0
Mississippi	1	0	0	0	1	0
Missouri	0	0	0	0	0	0
Montana	1	1	0	0	0	1
Nebraska	0	0	0	0	0	0
Nevada	0	0	0	0	0	0
New Hampshire	0	0	0	0	0	0
New Jersey	0	0	0	0	0	0
New Mexico	0	0	0	0	0	0
New York	0	0	0	0	0	0
North Carolina	0	0	0	0	0	0
North Dakota	0	0	0	0	0	0
Ohio	2	2	0	0	0	0
Oklahoma	0	0	0	0	0	0
Oregon	0	0	0	0	0	0
Pennsylvania	1	1	0	0	0	1
Rhode Island	0	0	0	0	0	0
South Carolina	0	0	0	0	0	0
South Dakota	0	0	0	0	0	0
Tennessee	1	1	0	0	0	1
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	3	3	0	0	0	3
Wisconsin	0	0	0	0	0	0
Wyoming	0	0	0	0	0	0
Virgin Islands	0	0	0	0	0	0

TABLE 7

Branches of National banks by States, calendar 1974

	Branches in operation Dec. 31, 1973	De novo branches opened for business Jan. 1 to Dec. 31, 1974	Branches acquired through merger or conversion Jan. 1 to Dec. 31, 1974	Existing branches discontinued or consolidated Jan. 1 to Dec. 31, 1974	Branches in operation Dec. 31, 1974
United States	14,758*	939	246	378†	15,565
Alabama	245	23	1	2	267
Alaska	60	5	0	0	65
Arizona	253	13	0	1	265
Arkansas	116	27	1	0	144
California	2,603	75	9	25	2,662
Colorado	15	6	0	0	21
Connecticut	243	12	0	4	251
Delaware	4	0	0	0	4
District of Columbia	78	8	0	0	86
Florida	0	25	0	0	25
Georgia	283	30	0	2	311
Hawaii	10	0	0	0	10
Idaho	147	7	0	0	154
Illinois	87	8	0	2	93
Indiana	408	33	2	2	441
Iowa	70	4	4	2	76
Kansas	40	11	1	0	52
Kentucky	174	20	0	2	192
Louisiana	215	12	0	0	227
Maine	116	8	0	0	124
Maryland	306	20	10	0	336
Massachusetts	473	18	7	6	492
Michigan	657	37	8	6	696
Minnesota	11	6	0	0	17
Mississippi	182	22	15	7	212
Missouri	45	7	0	1	51
Montana	3	0	0	0	3
Nebraska	32	13	0	0	45
Nevada	68	6	0	0	74
New Hampshire	73	4	1	0	78
New Jersey	857	39	22	1	917
New Mexico	96	6	0	1	101
New York	1,518	130	24	128	1,544
North Carolina	724	41	5	9	761
North Dakota	12	6	0	2	16
Ohio	856	45	3	0	904
Oklahoma	49	3	0	1	51
Oregon	281	8	0	0	289
Pennsylvania	1,206	83	93	62	1,320
Rhode Island	113	0	0	0	113
South Carolina	345	21	12	89	289
South Dakota	65	3	1	0	69
Tennessee	329	23	1	0	353
Texas	0	0	0	0	0
Utah	89	4	0	0	93
Vermont	43	10	3	10	46
Virginia	578	36	18	7	625
Washington	493	8	3	3	501
West Virginia	2	9	0	0	11
Wisconsin	77	4	2	2	81
Wyoming	0	0	0	0	0
Virgin Islands	8	0	0	1	7
District of Columbia – all‡	115	9	0	0	124

* 1973 totals adjusted in New York and Washington.
† Includes 1 adjustment made in Michigan.
‡ 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 branch applications of National banks, by States, calendar 1974

	*Received**	*Approved*	*Disapproved*	*Withdrawn*	*Pending Dec. 31, 1974*
United States	1,246	924	88	42	192
Alabama	26	18	1	0	7
Alaska	8	4	0	2	2
Arizona	17	12	2	0	3
Arkansas	22	21	0	0	1
California	120	86	18	3	13
Colorado	6	5	0	0	1
Connecticut	9	7	0	1	1
Delaware	1	1	0	0	0
District of Columbia	10	6	0	2	2
Florida	64	52	1	4	7
Georgia	34	26	1	1	6
Hawaii	1	1	0	0	0
Idaho	7	5	0	2	0
Illinois	11	8	0	1	2
Indiana	41	28	2	2	9
Iowa	4	4	0	0	0
Kansas	10	9	0	1	0
Kentucky	22	17	0	0	5
Louisiana	19	13	2	0	4
Maine	5	4	0	0	1
Maryland	31	27	2	0	2
Massachusetts	23	19	1	1	2
Michigan	123	47	20	7	49
Minnesota	9	6	0	1	2
Mississippi	18	16	2	0	0
Missouri	15	14	0	1	0
Montana	2	2	0	0	0
Nebraska	9	8	0	0	1
Nevada	3	2	0	0	1
New Hampshire	7	5	0	0	2
New Jersey	110	74	10	4	22
New Mexico	9	8	0	0	1
New York	143	117	9	1	16
North Carolina	34	30	2	0	2
North Dakota	8	5	1	0	2
Ohio	40	32	2	1	5
Oklahoma	3	2	0	1	0
Oregon	15	13	0	0	2
Pennsylvania	69	62	1	2	4
Rhode Island	0	0	0	0	0
South Carolina	23	21	2	0	0
South Dakota	4	3	0	0	1
Tennessee	26	23	0	1	2
Texas	1	1	0	0	0
Utah	9	7	1	1	0
Vermont	2	2	0	0	0
Virginia	42	33	5	1	3
Washington	18	10	0	0	8
West Virginia	5	4	0	1	0
Wisconsin	6	4	1	0	1
Wyoming	0	0	0	0	0
Virgin Islands	0	0	0	0	0
Puerto Rico	2	0	2	0	0
District of Columbia – all†	11	6	0	2	3

* Includes 370 applications pending as of December 31, 1973.

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

TABLE 9

De novo branches of National banks opened for business, by community size and by size of bank, calendar 1974

Population of cities	*Branches*	*Total resources of banks (millions of dollars)*	*Branches*
Less than 5,000	190	Less than 10.0	34
5,000 to 24,999	315	10.0 to 24.9	168
25,000 to 49,999	134	25.0 to 49.9	150
50,000 to 99,999	103	50.0 to 99.9	118
100,000 to 249,999	74	100.0 to 999.9	265
250,000 to 499,999	40	1,000 and over	204
500,000 to 1,000,000	50		
Over 1,000,000	33	Total	939*
Total	939*		

* Includes six automated teller machines beginning operation during 1974.

TABLE 10

Mergers, calendar 1974*

	Transactions involving two or more operating banks	*Others pursuant to corporate reorganization*	*Total*
Applications received, 1974:			
Mergers	45	54	99
Consolidations	5	0	5
Purchases and Assumptions	11	0	11
Total received	61	54	115
Approvals issued, 1974:			
Mergers	42	60	102
Consolidations	7	0	7
Purchases and Assumptions	14	0	14
Total decisions	63	60	123
Abandoned, 1974:			
Mergers	6	8	14
Consolidations	1	0	1
Purchases and Assumptions	0	0	0
Total abandoned	7	8	15
Consummated, 1974:			
Mergers	43	62	105
Consolidations	8	0	8
Purchases and Assumptions	15	0	15
Total consummated	66	62	128

* Includes mergers, consolidations and purchases and assumptions where the resulting bank is a National bank.

IV. Bank Examinations and Related Activities

The National Bank Act requires that all National banks 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.

For the year ended December 31, 1974, the Office examined 6,436 banks, 18,063 branches and facilities, 1,701 trust departments, and 250 affiliates and subsidiaries, as well as conducting 648 special examinations and visitations. In addition, the Office received 221 applications to establish new banks; those included 59 corporate reorganizations. The Office also received 876 applications to establish *de novo* branches, and 13 applications to convert State banks to National banking associations.

National bank examinations are designed to determine the condition and performance of banks, the quality of their operations, the capacity of management, and whether the banks are complying with Federal laws. All facets of an examination have, as their end result, the determination of liquidity and solvency, present and prospective, and the determination of whether the bank is operating within the framework of applicable banking laws and regulations. The appraisal of a bank's loans and lending policies, investments and investment policies, and the ability and capacity of its management constitute the most exacting phases of the examination process.

As of December 31, 1974, the Office employed 2,152 examining personnel: 2,009 commercial examiners and 143 trust examiners.

The Office is constantly trying to improve the quality and efficiency of examinations and this year inaugurated a comprehensive review of examination practices and procedures. The review is being conducted by a consortium headed by the firm of Haskins and Sells. New examination methods are being formulated to effectively deal with the changing face of the banking industry. The career development program for examining personnel is placing increased emphasis on various schools for all personnel, from the newly appointed Assistant National Bank Examiner to the experienced National Bank Examiner. The National Bank Examiner's school occupies a key role in that program; it is attended by all recently commissioned National Bank Examiners and is very important in the development of our examining personnel. The curriculum covers all aspects of commercial examinations. Loan and investment analysis, determination of asset quality, and evaluation of bank management receive the greatest emphasis. Time is also devoted to diversification of risk, liquidity, capital adequacy, earnings, bank operations, investment in fixed assets, borrowings, future prospects, and review of the various laws and regulations affecting National banks. There are also lectures on trust and international examining and enforcement responsibilities for various types of consumer legislation. Instruction is provided by Washington Office personnel and several experienced National Bank Examiners. Knowledgeable bankers serve as guest speakers on topics in their fields of specialization.

All newly appointed Assistant National Bank Examiners are now assigned to a training crew for 6 months. The training crew is composed of a National Bank Examiner, two experienced Assistant National Bank Examiners and four new employees. The training crew performs examinations of the smaller National banks. Additional examination time is provided so that the new Assistants can be thoroughly trained in all phases of the examination. Assignments are arranged so that each Assistant performs a particular task in several successive examinations in order to assure that he is familiar with the procedure. It is anticipated that that new training approach will result in the Assistant being able to perform most tasks independently after the initial 6 months of training.

Following 6 months on a training crew, all newly appointed Assistant National Bank Examiners attend a special school held on the regional level. A new curriculum has been developed for that school, and all phases of the examination are covered with emphasis on those areas of the examination in which the Assistants will be performing most of their work. The material for that school has been improved and is now uniform throughout the country. Instruction is provided by experienced Assistants and commissioned examiners from the region.

All training programs of the Office are presently being studied to determine how they can be improved. An additional school is being planned for Senior Assistant National Bank Examiners. A curriculum is being planned that will help the Senior Assistant prepare for his increased responsibilities. Training is a very important part of any organization and increased emphasis is being placed on that area.

Ninety-seven National banks with 650 foreign branches require examiners with additional training to examine their international activities. That training is being provided through week-long seminars held quarterly in Washington, D.C., and through frequent, but temporary, international examining assignments at interregional and overseas locations.

In 1970, the Office inaugurated a 5-day EDP seminar to be held in the regions and to continue until all examining personnel have received the necessary training. In 1974, the Office conducted 11 of those regional EDP seminars. Instruction covers the capabilities and limitations of EDP systems in commercial banks. In addition, examiners from each region have been selected for specialized instruction in advanced electronic data processing. Those examiners generally work independently of the commercial or trust examiner and prepare the EDP Report of Examination, copies of which are sent to the banks examined. During 1974, a trust school was held in Washington, D.C., in addition to regional schools for trust personnel.

Finally, and in keeping with past practices, the Office encourages its examiners to attend the various graduate schools of banking and to participate in the host of courses offered by the American Institute of Banking and Dun and Bradstreet. We will continue to review and update training programs and examining techniques and to keep abreast of the ever-changing world of banking.

V. *Law Department*

The Law Department is charged with providing legal counsel to the Comptroller, with interpreting and enforcing banking laws and regulations, and with responding to litigation concerning the Office. Some of the major activities are described below.

A. Litigation

On January 1, 1974, 42 cases were pending in which the Comptroller was defendant. During the year, 24 of these cases reached disposition: 12 by stipulation of the parties, and 12 upon the merits. Of those cases decided on the merits, a preponderance, 10, represented challenges to the Comptroller's decisions upon new bank charters and branch bank applications. The most significant of these was the decision of the United States Court of Appeals for the Eighth Circuit in *First National Bank of Fayetteville* v. *Smith*, 508 F.2d 1371, upholding the Comptroller's arguments as to the limited scope of judicial review of the Comptroller's chartering decisions. None of those cases was decided adversely to the Office. The remaining two cases decided upon the merits litigated issues arising under the Currency and Foreign Transactions Reporting Act.

In June 1974, the Supreme Court decided two cases to which the Comptroller was a party involving the Bank Merger Act of 1966. *United States* v. *Marine Bancorporation*, 418 U.S. 602; and *United States* v. *Connecticut National Bank*, 418 U.S. 656. Each case involved allegations that a merger of two banks would eliminate potential future competition between the banks in violation of §7 of the Clayton Act. The Supreme Court's opinions made clear that the application of potential competition theories to banking must take into account the extensive Federal and State regulatory barriers to entry into banking, and that such barriers make it difficult to invalidate a bank merger on the basis of alleged future potential competition between the merging banks.

At year's end, 30 cases were pending, either in trial courts or upon appeal. Of special interest, three pending cases concerned issues springing from the receivership of United States National Bank, San Diego, Calif.

B. Enforcement

On the administrative side, the procedures of the Financial Institutions Supervisory Act of 1966 were used 20 times to rectify operations and improve administration of National banks. Those proceedings involved written agreements with this Office or orders to cease and desist enforceable through the injunctive powers of United States district courts. Such proceedings commonly involved a coordinated effort among examining personnel, regional authorities, and the Law Department.

The Law Department supervised investigation of a large number of suspected bank crimes and the preparation of reports for referral to the several United States Attorneys for possible prosecution. Those referrals represented the full gamut of bank-related crimes, ranging from common embezzlement to complex, nationwide fraud schemes.

C. Securities Disclosure

Considerable Law Department activity involved securities laws. The Department reviewed approximately 400 annual reports, 550 proxy statements, 1,100 quarterly reports, 1,000 current reports, and 9,600 ownership reports, filed by banks pursuant to the Securities and Exchange Act of 1934. In addition, numerous registration statements filed with the Securities and Exchange Commission by bank holding companies were reviewed at the SEC's request.

In October, the Congress amended Section 12(i) of the 1934 Act, to require that Part 11 of the Comptroller's regulations be rendered substantially similar to the comparable regulations of the Securities and Exchange Commission, or that any divergencies be explained. Accordingly, a survey of National banks was undertaken to determine the contours of trading markets for their shares, preparatory to revising Part 11.

The Law Department continued to cooperate with the Securities and Exchange Commission in areas of overlapping jurisdiction or common concern, including questions arising under the Glass-Steagall Act, reorganizations of banks into bank holding companies, disclosures, accounting policy, gold sales, automatic investment services for small investors, and financial consulting services for corporate customers.

D. Interpretations and Regulations

The Law Department received over 2,000 requests from other members of Comptroller's staff, from banks, from attorneys, from bank customers, and from members of Congress for interpretations of banking laws and regulations. Additionally, rulings and circulars were promulgated announcing new policies or revision of standing regulations. The following represents a digest of that activity.

1. Banking Circular No. 58. By the end of 1974, the ban on private ownership of gold by United States citizens was removed. Since the National Bank Act authorizes National banks to deal in "exchange, coin and bullion," National banks were permitted to participate in the developing market. Banking Circular No. 58, issued in December, 1974, cautioned about the volatility of the gold market, reminded that an investment in gold provides no yield or interest, and discussed insurance needs, accounting procedure, collateralizing loans, amount of inventory, and public relations.

2. Fair Housing Lending Practices Pilot Project. The Comptroller, in conjunction with the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, undertook a Fair Housing Lending Practices Pilot Project, to test the relative effectiveness of three different approaches designed to collect information relating to the directive of the Civil Rights Act of 1968 that no Federally regulated lending institution discriminate on the basis of race, color, religion, sex, or National origin in making residential real estate loans. The pilot project ran from June 1, 1974, to November 30, 1974, in 18 selected Standard Metropolitan Statistical Areas throughout the Nation. Each participating institution was required to request loan applicants to indicate their race and other characteristics, depending on the approach being tested, and to maintain a record of all applications for review by the appropriate regulatory agency. Results of the pilot project are being evaluated, in order to determine the feasibility of a uniform, nation-wide recordkeeping and reporting program.

3. Regulations: a. 12 C.F.R., Part 22—Flood Insurance Regulations. Pursuant to the Flood Disaster Protection Act of 1973, the Comptroller issued regulations (12 C.F.R., Part 22), effective March 2, 1974, requiring a National bank to make no loan secured by improved real estate or a mobile home located in a special flood hazard area, unless the borrower purchased flood insurance on the securing property. The regulations further required that a National bank make no such loans after July 1, 1975, or 1 year after notification to the community in which the securing property is located that it has been identified by the Secretary of Housing and Urban Development as a special flood hazard area, whichever is later, unless that community is participating in the National Flood Insurance Program. A pamphlet, entitled "Flood Insurance Guidelines," was published by the Comptroller, and distributed to all National banks in an effort to simplify the legal and technical aspects of those regulations.

b. 12 C.F.R., Part 23—Statements of Business Interests. The Comptroller added a new Part 23 to Title 12 of the Code of Federal Regulations, to be effective May 1, 1975, requiring directors and principal officers of National banks to maintain on file at the banks, by July 1, 1975, statements of their outside business interests. Those regulations were issued in order to monitor more closely self-dealing transactions which may lead to unsafe and unsound banking practices. Specifically, directors and principal officers must list all business enterprises over which they or their immediate families hold some significant influence, and all transactions between their National bank and those enterprises, which transactions are not evident from the bank's books. Form CC-9030-29 (Rev. 4/75) was designed for compliance with those requirements.

4. Rulings: a. Customer-Bank Communications Terminals (CBCT). On December 12, 1974, the Comptroller announced an interpretation of the National Bank Act stating that National banks could make available, without geographic restriction, fo use by their customers one or more electroni devices or machines, through which an existing ban customer may communicate to the bank a request t withdraw money either from his account or from a previously authorized line of credit, or an instructio to receive or transfer funds for the customer' benefit. Examples of such electronic devices o machines are point-of-sale terminals, automati teller machines, and the touch-tone telephone, whe it is possible to use such a telephone to communicat directly with a bank's computer. The interpretiv ruling also stated that use of such devices at loca tions other than the main office or a branch office o the banks does not constitute branch bankin Accordingly, National banks were permitted t establish such customer-bank communicatio terminals without filing formal applications, provided that prior written notice, including descriptive information with regard to the device or machine prescribed in the ruling, was given to the Comptroller's Office. The ruling imposes few limitations on the establishment and use of CBCT's in order that sellers and users of the service may be given the widest latitude in determining how, when, and where such devices can be used efficiently. In conjunction with the issuance of the ruling, the Comptroller has given public notice that the Office will continually review developments arising from this interpretive ruling, and that he will exercise his regulatory authority to modify the ruling should developments warrant such action.

b. Standby Letter of Credit and Ineligible Acceptances. On August 12, 1974, the Office announced the adoption of interpretive rulings on the subject of standby letters of credit and ineligible acceptances. The rulings require that standby letters of credit and ineligible acceptances be treated as ordinary loans for the purpose of statutory limits on loans to a single borrower, and loans to borrowers affiliated with the lending bank. Under the rulings, National banks must disclose, in a footnote to annual financial statements, the aggregate amount of outstanding standby letters of credit. Similar regulations were issued by the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation.

E. Legislative

The Law Department also responded to numerous requests for comments on assistance with various legislative proposals. Prominent among those was the proposed Financial Institutions Act, the legislative proposal based upon recommendations of the President's Commission on Financial Structure and Regulation. The Comptroller strongly supports that legislation.

VI. *Fiduciary Activities of National Banks*

Enactment of the Employee Retirement Income Security Act of 1974 had a great impact on trust department administration yet, in 1974, the number of trust departments administered by National banks continued to increase. Fifty-six applications for permits to exercise fiduciary powers were received during the year of which 38, or 68 percent, were approved. Among those were nine conversions from State banks, two of them major, and two *de novo* trust companies organized as National banks solely to exercise fiduciary powers and administer fiduciary business. It is contemplated that the trust companies will engage in commercial banking business only in connection with the exercise of their fiduciary powers and related activities. A total of four trust companies now operate under such charters.

At year-end, trust examining personnel in the 14 National bank regions consisted of 52 Representatives-in-Trusts, eight of whom were commissioned during 1974; 24 Associates-in-Trusts; and 59 Assistants-in-Trusts, a total of 135.

Regulation 9 was amended in 1974 to provide for the collection and public dissemination of information concerning the holdings of and transactions in equity securities held in a fiduciary capacity by National banks and their non-bank subsidiaries or affiliates. Those banks with total equity securities holdings of $75 million or more, as reflected in the Trust Department Annual Report for the preceding year, were requested to file certain information with the Comptroller of the Currency. All holdings over 10,000 shares, their fair market value, and the degree of investment authority and voting control being exercised is to be reported annually. A quarterly report of all purchases or sales of any equity security with a total fair market value of $500,000 or more, or involving 10,000 shares or more effected during that quarter is also requested. Those reports are to be available for public inspection. A further amendment to Regulation 9 is in process with respect to the authorization of variable amount notes.

Legislation pertaining to employee benefit plans was enacted by Congress during 1974. The Employee Retirement Income Security Act, the so-called Pension Reform Act, is the most comprehensive and sweeping law concerning the administration of one type of fiduciary activity ever passed by legislators of the United States. Its enforcement in trust departments of National banks will cause examiners to review and re-evaluate employee benefit plans from the standpoint of a new set of rules, some embodying old principles, some completely new. Bank and non-bank fiduciaries alike will have to review and re-evaluate the employee benefit plans they administer, not only because of their duties and responsibilities but also because of the new penalty provisions in the Act.

The *Comptroller's Manual for Representatives in Trusts* is in process of extensive revision, especially on the scope of audits performed in trust departments. It is contemplated that several existing requirements will be modified, particularly to require test-checking instead of 100 percent verification for a number of audit functions. On the other hand, requiring administrative audits of selected accounts as well as the reconcilement of corporate trust issues as a matter of audit procedure are also under consideration.

In addition, a program of required minimum standards of output for electronic processing of bookkeeping records is in process of completion and will apply to all National banks. It is anticipated that some former standard bookkeeping requirements, such as the classification of investments by type of assets, will be eliminated in order to make the program realistically minimal.

In order to standardize the scope of examination and the manner of reporting on a nationwide basis, questionnaires are being prepared for the trust officer in charge at each bank and for banks' auditors. Another questionnaire is designed for use and application by the examiner in conducting his examination.

VII. *International Banking and Finance*

1974 proved to be a chastening experience for most international bankers. Quadrupled energy costs, inflation, balance of payments deficits, and recycling of OPEC surpluses seemed to be the major challenges when the year began. As months passed, however, massive foreign exchange losses, significant bank failures, and market tiers appeared. Those elements, together, shook confidence in international financial markets, humbling even the most prestigious institutions. Calm was restored slowly as central banks and bank supervisors reacted with lender of last resort policies and with closer controls on lending in foreign exchange activities. The year finished with the international financial system intact and with a more seasoned international banking community.

International bankers, during 1974, became reacquainted with the need for effective credit supervision and operating controls. While there is little doubt that certain international banks experienced losses from outright foreign exchange speculation, the problems most institutions encountered arose from speculating with inadequate personnel resources, credit procedures, and operating controls relative to the volume of international activity being conducted. The suddenness of negative events during 1974 caused international banks to contract their exchange and lending business to more moderate levels. At year-end, National banks had reduced their foreign exchange dealings and overall positions. Conservative credit policies were instituted requiring realistic spreads and short-term maturities. Inter-bank activities declined sharply as counterparty analysis became more thorough. Balance of payment lending ceased as banks narrowed their country exposure limits in recognition of the mounting deficits of most oil importing countries.

In the midst of all that activity, National banks continued to service their multinational relationships while also adjusting their operational strategies. National banks opened 51 foreign branches and closed 21 during 1974. Twenty-two foreign branches were approved but unopened at year-end. A good deal of that branch activity represented relocations to the Cayman Islands from the Bahamas, as well as recognition of Tokyo, Singapore, and the Middle East as more important financial areas. Total foreign assets stood at $99.8 billion on December 31, 1974, a 19.8 percent increase over 1973. Forty-eight National banks continued to hold investments in foreign banks or bank-related organizations at year-end. There was a general trend toward investment in OPEC areas during 1974. Many investments were made with OPEC partners.

The International Division is charged with the responsibility of supervising those activities. That supervision is effected through examinations of head offices, foreign branches, and foreign affiliates. In addition to reviewing asset quality and internal controls, international examinations place special emphasis on foreign exchange dealings and the accuracy of reports submitted by the foreign units to their head offices. The always sensitive and difficult quality determination of loans to countries is another area of supervision, and one in which the International Division became deeply involved during 1974, as industrial nations and lesser developed countries struggled to adjust to new terms of trade brought about by increased energy costs.

During the year, the International Division assigned 96 National bank examiners to 26 countries to conduct routine examinations of 114 foreign branches and/or subsidiaries of National banks. Examinations of four foreign computer functions were also performed. On every assignment, examiners visited with host country banking supervisors for mutually beneficial discussions. In certain cases, our personnel conducted examining seminars for the local central bank examining staff. Such cooperation and communication with foreign bank supervisors is a continuing program for the International Division.

During August, approval was granted to increase the International Division's London Embassy staff to six examiners. Those examiners are responsible for supervising the activities of the 23 National banks operating in the United Kingdom, the location of National banks' largest concentration of foreign assets and foreign exchange activities. During November, the International Division began requiring weekly and monthly foreign exchange reports from National banks active in foreign exchange dealings.

The International Division, during 1974, continued to improve its educational and training responsibilities. A weekly newsletter of pertinent and financial media articles now reaches 220 examining personnel, the 14 regional offices, and the staffs of Treasury, the Federal Reserve Board of Governors, and the Congress. During the year, 120 examiners attended quarterly seminars on all aspects of international banking supervision. Thirteen examiners received 1-month foreign exchange training in London. Four examining personnel attended the school for International Banking at the University of Colorado; a Division staff member also instructs at the school. As in the past, this Office cooperated fully with the staffs of Congress, the Board of Governors of the Federal Reserve, FDIC, the Bankers Association For Foreign Trade, and the Conference of State Banks Supervisors toward the mutual goal of better banking supervision. Finally, the events of 1974 have led to the development of an international correspondent relationship among foreign bank supervisors who now recognize the interdependence of multinational banking. The Office looks forward to working with its international colleagues in order to maintain confidence in international banking systems.

VIII. *Administrative and Management Developments*

During 1974, Administrative Operations increased ubstantially in breadth and depth to guide implenentation of the Comptroller's many varied pro;rams. The skills required to complete these proj:cts ranged from coordinating establishment of :omplete National headquarters facilities to preparaion of weekly accounts detailing the status of oreign currency transactions from banks having nore than a $1 million net position in any foreign :urrency. Such expansive activity was accompanied y significant changes in the Bureau's administrative rganization.

Relocation of the Comptroller's Washington, D.C. ffices to 490 L'Enfant Plaza East was completed he weekend of September 7–8, 1974. Consolidation t the new headquarters was facilitated by preparaion of an information packet containing a brochure letailing transportation routes, nearby businesses nd shops, and maps showing the location of offices or all employees. Other items in the packet included elephone listings of fellow employees, directories of hops in L'Enfant Plaza, bus route maps for access) downtown Washington, and locator cards. Carool assistance was provided where possible. Immeiately after relocation, work was started toward cquiring and planning use of additional space on ie second and eighth floors to accommodate foreeable staff expansion.

One result of the consolidation of offices has been broadening of administrative responsibilities in the ea of facilities management. An example of such lministrative involvement in directing facilities use establishment of a complete library whose operans are placed under the supervision of the Dictor, Administrative Operations. The library occues 8,000 feet of core space adjacent to the Law and nking and Economic Research Departments. Cred as a research facility, it was designed to house ,000 volumes, most related to banking, economics, d law. Current and past issues of periodicals are ailable to readers, who may use them either at nished carrels or in the general reading area. Services offered readers include a microfilm library, microfilm reader printer, a cassette series on bank-related subjects, and interlibrary loan facilities.

Other space management activities carried out during the year included: (1) relocation of regional headquarters offices in Richmond and Denver; (2) preliminary planning for relocation of offices in Chicago and San Francisco; (3) expansion of offices in Portland, Memphis, Minneapolis, and Atlanta; (4) establishment of three additional subregional offices; and, (5) expansion or relocation of others.

Procurement activity multiplied due to preparation of the new offices. Procurement officers ordered all equipment used in finishing the space and all furniture and accessories acquired. Efficient management of bank records was assisted by electronic retrieval files obtained for the Records Management Branch. Printing operations were enhanced by the acquisition of advanced equipment including a 24 station collator, double sided printing press, and a 1500 Copy System which makes its own electrostatic plates. Spacious work and storage facilities combined with better machinery improved services of the Supply, Printing & Services Branch. Other branches of the Administrative Operations Division increased both in staff proficiency and equipment sophistication to meet the growing requirements of the Bureau.

While there were no major changes made to the financial reporting system during the year, the Fiscal Management Division continued to review its operations and implemented a number of changes to provide more efficient processing of voucher payments. One such change in travel voucher processing substantially reduced keypunch and machine time required to prepare reimbursement checks. A significantly greater volume of vendor payments was processed during 1974. A large part of that increased workload was attributable to the move to new space in Washington.

Preliminary discussions began with regard to converting the present EAM accounting system to a computer operation. The computer system will provide more timely and detailed data than are available under the present system.

The Bureau's travel regulations are administered by the Fiscal Management Division. During 1974, *per diem* and mileage allowances were increased after extensive analysis disclosed such increases were warranted to adequately compensate employees. Additionally, the Fiscal Management Division analyzed and reviewed regional requests for additional subregional offices. Establishment of those offices reduced travel costs and permitted examiners to spend less time away from home.

The investment portfolio contributed $3.5 million to the Bureau's operating funds in 1974, an increase of 19 percent over the previous year. The interest earned on investments over the past several years by virtue of the policy of keeping all available funds fully invested to maximize interest revenue has contributed substantially to financing the Bureau's operating costs.

In late 1974, the Personnel Management Division was reorganized into five branches: employee relations, position management and classification, placement, training, and personnel operations. The reorganization was planned first to provide qualified applicants for positions and to furnish information to assist officials making decisions affecting employees. Second, it was designed to establish a career ladder to facilitate progression of employees into more responsible positions.

The reorganization completed, attention was focused on evaluating the existing position classification program to determine improvements required to develop a viable, management-oriented position management classification program. Other improvements in daily operations included more timely service in processing personnel action requests, assurance of compliance with position management objectives prior to undertaking classification actions, assurance position descriptions reflected duties actually performed, and creation of an effective follow-up system of projected positions established to permit expedient recruitment.

During 1974, a pilot program based on training crew concepts was devised for Assistant National Bank Examiners and is scheduled for implementation in 1975. The training crew concept involves a 6-month program of planned rotating assignments in various phases of the bank examination process. A second program was initiated to establish on-going training programs for examiners and support staff. A comprehensive supervisory-management training program was developed and implementation set for 1975.

The executive development program received special attention as Regional Administrators, department and division heads nominated 32 candidates from a total of 78 applicants. Six employees were selected to participate in the program.

At the end of 1974 there were 256 financial interns enrolled in the cooperative education program, a 70 percent increase over 1973. Approximately 35 percent of the financial interns are members of minority groups and 27 percent are women.

Increased program activity and intensified examination functions resulted in an increase in the number of examiners and support staff from 2,366 to 2,505. Special progress was made in hiring members of minority groups and women for the examining force. Of a total of 541 minority employees in the regions, 505 are in examination, 278 of whom are women.

Evaluations were conducted in six regions to assess the effectiveness of regional personnel management programs. Those evaluations helped resolve individual and regional problems and assisted institution of new practices.

The incentive awards program produced 14 awards for adopted suggestions and superior achievements. One hundred thirty-three employees were recognized with high quality increase awards for their superior performance. Awards distributed totalled $75,105 for the year.

Changes in laws affecting maternity and annual leave carry-over were implemented during 1974, in addition to pay adjustments for all employees.

During the past year, the Management Services Division substantially increased its activities in support of Bureau programs and organizations. That increase in support resulted partly through the utilization of large-scale computers, including an IBM 370/168 and 370/158, and two Univac 1108's. This was accomplished through the installation of both high and low speed remote access terminals.

Major systems developed during the year included: (1) bi-monthly reports from all National banks outlining the status of past due loans; (2) quarterly reports from large National banks detailing the schedule of maturities; (3) weekly accounts from banks with a $1 million or more net position in any foreign currency, detailing the status of foreign currency transactions; (4) computer generated mailing lists, labels, and addressed documents; and (5) computer-generated microfilm containing National bank reports of condition and income, stored on an indexed microfilm retrieval system.

Interdisciplinary project teams were established to conduct a number of special studies. Among those was the fair housing lending practices pilot project in which the mortgage lending practices of banks in 18 Standard Metropolitan Statistical Areas were surveyed. The study was carried out in cooperation with the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board.

Management analysts investigated the qualities and disadvantages of various word processing systems to evaluate the feasibility of utilizing them within the Bureau. Other special studies carried out by the Division included automation of personnel statistics reporting, evaluation of examination software, automation of fixed assets inventory and call reports, processing of data on direct lease financing, and development of data base management systems. The staff has been instrumental in Bicentennial planning at both the Bureau and Departmental levels.

Throughout 1974 the Division actively supported several on-going programs. Included were management by objectives, emergency planning (including vital records preservation), energy conservation, rechartering and use of advisory committees, maintenance and operation of 53 data processing systems applications, and conduct of functional and procedural reviews.

In order to provide more comprehensive support to the Bureau, the Division was restructured into four operating entities: systems and programming; data operations; management analysis; and technical analysis.

IX. *Other Activities*

In September, 1974, a Strategic Policy Planning Group was established at the National Office. The new unit reports directly to the Comptroller.

Broadly defined, its mission is to assist the Comptroller and his senior associates in strategic policy planning. One of the principle objectives of this unit is to track the developing financial functions of the larger National banks. Such a mission requires individuals in the Group with expertise in such key functional areas as liability management, financial analysis, electronic funds transfers, leasing and so on. The Group is expected to play a major role in identifying problem areas and developing conditions which require attention of the Office.

In recognition of growing consumer awareness in this country, the Comptroller of the Currency announced the establishment of the Consumer Affairs Division in March 1974. The Division became operational in September 1974, when the Office moved into new quarters. Concern has been expressed in Congress and by public interest groups that bank regulatory agencies have not always given bank customers the same consideration they give banks. It was to alleviate that concern and to coordinate the activities that this Office has traditionally undertaken on behalf of consumers that the Comptroller created the Division.

1974 was very significant in the area of consumer legislation. This Office, for the past few years, has been involved in the enforcement of the Truth-in-Lending and Fair Credit Reporting acts, which have had direct bearing and considerable impact on protecting consumers' interests. The Federal thrust of such legislation was expanded with the enactment of the Fair Credit Billing Act, the Equal Credit Opportunity Act, the Federal Trade Commission Improvement Act, and the Real Estate Settlement Procedures Act. The first two of those new acts become effective October 28, 1975. The first provides for the correction of billing errors and protects the customer from the creditor during the procedural process, and the second forbids a creditor from discriminating against any applicant on the basis of sex or marital status. Interestingly, the latter act is not limited to consumer credit, but applies to all credit.

The third piece of legislation, the Improvement Act, attempts to provide sanctions against unfair or deceptive acts or practices by banks. For the first time, banks have been made subject to the prohibitions contained in the Federal Trade Commission Act. The term "unfair or deceptive acts or practices" is broad and flexible and as yet there is no determination as to how this will be applied to the banking industry.

The Real Estate Settlement Procedures Act becomes effective June 20, 1975, and will provide reforms in the complex real estate settlement process. Its basic thrust is that customers are provided with greater and more timely information regarding settlement costs.

National bank examiners continue to be trained to administer, enforce, and interpret consumer laws and regulations as they apply to banks and their customers. The various complaints lodged against National banks because of their consumer activity are investigated by the Division, as well as by the regional offices. Current and proposed consumer banking practices are studied to determine if they contain abuses.

The Consumer Affairs Division has maintained close contact with State banking commissioners, other Federal regulatory agencies, and consumer interest groups in order that there might be an interchange of ideas and mutual assistance in the field of banking consumer protection.

The Department of Banking and Economic Research, coupled with the Statistics Division, has oversight responsibility for most of the data sources currently available to the Office, except for examination reports. Those sources include the Report of Condition and the Report of Income, the basic interagency statistical reports submitted by all insured banks. Other report series include the Bank Liquidity Analysis form, initiated on a quarterly basis in December 1966 and modified from time to time since then; trust department annual reports and common trust fund annual reports; the Maturity Schedule of Assets and Liabilities; and the Past-Due Loans Report. In addition, one-time surveys are conducted as required, such as the comprehensive leasing survey of 1974.

The Maturity Schedule of Assets and Liabilities was developed during 1974 with the aid of valuable advice from other staff members and from the banking industry. The 200-plus largest National banks completed that report for the first time as of October 31, and the plan is to collect those data every 3 months. The basic approach of the Schedule is to secure a multiperiod maturity breakdown for each asset and liability account for which the concept of maturity has meaning. A large number of ratios have been computed from the Schedule data, and reporting banks are receiving summary information allowing them to compare their positions with that of fellow respondents.

The Past-Due Loans report was also developed during 1974, with November 30 the first report date. That report, which secures the ratios of past-due loans to total loans for four loan categories, is being submitted by all National banks every 2 months.

Indispensable programming and processing support has been provided for all these reporting systems by the Management Services Division.

X. *Financial Operations of the Office of the Comptroller of the Currency*

Total revenue for the year was $56.8 million, an increase of 10.86 percent over 1973. However, that represents a decrease of 3.2 percent when compared to the 14.06 percent revenue growth rate experienced in 1973. Assessment receipts, which account for 86 percent of total revenue, amounted to $48.7 million, an increase of $5.6 million. That resulted from a $54.7 billion rise in National bank assets. National bank assets affecting 1974 assessment receipts rose 12.57 percent, compared to an increase of 15.54 percent in the previous year. Thus, the decline in bank asset growth was the prime factor in the decrease in total revenue growth.

Revenue from trust examinations totaled $2,585,000, an increase of $83,000. There were approximately 1,630 trust examinations made in 1974, compared to 1,668 in 1973. Revenue from branch investigation applications was down sharply, decreasing $237,000. Eight hundred and thirty-nine branch applications were received in 1974, compared to 1,284 in 1973. Revenue from new bank charter and merger and consolidation fees decreased by $206,000 and $86,000, respectively. There were 216 new bank charter applications in 1974, compared to 299 in 1973, and the number of bank merger applications dropped to 110, compared to 142 in 1973. Revenue from the sale of bank examination reports decreased $291,000, owing to a reduction in the charge made for such reports provided to the Federal Reserve.

Interest on investments increased $544,000, a rise of 19 percent, for a total of $3,481,000. That rise was due to combination of a larger amount of funds available for investment and a full year's revenue from higher interest bearing securities acquired in the latter part of 1973.

The other revenue categories remained at substantially the same levels when compared to 1973.

Total expenses amounted to $55.5 million, compared to $45.8 million for 1973, an increase of $9.7 million. That amounts to a 21.14 percent increase for 1974, compared to 13.20 percent for 1973.

Salaries, personnel benefits and travel expenses amounted to $50.1 million, or 90.3 percent of the total expenses for the year. Those three expenses amounted to $43.3 million in 1973. Salary increases were caused by (1) a full year under the government-wide general pay increase of 4.77 percent, effective October 1973, and another general pay increase of 5.5 percent, effective October 1974, (2) a 3-month retroactive pay increase for October 1972 to January 1973, resulting from a judicial decision in 1974, and (3) an increase in our examining staff and support personnel. Travel expenses totaled $8.1 million, a rise of $1.6 million over 1973. That rise was caused by higher *per diem* and mileage allowances as well as the increase in the examining staff.

The remaining expenses totaled $5.4 million, an increase of $2.8 million over the previous year. The most significant increases occurred in rent, consultants, education, remodeling and moving, and shipping. The increase in rent results from leasing commercial space for the purpose of consolidating the Washington staff at one location and from rent payments for previously rent-free space in government buildings. Remodeling and moving and shipping costs were also up because of the moves to commercial space. Another factor in the rise in moving and shipping was the increased costs associated with employee transfers. Consulting services were up because of the study of examination procedures by a consulting firm and the increased use of consultants in other matters.

The equity account is, in reality, a reserve for contingencies. Transfers of $1.3 million increased the equity to $33.7 million at year-end. That represents a 6.3 months' reserve for operating expenses, based on the level of expenses over the last 3 months of 1974. The equity account has been administratively restricted in the amount of $2.0 million as explained in Note 2 of the financial statements.

TABLE 11

OFFICE OF THE COMPTROLLER OF THE CURRENCY

BALANCE SHEETS

Assets	December 31 1974	December 31 1973
Current assets:		
Cash	$121,237	$1,620,642
Obligations of U.S. Government, at amortized cost (approximates market value)	8,970,646	3,749,000
Accrued interest on investments	699,359	738,230
Accounts receivable	252,243	245,010
Travel advances	536,885	483,440
Prepaid expenses and other assets	198,552	105,329
Total current assets	10,778,922	6,941,651
Long-term obligations of U.S. Government, at amortized cost (approximates market value)	27,069,661	33,256,668
Fixed assets and leasehold improvements, at cost (Note 1):		
Furniture and fixtures	1,632,599	886,466
Office machinery and equipment	645,857	509,110
Leasehold improvements	2,655,248	
	4,933,704	1,395,576
Less accumulated depreciation and amortization	719,026	798,609
	4,214,678	596,967
Total assets	$42,063,261	$40,795,286
Liabilities and Comptroller's Equity		
Current liabilities:		
Accounts payable and accrued expenses	$923,858	$343,459
Taxes and other payroll deductions	178,650	155,372
Accrued travel and salaries	1,636,130	2,604,320
Total current liabilities	2,738,638	3,103,151
Long-term liabilities:		
Accumulated annual leave	2,917,160	2,581,794
Closed Receivership Funds (Note 2)	2,706,932	2,706,492
Total liabilities	8,362,730	8,391,437
Comptroller's equity:		
Administratively restricted (Note 2)	2,000,000	
Unrestricted	31,700,531	32,403,849
	33,700,531	32,403,849
Total liabilities and Comptroller's equity	$42,063,261	$40,795,286

See Notes at end of section.

TABLE 12

OFFICE OF THE COMPTROLLER OF THE CURRENCY

STATEMENTS OF REVENUE, EXPENSES AND COMPTROLLER'S EQUITY

	Year ended December 31	
	1974	1973
Revenue (Note 1):		
Semiannual assessments	$48,749,470	$43,178,771
Examinations and investigations	4,271,273	4,520,905
Investment income	3,481,139	2,936,677
Examination reports sold	216,279	507,080
Other	83,998	92,353
	56,802,159	51,235,786
Expenses:		
Salaries	38,550,745	33,985,944
Retirement and other employee benefits (Note 3)	3,493,216	2,854,360
Per diem	5,244,786	4,195,473
Travel	2,861,221	2,263,484
Rent and maintenance (Note 3)	1,522,938	629,907
Communications	567,172	495,468
Moving and shipping	548,531	181,498
Employee education and training	401,686	244,917
Printing, reproduction and subscriptions	355,609	256,977
Office machine repairs and rentals	193,866	155,204
Depreciation and amortization	228,139	121,418
Supplies	182,602	111,890
Consulting services	841,122	128,590
Conferences	152,328	37,954
Remodeling	147,426	20,248
Other	214,090	134,844
	55,505,477	45,818,176
Excess of revenue over expenses	1,296,682	5,417,610
Comptroller's equity at beginning of year	32,403,849	26,986,239
Comptroller's equity at end of year	$33,700,531	$32,403,849

See Notes at end of section.

TABLE 13

OFFICE OF THE COMPTROLLER OF THE CURRENCY

STATEMENTS OF CHANGES IN FINANCIAL POSITION

	Year ended December 31	
	1974	1973
Financial resources were provided by:		
Excess of revenue over expenses	$1,296,682	$5,417,610
Add charges and credits not affecting working capital in the period:		
Additions to accumulated annual leave	592,548	666,850
Depreciation and amortization	228,139	121,418
Amortization of premium and accretion of discount on long-term U.S. Government obligations (net)	(4,340)	(5,753)
Net (gain) loss on sale of fixed assets	(18,326)	2,613
Working capital provided by operations for the period	2,094,703	6,202,738
Long-term U.S. Government obligations transferred to current assets	9,188,347	1,350,000
Proceeds received from sales of fixed assets	119,794	9,971
Net Closed Receivership Funds' receipts	440	134
Total	11,403,284	7,562,843
Financial resources were used for:		
Purchases of long-term U.S. Government obligations	2,997,000	12,932,950
Payments of accrued annual leave	257,182	293,202
Purchase of furniture, fixtures, machinery and equipment	1,292,070	137,863
Purchase of leasehold improvements	2,655,248	
Total	7,201,500	13,364,015
Increase (decrease) in working capital	$4,201,784	$(5,801,172)
Analysis of Changes in Working Capital		
Increase (decrease) in current assets:		
Cash	$(1,499,405)	$1,457,879
Obligations of U.S. Government	5,221,646	(5,340,412)
Accrued interest	(38,871)	175,943
Accounts receivable	7,233	(254,129)
Travel advances	53,445	47,623
Prepaid expenses and other assets	93,223	30,507
	3,837,271	(3,882,589)
Decrease (increase) in current liabilities:		
Accounts payable and other accruals	(580,399)	(150,265)
Taxes and other payroll deductions	(23,278)	(21,836)
Accrued travel and salaries	968,190	(1,746,482)
	364,513	(1,918,583)
Increase (decrease) in working capital	$4,201,784	$(5,801,172)

See Notes at end of section.

OPINION OF INDEPENDENT ACCOUNTANT

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

In our opinion, the accompanying balance sheets, the related statements of revenue, expenses and Comptroller's equity and the statements of changes in financial position present fairly the financial position of the Office of the Comptroller of the Currency at December 31, 1974 and 1973, the results of its operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were 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, including confirmation of securities owned by correspondence with the depositary.

PRICE WATERHOUSE & CO.

WASHINGTON, D.C.
April 15, 1975.

Notes to Financial Statements

Note 1 – Organization and Accounting Policies

The Office of the Comptroller of the Currency was created for the purpose of establishing and regulating a National Banking System. The National Currency Act of 1863, rewritten and re-enacted as the National Banking Act of 1864, created the Comptroller's Office, provided for its supervisory functions and the chartering of banks. The revenue of the Comptroller's Office is derived principally from assessments and fees paid by the National banks and interest on investments in U.S. Government obligations. Assessments paid by National banks are not construed to be government funds. No funds derived from taxes or federal appropriations are allocated to or used by the Comptroller's Office in any of its operations. However, since the Comptroller's Office was created by an Act of Congress, its operations are not subject to federal income taxes.

The accounts of the Comptroller's Office are maintained on the accrual basis. Furniture, fixtures, office machinery and equipment are depreciated on the straight-line basis principally over an estimated useful life of 10 years. Leasehold improvements are amortized over the terms of the related leases (including renewal options) or the estimated useful lives, whichever is less. Premiums and discounts on investments in U.S. Government obligations are amortized or accreted ratably over the terms of the obligations. U.S. Government obligations having a maturity date more than 12 months from the date of the financial statements are classified as long-term investments.

Note 2 – Closed Receivership Funds

Prior to the assumption of closed National bank receivership functions by the Federal Deposit Insurance Corporation in 1936, the Comptroller of the Currency appointed individual receivers for all closed National banks. After settling the affairs of the closed banks and issuing final distributions to the creditors of the banks, principally depositors, the receivers transfered to the custody of the Comptroller's Office all remaining funds which represented distributions which were undeliverable or had not been presented for payment. Closed Receivership Funds in the accompanying balance sheets represent the potential claims for such funds by the original creditors of the receiverships. Since inception of the receivership function, unclaimed funds have been invested in U.S. Government securities. The income from investments has been applied as an offset to expenses incurred by the Comptroller's Office in performing this function and accordingly has been recorded as revenue in its statements of revenue expenses and Comptroller's equity. Through December 31, 1974, income has exceeded direct expenses by approximately $2,000,000 (including $155,000 and $156,000 in 1974 and 1973, respectively), which excess amount is included in the Comptroller's equity. An analysis of allocable indirect expenses has not been made.

In a recent reexamination of the legal status of Closed Receivership Funds and related excess income earned thereon, the Comptroller's legal staff has been unable to locate any definitive statutory or case law which specifies the ultimate disposition of such funds. In the absence of legal precedent, the legal staff is unable to currently give a definitive opinion as to the appropriate disposition of either the unclaimed receivership funds or the excess income from investment of such funds. Accordingly, the Comptroller intends to seek legislative resolution of those matters.

Pending a resolution of the legal uncertainties surrounding those funds, the Comptroller's Office has continued to include a liability for Closed Receivership Funds in its balance sheet and continued to recognize income from investment of such funds as revenue in its statements of revenue, expenses, and Comptroller's equity. However, in recognition of those uncertainties, the Comptroller has administratively restricted a portion of the Comptroller's equity in an amount that approximates the excess income earned from investment of Closed Receivership Funds since custody of the funds commenced.

Note 3 – Commitments and Contingencies

Regional and sub-regional offices of the Comptroller of the Currency lease office space under agreements which expire at varying dates through 1984. In addition, the Comptroller's Office occupied new office space in Washington, D.C. during 1974 under a lease agreement providing for an initial 5-year term with five consecutive 5-year renewal options. The options provide for renegotiation of the rental at each renewal. Prior to July 1, 1974, the Washington, D.C. office and certain regional offices, located in Federal Government facilities were occupied on a rent-free basis.

Minimum rental commitments under 80 leases in effect at December 31, 1974 aggregate approximately $1,800,000 for 1975 and varying lesser amounts each year thereafter, to approximately $1,400,000 for 1979 and insignificant amounts thereafter through 1984.

The Comptroller's Office contributes to the Civil Service Retirement plan for the benefit of all its eligible employees. Contributions aggregated $2,628,454 and $2,311,708 in 1974 and 1973, respectively. The plan is participatory, with 7 percent of salary being contributed by each party. The accompanying balance sheets include a liability for annual leave, accumulated within specified limits, which if not taken by employees prior to retirement is paid at that date.

Various banks in the District of Columbia have deposited securities with the Comptroller's Office as collateral for those banks entering into and administering trust activities. Those securities, having a par or stated value of $11,991,000, are not assets of the Comptroller's Office and, accordingly, are not included in the accompanying financial statements.

The Comptroller is a defendant, together with other bank supervisory agencies and other persons, in litigation generally related to the closing of certain National banks in 1974 and 1973. In the opinion of the Comptroller's legal staff, the Comptroller will be able to defend successfully against those complaints and no liability to the Comptroller is expected to result therefrom.

APPENDIX A

Merger Decisions, 1974

Merger* Decisions, 1974

I. Mergers consummated, involving two or more operating banks

Page

Jan. 1, 1974:
First National Bank and Trust Company, Ontario, Calif.
Palm Springs National Bank, Palm Springs, Calif.
Merger 43

Jan. 1, 1974:
The United National Bank & Trust Company, Canton, Ohio
Beach City Banking Company, Beach City, Ohio
Merger 44

Jan. 2, 1974:
United Virginia Bank/First & Citizens National, Alexandria, Va.
United Virginia Bank of Fairfax, Vienna (Fairfax County), Va.
Consolidation 45

Jan. 4, 1974:
Maryland National Bank, Baltimore, Md.
Sykesville State Bank, Sykesville, Md.
Merger 46

Jan. 22, 1974:
Wells Fargo Bank, National Association, San Francisco, Calif.
Beverly Hills National Bank, Beverly Hills, Calif.
Purchase 47

Feb. 11, 1974:
The Shelby National Bank of Shelbyville, Shelbyville, Ind.
The Union State Bank, Morristown, Ind.
Purchase 48

Feb. 26, 1974:
People's National Bank of Georgetown, Georgetown, Ohio
Citizens Bank Co., Hamersville, Ohio
Purchase 49

Feb. 28, 1974:
The American National Bank in Battle Creek, Battle Creek, Mich.
The Athens Branch of The American National Bank and Trust Company of Michigan, Kalamazoo, Mich.
Purchase 50

Mar. 1, 1974:
First National Bank of Monroe County, Aberdeen, Miss.
Peoples Bank, Starkville, Miss.
Consolidation 51

Mar. 29, 1974:
The First National Bank of Hancock, Hancock, N.Y.
The First National Bank of Hamden, Hamden, N.Y.
Purchase 52

Mar. 31, 1974:
Midlantic National Bank, Newark, N.J.
Millburn-Short Hills Bank, Millburn, N.J.
Merger 53

Mar. 31, 1974:
Midlantic National Bank/Morris, Morristown, N.J.
Midlantic National Bank/Parsippany, Parsippany-Troy Hills, N.J.
Merger 54

Page

Apr. 1, 1974:
Dominion National Bank, Baileys Cross Roads, Va.
Peoples Bank and Trust Company of Fairfax, Fairfax County, Va.
Merger 55

Apr. 1, 1974:
The First National Bank of Versailles, Versailles, Ohio
The Peoples Bank Company, Versailles, Ohio
Consolidation 56

Apr. 11, 1974:
Maryland National Bank, Baltimore, Md.
Eutaw Savings Bank of Baltimore, Baltimore, Md.
Purchase 59

Apr. 12, 1974:
The Baraboo National Bank, Baraboo, Wis.
Farmers State Bank, Rock Springs, Wis.
Purchase 59

Apr. 22, 1974:
Bankers Trust of South Carolina, N.A., Columbia, S.C.
The Peoples Bank, Beaufort, S.C.
Merger 60

Apr. 30, 1974:
The First National Bank of Jasper, Jasper, Ala.
Dora Banking and Trust Company, Dora, Ala.
Consolidation 61

Apr. 30, 1974:
The Peoples National Bank and Trust Company of Washington, Washington, Ind.
Farmers State Bank, Plainville, Ind.
Merger 62

May 1, 1974:
Fidelity National Bank, Halifax County, Va.
The Halifax Branch of The Fidelity National Bank, Lynchburg, Va.
Purchase 63

May 10, 1974:
The Fulton National Bank of Lancaster, Lancaster, Pa.
The Hummelstown National Bank, Hummelstown, Pa.
Merger 64

May 17, 1974:
North Carolina National Bank, Charlotte, N.C.
The First National Bank of Mount Airy, Mount Airy, N.C.
Merger 65

May 17, 1974:
The St. Lawrence National Bank, Canton, N.Y.
Lewis County Trust Company, Lowville, N.Y.
Merger 66

May 31, 1974:
Pennsylvania National Bank and Trust Company, Pottsville, Pa.
The Dime Bank of Lansford, Lansford, Pa.
Merger 67

May 31, 1974:
Peoples National Bank of Monmouth County, Hazlet Township, N.J.
Madison State Bank, Madison Township, N.J.
Merger 68

May 31, 1974:
The National Bank of Jackson, Jackson, Mich.
Farmers State Bank of Concord, Concord, Mich.
Merger 69

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

June 7, 1974: *Page*
First National Bank of Ocean County, Lakewood, N.J.
First National State Bank of the Jersey Coast, Spring Lake, N.J.
Merger 70
June 10, 1974:
The National Bank of South Carolina of Sumter, Sumter, S.C.
The Farmers Bank, Loris, S.C.
Merger 71
June 10, 1974:
The Wyoming National Bank of Wilkes-Barre, Wilkes-Barre, Pa.
The First National Bank of Factoryville, Factoryville, Pa.
Merger 72
June 28, 1974:
Deposit Guaranty National Bank, Jackson, Miss.
Leflore Bank & Trust Company, Greenwood, Miss.
Merger 73
June 28, 1974:
The National Bank and Trust Company of Norwich, Norwich, N.Y.
The National Bank of Hobart, Hobart, N.Y.
Merger 74
July 1, 1974:
Republic National Bank of New York, New York, N.Y.
Kings Lafayette Bank, New York, N.Y.
Republic Bank, National Association, New York, N.Y.
Merger 75
July 1, 1974:
The Okey-Vernon National Bank of Corning, Corning, Iowa
First State Bank, Prescott, Iowa
Purchase 77
July 15, 1974:
The First National Bank of the City of Superior, Superior, Wis.
Wisconsin State Bank, Superior, Wis.
Purchase 78
July 29, 1974:
First National Bank of Somerset County, Berlin, Pa.
The First National Bank of Confluence, Confluence, Pa.
Consolidation 79
July 31, 1974:
The First National Bank of San Jose, San Jose, Calif.
Hayward National Bank, Hayward, Calif.
Merger 80
Aug. 2, 1974:
The First Jersey National Bank, Jersey City, N.J.
Belmar-Wall National Bank, Wall Township, N.J.
Merger 81
Aug. 16, 1974:
The County Bank, N.A., Cambridge, Mass.
Lexington Trust Company, Lexington, Mass.
Consolidation 82
Aug. 23, 1974:
Wells Fargo Bank, National Association, San Francisco, Calif.
Commercial National Bank, Orange County (P.O. Buena Park), Calif.
Merger 83
Sept. 16, 1974:
The Toy National Bank of Sioux City, Sioux City, Iowa
Farmers Loan & Trust Company, Sioux City, Iowa
Merger 84
Sept. 28, 1974:
Michigan National Bank of Macomb, Warren, Mich.
Tri-City Bank, Warren, Mich.
Purchase 85
Sept. 30, 1974:
Cumberland County National Bank and Trust Company, New Cumberland, Pa.
The Duncannon National Bank, Duncannon, Pa.
Merger 86
Oct. 1, 1974: *Page*
First National Bank of Aberdeen, Aberdeen, S. Dak.
The First National Bank in Bristol, Bristol, S.Dak.
Merger 87
Oct. 1, 1974:
National Bank of Mississippi, Starkville, Miss.
The National Bank of Commerce of Columbus, Columbus, Miss.
Consolidation 88
Oct. 29, 1974:
Citizens Bank of Marlton, National Association, Marlton, N.J.
Citizens State Bank, Vineland, N.J.
Citizens National Bank of South Jersey, Bridgeton, Bridgeton, N.J.
Continental Bank of New Jersey, Maple Shade, N.J.
Merger 89
Oct. 31, 1974:
Citizens First National Bank of New Jersey, Ridgewood, N.J.
Oakland State Bank, Oakland, N.J.
Merger 91
Oct. 31, 1974:
New Jersey Bank (National Association), Clifton, N.J.
Fairfield National Bank, Fairfield, N.J.
Merger 92
Nov. 14, 1974:
First Mississippi National Bank, Hattiesburg, Miss.
Citizens National Bank, Jackson, Miss.
Purchase 93
Nov. 15, 1974:
Pittsburgh National Bank, Jeanette, Pa.
Blairsville National Bank, Blairsville, Pa.
Purchase 93
Nov. 15, 1974:
The First National Bank of Eastern Pennsylvania, Wilkes-Barre, Pa.
The Berwick National Bank, Berwick, Pa.
Merger 94
Nov. 18, 1974:
National Bank of the Commonwealth, Indiana, Pa.
The Houtzdale Bank, Houtzdale, Pa.
Purchase 95
Nov. 29, 1974:
Bankers Trust Company of Albany, National Association, Albany, N.Y.
The First National Bank of Cooperstown, Cooperstown, N.Y.
Merger 96
Nov. 29, 1974:
Indian Head National Bank of Nashua, Nashua, N.H.
Indian Head National Bank of Manchester, Manchester, N.H.
Consolidation 97
Nov. 29, 1974:
Mechanics National Bank of Delaware Valley, Burlington Township, N.J.
Egg Harbor Bank and Trust Company, Egg Harbor City, N.J.
Merger 98
Nov. 29, 1974:
Security National Bank of Kansas City, Kansas City, Kans.
The Victory State Bank, Kansas City, Kans.
Merger 100
Nov. 29, 1974:
Vermont National Bank, Brattleboro, Vt.
Montpelier National Bank, Montpelier, Vt.
Merger 101
Dec. 2, 1974:
Old National Bank of Washington, Spokane, Wash.
Guaranty National Bank of White Center, Seattle, Wash.
Purchase 102
Dec. 2, 1974:
Third National Bank of New Jersey, Camden, N.J.
United Jersey National Bank of Cherry Hill, Cherry Hill, N.J.
Merger 103

Dec. 21, 1974: Page
Harrison County National Bank, Hopedale, Ohio
The Freeport State Bank, Freeport, Ohio
Merger 104
Dec. 30, 1974:
First National Bank of Springfield, Springfield, Vt.
The First National Bank of Fair Haven, Fair Haven, Vt.
The Northfield National Bank, Northfield, Vt.
Merger 105
Dec. 30, 1974:
New Jersey Bank (National Association), Clifton, N.J.
The First National Bank of Westwood, Westwood, N.J.
Merger 106
Dec. 30, 1974:
Wachovia Bank and Trust Company, N.A., Winston-Salem, N.C.
Citizens Bank, Marshall, N.C.
Merger 107
Dec. 31, 1974: Page
First National Bank of South Carolina, Columbia, S.C.
Palmetto Bank & Trust Company, Lake City, S.C.
Merger 109
Dec. 31, 1974:
First National Bank of South Carolina, Columbia, S.C.
The Bank of Walterboro, Walterboro, S.C.
Merger 110
Dec. 31, 1974:
The Central Trust Company of Montgomery County, National Association, Dayton, Ohio
The Farmers and Merchants Bank of Englewood, Englewood, Ohio
Merger 111
Dec. 31, 1974:
The National Bank of Richmond, Richmond, Mich.
New Haven Savings Bank, New Haven, Mich.
Merger 112

II. *Mergers consummated, pursuant to corporate reorganization*

Jan. 1, 1974: Page
The Farmers National Bank of Salem, Salem, Ohio
Northern Columbiana County National Bank, Salem, Ohio
Merger 114
Jan. 2, 1974:
Fidelity Bank, National Association, Oklahoma City, Okla.
Fidelity National Bank, Oklahoma City, Okla.
Merger 115
Jan. 2, 1974:
The First National Bank of Cincinnati, Cincinnati, Ohio
FN National Bank, Cincinnati, Ohio
Merger 115
Jan. 18, 1974:
First National Bank in Grand Prairie, Grand Prairie, Tex.
Second National Bank in Grand Prairie, Grand Prairie, Tex.
Merger 116
Jan. 18, 1974:
Texas National Bank of Dallas, Dallas, Tex.
Stemmons National Bank, Dallas, Tex.
Merger 117
Jan. 28, 1974:
Hamilton National Bank of Loudon, Loudon, Tenn.
Loudon Bank, N.A., Loudon, Tenn.
Merger 118
Jan. 28, 1974:
The Farmers Bank of Winchester, Winchester, Tenn.
Winchester Bank, N.A., Winchester, Tenn.
Merger 119
Feb. 1, 1974:
The First National Bank in Onancock, Onancock, Va.
Onancock Bank, N.A., Onancock, Va.
Merger 119
Feb. 4, 1974:
The Homer National Bank, Homer, N.Y.
Homer Bank, N.A., Homer, N.Y.
Merger 120
Feb. 28, 1974:
National Bank and Trust Company of Ann Arbor, Ann Arbor, Mich.
National Bank of Ann Arbor, Ann Arbor, Mich.
Merger 121
Feb. 28, 1974:
National Bank of Murfreesboro, Murfreesboro, Tenn.
The Second National Bank of Murfreesboro, Murfreesboro, Tenn.
Merger 122
Feb. 28, 1974: Page
The First National Bank of Canton, Canton, N.Y.
Chase Manhattan Bank of Northern New York (National Association), Canton, N.Y.
Merger 123
Mar. 8, 1974:
First National Bank of Lake City, Lake City, Mich.
LCM National Bank, Lake City, Mich.
Merger 124
Mar. 8, 1974:
National Bank of Rochester, Rochester, Mich.
NBR National Bank, Rochester, Mich.
Merger 125
Mar. 18, 1974:
The First National Bank of Crockett, Crockett, Tex.
The New National Bank of Crockett, Crockett, Tex.
Merger 126
Mar. 27, 1974:
The Selma National Bank, Selma, Ala.
Selma Bank, N.A., Selma, Ala.
Merger 127
Mar. 29, 1974:
First National Bank of Athens, Athens, Ala.
First Bank of Athens, N.A., Athens, Ala.
Merger 128
Mar. 29, 1974:
The First National Bank of Hancock, Hancock, N.Y.
Hancock National Bank, Hancock, N.Y.
Merger 129
Apr. 1, 1974:
The First National Bank of Nordheim, Nordheim, Tex.
The New National Bank of Nordheim, Nordheim, Tex.
Merger 130
Apr. 29, 1974:
First National Bank in Aspen, Aspen, Colo.
Second National Bank in Aspen, Aspen, Colo.
Merger 130
Apr. 29, 1974:
The First National Bank of Glenwood Springs, Glenwood Springs, Colo.
Second National Bank in Glenwood Springs, Glenwood Springs, Colo.
Merger 131
Apr. 29, 1974:
First National Bank in Grand Junction, Grand Junction, Colo.
Second National Bank in Grand Junction, Grand Junction, Colo.
Merger 132

Apr. 29, 1974: *Page*
First National Bank-North in Grand Junction, Grand Junction, Colo.
Second National Bank-North, Grand Junction, Grand Junction, Colo.
Merger 133
Apr. 30, 1974:
Concord National Bank, Concord, N.H.
The Concord Bank, National Association, Concord, N.H.
Merger 134
Apr. 30, 1974:
Laconia Peoples National Bank & Trust Company, Laconia, N.H.
The Laconia Bank, National Association, Laconia, N.H.
Merger 135
Apr. 30, 1974:
The City National Bank of Selma, Selma, Ala.
Dallas County National Bank, Selma, Ala.
Merger 136
Apr. 30, 1974:
The Merchants National Bank of Manchester, Manchester, N.H.
The Merchants Bank, National Association, Manchester, N.H.
Merger 137
May 8, 1974:
The First National Bank of Sault Ste. Marie, Sault Ste. Marie, Mich.
Sault National Bank, Sault Ste. Marie, Mich.
Merger 138
May 9, 1974:
Old & Third National Bank of Union City, Union City, Tenn.
The National Bank of Union City, Union City, Tenn.
Merger 139
May 9, 1974:
Republic National Bank of Dallas, Dallas, Tex.
Ervay Bank, National Association, Dallas, Tex.
Merger 140
May 10, 1974:
The First National Bank of New Bedford, New Bedford, Mass.
Second National Bank of New Bedford, New Bedford, Mass.
Merger 140
May 20, 1974:
The Union National Bank and Trust Company of Marquette, Marquette, Mich.
UNB National Bank, Marquette, Mich.
Merger 141
May 31, 1974:
Baldwin National Bank of Robertsdale, Robertsdale, Ala.
Gulf Coast National Bank of Robertsdale, Robertsdale, Ala.
Merger 142
May 31, 1974:
Delaware Valley National Bank, Cherry Hill, N.J.
New Jersey National Bank-South, Cherry Hill, N.J.
Merger 143
June 4, 1974:
First Safety Fund National Bank, Fitchburg, Mass.
Montachusett National Bank, Fitchburg, Mass.
Merger 144
June 28, 1974:
Colonial First National Bank, Red Bank, N.J.
New Colonial First National Bank, Red Bank, N.J.
Merger 145
June 28, 1974:
Glen National Bank and Trust Company, Watkins Glen, N.Y.
Bank of Watkins Glen, National Association, Watkins Glen, N.Y.
Merger 146
June 28, 1974: *Page*
The First National Bank of Easthampton, Easthampton, Mass.
Easthampton Bank (National Associaton), Easthampton, Mass.
Merger 147
June 30, 1974:
The First National Bank of Cranbury, Cranbury, N.J.
Midlantic National Bank/Cranbury, Cranbury, N.J.
Merger 148
July 1, 1974:
First National Bank & Trust Company in Alton, Alton, Ill.
First National Bank & Trust Company, Alton, Ill.
Merger 149
July 1, 1974:
Seattle-First National Bank, Seattle, Wash.
SeaFirst National Bank, Seattle, Wash.
Merger 149
July 8, 1974:
The First National Bank of Maryland, Baltimore, Md.
Charles Street National Bank, Baltimore, Md.
Merger 150
July 18, 1974:
The Cleveland National Bank, Cleveland, Tenn.
Cleveland Interim Bank, N.A., Cleveland, Tenn.
Merger 151
July 26, 1974:
Guaranty National Bank and Trust of Corpus Christi, Corpus Christi, Tex.
Guaranty Commerce National Bank, Corpus Christi, Tex.
Merger 152
Aug. 1, 1974:
The Prospect Park National Bank, Wayne, N.J.
First Prospect Park National Bank, Wayne, N.J.
Merger 153
Aug. 2, 1974:
First National Bank of Hurst, Hurst, Tex.
Hurst Commerce National Bank, Hurst, Tex.
Merger 154
Aug. 7, 1974:
First City National Bank of Gadsden, Gadsden, Ala.
Bank of Gadsden, N.A., Gadsden, Ala.
Merger 155
Aug. 19, 1974:
Lafayette National Bank, Lafayette, Ind.
Tippecanoe National Bank, Lafayette, Ind.
Merger 156
Aug. 26, 1974:
Farmers-First National Bank of Stephenville, Stephenville, Tex.
Stephenville National Bank, Stephenville, Tex.
Merger 157
Aug. 30, 1974:
Plaza National Bank, Secaucus, N.J.
Second Plaza National Bank, Secaucus, N.J.
Merger 158
Sept. 16, 1974:
The Athens National Bank, Athens, Ohio
The F.B.G. National Bank of Athens, Athens, Ohio
Merger 159
Sept. 30, 1974:
The Citizens Baughman National Bank, Sidney, Ohio
The C.B. National Bank of Sidney, Sidney, Ohio
Merger 160
Oct. 10, 1974:
The First National Bank of Evart, Evart, Mich.
Evart Bank, N.A., Evart, Mich.
Merger 161
Oct. 31, 1974:
The Colonial-American National Bank of Roanoke, Roanoke, Va.
Colonial Bank, N.A., Roanoke, Va.
Merger 162

Nov. 1, 1974: Page
The First National Bank in Cleburne, Cleburne, Tex.
Johnson County National Bank, Cleburne, Tex.
Merger 162
Nov. 14, 1974:
Phenix National Bank, Phenix City, Ala.
Bank of Phenix, N.A., Phenix City, Ala.
Merger 163
Nov. 18, 1974:
Virginia National Bank/Fairfax, Springfield, Va.
Community Bank and Trust Company, Springfield, Va.
Merger 164
Dec. 9, 1974:
Central Bank, National Association, Grand Rapids, Mich.
C. Bank, National Association, Grand Rapids, Mich.
Merger 165
Dec. 9, 1974: Page
Valley National Bank of Saginaw, Saginaw, Mich.
V. National Bank, Saginaw, Mich.
Merger 166
Dec. 13, 1974:
The Gogebic National Bank of Ironwood, Ironwood, Mich.
GNB National Bank, Ironwood, Mich.
Merger 167
Dec. 30, 1974:
First National Bank of Ironwood, Ironwood, Mich.
The Second National Bank of Ironwood, Ironwood, Mich.
Merger 168
Dec. 31, 1974:
National Bank of Commerce of Pine Bluff, Pine Bluff, Ark.
Jefferson National Bank, Pine Bluff, Ark.
Merger 169

III. *Additional Approvals*

A. Approved, but abandoned, no ligitation Page
May 8, 1974:
The First National Bank of Paris, Paris, Tex.
New National Bank of Paris, Paris, Tex.
Merger 170
May 8, 1974:
The First National Bank of San Angelo, San Angelo, Tex.
New National Bank, San Angelo, Tex.
Merger 171
Nov. 12, 1974:
First Mississippi National Bank, Hattiesburg, Miss.
Citizens National Bank, Jackson, Miss.
Merger 172

B. Approved, but abandoned, due to litigation Page
July 9, 1974:
The Merchants National Bank of Burlington, Burlington, Vt.
Montpelier National Bank, Montpelier, Vt.
Merger 173
Aug. 22, 1974:
The Connecticut National Bank, Bridgeport, Conn.
The First New Haven National Bank, New Haven, Conn.
Consolidation 173
Oct. 3, 1974:
The National Bank of Commerce of Seattle, Seattle, Wash.
Washington Trust Bank, Spokane, Wash.
Merger 173

I. Mergers consummated, involving two or more operating banks

FIRST NATIONAL BANK AND TRUST COMPANY, ONTARIO, CALIF., AND PALM SPRINGS NATIONAL BANK, PALM SPRINGS, CALIF.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Palm Springs National Bank, Palm Springs, Calif. (15276), with	$ 24,710,462	6	....
and First National Bank and Trust Company, Ontario, Calif. (6268), which had	128,773,855	15	....
merged Jan. 1, 1974, under charter and title of the latter bank (6268). The merged bank at date of merger had	153,484,317	....	21

COMPTROLLER'S DECISION

On May 17, 1973, Palm Springs National Bank, Palm Springs, Calif., and First National Bank and Trust Company, Ontario, Calif., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

First National Bank and Trust Company, the charter bank, was organized in 1887, and possesses total assets of $113.9 million and IPC deposits of $84.6 million. It is headquartered in Ontario, Calif., and operates 14 branch offices in San Bernardino and Riverside counties. It has received authorization to establish two additional branches in the cities of Upland and Riverside.

The service area of the charter bank encompasses the "West End" of San Bernardino County and the western portion of Riverside County. That area, which has a population of approximately 350,000 people, is economically dependent on industry and agriculture. Competitors for the charter bank include Bank of America National Trust and Savings Association, with deposits of $33.3 billion; Security Pacific National Bank, with deposits of $10 billion; and Crocker National Bank, with deposits of $6.2 billion.

Palm Springs National Bank, the merging bank, was organized in 1964, and has total assets of $24.2 million and IPC deposits of $19.9 million. Headquartered in Palm Springs, it operates five branches in Riverside County and has received approval to open another branch in Palm Springs. The merging bank has been beset by management and asset problems.

The merging bank's service area is the central portion of Riverside County around Palm Springs. The population of that area is approximately 130,000, and the economy is based on agriculture, recreation, and retirement facilities. Palm Springs National Bank competes with Bank of America National Trust and Savings Association, Security Pacific National Bank, United California Bank, Crocker National Bank, City National Bank, with deposits of $498 million, and First National Bank in Coachella, with deposits of $8.8 million.

Competition between the subject banks is virtually nonexistent as their closest offices are separated by a distance of 30 miles. Consummation of the proposed merger will enhance rather than diminish competition. Expanded and improved services such as trust services, electronic data processing, and an increased lending limit, will be offered by the resulting bank. In addition, the management and loss problems of the merging bank will be resolved.

Applying the statutory criteria, it is the conclusion of this Office that the proposed merger is in the public interest and will result in no adverse competitive effects. The application is, therefore, approved.

OCTOBER 10, 1973.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National Bank and Trust Company of Ontario ("Ontario Bank") operates 16 banking offices in San Bernadino and Riverside counties in Southern California. As of March 31, 1973, Ontario Bank held total deposits of $103.6 million (including IPC demand deposits of $34.5 million) and total loans of $57 million.

Palm Springs National Bank ("Palm Springs Bank") operates six banking offices in Palm Springs and nearby communities in Central Riverside County. An additional branch in Palm Springs has been approved but has not been opened. As of March 31, 1973, Palm Springs Bank held total deposits of $22.3 million (including IPC demand deposits of $10 million) and total loans of $13 million. Although Palm Springs Bank has enjoyed substantial growth since its formation in 1964, it has recently experienced substantial operating losses.

The parties to this merger are headquartered about 70 miles apart, and the nearest offices are located about 25 miles apart with the San Jacinto Mountains situated in the intervening area. It appears that the proposed transaction would eliminate no substantial existing competition. Nor, because of the relatively modest size of the bank to be acquire and the existence of other significant potential en trants, does it appear that the proposed merger wil eliminate substantial potential competition.

Therefore, we conclude that the proposed transac tion will not have a substantial competitive impact.

* * *

THE UNITED NATIONAL BANK & TRUST COMPANY, CANTON, OHIO, AND BEACH CITY BANKING COMPANY, BEACH CITY, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Beach City Banking Company, Beach City, Ohio, with	$ 10,286,299	1	....
and The United National Bank & Trust Company, Canton, Ohio (14501), which had	100,413,248	8	....
merged Jan. 1, 1974, under charter and title of the latter bank (14501). The merged bank at date of merger had	109,383,244	....	9

COMPTROLLER'S DECISION

On June 15, 1973, Beach City Banking Company, Beach City, Ohio, and The United National Bank & Trust Company, Canton, Ohio, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The United National Bank & Trust Company, the charter bank, was organized in September 1972 by the merger of Canton National Bank, Canton, Ohio, organized in 1854, and Mount Union Bank, Alliance, Ohio, organized in 1930. The bank, with assets of $93 million and IPC deposits of $73.9 million, is headquartered in Stark County, Ohio, and through seven branches, serves Canton, Plain Township, Jackson Township, and Alliance.

The charter bank is the fourth largest of five banks headquartered in Canton and also the fourth largest of the 13 banks in Stark County. Competition for the charter bank is provided by The Harter Bank and Trust Company, Canton, with deposits of $242 million; First National Bank of Canton, with deposits of $177 million; and Peoples-Merchants Trust Company, Canton, with deposits of $120 million.

Beach City Banking Company, the merging bank, was chartered in 1898 and, with assets of $10 million and IPC deposits of $8 million, has operated as a unit bank since its inception. The active management of this bank is supervised by its president, who is 72 years old. There is, at present, no middle level management personnel who can take control of the daily functions of the bank when the president retires. Beach City is located in the extreme southwest corner of Stark County.

Beach City Banking Company is the 10th largest of the 13 commercial banks in Stark County. Competition for this bank comes from the Brewster branch office of Peoples-Merchant Trust Company, which has total deposits of $120 million, and from Navarre Deposit Bank Company, with deposits of $8.8 million.

The primary service area of the merging bank is limited to Beach City, with a population of 1,151, and its immediate environs including Sugar Creek Township and a small portion of both Tuscarawas County and Holmes County. That area is almost entirely devoted to small farms and has no other significant employers. Many residents of this area commute to Canton, Dover, or other cities for employment. The service area of the charter bank is central and northeast Stark County including Canton, its environs, and Alliance. Canton's economy is concentrated in the basic steel and fabricated metal fields and in machine production.

Competition between The United National Bank & Trust Company and Beach City Banking Company is insignificant. The main office of the charter bank is 16 miles from Beach City and the charter bank's nearest branch is 15 miles from the merging bank. Those distances, and the numerous financial institutions located in the intervening area, confirm that very little competition exists between the charter and merging banks.

Consummation of the proposed merger will stimulate competition in the service area of the merging bank. The resulting bank will offer improved and expanded services to the residents of Beach City including a larger lending limit, expansion of lending ervices, and the introduction of trust services. Vhile the merger will solve the problem of management succession at Beach City Banking Company, he resulting bank will neither increase its ranking among competing banks nor will it significantly increase its position among other commercial banks operating in Stark County.

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

NOVEMBER 29, 1973.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Union National Bank and Trust Company ("Union Bank") operates its head office and seven branches in and around Canton in Stark County, Ohio. On June 30, 1972, Union Bank held total deposits of $80.9 million (including IPC demand deposits of $24.5 million) and had total loans outstanding of approximately $51 million.

Beach City Banking Company ("Beach City Bank") operates its only office in Beach City, Stark County, Ohio. On June 30, 1972, Beach City Bank held total deposits of $8.2 million (including IPC demand deposits of $1.3 million) and had total loans outstanding of approximately $5.2 million.

Though both Union Bank and Beach City Bank operate in Stark County, Ohio, their nearest offices are about 16 miles apart, with several other banking offices intervening. Thus, while the proposed transaction may eliminate a limited amount of existing competition, it does not appear that banking concentration would be substantially increased in any relevant market.

Therefore, we conclude that the proposed acquisition would not have a substantial competitive impact.

* * *

UNITED VIRGINIA BANK/FIRST & CITIZENS NATIONAL, ALEXANDRIA, VA., AND UNITED VIRGINIA BANK OF FAIRFAX, VIENNA (FAIRFAX COUNTY), VA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
United Virginia Bank of Fairfax, Vienna (Fairfax County), Va., with	$108,584,051	10	....
and United Virginia Bank/First & Citizens National, Alexandria, Va. (651), which had	302,480,978	22	....
consolidated Jan. 2, 1974, under charter of the latter bank (651) and title "United Virginia Bank/ National." The consolidated bank at date of consolidation had	411,065,029	....	32

COMPTROLLER'S DECISION

On June 5, 1973, United Virginia Bank/First & Citizens National, Alexandria, Va., and United Virginia Bank of Fairfax, Vienna (Fairfax County), Va., applied to the Comptroller of the Currency for permission to consolidate under the charter of the former and with the title "United Virginia Bank/ National," with headquarters in Vienna, Va.

United Virginia Bank/First & Citizens National, the charter bank, was organized in 1864 and, with assets of $266 million and IPC deposits of $216.7 million, operates 20 offices and has 6 approved but unopened branches. Its service area includes the city of Alexandria and adjacent sections of Arlington and Fairfax counties.

United Virginia Bank of Fairfax, Vienna, Va., the consolidating bank, was chartered in 1929 and, with assets of $99.5 million and IPC deposits of $73.2 million, operates 10 offices in Fairfax County, its service area.

While both banks serve adjacent areas in Northern Virginia, there is very little competition between the banks. The Alexandria bank can legally branch no more than 5 miles into Fairfax County and has no office closer than 5 miles from an office of the Fairfax bank. Furthermore, both the charter and consolidating banks are wholly-owned subsidiaries of United Virginia Bankshares, Inc., a registered bank holding company and the proposed transaction is, therefore, a corporate reorganization and will have no effect on competition. Consummation of the consolidation will allow an improvement in operating and administrative efficiencies and provide a larger lending limit for customers.

Applying the statutory criteria, it is the conclusion of this Office that the proposed consolidation will result in no adverse competitive effects and will benefit the public interest. This application is, therefore, approved.

NOVEMBER 30, 1973.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Both of the consolidating banks are essentially wholly-owned subsidiaries of United Virginia Bankshares, Inc., a registered bank holding company. Thus, the proposed transaction is essentially a corporate reorganization and will have no effect on competition.

* * *

MARYLAND NATIONAL BANK, BALTIMORE, MD., AND SYKESVILLE STATE BANK, SYKESVILLE, MD.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Sykesville State Bank, Sykesville, Md., with	$ 14,481,227	3	
and Maryland National Bank, Baltimore, Md. (13745), which had	1,732,138,222	120	
merged Jan. 4, 1974, under charter and title of the latter bank (13745). The merged bank at date of merger had	1,745,392,289		123

COMPTROLLER'S DECISION

On September 24, 1973, Maryland National Bank, Baltimore, Md., and Sykesville State Bank, Sykesville, Md., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Maryland National Bank, the charter bank, was organized in 1933 and now, with assets of $1.6 billion and IPC deposits of $1 billion, is the largest commercial bank in Maryland. The charter bank operates 118 banking offices throughout the State, 56 of which serve the Baltimore Metropolitan Area. Since 1969, Maryland National Bank has been the principal subsidiary of Maryland National Corporation, a one-bank holding company headquartered in Baltimore.

The retail service area of the charter bank includes portions of the Eastern Shore, Harford County, western Maryland, Montgomery and Prince Georges counties, southern Maryland, and metropolitan Baltimore. The bank's specialized departments enable it to compete on a statewide basis for large commercial customers and National concerns. In Maryland, competition for the charter bank is provided by Equitable Bancorporation, whose four subsidiary banks have aggregate deposits of $986 million; The First National Bank of Maryland, Baltimore, with deposits of $802 million; Suburban Trust Company, Hyattsville, with deposits of $684 million; and Union Trust Company of Maryland, with deposits of $611 million.

Sykesville State Bank, the merging bank, was chartered in 1934, and is now the sixth in deposit size of banks headquartered in Carroll County and 64th of the 114 commercial banks in the State of Maryland. The merging bank has assets of $14.4 million and IPC deposits of $12.5 million and operates two branches, one each in Eldersburg and Friendship. Both of those branches are within 4 miles of the bank's main office.

The service area of the merging bank consists of the southern portion of Carroll County and the northern portion of adjoining Howard County where its Friendship branch is situated. The economy of that area is traditionally primarily agricultural but is now becoming more industrialized. The only direct competition in the area is provided by the Eldersburg branch of The Woodline National Bank, which has total deposits of $8.7 million. Carroll County Bank and Trust Company, Westminister, with deposits of $65 million, has, however, received permission to open a new branch office in Eldersburg.

Competition between the charter and merging banks is nominal because of the distance which separates their closest two offices. The branches of the charter bank nearest to those of the merging bank are in Randallstown and Owings Mills which are 11 miles and 13 miles northeast of Sykesville, in Baltimore County. Maryland National Bank does not operate any branches in Carroll County.

Consummation of the proposed merger will allow the resulting branches in Carroll County to provide new and improved services to customers in its service area, particularly in the areas of business financing, accounts receivable financing, and international banking. Because of the small size of the merging bank, this merger will not significantly affect the statewide size of Maryland National Bank.

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

NOVEMBER 30, 1973.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The nearest offices of the parties are separated by a distance of approximately 9 miles with five competitive alternatives in the intervening area. Although the proposed acquisition will eliminate some existing competition, it does not appear that banking concentration would be substantially increased in any relevant banking market. While Maryland National Bank could expand *de novo* into the communities presently served by State Bank, the latter's relatively small absolute size and the nature of the communities which it serves diminish the effect of this transaction on potential competition.

Therefore, we conclude that this proposed acquisition would not have a substantial competitive impact.

* * *

WELLS FARGO BANK, NATIONAL ASSOCIATION, SAN FRANCISCO, CALIF., AND BEVERLY HILLS NATIONAL BANK, BEVERLY HILLS, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Beverly Hills National Bank, Beverly Hills, Calif. (13348), with	$ 140,714,528	3	....
was purchased Jan. 22, 1974, by Wells Fargo Bank, National Association, San Francisco, Calif. (15660), which had	10,658,110,142	305	....
After the purchase was effected, the receiving bank had	9,013,936,840	....	308

COMPTROLLER'S DECISION

On January 22, 1974, application was made to the Comptroller of the Currency for permission for Wells Fargo Bank, National Association, San Francisco, Calif., to purchase certain of the assets and assume certain of the liabilities of Beverly Hills National Bank, Beverly Hills, Calif. Wells Fargo Bank, National Association, also applied pursuant to 12 U.S.C. 36(c) to establish branches at the banking locations now occupied by Beverly Hills National Bank.

In accordance with the provisions of 12 U.S.C. 181 and 12 U.S.C. 1828(c), it is found that an emergency exists and that this Office must act immediately to prevent the probable failure of Beverly Hills National Bank, Beverly Hills, Calif., and to protect its depositors, creditors, and shareholders.

Accordingly, approval by the shareholders of Beverly Hills National Bank of the Agreement to Assume Liabilities and to Acquire Assets executed between Wells Fargo Bank, National Association, and Beverly Hills National Bank is hereby waived; the purchase of certain assets and assumption of certain liabilities as contemplated by that Agreement is approved; and Wells Fargo Bank, National Association, is authorized to consummate the transaction immediately.

Wells Fargo Bank, National Association, is hereby given permission to establish and operate branches at 9600 Santa Monica Boulevard, Beverly Hills, Calif.; 9101 Wilshire Boulevard, Beverly Hills, Calif.; and at 143 Barrington Place, Los Angeles, Calif.

JANUARY 22, 1974.

NOTE: Due to the emergency nature of the situation, no report on competitive factors was requested.

* * *

The Shelby National Bank of Shelbyville, Shelbyville, Ind., and The Union State Bank, Morristown, Ind.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Union State Bank, Morristown, Ind., with	$ 4,208,362	1	....
was purchased Feb. 11, 1974, by The Shelby National Bank of Shelbyville, Shelbyville, Ind. (7946), which had	45,215,863	3	....
After the purchase was effected, the receiving bank had	47,339,182	....	4

COMPTROLLER'S DECISION

On September 20, 1973, The Shelby National Bank of Shelbyville, Shelbyville, Ind., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of The Union State Bank, Morristown, Ind.

The Shelby National Bank of Shelbyville, the purchasing bank, was organized in 1955 and operates two branch offices. With total assets of $41.2 million and IPC deposits of $33.5 million, the bank is the largest bank operating in Shelby County. The service area of the purchasing bank encompasses Addison Township, an industrial area which has a population of approximately 18,000 people.

Competitors of the purchasing bank include Farmers National Bank, with deposits of $28.3 million; The State Bank of Waldron, with deposits of $11.4 million; and Fairland National Bank, with deposits of $11.3 million.

The Union State Bank, the selling bank, was organized in 1894, and operates as a unit institution. With total assets of $4 million and IPC deposits $3.2 million, it is the smallest bank in Shelby County. The service area of the bank encompasses Hanover Township, an agricultural area which has a population of approximately 2,350 people.

Competitors of the selling bank include The Greenfield Banking Company, with deposits of $37.9 million; Rushville National Bank, with deposits of $25 million; and Hancock County Bank, with deposits of $19 million.

Competition between the subject banks is minimal because they are separated by a distance of approximately 19 miles and because an inconvenient highway system exists between them. Consummation of the proposed transaction will result in no significant adverse competitive effects. The resulting bank will better serve the Morristown area by offering an increased lending limit and by the influx of a more aggressive managerial staff.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

January 10, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Both Shelby Bank and Union Bank operate in Shelby County, Ind., with their nearest offices separated by a distance of about 13 miles. There are no competitive alternatives in the intervening area. Thus, it appears that the proposed acquisition may eliminate some existing competition.

Commercial banking in Shelby County is highly concentrated. Shelby Bank, with approximately 41 percent of county deposits, ranks first among the county's five banks, while the three largest banks hold approximately 84 percent of total county deposits. The proposed acquisition will increase Shelby Bank's share of the Shelby County market to 45 percent and increase the share of the top three banks from 84 percent to 88 percent.

The proposed transaction would eliminate some existing competition and increase banking concentration in Shelby County.

* * *

People's National Bank of Georgetown, Georgetown, Ohio, and Citizens Bank Co., Hamersville, Ohio

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Citizens Bank Co., Hamersville, Ohio, with	$ 2,123,355	1	....
was purchased Feb. 26, 1974, by The People's National Bank of Georgetown, Georgetown, Ohio (5996), which had	9,388,332	1	....
After the purchase was effected, the receiving bank had	10,826,132	....	2

COMPTROLLER'S DECISION

On August 23, 1973, The People's National Bank of Georgetown, Georgetown, Ohio, applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of the Citizens Bank Co., Hamersville, Ohio.

The People's National Bank of Georgetown, the applicant, was organized in 1901 and operates as a unit institution. It possesses total assets of $8.1 million and IPC deposits of $6.2 million. The service area of the applicant, which, with an estimated population of 7,500 people, is agricultural in nature, encompasses the area surrounding Georgetown.

Competitors for the applicant include The Bank of Russellville, with deposits of $18.9 million; The Citizens National Bank of Ripley, with deposits of $6.5 million; The First National Bank of Georgetown, with deposits of $6.4 million; and The Ripley National Bank, with deposits of $6 million.

Citizens Bank Co., the selling bank, was organized in 1906 and operates as a unit institution. With total assets of $2 million and IPC deposits of $1.8 million, it is the smallest bank in Brown County. Its service area encompasses Hamersville and its environs, an area with a population of 2,500 people which is economically dependent on agriculture.

The only significant competitor of the selling bank is The First National Bank of Bethel in Clermont County, which has deposits of $4.4 million. The selling bank is unable to compete effectively with the larger banks in Brown County because of its small size, inadequate lending limit, lack of service, and ineffective management. Consequently, even though the service areas of the subject banks do overlap, competition between them is minimal. In fact, most of the applicant's business in the Hamersville area is generated from loans which the selling bank is too small to accommodate and which it refers to the applicant. In addition, the applicant is already furnishing personnel to assist the selling bank in its daily operations; an interlocking directorate relationship exists between the two banks; and they have a number of common shareholders.

Consummation of the proposed transaction will result in no adverse competitive effects. Competition in the Hamersville area will be increased through the introduction by the resulting bank of new and expanded services such as an increased lending capacity, money orders, travelers checks, a night depository, Christmas and vacation club accounts, drive-up window facilities, and the monthly mailing of checking account statements. In addition, the Hamersville office will be operated by experienced banking personnel.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

January 21, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

People's Bank and Citizens Bank are located about 10 miles apart with several competing banking offices in the intervening area. It appears that the proposed acquisition would eliminate only a limited amount of existing competition. And in view of the modest size of the parties and the existence of other potential entrants into their respective markets, we conclude that the proposed transaction would not eliminate substantial potential competition.

Therefore, we conclude that the proposed transaction would not have a substantial competitive impact.

* * *

The American National Bank in Battle Creek, Battle Creek, Mich., and The Athens Branch of The American National Bank and Trust Company of Michigan, Kalamazoo, Mich.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Athens Branch of The American National Bank and Trust Company of Michigan, Kalamazoo, Mich. (13820), with	$3,294,000	1	....
was purchased Feb. 28, 1974, by The American National Bank in Battle Creek, Battle Creek, Mich. (16185), which had	9,102,721	1	....
After the purchase was effected, the receiving bank had	9,721,838	....	2

COMPTROLLER'S DECISION

On October 12, 1973, The American National Bank in Battle Creek, Battle Creek, Mich., applied to the Office of the Comptroller of the Currency for permission to purchase the assets and assume the deposit liabilities of the Athens Branch of The American National Bank and Trust Company of Michigan, Kalamazoo, Mich.

The American National Bank in Battle Creek, the purchasing bank, was chartered on October 1, 1973, and now operates one banking office. The bank is a wholly-owned subsidiary of American National Holding Company, Kalamazoo, Mich., a multi-bank holding company, and currently has total assets of $3.5 million and IPC deposits of $1.8 million.

Competition for the purchasing bank is provided by The First National Bank and Trust Company of Michigan, Kalamazoo, with deposits of $298.4 million; Michigan National Bank, Battle Creek, with deposits of $1.3 billion; and Security National Bank of Battle Creek, with deposits of $91.6 million.

The American National Bank and Trust Company of Michigan, the selling bank, was organized in 1933 and is now the second largest of three commercial banks headquartered in Kalamazoo with total assets of $232.1 million and IPC deposits of $171.6 million. The bank currently operates 16 branch offices and is also a wholly-owned subsidiary of American National Holding Company.

Competition for the selling bank is provided by The First National Bank and Trust Company of Michigan, Kalamazoo, with deposits of $298.4 million, and Industrial State Bank and Trust Company, Kalamazoo, with deposits of $104.5 million.

The Athens branch office of The American National Bank and Trust Company of Michigan, the subject of the proposed transaction, holds deposits of $3.3 million and is the only bank operating in the village of Athens. Competition for the branch office is provided primarily by banks headquartered in Coldwater, including Branch County Bank with deposits of $31.1 million, and Southern Michigan National Bank with deposits of $39.5 million.

The principal service area of the Athens branch includes the village of Athens, with an estimated population of 996 persons, and small portions of Calhoun, Kalamazoo, St. Joseph, and Branch counties. The economy of Calhoun County, where the subject branch office is located, is primarily supported by a major cereal manufacturer in Battle Creek which employs nearly half the work force of the area. Rural farmland predominates in the area surrounding Athens, but diversified manufacturing enterprises in nearby Battle Creek insure a balanced employment pattern.

At present there is no competition between the purchasing and selling banks. The Athens branch of the selling bank is the closest office of that bank to Battle Creek, located 18 miles distant, with an adequate number of alternative banking facilities operating in the intervening distance. In addition, American National Holding Company controls both the purchasing and selling banks. In view of that close affiliation, the subject application represents a corporate reorganization of commonly owned assets, primarily for the convenience of the two banks, and will not adversely effect competition. More efficient operations and more personalized service to customers of the resulting bank will come from consummation of the proposed transaction.

Accordingly, it is the view of this Office that the proposed transaction is in the public interest and will not result in any adverse competitive effects. The application is, therefore, approved.

JANUARY 10, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed transaction is part of a plan through which the Athens office of The American National Bank and Trust Company of Michigan would be transferred to a newly organized bank. Since both the transferring bank and the acquiring bank are subsidiaries of American National Holding Company, a bank holding company, the proposed transaction is simply a corporate reorganization and would have no competitive effect.

* * *

FIRST NATIONAL BANK OF MONROE COUNTY, ABERDEEN, MISS., AND PEOPLES BANK, STARKVILLE, MISS.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Peoples Bank, Starkville, Miss., with	$37,504,693	4	....
and First National Bank of Monroe County, Aberdeen, Miss. (3656), which had	21,453,037	4	....
consolidated Mar. 1, 1974, under charter of the latter bank (3656) and title "First United National Bank." The consolidated bank at date of consolidation had	58,957,729	....	8

COMPTROLLER'S DECISION

On November 1, 1973, First National Bank of Monroe County, Aberdeen, Miss., and Peoples Bank, Starkville, Miss., applied to the Comptroller of the Currency for permission to consolidate under the charter of the former and the title, "First United National Bank," and with its main office in Starkville.

First National Bank of Monroe County, the charter bank, was organized in 1887 and now, with three branch offices, has assets of $16.8 million and IPC deposits of $10.6 million. The service area of the bank includes Monroe County, which has a population of 34,043. The area is mainly agricultural with an increasing amount of commercial and industrial development near Aberdeen and Amory.

Competition for the charter bank is provided by Monroe Banking and Trust Company, Aberdeen, with deposits of $12 million; Bank of Amory, with deposits of $17.5 million; and Security Bank of Amory, with deposits of $11.8 million. The Nettleton, Lee County, branch of the Bank of Mississippi, with deposits of $101.8 million, provides additional competition on the outer fringe of the service area.

Peoples Bank, the consolidating bank, was organized in 1889 and presently, with assets of $33.2 million and IPC deposits of $26.1 million, operates three branches at Starkville and Maben. Its service area includes all of Oktibbeha County which has a population of 28,752, western Webster County, northeastern Choctaw County, and southwestern Clay County. The economy of that service area is primarily agricultural with minor commercial and industrial activity in Maben and Starkville where the area's largest employer, Mississippi State University, is located.

Competition for the consolidating bank is provided by Security State Bank, Starkville, with deposits of $33.4 million; Bank of Mantee, with deposits of $5 million; and Grenada Bank, with deposits of $121.9 million.

There is minimal competition between the charter and consolidating banks because of the great distance between them and because an adequate number of alternative banking facilities exist in the area. The nearest offices of the charter and consolidating banks are 35 miles apart.

Consummation of the proposed consolidation will resolve a managerial succession problem at First National Bank of Monroe County and will offer the residents and businesses of its service area new and sophisticated services such as trust services. The consolidation will also result in a higher lending limit to satisfy the increasing needs of the farming and business communities.

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

JANUARY 25, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The head offices of the two banks are approximately 36 miles apart, and the closest offices are more than 30 miles apart. In view of the distance between the two banks and the fact that they operate in different counties, it does not appear that the merger would eliminate significant existing competition.

Both banks, however, could branch *de novo* into the area served by the other. Peoples Bank is the smaller of the two banks operating in Oktibbeha County, holding 46.5 percent of total county deposits as of December 31, 1972. Monroe Bank is the largest of four banks operating in Monroe County, holding 30.5 percent of total county deposits. Several other larger banks, however, may also be considered to be potential entrants into these areas. In view of the existence of other significant potential entrants into the areas served by the parties to this transaction, we conclude that the merger will not eliminate substantial potential competition.

* * *

The First National Bank of Hancock, Hancock, N.Y., and The First National Bank of Hamden, Hamden, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Hamden, Hamden, N.Y. (12017), with	$ 3,572,245	1	....
was purchased Mar. 29, 1974, by The First National Bank of Hancock, Hancock, N.Y. (8613) which had	10,363,718	1	....
After the purchase was effected, the receiving bank had	14,164,799	....	2

COMPTROLLER'S DECISION

On September 14, 1973, Hancock National Bank*, Delaware County, Hancock, N.Y., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of The First National Bank of Hamden, Hamden, N.Y.

The First National Bank of Hamden, the selling bank, with approximately $4 million in deposits, was chartered in 1921. It is headquartered in the hamlet of Hamden in the central portion of Delaware County. The selling bank's primary service area consists of the townships of Hamden and Walton which have an approximate population of 7,000.

The selling bank ranks eighth in deposit size of the 10 commercial banks headquartered in Delaware County. Financial institutions in direct competition with the selling bank include The National Bank of Delaware County, Walton, with approximately $17.3 million in deposits; The Delaware National Bank of Delhi, Delhi, with approximately $14.1 million in deposits; and Delaware County Federal Savings and Loan Association, Walton, with approximately $33.8 million in assets.

Hancock National Bank, the purchasing bank, was organized by Charter New York Corporation, a multi-bank holding company, to effectuate its purchase of The First National Bank of Hamden. Charter New York Corporation proposes to operate The First National Bank of Hamden as a branch of the bank resulting from its merger of Hancock National Bank with The First National Bank of Hancock, N.Y.

Charter New York Corporation, with total assets of approximately $7.8 billion, ranks seventh in size of the 14 multi-bank holding companies in New York. The largest of its 10 subsidiary banks is Irving Trust Company, New York City, N.Y., with approximately $5 billion in total assets as of June 30, 1973. The larger New York multi-bank holding companies which compete with Charter New York Corporation include First National City Corporation, with total assets of approximately $34.3 billion; Chase Manhattan Corporation, with assets of $28.8 billion; Manufacturers Hanover Corporation, with total assets of approximately $16.3 billion; Chemical New York Corporation and Bankers Trust New York Corporation, each with total assets of approximately $13.4 billion.

The proposed purchase will not adversely affect competition. The nearest subsidiary office of Charter New York Corporation to The First National Bank of Hampden is the Binghampton office of Endicott Trust Company which is 60 miles distant. Furthermore, there is no competition between The First National Bank of Hamden and The First National Bank of Hancock. Neither bank has any loans or deposits which have originated from each other's service area. The Binghampton subsidiary office is 43 miles distant from The First National Bank of Hancock. The proposed purchase will not change the relative position of Charter New York Corporation with regard to the other New York bank holding companies. The resulting bank would only rank fifth in deposit size of the 10 banks in Delaware County.

Consummation of the proposed purchase will enhance competition. The proposed purchase will remove head office protection in Hamden and open that community to *de novo* branching of other banks,

* Hancock National Bank was a non-operating bank merged with The First National Bank of Hancock under the title of the latter, just prior to this purchase.

thereby assuring adequate banking services to the Hamden community. The First National Bank of Hamden presently provides inadequate services to area residents due to limited resources and decreasing capital position. As a result of the proposed transaction, the bank could provide continuing and expanding banking services including a credit card, complete trust department services, and agricultural loan expertise.

Accordingly, applying the statutory criteria, it is concluded that the proposed transaction is in the public interest. This application is, therefore, approved.

FEBRUARY 21, 1974.

NOTE: No Attorney General's report received.

* * *

MIDLANTIC NATIONAL BANK, NEWARK, N.J., AND MILLBURN-SHORT HILLS BANK, MILLBURN, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Millburn-Short Hills Bank, Millburn, N.J., with	$ 49,402,960	1	....
and Midlantic National Bank, Newark, N.J. (1316), which had	1,004,152,034	38	....
merged Mar. 31, 1974, under charter and title of the latter bank (1316). The merged bank at date of merger had	1,053,554,995	....	39

COMPTROLLER'S DECISION

On August 10, 1973, Millburn-Short Hills Bank, Millburn, N.J., and Midlantic National Bank, Newark, N.J., applied to the Comptroller of the Currency for permission to merge under the charter and title of the latter.

Midlantic National Bank, the charter bank, was organized in 1804 and operates 37 offices with assets of $968.9 million and IPC deposits of $681.6 million. The charter bank is the lead bank in Midlantic Banks, Inc., a multi-bank holding company with deposits of $1.5 billion. The service area of this bank includes all of Essex and Warren counties with a total estimated population of 1.02 million persons.

The charter bank is the second largest bank among Essex County-based commercial banks and the third largest bank in deposit size in the State of New Jersey. Competition is provided by First National State Bank of New Jersey, Newark, with deposits of $1.03 billion, which is the lead bank in First National State Bancorporation, a multi-bank holding company; and Peoples Trust of New Jersey, Hackensack, with deposits of $976.6 million, which is a member of United Jersey Banks, a multi-bank holding company. Further competition is provided by all of the State's multi-bank holding companies with statewide affiliations and by the multi-billion dollar banks based in nearby New York City.

Millburn-Short Hills Bank, the merging bank, was chartered in 1960 as a State bank and has operated since that time as a unit institution. It presently has assets of $18.7 million and IPC deposits of $16.5 million. The service area of the merging bank encompasses Millburn Township which has an estimated population of 21,140 persons.

The merging bank ranks 13th in deposit size among the 18 commercial banks headquartered in Essex County and competes primarily with First National State Bank of New Jersey, Newark, also a competitor of the charter bank; and American National Bank & Trust of New Jersey, Montclair, with deposits of $369 million, which is the lead bank in Princeton American Bancorporation, a multi-bank holding company. Further competition is provided by The National State Bank, Elizabeth, with deposits of $628 million; Summit and Elizabeth Trust Company, with deposits of $189 million; United Counties Trust Company, Elizabeth, with deposits of $323 million; and Springfield State Bank, Springfield, with deposits of $11 million.

There is minimal competition between the charter and merging banks because their closest two offices are separated by a distance of 5 miles with an adequate number of alternative banking facilities operating in the intervening distance. The South Orange office of the charter bank is also the closest branch office of any Midlantic Banks, Inc. affiliate.

Consummation of the proposed merger will stimulate competition in the service area of the merging bank because the resulting branch in Millburn will be able to offer a larger lending limit, student loans, overdraft checking accounts, a wider range of savings plans, installment loan services, and trust services. That will make the resulting branch a far more viable competitor in the Millburn service area. Furthermore, the competitive hierarchy in the banking industry in New Jersey will not be significantly altered as Midlantic Banks, Inc. will move from third to second in ranking of size among multi-bank holding companies in the State.

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

FEBRUARY 20, 1974

SUMMARY OF REPORT BY ATTORNEY GENERAL

The impact of this proposed acquisition will be felt largely in Millburn Township, situated about 8 miles from Newark in the sprawling New York-Newark urban complex. Applicant's nearest offices are located about 5 and 8 miles, respectively, from Bank's Millburn headquarters, and it appears that Applicant derives a significant volume of business from Bank's service area. Thus, the proposed acquisition will eliminate some existing competition in the Millburn Township area. It does not, however, appear that the proposed merger will substantially increase concentration in any relevant banking market.

* * *

MIDLANTIC NATIONAL BANK/MORRIS, MORRISTOWN, N.J., AND MIDLANTIC NATIONAL BANK/PARSIPPANY, PARSIPPANY-TROY HILLS, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Midlantic National Bank/Parsippany, Parsippany-Troy Hills, N.J. (15975), with	$ 8,997,817	2	....
and Midlantic National Bank/Morris, Morristown, N.J. (15360), which had	12,315,879	4	....
merged Mar. 31, 1974, under charter and title of the latter bank (15360). The merged bank at date of merger had	21,313,697	....	6

COMPTROLLER'S DECISION

On October 4, 1973, Midlantic National Bank/Morris, Morristown, N.J., and Midlantic National Bank/Parsippany, Parsippany-Troy Hills, N.J., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Midlantic National Bank/Morris, the charter bank, was organized in 1964 as Madison National Bank. The bank, with assets of $12.1 million and IPC deposits of $4.4 million, presently operates three branches in Morris County.

Midlantic National Bank/Parsippany, the merging bank, was chartered in 1972 as Midlantic National Bank. The bank, with assets of $5.3 million and IPC deposits of $2.9 million, operates one branch in its home office community.

Both the charter and merging banks are subsidiaries of Midlantic Banks, Inc., a registered bank holding company which controls aggregate deposits of $1.4 billion from its eight member banks. Because the proposed merger is between banks which are totally owned by Midlantic Banks, Inc., this proposal will have no effect on this bank holding company's present competitive position as third among New Jersey's bank holding companies and will not eliminate any competition.

The primary service area of these two banks is Morris County. That county, with a population of 383,000 people has shown a steady rate of growth with considerable industrial development. There are seven major employers in Morris County, numerous major highways, and four commercial airports.

Banking competition is adequate because 21 commercial banks are represented in Morris County, 12 of which are headquartered there. The resulting bank will have total deposits of $14.8 million, and will rank 18th among commercial banks in the county. Nine of the competing banks are members of multi-bank holding companies, those include subsidiaries of First National State Bancorporation and United Jersey Banks, New Jersey's two largest bank holding companies.

Consummation of the proposed merger will help to eliminate earnings problems at both the charter and merging banks by allowing the resulting bank to achieve significant operating efficiencies. The two Midlantic National Bank/Parsippany facilities will be operated as branches of the Midlantic

National Bank/Morris. There is no present competition between these two banks as they are separated by 6 miles and adequate banking alternatives intervene.

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

FEBRUARY 19, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Both banks are wholly-owned subsidiaries (except for directors' qualifying shares) of Midlantic Banks, Inc., a multi-bank holding company controlling eight banks holding total deposits of $1.4 billion on December 31, 1972. Morris Bank was acquired by Midlantic Banks in 1972, and Parsippany Bank was organized *de novo* by Midlantic Banks in 1972.

In view of the common ownership of the two banks, and also because the two banks do not hold significant market shares in the area in which they compete (1.8 percent combined of total Morris County commercial bank deposits), we conclude that the proposed transaction would not have a substantial competitive impact.

* * *

DOMINION NATIONAL BANK, BAILEYS CROSS ROADS, VA., AND PEOPLES BANK AND TRUST COMPANY OF FAIRFAX, FAIRFAX COUNTY, VA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Peoples Bank and Trust Company of Fairfax, Fairfax County, Alexandria, Va., with	$ 19,496,742	5	
and Dominion National Bank, Baileys Cross Roads, Va. (14904), which had	94,885,747	12	
merged Apr. 1, 1974, under charter and title of the latter bank (14904). The merged bank at date of merger had	112,274,685		17

COMPTROLLER'S DECISION

On October 26, 1973, Dominion National Bank, Fairfax County, Va., and Peoples Bank and Trust Company of Fairfax, Fairfax County, Va., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Dominion National Bank, the charter bank, was organized in 1960 and now has assets of $78.5 million and IPC deposits of $64 million. The charter bank operates 11 offices in Fairfax County and in the cities of Alexandria and Falls Church. Since December 1971, Dominion National Bank has been a wholly-owned subsidiary of Dominion Bankshares Corporation, Roanoke, Va., the fifth largest banking organization in Virginia, controlling assets of $969.1 million. That holding company controls eight subsidiary banks with 71 banking offices in the State of Virginia; the largest of its subsidiaries is The First National Exchange Bank of Virginia, Roanoke, with deposits of $597 million.

Peoples Bank and Trust Company of Fairfax, the merging bank, was organized in 1963 and now has assets of $19 million and IPC deposits of $15.6 million. The merging bank operates five offices in Fairfax County.

Competition in Fairfax County is provided by 23 banks operating 217 banking offices. Twelve of those banks, with 169 offices, are affiliated with bank holding companies. The largest of those competitors include First Virginia Bank, Falls Church, with deposits of $371 million; United Virginia Bank/First & Citizens National, Alexandria, with deposits of $244.6 million; Arlington Trust Company, Arlington, with deposits of $198 million; and Clarendon Bank and Trust Company, Arlington, with deposits of $200 million.

The main offices of the charter and merging banks are approximately 10 miles apart with all of the offices of the two banks separated or circumscribed by numerous competing banks and savings and loan associations. In general, each bank serves a separate and distinct area because the offices of Dominion National Bank are concentrated in the northern and central portions of Fairfax County and the city of Alexandria, and those of Peoples Bank and Trust Company are concentrated in the south-central and southeastern portions of Fairfax County. The closest offices of the two banks are the Lincolnia Branch of Dominion National Bank, located in the Virginia Plaza Shopping Center on the north side of Little River Turnpike, and the Brighton Mall Branch of the merging bank, located in the Brighton Mall Shopping Center on the south side of the Little River Turnpike. Although those two branches are located approximately 0.5 mile apart, the heavily-travelled highway which separates them serves as a geographic barrier. As shopping center branches, each derives a substantial portion of their business from the retail establishments in their respective shopping centers as well as regular shoppers and residents of the areas adjacent to each shopping center. Thus, while some overlap in the service areas of the two banks does exist, it is minimal.

Consummation of the proposed merger will allow the present branches of the merging bank to become effective competitors in the area which they now serve. The growth of Peoples Bank and Trust Company has not kept pace with that of other banks in Northern Virginia due to its limited capital base and its restricted lending limit, both of which will be expanded as a result of this merger. Those branches will be able to offer a greater variety of sophisticated banking services which, with added management depth, will further increase their ability to compete. The resulting bank will serve an expanded trade area and will be a more viable competitor for the 21 other banks serving the area.

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

FEBRUARY 28, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Dominion Bank's offices are centered in northern Fairfax County and in Alexandria, while Peoples Bank's offices are centered in southern Fairfax County. There is some existing competition between the two banks, however. Each bank operates one office in the busy commercial area near the intersection of Virginia Route 236 and Interstate Highway 95. Three other offices of Peoples Bank are located within 4 miles of one or more offices of Dominion Bank.

Neither bank, however, is a major factor in Northern Virginia. Dominion Bank and Peoples Bank control, respectively, 6.3 percent and 1.5 percent of total commercial bank deposits in Fairfax County, Falls Church, and Alexandria. There are approximately eight banks larger than Dominion Bank serving this area. Accordingly, we conclude that the effect of the merger on competition would not be significantly adverse.

* * *

THE FIRST NATIONAL BANK OF VERSAILLES, VERSAILLES, OHIO, AND THE PEOPLES BANK CO., VERSAILLES, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Peoples Bank Co., Versailles, Ohio, with	$ 7,274,631	1	....
and The First National Bank of Versailles, Versailles, Ohio (9336), which had	9,719,392	1	....
consolidated Apr. 1, 1974, under charter of the latter bank (9336) and title "Peoples National Bank." The consolidated bank at date of consolidation had	16,994,023	....	1

COMPTROLLER'S DECISION

On August 28, 1973, The First National Bank of Versailles, Versailles, Ohio, and The Peoples Bank Co., Versailles, Ohio, applied to the Comptroller of the Currency for permission to consolidate under the charter of the former and with the title "Peoples National Bank."

The First National Bank of Versailles, the charter bank, was originally chartered in 1891 and has operated as a unit institution since that time with present assets of $8.1 million and IPC deposits of $6.3 million. The service area of the charter bank encompasses the northeastern section of Darke County, of which Versailles is the principal city with an estimated population of 2,441 persons, and extends to Shelby and Miami counties to include the rural communities of Russia and Bradford.

Of the 10 banks headquartered in Darke County, the charter bank ranks sixth in deposit size and ranks 15th in size among the 18 banks in its service area. Principal competitors for the bank include The Citizens Baughman National Bank, Sidney, with deposits of $35.4 million and The Miami Citizens National Bank and Trust Company, Piqua, with deposits of $44.8 million. Further competition is provided by The Citizens Bank Company, Ansonia, with deposits of $5.4 million; The Osgood State Bank, Osgood, with deposits of $5.8 million; The Citizens State Bank of Greenville, Ohio, with deposits of $8.7 million; Greenville National Bank, Greenville, with deposits of $26.3 million; and The Second National Bank of Greenville, Ohio, with deposits of $27.4 million.

The Peoples Bank Co., the consolidating bank, was chartered in 1905 and has operated as a unit institution since that time with present assets of $6.7 million and IPC deposits of $5.7 million. The service area of the consolidating bank is identical to that of the charter bank.

The consolidating bank ranks eighth in deposit size of the 10 banks headquartered in Darke County, and 16th in size among the 18 banks in its service area. The bank competes directly with the charter bank and all competitors of the charter bank since it is physically adjacent to that institution and is the only other commercial bank in Versailles. The resulting bank would rank fourth in deposit size among Darke County banks and 10th among service area banks.

The charter bank is by far the more aggressive of the two subject institutions; it is larger in size, has a greater lending limit, and a considerably greater loan-to-deposit ratio. Still, both are small, conservative institutions and neither has kept pace with the growth of the Versailles economy.

Although the two subject institutions are the only commercial banks in the town of Versailles, keen competition for services such as real estate mortgage loans, time and savings deposits, and instalment credit is provided by Versailles Savings and Loan Company and American Budget Company. Thus, consummation of the proposed consolidation will not eliminate alternative sources of financial services.

In addition to those non-bank competitors, there are sufficient banking offices located within the service area of the charter and consolidating banks and within reasonable distance over good roads to allow the public several competitive alternatives for the services they offer. For example, the Russia, Ohio, branch office of The Citizens Baughman National Bank is located 3 miles east of Versailles and actively solicits business and services the small Versailles community. With approximately 35 percent of the Darke County labor force commuting outside the county for employment, banks located along major arteries in the communities of Piqua, Celina, Covington, and Greenville are also important competitors for the Versailles banks.

The significance of the competition between the two subject banks is reduced considerably by the extremely conservative lending policy of the consolidating bank. The absence of an active instalment loan program at that institution also contributes to the fact that the consolidating bank makes loans at an overall rate only one-half that of the charter bank. Consolidation will result in a lessening of that restrictive attitude.

Effectuation of the proposed consolidation will result in a much needed increase in management depth and a better utilization of management expertise. Management at the consolidating bank is aging with no replacements presently being trained and management at the charter bank is considerably younger and more aggressive. Combining those management teams will enable competent personnel to devote more time to the solicitation of business and to serving the banking needs of the resulting bank's customers. The outgrowth of that greater expertise will be an improvement in the personal financial leadership by commercial bankers within the community and an increase in the public benefits of such leadership.

Physical facilities at both banks have been remodeled recently but remain cramped and overcrowded, creating poor working conditions. Both managements and boards of directors have been aware of the problems for several years but recent earnings have precluded financing any solution. Upon consummation of the proposed consolidation, the resulting bank will have the capacity to modernize its offices and to begin construction of a new, customer-oriented commercial bank in downtown Versailles.

Consolidation of the charter and consolidating banks will result in the offering of several improved and expanded services including higher interest rates on savings accounts, more frequent compounding of savings interest, fully automated processing of all types of accounts, and additional drive-in facilities. Further, improvements in operational standards will free employees to deal with customers on a more personal level, resulting in heightened customer satisfaction.

Consummation of the proposed transaction appears likely to have a pro-competitive effect by stimulating larger commercial banks in the area to apply for branch offices in Versailles. While the major banks located in the relevant service area present a competitive threat at present, permission to branch inside Versailles under current conditions would not likely be granted. Consolidation will convert a small, two-bank town, which is unable to support a new entrant, into a town with one stronger commercial bank able to tolerate intensified competition. Regulatory authorities will be more favorably disposed to entertain applications for new branch banking offices in such a community.

Because both the charter and consolidating banks are located in a small community, a significant percentage of the local population holds stock in these institutions. Few of those stockholders own shares in both banks and none holds a majority in either. Thus, any improvement in the financial condition of the two subject banks is a boon to the inhabitants of the community, not only as customers, but also as interested investors in the institutions.

Consummation of the proposed consolidation will result in further benefit by allowing an increased lending limit more in keeping with the needs of the community. In recent years both banks have been unable to service the financial requirements of the large agricultural segment of the area economy, thus forcing local businessmen and farmers to turn to other financial institutions in- and outside of Darke County. Also, consolidation will enable the stronger resulting bank to hold itself available for participations with other banks on local business, an opportunity it is presently denied. At the same time, the consolidation will create the capacity in the resulting bank to service other community businesses on a strictly local basis. Finally, significant ramifications of a larger lending limit include the attraction of new businesses to the Versailles area and the presence of the heretofore lacking capability to loan funds to the town government for municipal improvements. On balance, this transaction will result in better banking for the area.

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

JANUARY 17, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First Bank and Peoples Bank are located next door to each other in Versailles, and are the only two banks in that community. The closest banking office to Versailles is The Citizens Baughman National Bank, Sidney, Ohio which operates a branch in Russia, about 5 miles east of Versailles, in Mercer County. About 10 banks operate offices within 15 miles of Versailles, among them two banks in Greenville, each holding total deposits in excess of $25 million. There is probably some competition between the Versailles banks and these other nearby banks.

The application does not make clear the extent to which other banks in the general vicinity draw deposits from, or make loans to, customers in the immediate Versailles area. However, in view of the importance of customer convenience in commercial banking, we conclude that the proposed merger would have significantly adverse competitive effects in the Versailles area. To the extent that the application argues that the merger will bring competitive and other benefits to the communities to be served, comparable benefits might be achieved by affiliation with a bank holding company not already competing in Darke County.

* * *

Maryland National Bank, Baltimore, Md., and Eutaw Savings Bank of Baltimore, Baltimore, Md.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Eutaw Savings Bank of Baltimore, Baltimore, Md., with	$ 128,826,293	7	....
was purchased Apr. 11, 1974, by Maryland National Bank, Baltimore, Md. (13745), which had	1,810,246,603	123	....
After the purchase was effected, the receiving bank had	1,938,200,461	....	130

COMPTROLLER'S DECISION

On April 11, 1974, application was made to the Comptroller of the Currency by the Maryland National Bank, Baltimore, Md., for permission to purchase the assets and assume deposit liabilities of the Eutaw Savings Bank of Baltimore, Baltimore, Md.

In accordance with the provisions of 12 U.S.C. 1828(c)(6), it is found that an emergency exists and that this Office must act immediately to prevent the probable failure of the Eutaw Savings Bank of Baltimore, and to protect its depositors and creditors.

Accordingly, the application of the Maryland National Bank to purchase the assets and assume the deposit liability of the Eutaw Savings Bank of Baltimore, is approved.

April 11, 1974.

Note: Due to the emergency nature of the situation, no report on competitive factors was requested.

* * *

The Baraboo National Bank, Baraboo, Wis., and Farmers State Bank, Rock Springs, Wis.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Farmers State Bank, Rock Springs, Wis., with	$ 2,061,633	1	....
was purchased Apr. 12, 1974, by The Baraboo National Bank, Baraboo, Wis. (14397), which had	35,032,916	2	....
After the purchase was effected, the receiving bank had	34,974,525	....	3

COMPTROLLER'S DECISION

On November 1, 1973, The Baraboo National Bank, Baraboo, Wis., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of Farmers State Bank, Rock Springs, Wis.

The Baraboo National Bank, Baraboo, Wis., the purchasing bank, was organized in 1857 and now, with assets of $30.9 million and IPC deposits of $25.6 million, operates one branch office. The service area of the bank includes the town of Baraboo and peripheral rural areas with an estimated total population of 8,000 persons. The economy of Baraboo is supported by a mixture of light and heavy industry, retail commerce, tourism, and agriculture.

The purchasing bank is now the larger of two banks located in the town of Baraboo. It competes directly with The First National Bank and Trust Company of Baraboo, which has deposits of $12.2 million.

Farmers State Bank, Rock Springs, Wis., the selling bank, was organized in 1912 and has operated since that time as a unit institution. It currently has assets of $1.9 million and IPC deposits of $1.7 million. The service area of the selling bank includes the community of Rock Springs and surrounding areas within a 3- to 8-mile radius, including the towns of Reedsburg, Loganville, and North Freedom. Economic activity in the Rock Springs area is centered primarily on dairy farming and such other agricultural pursuits as cash cropping and feed lot operations.

Principal competitors of the selling bank are The Reedsburg Bank and its branch at North Freedom, with total deposits of $22.2 million, and Farmers and Merchants Bank of Reedsburg and its branch at Loganville, with total deposits of $17 million.

There is minimal competition between the purchasing and selling institutions because their two closest offices are separated by a distance of 8 miles and because the small size of the geographical area served by the selling bank prevents it from being a significant competitor for the purchasing bank. Also, an adequate number of alternative banking facilities operate in the area.

Consummation of the proposed purchase would provide the area now served by Farmers State Bank with expanded banking services, including an increased lending limit, trust department services, consumer installment loans, family financial counseling, and a specialized farm loan officer. In addition, plans include the building of a new banking facility in Rock Springs which would be more convenient for customers than the existing antiquated structure.

Accordingly, it is the conclusion of this Office that the proposed transaction is in the public interest and this application is, therefore, approved.

MARCH 11, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The offices of the parties to the instant transaction are approximately 8 miles apart with one competitive alternative in the intervening community of North Freedom. According to the application, neither bank draws substantial deposit or loan business from the immediate service area of the other. It does not appear that the proposed transaction would eliminate substantial existing competition. Restrictions on branching and the nature of the community in which Bank is located indicate that the prospects for additional branching in that area by Applicant are not great.

Thus, although the proposed transaction would slightly increase concentration in commercial banking in Sauk County, we do not believe that its overall competitive effect would be significantly adverse.

* * *

BANKERS TRUST OF SOUTH CAROLINA, N.A., COLUMBIA, S.C., AND THE PEOPLES BANK, BEAUFORT, S.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Peoples Bank, Beaufort, S.C., with	$ 33,698,335	6	....
and Bankers Trust of South Carolina, N.A., Columbia, S.C. (10635), which had	519,892,860	83	....
merged Apr. 22, 1974, under charter and title of the latter bank (10635). The merged bank at date of merger had	553,591,195	....	89

COMPTROLLER'S DECISION

On November 8, 1973, The Peoples Bank, Beaufort, S.C., and Bankers Trust of South Carolina, N.A., Columbia, S.C., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Bankers Trust of South Carolina, the charter bank, was organized in 1886 and now, with assets of $479.6 million and IPC deposits of $342.2 million, operates 78 branch offices. The service area of the bank includes 35 communities throughout the State, with the heaviest concentration in the central, west-central, and northwestern sections of the State. Operating a statewide system of branch offices, Bankers Trust of South Carolina serves a complete cross-section of the State's economic strata.

The charter bank is now the third largest commercial bank in the State and competes primarily with The South Carolina National Bank, Charleston, with deposits of $702.6 million; The Citizens and Southern National Bank of South Carolina, Charleston, with deposits of $418 million; First National Bank of South Carolina, Columbia, with deposits of $335.6 million; and First-Citizens Bank and Trust Company of South Carolina, Columbia, with deposits of $135 million.

The Peoples Bank, the merging bank, was organized in 1902 and now, with assets of $34.6 million and IPC deposits of $27.8 million, operates five branch offices. The merging bank is located in Beaufort County and its service area includes the city of Beaufort, Parris Island, and Hilton Head Island, all of which are located within Beaufort County. The Beaufort County economy has, for many years, been heavily dependent upon extensive military operations; limited light industry, truck farming, commercial fishing, tourism, and residential resort development comprise the remaining economic base.

The merging bank is the largest of three commercial banks headquartered in Beaufort County and competes primarily with the Bank of Beaufort, with deposits of $23.4 million, and The First Carolina Bank, Yemassee, with deposits of $4.8 million.

There is no competition between the charter and merging banks because their closest two offices are separated by relatively large distances and an adequate number of alternative banking facilities operate in the intervening distance. The closest offices of the two banks are approximately 69 miles apart, and the small size of the merging bank prevents it from being a significant competitor for the charter bank.

Consummation of the proposed merger will stimulate competition in the service area of the merging bank because the resulting branch in Beaufort will offer a more complete line of banking services and facilities to include expanded lending limits and improved trust services. That will generally improve the bank's quality of operation and contribute to the area's appeal for increased and diversified industrial development. In addition, the proposed merger will favorably resolve a number of serious management problems experienced by the merging bank. The resulting bank will remain the third largest commercial bank in South Carolina.

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

MARCH 19, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The head offices of the respective banks are about 112 miles from each other. The nearest offices of Bankers Trust—in the Charleston area—are approximately 70 miles from the nearest office of Peoples Bank. The amount of direct competition that would be eliminated by the proposed acquisition would be *de minimis*.

Beaufort County is served by three local independent banks of which Peoples Bank is the largest. Total deposits in the county as of December 31, 1972 were $57.4 million. Peoples Bank held total deposits of $29.2 million, or 50.7 percent of county deposits.

Of the some 95 banking organizations in South Carolina, the five largest currently hold 60.1 percent of the total deposits in the State. Consummation of the proposed acquisition would raise this ratio to 60.9 percent. There are at present seven banks in the State with deposits in excess of $100 million. Five of these operate offices throughout the major portions of the State and may be considered significant potential entrants into Beaufort County to the extent its present rate of economic expansion would support such new entry.

Bankers Trust, as the third largest bank in the State, with approximately 11.6 percent of total State deposits, is among the significant potential entrants into Beaufort County. Its entry into the county through the acquisition of Peoples Bank, the largest in the county and also relatively prosperous, will have some adverse effects on potential competition.

* * *

THE FIRST NATIONAL BANK OF JASPER, JASPER, ALA., AND DORA BANKING AND TRUST COMPANY, DORA, ALA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Dora Banking and Trust Company, Dora, Ala., with	$ 7,334,748	1	....
and The First National Bank of Jasper, Jasper, Ala. (7746), which had	52,221,754	3	....
consolidated Apr. 30, 1974, under charter and title of the latter bank (7746). The consolidated bank at date of consolidation had	59,584,573	....	4

COMPTROLLER'S DECISION

On November 9, 1973, The First National Bank of Jasper, Jasper, Ala., and Dora Banking and Trust Company, Dora, Ala., applied to the Comptroller of the Currency for permission to consolidate under the charter and with the title of the former.

The First National Bank of Jasper, the charter bank, was organized in 1905, and operates two branch offices. It possesses total assets of $46.1 million and IPC deposits of $33.7 million. The service area of the bank encompasses western Walker County, an industrial and rural area. Local competitors of the charter bank include Walker

County Bank, with deposits of $13.5 million; Bank of Carbon Hill, with deposits of $5.5 million; Bank of Parrish, with deposits of $5.3 million; and Cordova Citizens Bank, with deposits of $4.1 million.

Dora Banking and Trust Company, the consolidating bank, was organized in 1906 and operates as a unit institution. It has total assets of $6.5 million and IPC deposits of $5.3 million. The consolidating bank serves the eastern section of Walker County and a small portion of Jefferson County, an economically depressed rural area where many of the residents commute to employment in Birmingham. Local competitors of the consolidating bank include a branch of The First National Bank of Birmingham, with branch deposits of $8.5 million, and Sumiton Bank, with deposits of $4.3 million.

While competition between the subject banks is minimal because the eastern and western portions of Walker County are divided by the Warrior River, they both feel the competitive impact of the large Birmingham banks which canvass their area.

Consummation of the proposed transaction will result in no adverse competitive effects. Rather, competition will be enhanced in eastern Walker County because the management succession problems of the consolidating bank will be resolved and because increased and more efficient services will be offered, for example, a larger lending limit, expanded loan policies, and higher interest rates on time and savings deposits.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

MARCH 6, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The communities of Jasper and Dora are both located in Walker County, at a distance of approximately 15 miles. According to the application, First National, the largest bank in the county, draws a minor percentage of its deposit and loan business from the eastern part of the county where Dora Bank's service area is located. However, these deposits appear more substantial when compared to the total banking business done by Dora Bank. Thus, the proposed transaction would eliminate some existing competition and increase concentration in commercial banking in Walker County. These effects may be lessened by the fact that Dora is approximately as close to the city of Birmingham and its environs as it is to Jasper, and the Warrior River provides a natural barrier, which, according to the application, limits commercial intercourse between the eastern and western sections of the county.

* * *

THE PEOPLES NATIONAL BANK AND TRUST COMPANY OF WASHINGTON, WASHINGTON, IND., AND FARMERS STATE BANK, PLAINVILLE, IND.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Farmers State Bank, Plainville, Ind., with	$ 1,876,645	1	....
and The Peoples National Bank and Trust Company of Washington, Washington, Ind. (3842), which had	24,867,345	2	....
merged Apr. 30, 1974, under charter and title of the latter bank (3842). The merged bank at date of merger had	26,682,905	....	3

COMPTROLLER'S DECISION

On January 3, 1974, The Peoples National Bank and Trust Company of Washington, Washington, Ind., and Farmers State Bank, Plainville, Ind., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The Peoples National Bank and Trust Company of Washington, the charter bank, was organized in 1888 and presently, with total assets of $23.1 million and IPC deposits of $19.5 million, operates one drive-in branch. It is the largest of six banks in Daviess County, the service area of the charter bank. Agriculture comprises the basis for the economy of the service area.

Direct competition for the charter bank is provided by the three other banks located in Washington: Citizens Bank and Trust Company, with deposits of $19.3 million; State Bank of Washington, with deposits of $12.3 million; and Washington National Bank, with deposits of $12.3 million.

Farmers State Bank, the merging bank, was organized in 1908 and presently operates a single office with total assets of $2.1 million and IPC deposits of $1.7 million. Because of its relatively small size and scope of operations, the merging bank's service area is limited to the immediate vicinity of Plainville where it is the only bank. The economy of this service area is based on agriculture.

There is only minimal competition between the charter and merging banks because of the distance between them. The charter and merging banks are located 11 miles apart. Even though the small service area of the merging bank comprises a minor portion of the service area of the charter bank, the merging bank is not an effective competitor for the charter bank because of its size, lack of aggressiveness, and isolated location.

Consummation of the proposed merger will resolve the acute management succession problem of the merging bank and enable the resulting bank to provide new and improved services to the residents of Plainville such as a larger lending limit, a greater variety of time deposits, trust services, real estate mortgage loans, and automated bookkeeping for demand deposits including monthly statements. The resulting bank will remain the largest bank in Daviess County but only by a small margin. Therefore, the resulting bank will have little, if any, advantage over its nearest competition in economy of operation and scope of services.

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

MARCH 29, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The banks are located 10 miles apart, with no banking offices intervening. Thus, there is probably some competition between the two which would be eliminated by the merger. Six commercial banks presently operate in Daviess County. Peoples Bank is the largest of these, holding 28.3 percent of total county commercial bank deposits. Farmers Bank is the smallest bank in the county, holding 2.5 percent. Thus, the resulting bank would increase its leading share of Daviess County deposits to 30.8 percent. Competition between these two banks may be limited by the distance which separates them and by Farmers Bank's small size; however, the proposed merger would probably have some adverse competitive effect.

* * *

FIDELITY NATIONAL BANK, HALIFAX COUNTY, VA., AND THE HALIFAX BRANCH OF THE FIDELITY NATIONAL BANK, LYNCHBURG, VA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Halifax Branch of The Fidelity National Bank, Lynchburg, Va. (1522), with	$20,681,724	1	....
was purchased May 1, 1974, by Fidelity National Bank, Halifax County, Va. (16313), which had.	2,000,000	0	....
After the purchase was effected, the receiving bank had	22,681,724	....	2

COMPTROLLER'S DECISION

On December 7, 1973, Fidelity National Bank, Halifax County, Va., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of the Halifax Branch of The Fidelity National Bank, Lynchburg, Va.

Fidelity National Bank, Halifax County, Va., the purchasing bank, is a new National banking association in the process of organization. The proposed location of the main office of the purchasing bank is the Centerville area of Halifax County, midway between South Boston and Halifax. Fidelity American Bankshares, Inc., Lynchburg, a registered multi-bank holding company, has submitted an application to the Board of Governors of the Federal Reserve System for permission to acquire all the voting shares, except for directors' qualifying shares, of the purchasing bank. The Board of Governors of the Federal Reserve System announced its approval of that application on September 24, 1973.

The Fidelity National Bank, Lynchburg, the selling bank, with assets of $20.6 million and IPC deposits of $19.9 million, desires to sell its existing

Halifax branch to the purchasing bank. Fidelity American Bankshares, Inc., presently owns a controlling interest in the selling bank.

Since both the purchasing and selling banks are owned by the same bank holding company, Fidelity American Bankshares, Inc., the proposed transaction essentially constitutes an internal corporate reorganization. As a wholly-owned subsidiary of Fidelity American Bankshares, Inc., the purchasing bank would be able to establish branch offices throughout Halifax County under Virginia law. The purchasing bank will conduct the same banking business at the same location as presently used by the selling bank.

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

MARCH 11, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed transaction is part of a plan through which the Halifax Branch of The Fidelity National Bank would be transferred to a newly organized bank. Since both the transferring bank and the acquiring bank are subsidiaries of Fidelity American Bankshares, Inc., a bank holding company, the proposed transaction is simply a corporate reorganization and would have no competitive effect.

* * *

THE FULTON NATIONAL BANK OF LANCASTER, PA., AND THE HUMMELSTOWN NATIONAL BANK, HUMMELSTOWN, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Hummelstown National Bank, Hummelstown, Pa. (2822), with	$ 19,652,739	2	....
and The Fulton National Bank of Lancaster, Lancaster, Pa. (2634), which had	255,255,958	15	....
merged May 10, 1974, under charter and title of the latter bank (2634). The merged bank at date of merger had	274,908,698	....	17

COMPTROLLER'S DECISION

On November 28, 1973, The Hummelstown National Bank, Hummelstown, Pa., and The Fulton National Bank of Lancaster, Lancaster, Pa., applied to the Comptroller of the Currency for permission to merge under the charter and title of the latter.

The Fulton National Bank of Lancaster, the charter bank, was organized in 1882 and, with assets of $224 million and IPC deposits of $178 million, operates 13 branch offices. The service area of the bank consists of the northern three-quarters of Lancaster County and southwestern Dauphin County, including the city of Harrisburg. The strong economy of that service area is supported by a wide array of industry and commerce combined with the agricultural activities in Lancaster County.

The charter bank ranks fifth in size in the very active banking community of Lancaster and the surrounding counties. Competition is provided by the $745 million deposit American Bank and Trust Company, Reading, Pa.; the $684 million deposit National Central Bank, Lancaster, Pa.; the $455 million deposit Commonwealth National Bank, Harrisburg, Pa.; the $300 million deposit Dauphin Deposit Trust Company, Harrisburg, Pa.; and 20 other commercial banks.

The Hummelstown National Bank, the merging bank, was organized in 1868 and, with assets of almost $19 million and IPC deposits of over $16 million, operates one branch office. The bank has placed emphasis on serving the local community of Hummelstown, a residential and farming area, located on the fringe of Harrisburg, Pa.

The merging bank ranks 20th among the 25 banks competing in this area. Although growth has been slow, the bank has continued to operate profitably and is in sound condition. A key figure in the bank's management, however, is in ill health and is expected to retire in the near future.

Competition in the service areas of the two banks involved will not be detrimentally affected by this proposal despite the fact that they operate in an area dominated by the same group of commercial banks. The resulting bank will be more able to compete with the four larger banks in this service area and the merging bank, which will become a branch of the charter bank, will be able to draw from the managerial resources of the charter bank.

Applying the statutory criteria, it is the conclusion of this Office that the proposed merger will result in no adverse competitive effects and will benefit the public interest. This application is, therefore, approved.

APRIL 9, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

While the main offices of Fulton Bank and Hummelstown Bank are over 25 miles apart, both banks operate offices in the Greater Harrisburg Area. Thus, the proposed merger would eliminate at least some existing competition. However, it does not appear that the proposed merger would substantially increase concentration in any relevant geographic market. Fulton Bank is one of the larger banks legally capable of expanding its operations in Dauphin County, but its acquisition of the relatively small Hummelstown Bank would not appear to eliminate substantial potential competition.

* * *

NORTH CAROLINA NATIONAL BANK, CHARLOTTE, N.C., AND THE FIRST NATIONAL BANK OF MOUNT AIRY, MOUNT AIRY, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Mount Airy, Mount Airy, N.C. (4896), with	$ 19,174,569	4	....
and North Carolina National Bank, Charlotte, N.C. (13761), which had	3,109,145,446	149	....
merged May 17, 1974, under charter and title of the latter bank (13761). The merged bank at date of merger had	3,128,334,357	....	153

COMPTROLLER'S DECISION

On September 17, 1973, North Carolina National Bank, Charlotte, N.C., and The First National Bank of Mount Airy, Mount Airy, N.C., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The First National Bank of Mount Airy, the merging bank, was organized in 1893, and operates two branch offices and one seasonal facility. With total assets of $21 million and IPC deposits of $16.7 million, it ranks 37th among the 87 banks located in North Carolina. The service area of the bank encompasses the eastern and northern portions of Surry County, a marketing and agricultural area, and a small portion of mountainous southern Virginia. Approximately 50,000 people reside in that area.

The primary competitors of the merging bank include branches of The Northwestern Bank, which has deposits of $791 million, and a branch of Planters National Bank and Trust Company, which has deposits of $176.8 million. In addition, First Citizens Bank and Trust Company, which has deposits of $867 million, has received approval to open a branch in Mount Airy.

North Carolina National Bank, the charter bank, was organized in 1933 and operates 148 domestic branches and two foreign branches. With total assets of $3 billion and IPC deposits of $1.5 billion, it is the second largest bank in North Carolina. Its service area encompasses portions of the entire State of North Carolina.

Competitors for the charter bank include Wachovia Bank and Trust Company, N.A., with deposits of $2 billion; First Union National Bank of North Carolina, with deposits of $1.3 billion; First Citizens Bank and Trust Company; and the Northwestern Bank.

Direct competition between the subject banks is minimal since their closest offices are separated by a distance of approximately 36 miles. Few common customers exist and the bulk of the charter bank's business from the service area of the merging bank is of "National account" character or is generated through a dealer relationship.

Consummation of the proposed transaction will result in no adverse competitive effects. Competition within the service area of the merging bank will be enhanced through the input of aggressive management personnel and policies and through the establishment of new and expanded services such as accounts receivable loans, an agricultural business department, certificates of deposit, correspondent bank facilities, equipment loans, estate planning, an international department, letters of credit, and trust services.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

MARCH 5, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The nearest offices of the parties are located about 36 road miles apart with several banking offices in the intervening area. Thus, it appears that the proposed transaction would eliminate only a limited amount of existing competition. Although NCNB could legally establish *de novo* offices in Surry County, the effects of this transaction on potential competition are diminished somewhat by the existence of other significant potential entrants. The proposed merger would also slightly increase statewide concentration of commercial banking in North Carolina, where the four largest banks, as of December 31, 1972, held more than 60 percent of statewide deposits.

* * *

THE ST. LAWRENCE NATIONAL BANK, CANTON, N.Y., AND LEWIS COUNTY TRUST COMPANY, LOWVILLE, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Lewis County Trust Company, Lowville, N.Y., with	$ 26,017,160	3	....
and The St. Lawrence National Bank, Canton, N.Y. (8531), which had	79,901,518	13	....
merged May 17, 1974, under charter and title of the latter bank (8531). The merged bank at date of merger had	107,033,826	....	16

COMPTROLLER'S DECISION

On January 23, 1974, Lewis County Trust Company, Lowville, N.Y., and The St. Lawrence National Bank, Canton, N.Y., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Lewis County Trust Company, the merging bank, was established in 1863 and operates one branch office in Lewis County and one on the eastern border of Jefferson County. With total assets of $24.2 million and IPC deposits of $17.3 million, it ranks sixth in size among the 19 commercial banks headquartered in the Fifth Banking District. The economy of the service area is dependent on a variety of influences including mining, manufacturing, agriculture, and retailing.

Competitors for the merging bank include Marine Midland Bank-Northern, with deposits of $168 million, a member of Marine Midland Banks, Inc.; The National Bank of Northern New York, with deposits of $118 million; Seaway National Bank, with deposits of $11.3 million; and The Lyons Falls National Bank, with deposits of $3.7 million.

The St. Lawrence National Bank, the charter bank, was established in 1866 and operates 10 branch offices in St. Lawrence County and one branch office each in Lewis and Jefferson counties. With total assets of $73.8 million and IPC deposits of $53.9 million, it ranks third in size among the 19 commercial banks headquartered in the Fifth Banking District. The economy of the service area is diversified and includes mining, higher education, agriculture, and retailing.

Competitors for the charter bank include Marine Midland Bank-Northern, The National Bank of Northern New York, and Farmers National Bank of Malone which, with deposits of $41 million, is a member of Bankers Trust New York Corporation.

Competition between the subject banks is negligible since their closest offices are separated by a distance of approximately 12 miles and their other offices are separated by a distance of at least 20 miles.

Consummation of the proposed transaction will result in no adverse competitive effects. Rather, the resulting bank will provide more effective competition for the larger banks in the area by providing improved and expanded services such as a larger lending limit, more competitive interest rates on time deposits, expanded trust department, investment advisory services, and data processing services. In addition, the "head office protection" that exists in Lowville will be removed thus allowing *de novo* branching into that community by other banks.

Applying the statutory criteria, it is the conclusion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

APRIL 1, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

St. Lawrence Bank's newly opened (December 1973) *de novo* branch in Black River is located about 13 miles from the nearest Lewis Trust office. No other St. Lawrence Bank offices are situated within 25 miles of Lewis Trust. Thus, it does not appear that the proposed transaction will eliminate substantial existing competition between the parties or significantly increase concentration in any relevant banking market. St. Lawrence Bank is one of the larger banks in New York's Fifth Banking District, and already serves many of its local markets. Although the proposed transaction may eliminate some potential for increased competition between the parties, the existence of other significant potential entrants into the areas served by these banks indicates that the overall competitive effect of this transaction would not be significantly adverse.

* * *

PENNSYLVANIA NATIONAL BANK AND TRUST COMPANY, POTTSVILLE PA., AND THE DIME BANK OF LANSFORD, LANSFORD, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Dime Bank of Lansford, Lansford, Pa., with	$ 10,719,813	1	
and Pennsylvania National Bank and Trust Company, Pottsville, Pa. (1663), which had	206,100,697	18	
merged May 31, 1974, under charter and title of the latter bank (1663). The merged bank at date of merger had	216,877,111		19

COMPTROLLER'S DECISION

On December 3, 1973, The Dime Bank of Lansford, Lansford, Pa., and Pennsylvania National Bank and Trust Company, Pottsville, Pa., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Pennsylvania National Bank and Trust Company, the charter bank, was organized in 1866 and presently operates 17 branches. It has total assets of $182 million and IPC deposits of $160 million. The service area of the charter bank encompasses all of Schuylkill County, south-central Northumberland County, southwestern Dauphin County, and the extreme southern tip of Columbia County. The economy of that area depends upon a variety of light and medium industries.

The charter bank ranks 10th in size among the banks in its service area and competes primarily with American Bank and Trust Company, Reading, with deposits of $717 million; National Central Bank, Lancaster, with deposits of $684 million; Northeastern National Bank of Pennsylvania, Scranton, with deposits of $383 million; First Valley Bank, Lansford, with deposits of $320 million; First National Bank of Eastern Pennsylvania, Wilkes-Barre, with deposits of $304 million; Commonwealth National Bank, Harrisburg, with deposits of $300 million; Merchants National Bank of Allentown, with deposits of $272 million; Fulton National Bank, Lancaster, with deposits of $199 million; and Cumberland County National Bank, New Cumberland, with deposits of $155 million.

The Dime Bank of Lansford, the merging bank, was organized in 1912 and presently operates a single office. It has total assets of $9.9 million and IPC deposits of $8.8 million. The service area of the merging bank is confined to a region known as Panther Creek Valley, a long narrow valley including the communities of Coaldale, Lansford, Nesquehoning, and Summit Hill. The economy of that area is based upon a wide array of light manufacturing and textiles.

Direct competition for the merging bank in Panther Creek Valley is provided by American Bank and Trust Company of Pennsylvania, Reading, with deposits of $717 million, and First Valley Bank, Lansford, with deposits of $320 million.

There is only minimal competition between the charter and merging banks. Although the nearest office of the charter bank is located in Tamaqua, 5 miles west of Lansford, because of its limited resources and unaggressive management, the merging bank has confined its limited services to Panther Creek Valley.

Consummation of the proposed merger will stimulate competition in the service area of the merging bank because the branch in Lansford will offer new and improved services such as a substantially increased lending limit, increased rates on time deposits, 90-day passbook savings, a credit card plan, and trust services. The merging bank will also be able to alleviate its acute management succession problem by availing itself of the charter bank's management expertise.

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

April 23, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Pennsylvania Bank's office nearest Dime Bank is located in Tamaqua, Schuylkill County, about 5 miles southwest of Lansford. There is one competitive alternative in the intervening community of Coaldale. Thus, some existing competition will be eliminated as a result of the proposed merger. However, it does not appear that the proposed transaction would substantially increase concentration in any relevant banking market.

Although Pennsylvania Bank could legally establish *de novo* offices in Carbon County, the relatively small absolute size of Dime Bank and the existence of other potential entrants diminish the effect of the proposed merger on potential competition.

Therefore, we conclude that the proposed transaction would not have a substantial competitive impact.

* * *

Peoples National Bank of Monmouth County, Hazlet Township, N.J., and Madison State Bank, Madison Township, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Madison State Bank, Madison Township, N.J., with	$ 9,895,881	3	....
and Peoples National Bank of Monmouth County, Hazlet Township, N.J. (4147), which had	72,047,509	12	....
merged May 31, 1974, under charter of the latter bank (4147), and title "United Jersey Bank/Mid State, National Association." The merged bank at date of merger had	83,449,286	....	15

COMPTROLLER'S DECISION

On January 22, 1974, Madison State Bank, Madison Township, N.J., and Peoples National Bank of Monmouth County, Hazlet Township, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "United Jersey Bank/Mid State, National Association."

Peoples National Bank of Monmouth County, the charter bank, was organized in 1889 and presently is a member of United Jersey Banks, Princeton, a registered bank holding company. With total assets of $66.6 million and IPC deposits of $41.1 million, the charter bank operates 11 branches from which it serves the northern portion of Monmouth County. The economy of that area is based on agriculture and recreational activity.

Competition for the charter bank is provided by New Jersey National Bank, Trenton, with deposits of $485 million, which is a member of New Jersey National Corporation; The Central Jersey Bank and Trust Company, Freehold Township, with deposits of $360 million; United Counties Trust Company, Elizabeth, with deposits of $329 million; Colonial First National Bank, Red Bank, with deposits of $294 million; Franklin State Bank, Franklin Township, with deposits of $202 million; and Community State Bank and Trust Company, Linden, with deposits of $103 million.

Madison State Bank, the merging bank, was organized in 1968, became a member of United Jersey Banks in 1972, and presently, with total assets of $10.9 million and IPC deposits of $7.2 million, operates one branch office. The primary service area of the merging bank encompasses all of Madison Township, a largely residential area in which industrial development has not been encouraged.

Competition for the merging bank is provided by The Central Jersey Bank and Trust Company, Freehold Township, with deposits of $360 million; Franklin State Bank, Franklin Township, with deposits of $202 million; The National Bank of New Jersey, New Brunswick, with deposits of $177 million, which is a member of Fidelity Union Bancorporation; First Charter National Bank, Monroe Township, with deposits of $129 million, which is a member of Heritage Bancorporation; Amboy-Madison National Bank, Madison Township, with deposits of $66 million; and Midlantic National Bank/Raritan Valley, Edison, with deposits of $51 million, which is a member of Midlantic Banks, Inc.

Although the primary service areas of the charter and merging banks are adjacent, competition between the two banks is insignificant because of the distance between them and the existence of an adequate number of alternative banking facilities in the intervening area. The nearest offices of the two banks are located 7 miles apart.

Consummation of the proposed merger will stimulate competition in the service area of the merging bank because the resulting branches in Madison Township will offer new and improved services such as an increased lending limit and commercial and municipal loans. The resulting bank will remain the fourth largest of the nine banks headquartered in Monmouth County.

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

APRIL 25, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The merging banks are both majority-owned subsidiaries of the same registered bank holding company. As such, their proposed merger is essentially a corporate reorganization and would have no effect on competition.

* * *

THE NATIONAL BANK OF JACKSON, JACKSON, MICH., AND THE FARMERS STATE BANK OF CONCORD, CONCORD, MICH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Farmers State Bank of Concord, Concord, Mich., with	$ 7,553,765	1	....
and The National Bank of Jackson, Jackson, Mich. (13741), which had	172,221,639	13	....
merged May 31, 1974, under charter and title of the latter bank (13741). The merged bank at date of merger had	179,775,404	....	14

COMPTROLLER'S DECISION

On January 27, 1974, The Farmers State Bank of Concord, Concord, Mich., and The National Bank of Jackson, Jackson, Mich., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The Farmers State Bank of Concord, the merging bank, was chartered in 1884 and operates as a unit institution. It has total assets of $7.1 million and IPC deposits of $6 million. The service area of the bank encompasses Concord and Pulaski townships and the western portions of Spring Arbor and Hanover townships, which are changing in nature from agricultural to rural-residential. Competitors of the merging bank include branches of City Bank and Trust Company, N.A., Jackson, with deposits of $171.3 million; several branches of Litchfield State Savings Bank, with deposits of $18.5 million; and Bank of Albion, with deposits of $9.1 million.

The National Bank of Jackson, the charter bank, was organized in 1933 and operates 12 branch offices with total assets of $166.9 million and IPC deposits of $119.3 million. The city of Jackson and the eastern and southeastern portions of Jackson County, which are becoming rural-residential in character, comprise the service area of the charter bank. The bank's major competitors include City Bank and Trust Company, Jackson, and The Midwest Bank, Jackson, with deposits of $23.5 million.

Competition between the subject banks is minimal because their closest offices are separated by a distance of approximately 12 miles and their customer overlap is insignificant.

Consummation of the proposed transaction will result in no adverse competitive effects. Rather, competition in the service area of the merging bank will be enhanced because improved and expanded services will be offered such as a larger lending limit, expertise in installment and mortgage lending, and a credit card service. In addition, the merging bank's management succession problem will be resolved and the resulting bank will become a more effective competitor against the larger banks within its service area.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

APRIL 30, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Bank is situated in the village of Concord (population 983) about 15 miles southwest of Applicant's nearest office. There is one competitive alternative in the intervening area. Thus, it appears that the proposed acquisition would eliminate some existing competition.

Commercial banking in Jackson County is highly concentrated. Applicant, with approximately 43.4 percent of county deposits, ranks first among the county's eight commercial banks, while the two largest banks hold approximately 86.4 percent of total county deposits. The proposed acquisition will increase Applicant's share of county deposits to 45.4 percent and increase the share of the two largest banks from 86.4 percent to 88.4 percent.

Thus, we conclude that the proposed transaction would eliminate some existing competition and increase banking concentration in Jackson County.

* * *

FIRST NATIONAL STATE BANK OF OCEAN COUNTY, LAKEWOOD, N.J., AND FIRST NATIONAL STATE BANK OF THE JERSEY COAST, SPRING LAKE, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National State Bank of Ocean County, Lakewood, N.J. (16035), with	$44,837,737	7	....
and First National State Bank of the Jersey Coast, Spring Lake, N.J. (13898), which had	37,317,025	2	....
merged June 7, 1974, under charter and title of the latter bank (13898). The merged bank at date of merger had	82,605,008	....	9

COMPTROLLER'S DECISION

On November 13, 1973, First National State Bank of the Jersey Coast, Spring Lake, N.J., and First National State Bank of Ocean County, Lakewood, N.J., applied to the Comptroller of the Currency for permission to merge under the charter and title of the former.

First National State Bank of the Jersey Coast, the charter bank, was organized in 1933, and presently, with assets of $34.9 million and IPC deposits of $28.1 million, operates two offices. It is a member of First National State Bancorporation, Newark, the third largest bank holding company in New Jersey. The charter bank is located in the Asbury Park market area of Monmouth County with its primary service area consisting of the municipalities of Spring Lake, Sea Girt, and Spring Lake Heights, a total population of 11,000.

Twelve other banks compete with First National State Bank of the Jersey Coast in the Asbury Park market area. The most direct competition is provided by Central Jersey Bank and Trust, Freehold Township, with deposits of $354 million which is a member of Central Bancorporation, and by First Merchants National Bank, Neptune Township, with deposits of $191 million.

First National State Bank of Ocean County, the merging bank, was organized in 1934 and, with assets of $42.6 million and IPC deposits of $33.1 million, operates six offices in Ocean County. It is also affiliated with First National State Bancorporation, Newark. The merging bank is located in the Toms River market area of Ocean County and its primary service area includes a number of small municipalities with a total population of 170,000.

Competition for the merging bank is provided by The First National Bank of Toms River, Toms River, with deposits of $111 million, which is a member of American Bancorporation; Ocean County National Bank, Point Pleasant, with deposits of $63 million; The Bank of Mid Jersey, Bordentown, with deposits of $54 million; Pineland State Bank, Bricktown, with deposits of $50 million; and three other smaller banks.

There is minimal competition between the charter and merging banks because of the distance between them and the existence of four other banks in the intervening area. The closest offices of the charter and merging banks are 12 miles apart. Additionally, both First National State Bank of the Jersey Coast, and First National State Bank of Ocean County are wholly-owned subsidiaries of First National State Bancorporation, Newark.

Applying the statutory criteria, it is concluded that the proposed merger is in the public interest and represents a reorganization of commonly-owned assets. This application is, therefore, approved.

MARCH 6, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Both First National State Bank of the Jersey Coast and First National State Bank of Ocean County are wholly-owned subsidiaries (except for directors' qualifying shares) of First National State Bancorporation, New Jersey's second largest multi-bank holding company. As such, their proposed merger is essentially a corporate reorganization and would have no effect on competition.

* * *

THE NATIONAL BANK OF SOUTH CAROLINA OF SUMTER, SUMTER, S.C., AND THE FARMERS BANK, LORIS, S.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Farmers Bank, Loris, S.C., with	$ 16,784,082	4	....
and The National Bank of South Carolina of Sumter, Sumter, S.C. (10660), which had	97,918,723	10	....
merged June 10, 1974, under charter of the latter bank (10660) and title "The National Bank of South Carolina." The merged bank at date of merger had	114,702,805	....	14

COMPTROLLER'S DECISION

On February 25, 1974, The Farmers Bank, Loris, S.C., and The National Bank of South Carolina of Sumter, Sumter, S.C., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "The National Bank of South Carolina."

The National Bank of South Carolina of Sumter, the charter bank, was organized in 1905 and presently operates nine branches. It has total assets of $87 million and IPC deposits of $67 million. The primary service area of the charter bank encompasses the central and east-central portions of South Carolina. The economic character of the area varies from predominantly agricultural in the Bishopville and Manning areas, to commercial, industrial, and governmental activities in Columbia, the State capital.

Competition for the charter bank is provided by 17 other banks, the largest of which are South Carolina National Bank, Columbia, with deposits of $703 million; Citizens and Southern National Bank of South Carolina, Columbia, with deposits of $418 million; and First National Bank of South Carolina, Columbia, with deposits of $336 million.

The Farmers Bank, Loris, S.C., the merging bank, was organized in 1919 and presently operates three branches. It has total assets of $18.1 million and IPC deposits of $15.1 million. The primary service area of the merging bank encompasses northern Horry County. The economic character of that area ranges from predominantly agricultural, near Loris, to tourist and retirement oriented pursuits, in North Myrtle Beach.

Competition for the merging bank is provided by many of the same large banks that compete with the acquiring bank. There is no competition between the charter and merging banks because a large distance separates them and an adequate number of alternative banking facilities operate in the intervening area. The closest offices of the two banks are 90 miles apart.

Consummation of the proposed merger will stimulate competition in the service area of the merging bank because the resulting branches in Horry County will offer new and improved services such as a larger lending limit, commercial loans, payroll service, foreign credit information, a trust department, and a package of consumer services known as the Gold Key Account. In addition, consummation of the proposed merger will alleviate the management succession problem at The Farmers Bank.

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

MAY 6, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Neither bank operates an office in the areas served by the other. The nearest offices of the banks are separated by a distance of more than 80 miles. Therefore, the proposed transaction would not appear to eliminate substantial existing competition.

Bank accounts for the third largest share of deposits (13.1 percent) held by the six banks operating in Horry County. The State's largest and second largest banks rank first and second, respectively, in the county and account for over 54 percent of deposits. Under South Carolina law NBSC could branch *de novo* into Loris and Horry County; however, in view of the existence of a number of other potential entrants larger than NBSC, the proposed transaction would not appear to have a significantly adverse effect on potential competition.

* * *

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

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Factoryville, Factoryville, Pa. (9130), with	$ 5,750,662	1	....
and The Wyoming National Bank of Wilkes-Barre, Wilkes-Barre, Pa. (732), which had	134,948,599	7	....
merged June 10, 1974, under charter and title of the latter bank (732). The merged bank at date of merger had	140,735,261	....	8

COMPTROLLER'S DECISION

On January 2, 1974, The First National Bank of Factoryville, Factoryville, Pa., and The Wyoming National Bank of Wilkes-Barre, Wilkes-Barre, Pa., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The First National Bank of Factoryville, the merging bank, was organized in 1908 and operates as a unit institution. It has total assets of $5.6 million and IPC deposits of $4.7 million. The service area of the bank encompasses Factoryville and the surrounding area within a 3-mile radius. The economy of the service area, which has a population of approximately 4,300, is dependent on agriculture and the Keystone Junior College.

Competitors of the merging bank include a branch of First National Bank, Carbondale, which has deposits of $40.6 million and The First National Bank of Nicholson which has deposits of $14.6 million.

The Wyoming National Bank of Wilkes-Barre, the charter bank, was established in 1829 and operates six branch offices. It has total assets of $128.3 million and IPC deposits of $109 million. The service area of the charter bank encompasses the northern two-thirds of Luzerne County, central Wyoming County, and Lackawanna County, an area which is dependent on industry and agriculture.

Competitors of the charter bank include Northeastern Bank of Pennsylvania, with deposits of $383 million; First Valley Bank, with deposits of $320 million; United Penn Bank, with deposits of $318 million; and The First National Bank of Eastern Pennsylvania, with deposits of $304 million.

Competition between the subject banks is insignificant since their closest offices are separated by a distance of approximately 10 miles and neither bank generates many accounts from the service area of the other.

Consummation of the proposed transaction will result in no adverse competitive effects. Competition in the Factoryville area will be increased because the resulting bank will offer new and improved services, such as a larger lending limit, trust services, credit card services, automation services, free checking accounts, and higher interest rates on certificates of deposit. In addition, the management succession problem of the merging bank will be resolved.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

MAY 7, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Wyoming Bank, with one office in Tunkhannock, Wyoming County, ranks second among the five banks with offices in that county. Factoryville Bank, located in Wyoming County on the Wyoming-Lackawanna County line in a community with a population of about 950, is situated 10 miles east of Wyoming Bank's Tunkhannock office and about 10 miles northwest of Scranton. Factoryville Bank ranks fifth among the five banks with offices in Wyoming County. Although the application indicates that neither bank draws substantial deposit or loan business from the immediate service area of the other, the Tunkhannock office of Wyoming Bank is one of the closest banking alternatives for customers in the service area of Factoryville Bank. Other alternatives are provided by banks to the southeast, toward the city of Scranton.

We conclude that the proposed merger may eliminate some competition.

* * *

DEPOSIT GUARANTY NATIONAL BANK, JACKSON, MISS., AND LEFLORE BANK & TRUST COMPANY, GREENWOOD, MISS.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Leflore Bank & Trust Company, Greenwood, Miss., with	$ 17,544,879	3	....
and Deposit Guaranty National Bank, Jackson, Miss. (15548), which had	775,645,596	34	....
merged June 28, 1974, under charter and title of the latter bank (15548). The merged bank at date of merger had	789,457,648	....	37

COMPTROLLER'S DECISION

On December 13, 1973, Deposit Guaranty National Bank, Jackson, Miss., and Leflore Bank & Trust Company, Greenwood, Miss., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Leflore Bank & Trust Company, Greenwood, Miss., the merging bank, was organized in 1944 and operates two branch offices in Greenwood. It has total assets of $16.7 million and IPC deposits of $12.9 million. The merging bank ranks next to last in size among the four banks headquartered in Greenwood and third among the five banks operating in Leflore County. Its growth has been slowed in recent years and it is in danger of being overtaken in size by what is now the smallest bank headquartered in Greenwood. Leflore Bank & Trust Company does not operate as a full-service bank and has a restricted lending limit which retards the banks efforts to obtain new business. The senior management of the merging bank is in poor health and past retirement age and the bank has been unable to attract competent successor management. In addition, the bank needs new or remodeled banking facilities.

The service area of the merging bank encompasses Leflore County, a primarily agricultural area which has experienced a decline in population in recent years. The competitors for the bank include The Bank of Greenwood, with deposits of $32.5 million which is a branch of the $521 million First National Bank of Jackson; Bank of Commerce, with deposits of $15 million; and First National Bank of Greenwood, with deposits of $12.9 million.

Deposit Guaranty National Bank, Jackson, Miss., the charter bank, was organized in 1925 and operates 30 branch offices within 100 miles of Jackson. With total assets of $691 million and IPC deposits of $392 million, the charter bank is the largest commercial bank in Mississippi. Deposit Guaranty National Bank operates as a full-service bank, employs an excellent management team, and conducts personnel programs to attract, train, and retain management personnel.

The charter bank operates in the southern portion of Mississippi, the poorest State in the Nation. Competitors within its service area include First National Bank of Jackson, with deposits of $521.2 million; Hancock Bank, Gulfport, with deposits of $120.3 million; and First Mississippi National Bank, Hattiesburg, with deposits of $119.8 million. In addition, because the charter bank serves as a regional financial institution, it also competes with the largest banks located in Memphis, New Orleans, Baton Rouge, Mobile, Birmingham, and other cities in the South.

Direct competition between the charter and merging banks is insignificant because their closest offices are separated by a distance of approximately 50 miles and each maintains only a minimal number of accounts in the service area of the other.

De novo entry by the charter bank into Leflore

County is not an attractive alternative as Greenwood presently has an adequate number of banks. The only feasible means of entry into Leflore County by the charter bank is through merger. Leflore Bank & Trust Company is clearly an acceptable and legally available merger partner[1] and its merger with Deposit Guaranty National Bank will allow the charter bank to begin operations in Leflore County with an unobjectionable volume of deposits and banking assets. When the subject merger is consummated, the charter bank's share of commercial bank deposits attributable to the State of Mississippi will not be increased to any significant degree. Accordingly, consummation of the proposed transaction will not result in any adverse competitive effects in any area.

Rather, the entrance of the charter bank into Leflore County will increase competition because new and expanded services will be offered by the resulting bank such as a larger lending capacity, emphasis on consumer loans, trust department services, increased expertise in agricultural financing, foreign department services, and petroleum department services. In addition, competent management personnel will be placed in the resulting branch office. Finally, in light of present operating difficulties of the merging bank, Deposit Guaranty National Bank will be able to expend the necessary time, manpower, and money to make its resulting branch in Greenwood a viable banking facility again.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

MAY 21, 1974.

[1] *United States v. Deposit Guaranty National Bank et al.*, (Civil No. 4311, March 21, 1974)

NOTE: No Attorney General's Report received.

* * *

THE NATIONAL BANK AND TRUST COMPANY OF NORWICH, NORWICH, N.Y., AND THE NATIONAL BANK OF HOBART, HOBART, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The National Bank of Hobart, Hobart, N.Y. (4497), with	$ 6,251,306	1	....
and The National Bank and Trust Company of Norwich, Norwich, N.Y. (1354), which had	143,864,859	14	....
merged June 28, 1974, under charter and title of the latter bank (1354). The merged bank at date of merger had	150,157,667	....	15

COMPTROLLER'S DECISION

On March 26, 1974, The National Bank of Hobart, Hobart, N.Y., and The National Bank and Trust Company of Norwich, Norwich, N.Y., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The National Bank and Trust Company of Norwich, the charter bank, with assets of $139 million and IPC deposits of $111 million, was organized in 1856 and now operates 14 branch offices. The service area of the bank is primarily rural and extends throughout Chenango County, and portions of Tioga, Broome, Delaware, and Otsego counties.

The charter bank is now the largest of the three banks headquartered in Chenango County. Competition is provided by numerous banks including offices of Marine Midland Bank-Southern, Elmira, with deposits of $295 million, which is a member of Marine Midland Banks, Inc., a multi-bank holding company with total deposits of $6.6 billion; First-City National Bank of Binghamton, N.Y., with deposits of $206 million, which is a member of Lincoln First Banks, Inc., a multi-bank holding company with total deposits of $2.1 billion; Bankers Trust of Binghamton, with deposits of $25 million, which is a member of Bankers Trust New York Corporation, a multi-bank holding company with total deposits of $8.0 billion; and Endicott Bank of New York, with deposits of $51 million, which is a member of The Bank of New York Company, Inc., a multi-bank holding company with total deposits of $4.2 billion.

The National Bank of Hobart, was organized in 1891 and still, with assets of $6 million and IPC deposits of $4.7 million, operates as a unit bank. The merging bank is located in Delaware County and its service area contains an estimated population of

5,000 persons. This bank ranks seventh of the 10 commercial banks headquartered in Delaware County. Competition is provided by The National Bank of Stamford with deposits of $16 million; The National Bank of Roxbury with deposits of $3 million; Deak National Bank, Fleischmanns, with deposits of $8 million, and The Delaware National Bank of Delhi, with deposits of $14 million. There is minimal competition between the charter and merging banks because their closest two offices are 14 miles apart and an adequate number of alternative banking facilities operate in this area.

Consummation of the proposed merger will stimulate competition in the service area of the merging bank because the resulting branch in Hobart will provide residents and businesses, especially farmers, with new and improved services including a larger lending limit, an agricultural credit department, data processing and trust services, and a wider variety of mortgage and consumer loans, including a charge card. That will make the resulting branch in Hobart a more viable competitor within its service area. The resulting bank will remain the third largest commercial bank in the Seventh Banking District of New York.

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

MAY 28, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Eleven banks operate 15 offices in Delaware County (population 45,000). National Bank of Hobart is located in Hobart (population 531) in the eastern part of the county in an agricultural area. Norwich Bank also operates two offices in the eastern part of the county; one in Grand Gorge (population 600) about 12 road miles east of Hobart and one in Margaretville (population 816) about 31 road miles south of Hobart. In addition to the three offices of the merging banks, there are only three other competitive offices in the eastern part of the county. The proposed merger would thus appear to eliminate existing competition.

Norwich Bank is the fourth largest bank in Delaware County, holding 13.2 percent of county deposits on June 30, 1973. The three largest banks held 44.6 percent of such deposits. National Bank of Hobart, the eighth largest bank, held 4.7 percent of such deposits. The proposed merger would give Norwich Bank the largest share, 17.9 percent, of county deposits, and 42.0 percent of deposits in the six banking offices in the eastern part of Delaware County.

Although one office of a competing bank intervenes between the immediate service area of National Bank of Hobart and the closest office of Norwich Bank, we conclude that the proposed transaction would have an adverse competitive effect.

* * *

REPUBLIC NATIONAL BANK OF NEW YORK, NEW YORK, N.Y., AND KINGS LAFAYETTE BANK, NEW YORK, N.Y., AND REPUBLIC BANK, NATIONAL ASSOCIATION, NEW YORK, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Kings Lafayette Bank, New York, N.Y., with	$224,190,575	19	....
Republic National Bank of New York, New York, N.Y. (15569), with	565,630,656	2	....
and Republic Bank, National Association, New York, N.Y. (15569), which had	965,000	0	....
merged July 1, 1974, under charter of the latter bank (15569) and title "Republic National Bank of New York." The merged bank at date of merger had	782,781,076	....	19

COMPTROLLER'S DECISION

On December 18, 1973, Kings Lafayette Bank, New York, N.Y., Republic National Bank of New York, New York, N.Y., and Republic Bank, National Association (organizing), New York, N.Y., applied to the Comptroller of the Currency for permission to merge under the charter of Republic Bank, National Association, and with the title "Republic National Bank of New York."

Republic National Bank of New York, the first merging bank, was organized in 1966 and operates one branch in mid-Manhattan and one in London, England. It also owns and operates Republic National Bank of New York (International), Limited, a Nassau, Bahamas-based subsidiary. With total assets of $827.3 million and IPC deposits of $328 million, it ranks 14th among the 42 commercial banks headquartered in the Second Banking District. The service area of the bank includes the

Greater New York Metropolitan Area. International banking is the primary concern of Republic National Bank of New York.

Competition for Republic National Bank of New York is principally provided by the multi-billion dollar New York banks, including the Chase Manhattan Bank (National Association), with deposits of $29.9 billion; First National City Bank, with deposits of $29.6 billion; Manufacturers Hanover Trust Company, with deposits of $15.2 billion; and Chemical Bank, with deposits of $12.9 billion.

Kings Lafayette Bank, the second merging bank, was chartered in 1899 and operates 18 branch offices. With total assets of $231.4 million and IPC deposits of $173.3 million, it ranks fifth among the 32 commercial banks headquartered in the First Banking District. The service area of the bank is comprised of 14 separate segments of New York, Kings, Queens, and Suffolk County communities. Kings Lafayette Bank operates principally as a retail bank with emphasis on individual borrowers, real estate mortgages, and small businesses. Kings Lafayette Corporation, New York, N.Y., a one-bank holding company, owns controlling interest in the second merging bank.

Competitors of Kings Lafayette Bank include the large banks located in New York City and also Marine Midland Tinker National Bank, East Setauket, which has deposits of $183 million and is a member of Marine Midland Banks, Inc.; Bankers Trust of Suffolk, N.A., Patchogue, which has deposits of $83 million and is a member of Bankers Trust New York Corporation; and Chemical Bank of Suffolk, National Association, Smithtown, which has deposits of $79 million and is a member of Chemical New York Corporation.

Republic Bank, National Association, the charter bank, has been organized by Republic National Bank of New York and will be established as a wholly-owned subsidiary of Republic New York Corporation, a proposed bank holding company which was also organized by Republic National Bank of New York. The charter bank will be used to provide a vehicle by which to transfer ownership of the merging banks to Republic New York Corporation. Prior to consummation of the proposed transaction, Republic New York Corporation, an organization incorporated under the laws of Maryland, will merge with Kings Lafayette Corporation. The charter bank will not be operating as a commercial bank prior to the proposed mergers.

Although the service areas of the merging banks do overlap, in some degree competition between them is insignificant since they serve different segments of the banking community. In addition, the two banks are commonly controlled since the same shareholders own a controlling interest in each.

Consummation of the proposed transaction will result in no adverse competitive effects. Rather, the resulting bank will be a stronger competitor because it will offer new and improved services such as a larger lending limit, consumer credit and mortgage lending, and international and trust department services. In addition, the management succession problem of Kings Lafayette Bank will be resolved.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

MAY 30, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

With the exception of its four offices in Suffolk County, all of Kings Bank's offices are located within 25 miles of Republic. The nearest branch is only a few blocks from Republic's headquarters. Thus, the proposed merger will eliminate existing competition between the parties in the New York City area. However, it does not appear that the transaction will substantially increase concentration in commercial banking in that area.

Therefore, we conclude that the proposed merger would not have a substantial competitive impact.

* * *

The Okey-Vernon National Bank of Corning, Corning, Iowa, and First State Bank, Prescott, Iowa

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
First State Bank, Prescott, Iowa, with	$ 3,507,214	1	....
was purchased July 1, 1974, by The Okey-Vernon National Bank of Corning, Corning, Iowa (8725), which had	19,226,345	1	....
After the purchase was effected, the receiving bank had	22,358,930	....	2

COMPTROLLER'S DECISION

On October 19, 1973, The Okey-Vernon National Bank of Corning, Corning, Iowa, applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of The First National Bank of Prescott, Prescott, Iowa.*

The Okey-Vernon National Bank of Corning, the purchasing bank, was organized in 1907 and since that time has operated as a unit institution. The bank has assets of $20.1 million and IPC deposits of $16.4 million. The service area of the bank includes the town of Corning and surrounding Adams County which has an estimated population of 6,300 persons. The economy of Corning and the peripheral rural area is predominantly agricultural where most of the available farmland is devoted to the raising of corn, soybeans, and hay.

The purchasing bank is now the largest of two banks located in the town of Corning; it is in direct competition with The Bank of Brooks, a private bank, which has deposits of $2.5 million.

The First National Bank of Prescott*, Prescott, Iowa, the selling bank, was organized in 1901 and since that time has operated as a unit institution. The bank now has assets of $3.4 million and IPC deposits of $2.5 million. The relevant service area of the selling bank is also Adams County and includes mainly the town of Prescott which has a population of 300 persons. Agriculture is the primary source of economic activity within the service area.

Like the purchasing bank, the selling bank competes with The Bank of Brooks in Corning. It is also in competition with eight other banks located in communities around the perimeter of Adams County; the largest competitor is The First National Bank, Creston, with deposits of $20.9 million.

There is no competition between the purchasing and selling institutions because their closest two offices are separated by a distance of 7 miles. Traditionally each bank has been content to limit banking services to customers exclusively within their own territories. In addition, there are an adequate number of alternative banking facilities operating in the area.

Consummation of the proposed purchase will provide the area now served by The First National Bank of Prescott with improved and expanded banking services, including an increased lending limit on farm loans to match the growth of consolidated farms in the area, access to computerized services, daily interest on savings accounts, tighter security for protection of banking records, and incorporation of younger management personnel to resolve the selling bank's succession problem. Also, the resulting bank would maintain the Prescott location as a branch, thereby affording existing customers the continuance of convenient banking service in that locale.

Accordingly, it is the conclusion of this Office that the proposed transaction is in the public interest and this application is, therefore, approved.

March 5, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Corning Bank operates its single office in Corning (population 2,095), the county seat of Adams County (population 6,332). On June 30, 1973, it held total deposits of $18.7 million (including IPC demand deposits of $8.5 million) and had loans amounting to $4.3 million. Prescott Bank, which, as of June 30, 1973, held total deposits of $3.1 million (including IPC demand deposits of $1.1 million) and had loans of $543,000 operates one office in Prescott (population 305), also in Adams County.

Corning Bank and Prescott Bank are two of three banks in Adams County, Corning Bank being by far the largest. Significant competition probably does not exist between the two banks, in part due to extensive common ownership stemming from stock purchases in 1967. In view of the proximity of Corning and Prescott, it is likely that the instant transaction would permanently eliminate any independent competitive prospects of Prescott Bank.

* * *

* The First National Bank of Prescott, Prescott, Iowa, charter number 5912, converted to First State Bank, Prescott, Iowa, on June 28, 1974.

The First National Bank of the City of Superior, Superior, Wis., and Wisconsin State Bank, Superior, Wis.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Wisconsin State Bank, Superior, Wis., with	$ 2,826,119	1	....
was purchased July 15, 1974, by The First National Bank of the City of Superior, Superior, Wis. (3926), which had	29,355,056	1	....
After the purchase was effected, the receiving bank had	32,215,967	....	2

COMPTROLLER'S DECISION

On April 9, 1973, The First National Bank of the City of Superior, Superior, Wis., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of Wisconsin State Bank, Superior, Wis.

The First National Bank of the City of Superior, the purchasing bank, was organized in 1887 and now, with assets of $25 million and IPC deposits of $21.7 million, operates as a unit bank. Marshall and Ilsley Bank Stock Corporation, Milwaukee, a multi-bank holding company, acquired the purchasing bank as a subsidiary in September 1970.

The purchasing bank is located in the Duluth-Superior Metropolitan Area which has a population of approximately 265,000 persons. The economy of that area is based upon commercial and recreational activities with shipbuilding and the railroad industry comprising the most important sources of employment. Commercial banking in the Duluth-Superior Metropolitan Area is dominated by First American National Bank of Duluth and Northern City National Bank of Duluth, each of which is a subsidiary of a large Minneapolis-based holding company. The purchasing bank is the second largest commercial bank headquartered in Superior and competes directly with National Bank of Commerce in Superior, with total deposits of $34 million.

Wisconsin State Bank, the selling bank, was organized in 1911 and now, with assets of $2.7 million and IPC deposits of $2.3 million, operates as a unit bank. The bank is a non-competitive institution as a result of ultra conservative policies imposed by the founding and controlling family.

The selling bank is located in the small, primarily residential community known as South Superior adjacent to the city of Superior. The service area of the bank contains a population of approximately 3,100 persons and includes the small communities of Foxboro and Patzau.

Although there is a slight overlap in the service areas of the purchasing and selling banks, there is little direct competition between the two banking institutions. Because of its very small size, the selling bank primarily deals in the personal accounts of the residents within its immediate service area. With a lending limit of only $28,000, the selling bank is unable to compete for large commercial loans. Consequently, substantial commercial accounts generated from within the service area of Wisconsin State Bank are maintained with the larger downtown commercial banks which are capable of accommodating the credit needs of those businesses. Furthermore, the remaining subsidiaries of Marshall and Ilsely Bank Stock Corporation do not compete with Wisconsin State Bank because its next closest subsidiary bank is located in the city of Merrill, Wis., approximately 200 miles southeast of Superior.

Consummation of the captioned proposal will allow the resulting branch in South Superior to become more responsive to the needs of its community by increasing the range of service it will offer including the introduction of trust services, international banking, automated accounting, personal investment and tax services, an expansion of consumer loan activity, and increased availability of real estate mortgage loans. The resulting bank will remain the second largest commercial bank in Superior with total deposits of approximately $27 million which will not cause an imbalance in the competitive banking structure in that city.

Applying the statutory criteria, it is the conclusion of this Office that the proposed transaction is in the public interest and this application is, therefore, approved.

August 2, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National Bank of the City of Superior ("FNB") is the second largest of five banks in Superior, Wis. As of December 31, 1972, FNB held total deposits of $23.2 million (including IPC demand deposits of $6.3 million) and total loans of $12.7

million. FNB, a unit bank, is a subsidiary of Marshall & Ilsley Corporation, a bank holding company with 15 banking subsidiaries which hold total deposits in excess of $764 million.

Wisconsin State Bank ("WSB") is a unit bank also located in Superior, Wis. As of December 31, 1972, WSB held total deposits of $2.3 million (including IPC demand deposits of $1.1 million) and total loans of $420 thousand.

The parties to this acquisition are situated about 4 miles apart with only one competitive alternative (situated one block from FNB) in the intervening area. Thus, it appears that the proposed acquisition would eliminate some existing competition in the highly concentrated Superior market. However, in view of the modest size of the bank to be acquired we conclude that the effect of the transaction on existing competition will not be significantly adverse.

* * *

First National Bank of Somerset County, Berlin, Pa., and The First National Bank of Confluence, Confluence, Pa.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank of Somerset County, Berlin, Pa. (5823), with	$22,416,787	5	....
and The First National Bank of Confluence, Confluence, Pa. (5307), which had	15,188,669	3	....
consolidated July 29, 1974, under charter of the latter bank (5307) and title "National Bank of Western Pennsylvania." The consolidated bank at date of consolidation had	37,605,457	....	8

COMPTROLLER'S DECISION

On January 21, 1974, The First National Bank of Confluence, Confluence, Pa., and First National Bank of Somerset County, Berlin, Pa., applied to the Comptroller of the Currency for permission to consolidate under the charter of the former and with the title "National Bank of Western Pennsylvania."

First National Bank of Somerset County, the consolidating bank, was organized in 1901 and operates four branch offices in Somerset County. It has total assets of $13.8 million and IPC deposits of $12.3 million. The economy of Somerset County is dependent on agriculture, industry, coal mining, and recreation.

Competitors of the consolidating bank include the Meyersdale branch of Gallatin National Bank, with total deposits of $206.2 million; the Somerset branch of State National Bank, with total deposits of $185.8 million; several branches of Johnstown Bank and Trust Company, with total deposits of $83.3 million; and Somerset Trust Company, with total deposits of $26.3 million.

The First National Bank of Confluence, the charter bank, was organized in 1900 and operates two branch offices in the south and southeastern parts of Fayette County. It has total assets of $19.4 million and IPC deposits of $15.6 million. Mining, agriculture, lumbering, and recreation support the economy of its service area. The closest competitors of the charter bank are branches of Gallatin National Bank and the Donegal branch of County Trust Company, which has deposits of $19.2 million.

Competition between the subject banks is minimal since their closest offices are separated by a distance of approximately 20 miles; the intervening mountainous area forms a natural boundary separating the service areas of the two banks.

Consummation of the proposed transaction will result in no adverse competitive effects. Rather, the resulting bank will become a stronger competitor by offering new and expanded services such as an increased lending limit, trust department services, and automated bookkeeping. In addition, the management succession problems of the charter bank will be resolved.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

June 14, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Somerset Bank and Confluence Bank are headquartered about 33 miles apart and the nearest offices of the two banks are about 20 miles apart with no banking offices intervening. Thus, it appears that the proposed acquisition would eliminate only a limited amount of existing competition. And in view of the modest size of the parties and the existence of several significant potential entrants into their markets, we conclude that the proposed transaction would not eliminate substantial potential competition.

Therefore, we conclude that the proposed transaction would not have a substantial competitive impact.

* * *

THE FIRST NATIONAL BANK OF SAN JOSE, SAN JOSE, CALIF., AND HAYWARD NATIONAL BANK, HAYWARD, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Hayward National Bank, Hayward, Calif. (15343), with	$ 16,876,039	1	....
and The First National Bank of San Jose, San Jose, Calif. (2158), which had	283,984,707	33	....
merged July 31, 1974, under charter and title of the latter bank (2158). The merged bank at date of merger had	300,860,747	....	34

COMPTROLLER'S DECISION

On February 13, 1974, Hayward National Bank, Hayward, Calif., and The First National Bank of San Jose, San Jose, Calif., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Hayward National Bank, the merging bank, with total assets of $15.4 million and IPC deposits of $11.1 million, was organized in 1964 and operates as a unit institution. The service area of the bank encompasses the city of Hayward and a small portion of the city of Castro Valley. The area is primarily residential in nature but does contain some commercial activity and light industry.

Competitors of the merging bank include branches of Bank of America, National Trust and Savings Association, with deposits of $35.6 billion; branches of Security Pacific National Bank, with deposits of $11.3 billion; and branches of Crocker Bank, N.A., with deposits of $6.5 billion.

The First National Bank of San Jose, the charter bank, was organized in 1874, operates 29 branch offices, and has an application pending for one additional branch. It has total assets of $270 million and IPC deposits of $225.4 million. The service area of the bank encompasses Santa Clara County, a small portion of San Mateo County, and a portion of southwestern Alameda County. That area, which is experiencing rapid residential and commercial development, is primarily dependent on industry, agriculture, food processing, and related agricultural businesses.

Competitors of the charter bank include branches of the Bank of America, National Trust and Savings Association; Crocker Bank, N.A.; and Bank of California, National Association, with deposits of $2.1 billion.

While the service areas of the subject banks do overlap to a small degree, competition between them is insignificant as their service areas are generally considered separate and distinct banking communities. Several large banks have established branches that provide adequate banking alternatives in both areas. In addition, access between the service areas of the two banks is limited by the Nimitz Freeway.

Consummation of the proposed transaction will result in no adverse competitive effects. Rather, competition will be enhanced, particularly in the service area of the merging bank, by the existence of a stronger management and by the establishment of new and expanded services such as a greater lending limit, trust department services, retail banking services, electronic data processing services, and commodity loans and warehouse receipt financing.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

JUNE 20, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Hayward is located in western Alameda County about 17 miles southeast of Oakland. Applicant's two Alameda County branches, located in San Leandro and San Lorenzo, lie northwest of Hayward between Hayward and Oakland about 8 and 2.5 miles, respectively, from Bank. Thus, it appears that the proposed acquisition may eliminate some existing competition between the parties. However, it does not appear that the transaction would substantially increase concentration in any relevant banking market.

Accordingly, we conclude that the proposed merger would not have a substantial competitive impact.

* * *

The First Jersey National Bank, Jersey City, N.J., and Belmar-Wall National Bank, Wall Township, N.J.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Belmar-Wall National Bank, Wall Township, N.J. (13848), with	$ 56,959,716	5	
and The First Jersey National Bank, Jersey City, N.J. (374), which had	486,446,643	20	
merged Aug. 2, 1974, under charter and title of the latter bank (374). The merged bank at date of merger had	543,281,539		25

COMPTROLLER'S DECISION

On April 8, 1974, Belmar-Wall National Bank, Wall Township, N.J., and The First Jersey National Bank, Jersey City, N.J., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Belmar-Wall National Bank, the merging bank, was organized in 1933. It now operates four branch offices and has received approval to open an additional branch. With total assets of $56 million and IPC deposits of $40.8 million, the bank ranks fifth in size among the nine commercial banks headquartered in Monmouth County. The service area of the bank encompasses portions of Monmouth and Ocean counties, a residential area with a population of at least 26,000 persons.

Competitors of the merging bank include The Central Jersey Bank and Trust Co., Freehold, with deposits of $360 million; Colonial First National Bank, Red Bank, with deposits of $294 million; First Merchants National Bank, Neptune, with deposits of $197 million; and Peoples National Bank of Monmouth County, Hazlet, with deposits of $57 million, which is a member of United Jersey Banks.

The First Jersey National Bank, the charter bank, was organized in 1894. This bank operates 22 branch offices and has received approval to operate a branch in Cliffside Park. It has applied for approval to open a branch in Union Township. With total assets of $534.5 million and IPC deposits of $399.5 million, the bank ranks first in size among the 11 commercial banks headquartered in Hudson County. The service area of the charter bank encompasses Hudson County, the southern portion of Bergen County, the city of Newark, and the township of Millburn, an area which is industrial in nature.

The major competitors of the charter bank include Commercial Trust Co., Jersey City, with deposits of $224 million; The Trust Co. of New Jersey, Jersey City, with deposits of $233 million; and Garden State National Bank, Hackensack, with deposits of $426 million.

Competition between the subject banks is insignificant as they are separated by a distance of more than 50 miles and each serves separate and distinct areas.

Consummation of the proposed transaction will result in no adverse competitive effects. The resulting bank will better serve the needs of the customers of the merging bank by providing expanded and improved services, such as accounts receivable financing, trust department services, data processing services, and international services.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

July 1, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The nearest offices of the parties are separated by approximately 40 miles, with a number of competitive alternatives in the intervening area. Thus, while First Jersey may derive some deposits and loans from Monmouth County, it does not appear that the proposed merger would eliminate substantial existing competition. And although First Jersey could legally expand *de novo* into the area served by Bank, the existence of other potential entrants and the latter's relatively modest market position diminish the effect of the proposed merger on potential competition.

Therefore, we conclude that this proposed transaction would not have a substantial competitive impact.

* * *

THE COUNTY BANK, N.A., CAMBRIDGE, MASS., AND LEXINGTON TRUST COMPANY, LEXINGTON, MASS.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Lexington Trust Company, Lexington, Mass., with	$ 45,408,250	7	....
and The County Bank, N.A., Cambridge, Mass. (4771), which had	111,756,697	9	....
consolidated Aug. 16, 1974, under charter and title of the latter bank (4771). The consolidated bank at date of consolidation had	157,164,947	....	16

COMPTROLLER'S DECISION

On April 8, 1974, Lexington Trust Company, Lexington, Mass., and The County Bank, N.A., Cambridge, Mass., applied to the Comptroller of the Currency for permission to consolidate under the charter and with the title of the latter.

Lexington Trust Company, the consolidating bank, was organized in 1914 and now operates six branch offices. It has total assets of $49.8 million and IPC deposits of $37 million. The communities of Lexington, Bellerica, Chelmsford, Westford, Acton, Burlington, and Bedford comprise the service area of the consolidating bank. That area, which has a population of approximately 156,000, is primarily residential.

Competitors of the consolidating bank in Lexington include Harvard Trust Company, with deposits of $210.8 million; Coolidge Bank and Trust Company, with deposits of $94.9 million; and Lexington Savings Bank, with deposits of $52.8 million.

The County Bank, N.A., Cambridge, Mass., the charter bank, was organized in 1933 and now operates eight branch offices. It has total assets of $121.8 million and IPC deposits of $91.2 million. The service area of the charter bank includes the communities of Cambridge, Everett, Somerville, Malden, and Belmont. That area, which has a population of approximately 316,000, is residential and industrial in nature.

Competitors of the charter bank include Cambridge Savings Bank, with deposits of $262.9 million; Harvard Trust Company; Cambridgeport Savings Bank, with deposits of $174.9 million; and Coolidge Bank and Trust Company.

Competition between the subject banks is minimal since they are both majority-owned subsidiaries of Shawmut Association, Inc., Boston, Mass.

Consummation of the proposed transaction will result in no adverse competitive effects rather, the resulting bank will become a stronger competitor because of its increased lending limit, capable personnel, credit department services, and aggressive policies in the areas of loans and deposits.

Applying the statutory criteria, it is the conclusion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

JUNE 27, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

County Bank and Lexington Trust are both subsidiaries of Shawmut Association, Inc., a registered bank holding company. As such, their proposed consolidation is essentially a corporate reorganization and would have no competitive impact.

* * *

Wells Fargo Bank, National Association, San Francisco, Calif., and Commercial National Bank, Orange County (P.O. Buena Park), Calif.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Commercial National Bank, Orange County (P.O. Buena Park), Calif. (15434), with	$ 33,069,076	7	....
and Wells Fargo Bank, National Association, San Francisco, Calif. (15660), which had	9,819,837,927	311	....
merged Aug. 23,1974, under charter and title of the latter bank (15660). The merged bank at date of merger had	9,852,907,003	....	318

COMPTROLLER'S DECISION

On April 10, 1974, Wells Fargo Bank, National Association, San Francisco, Calif., and Commercial National Bank, Orange County, Calif., applied to the Comptroller of the Currency for permission to merge under charter and title of the former.

Wells Fargo Bank, National Association, the charter bank, was founded in 1862 and now has assets of $11.6 billion and IPC deposits of $6 billion. It operates 303 offices throughout the State of California, four of which are located in Orange County and account for $40.9 million of the bank's total deposits.

Commercial National Bank, Orange County, the merging bank, organized in 1964, has $31.6 million in assets and IPC deposits of $24.1 million. It operates seven offices in Orange County, an area with an estimated population of 1.6 million.

Competition in Orange County is provided by branches of eight major banks and numerous smaller banks. The largest banks include Bank of America, N.T. & S.A., with total deposits of $1 billion in Orange County, and Security Pacific National Bank, with total Orange County deposits of $567.5 million. Those two banks dominate the banking industry in Orange County.

There is minimal competition between the merging bank and the charter bank. The merging bank is primarily retail with a heavy emphasis on consumer credit loans while the charter bank has more of a commercial emphasis. Both banks operate branches in Santa Ana and Anaheim, but competition is minimal due to other factors. In Santa Ana, the offices are 5 miles apart, separated by a business district containing 12 other banking offices. In Anaheim, although the branches are 2 miles apart, direct competition is provided by two offices of Bank of America, one located in the same shopping center as Commercial National Bank, the other directly across the street from the Wells Fargo branch.

Consummation of the proposed transaction will not result in a decrease of banking alternatives in the service area nor will it result in an undue increase in size of the charter bank. Competition in the area will be stimulated by assuring a succession of capable management in the merging bank. The resulting bank will offer improved services, such as escrow and trust services, international banking, electronic data processing services, a credit card, and an expansion of real estate and commercial loans.

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

July 8, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The effects of this proposed merger will be felt primarily in Orange County in Southern California. Wells Fargo operates four branches in Orange County and, with total deposits of $29.6 million, accounts for less than 1 percent of total deposits held by Orange County banking offices. CNB, with all seven of its banking offices located in that county, also accounts for less than 1 percent of total county deposits. In view of the relatively close proximity of the parties' offices, particularly in Santa Ana and Anaheim, it appears that the proposed merger may eliminate some existing competition in Orange County. However, it does not appear that concentration in commercial banking would be substantially increased in any relevant banking market.

Although Wells Fargo possesses the capability to expand its present Orange County operations *de novo*, the modest market position held by CNB in Orange County diminishes the effects of this proposed transaction on potential competition.

Therefore, we conclude that the proposed merger would not have a substantial competitive impact.

* * *

THE TOY NATIONAL BANK OF SIOUX CITY, SIOUX CITY, IOWA, AND FARMERS LOAN & TRUST COMPANY, SIOUX CITY, IOWA

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Farmers Loan & Trust Company, Sioux City, Iowa, with	$ 375,066	1	....
and The Toy National Bank of Sioux City, Sioux City, Iowa (10139), which had	95,337,656	3	....
merged Sept. 16, 1974, under charter of the latter bank (10139) and title "The Toy National Bank." The merged bank at date of merger had	93,805,519	....	3

COMPTROLLER'S DECISION

On April 22, 1974, Farmers Loan & Trust Company, Sioux City, Iowa, and The Toy 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 "The Toy National Bank."

Farmers Loan & Trust Company, the merging bank, is a noninsured institution which was chartered in 1883 as an Iowa trust company. It has total assets of $841 thousand and IPC deposits of $542 thousand. The service area of the merging bank encompasses Sioux City; Sergeant Bluff, Iowa; North Sioux City, S. Dak.; and South Sioux City, Nebr. That area, which has a population of 96,915, is industrial, agricultural, and residential in nature. Competitors for the charter bank include Security National Bank, Sioux City, with deposits of $106.9 million, and First National Bank in Sioux City, with deposits of $86.7 million.

The Toy National Bank of Sioux City, the charter bank, was organized in 1912 and now operates three walk-in, drive-in facilities. The bank has total assets of $90.1 million and IPC deposits of $55.4 million. The service area of the merging bank is identical to that of the charter bank. Competitors of the merging bank include Security National Bank; First National Bank in Sioux City; and Northwestern National Bank of Sioux City, with deposits of $56.3 million.

Competition between the subject banks is minimal as, in many respects, they have been operating as one institution. They share common stockholders, many of whom are grandchildren of the founder of the banks; common directors, officers, and employees; and have always been located in the same building. In addition, in 1952 the desire to obtain new trust business led to the decision to expand the trust department of the charter bank, rather than that of the merging bank, because the former bank was deemed to be more familiar to the general public. The consequent advertising campaign was apparently successful, as seen in the decline in assets of the merging bank and the increase in trust assets of the charter bank. The merging bank has since been used principally to administer family trusts.

Consummation of the proposed transaction will result in no adverse competitive effects. Under Iowa law, the charter of the merging bank, which expires in 1983, cannot be renewed. This merger, therefore, represents a more convenient and efficient manner than liquidation by which to eliminate the merging bank. In addition, the public will be benefitted by the increased operating efficiency of the resulting bank and by its increased lending limit.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

AUGUST 12, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

According to the application, both institutions share the same quarters, and employees and officers of one have simultaneously done work as employees and officers of the other. The application also states that since a 1952 decision to enlarge the trust department of Bank, the principal use of Farmers Trust has been to administer family trusts.

Under Iowa law, the charter of Farmers Trust, one of two remaining trust companies in Iowa, will expire in 1983, and cannot be renewed.

We do not believe that the proposed transaction would have any significant adverse competitive effects.

* * *

MICHIGAN NATIONAL BANK OF MACOMB, WARREN, MICH., AND TRI-CITY BANK, WARREN, MICH.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Tri-City Bank, Warren, Mich., with	$16,634,720	1	....
was purchased Sept. 28, 1974, by Michigan National Bank of Macomb, Warren, Mich. (16387), which had	1,500,000	0	....
After the purchase was effected, the receiving bank had	16,349,403	....	1

COMPTROLLER'S DECISION

On September 27, 1974, request was made to the Comptroller of the Currency for prior written approval for The Michigan National Bank of Macomb, Warren, Mich. ("Assuming Bank"), to purchase certain of the assets and assume certain of the liabilities of the Tri-City Bank, Warren, Mich. ("Tri-City").

As of business on September 27, 1974, Tri-City was a State bank with one office and deposits of approximately $14 million. On September 27, 1974, the Federal Deposit Insurance Corporation ("FDIC") was appointed as receiver of Tri-City. The present application is based upon an agreement, which is incorporated herein by reference, by which the FDIC as receiver has agreed to transfer certain Tri-City assets and liabilities to the Assuming Bank. For the reasons stated hereafter, the Assuming Bank's application is approved, and the purchase and assumption transaction may be consummated immediately.

Tri-City was organized in 1958, and has total book resources of approximately $17 million. It operated one office in Warren, Mich.

Under the Bank Merger Act, 12 U.S.C. 1828(c), the Comptroller cannot approve a purchase and assumption transaction which would have certain proscribed anticompetitive effects unless he finds those anticompetitive effects to be clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served. Additionally, the Comptroller is directed to consider the financial and managerial resources and future prospects of the existing and proposed institution, and the convenience and needs of the community to be served. When necessary, however, to prevent the evils attendant upon the failure of a bank, the Comptroller can dispense with the uniform standards applicable to usual acquisition transactions, and need not consider reports on the competitive consequences of the transaction ordinarily solicited from the Department of Justice and other banking agencies. He is authorized in such circumstances to act immediately in his sole discretion, to approve an acquisition, and to authorize the immediate consummation of the transaction.

The proposed acquisition will prevent a disruption to the community and potential losses to a number of uninsured depositors. The Assuming Bank is supported by strong financial and managerial resources. Thus, the approval of this transaction will help to avert a loss of public confidence in the banking system, and may actually improve the services offered to the banking public.

The Comptroller thus finds that the proposed transaction will not result in a monopoly, be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any part of the United States; and that the anticompetitive effects of the proposed transaction, if any, are clearly outweighed in the public interest by the probable effect of the proposed transaction in meeting the convenience and needs of the community to be served. For those reasons, the Assuming Bank's application to assume certain liabilities and purchase certain assets of Tri-City as set forth in the agreement executed with the FDIC as receiver, is approved. The Comptroller further finds that the failure of Tri-City requires him to act immediately, as contemplated by the Bank Merger Act, to prevent disruption of banking services to the community; and the Comptroller thus waives publication of notice, dispenses with the solicitation of competitive reports from other agencies, and authorizes the transaction to be consummated immediately.

SEPTEMBER 28, 1974.

NOTE: Due to the emergency nature of the situation, no report on competitive factors was requested.

* * *

Cumberland County National Bank and Trust Company, New Cumberland, Pa., and The Duncannon National Bank, Duncannon, Pa.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Duncannon National Bank, Duncannon, Pa. (4142), with	$ 10,887,945	1	....
and Cumberland County National Bank and Trust Company, New Cumberland, Pa. (14542), which had	225,799,364	17	....
merged Sept. 30, 1974, under charter and title of the latter bank (14542). The merged bank at date of merger had	236,687,309	....	18

COMPTROLLER'S DECISION

On May 7, 1974, the Duncannon National Bank, Duncannon, Pa., and Cumberland County National Bank and Trust Company, New Cumberland, Pa., applied to the Comptroller of the Currency for permission to merge under the charter and title of the latter.

Cumberland County National Bank and Trust Company, the charter bank, is headquartered in New Cumberland, Cumberland County, Pa. With 17 operating offices and assets of $196.5 million and $143 million in IPC deposits, the charter bank is the sixth largest bank in its service area. That service area consists of the eastern half of Cumberland County, southwestern Dauphin County, east-central Adams County, northern York County, and a small part of northeastern Perry County. The economy of that area is supported by a wide variety of medium and light industry, governmental bodies, military installations, service organizations, and agriculture. The unemployment rate in the area is low.

Principal competitors for charter bank include National Central Bank, Lancaster, with $763 million in deposits; The Commonwealth National Bank, Harrisburg, with $489 million in deposits; Dauphin Deposit Trust Company, Harrisburg, with $335 million in deposits, The Fulton National Bank, Lancaster, with $206 million in deposits; and Pennsylvania National Bank and Trust Co., Pottsville, with $183 million in deposits.

The Duncannon National Bank, the merging bank, is a small unit bank with assets of $10.9 million and IPC deposits of $8.4 million. The bank is situated in Duncannon, Pa., about 15 miles north of New Cumberland. Its service area, which includes a very small portion of eastern Perry County and extreme western Dauphin County, has an economy completely dependent upon agriculture.

Primary competitors of merging bank are the First National Bank of Marysville, Marysville, with $7 million in deposits and a branch of Commonwealth National Bank located in New Bloomfield. The merging bank is a small unaggressive institution lacking in managerial depth.

The nearest offices of the charter bank to the merging bank are 9 miles north, in Newport, and 10 miles south, in Enola, with an adequate number of alternate institutions in the intervening areas. While distance alone precludes any competition between the applicant banks, the nonaggressive nature of the merging bank further reduces the possibility of competition between the two banks. As a result of the merger, customers in the merging bank's service area will benefit from more efficient banking services and larger loan limits which will serve to stimulate competition in that area.

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

August 22, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Applicant and Bank are headquartered about 18 miles apart, and their nearest offices are separated by about 10 miles. Applicant's Perry County office, located on the eastern border of the county along the Susquehanna River, is about 10 miles northwest of Bank, with no competitive alternatives in the intervening area. Applicant's Enola office, in the northeastern corner of Cumberland County, is located about 10 miles south of Bank, just below the Perry County line. Thus, it appears that the proposed transaction would eliminate existing competition between the parties, particularly in eastern Perry County.

Bank, with approximately 17 percent of Perry County deposits, is the second largest of the nine banks with offices in the county. Applicant, with approximately 7.2 percent of Perry County deposits, ranks seventh. If consummated, this transaction will rank Applicant first among Perry County banks with nearly 25 percent of total county deposits, with an even greater share of deposits in the eastern portion of the county.

We conclude that the proposed merger would eliminate substantial existing competition and significantly increase concentration in commercial banking in Perry County.

* * *

First National Bank of Aberdeen, Aberdeen, S. Dak., and The First National Bank in Bristol, Bristol, S. Dak.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank in Bristol, Bristol, S. Dak. (10868), with	$ 6,430,772	1	....
and First National Bank of Aberdeen, Aberdeen, S. Dak. (2980), which had	180,284,114	8	....
merged Oct. 1, 1974, under charter and title of the latter bank (2980). The merged bank at date of merger had	186,714,886	....	9

COMPTROLLER'S DECISION

On May 23, 1974, The First National Bank in Bristol, Bristol, S. Dak., and First National Bank of Aberdeen, Aberdeen, S. Dak., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The First National Bank in Bristol, the merging bank, was organized in 1916 and now operates only one banking office with assets of $5.8 million and IPC deposits of $4.8 million. The merging bank is located in Day County which encompasses virtually all of the bank's service area. Day County, with an estimated population of 9,000 persons, is supported largely by diversified farming, livestock, and some milk production. The bank has no local competition and very little competition is provided by the other three banks and two branches within the county. Whatever marginal competition it does experience is provided by Security Bank and Trust Company, Webster, with deposits of $13.7 million, which is a member of Dacotah Bank Holding Company; State Bank of Waubay, with deposits of $4.3 million; and First State Bank of Pierpont, with deposits of $3.2 million.

First National Bank of Aberdeen, the charter bank, was organized in 1881 and now operates seven branch offices with total assets of $171.1 million and IPC deposits of $135.2 million. The service area of the bank is also localized and consists almost exclusively of Brown County, which has approximately 37,000 inhabitants, and, more specifically, the city of Aberdeen, which contains approximately 26,000 persons. The service area of the charter bank is located in the northeast corner of South Dakota and, like Day County, it relies heavily upon diversified agriculture for its economic base. Up to this time industrial development has been minimal. The charter bank is offered competition on a local level by two other banks and one branch including the main office and a local branch of Aberdeen National Bank, with deposits of $45.8 million, and Farmers and Merchants Bank and Trust Company, Aberdeen, with deposits of $21.9 million. Three other banks and two branch offices of Aberdeen National Bank provide nominal competition in the surrounding county.

The major owner of the charter bank is Northwest Bancorporation, with total deposits of $5.2 billion, a large regional bank holding company based in Minneapolis. The banking facility closest to the merging bank owned by that holding company is the branch of the charter bank located at Groton, 22 miles west of Bristol.

The applicant banks do not compete. A survey of customer accounts in April 1974 revealed that there was virtually no geographical overlap between the service areas of the two banks and that there exists only an insignificant number of common customers. No imbalance in the existing banking structure will result from this merger in the area surrounding the merging bank because of the small size of the merging bank, as well as the extremely small size of its service area.

The proposed merger is quite possibly the only solution to a crisis in management succession at the merging bank. Moreover, consummation of the proposed merger will stimulate competition and foster economic growth within the service area of the merging bank because that bank has heretofore been conservative in its loan policy while the charter bank is considered to be very aggressive in that phase of banking. It will also bring a significantly larger lending limit to a region where the size of farm debt has been rapidly increasing. Other benefits that will accrue to customers of the resulting bank in Bristol are a full line of trust services, the availability of expert agricultural advice, student loans, and special checking accounts.

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

AUGUST 20, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Bristol is located some 42 miles east of Aberdeen. The office of Aberdeen Bank nearest Bristol Bank is in Groton, Brown County, about 22 miles west of Bristol, with no banking offices directly intervening. The application indicates that the service areas of the banks adjoin and to some extent overlap in the areas nearest the Brown-Day County boundary. The proposed merger would, therefore, eliminate a limited amount of existing competition but would not appear to significantly increase concentration in banking in any relevant geographic area. We conclude that the competitive effect of this transaction would not be significantly adverse.

* * *

NATIONAL BANK OF MISSISSIPPI, STARKVILLE, MISS., AND THE NATIONAL BANK OF COMMERCE OF COLUMBUS, COLUMBUS, MISS.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The National Bank of Commerce of Columbus, Columbus, Miss. (10361), with	$38,611,251	6	....
and National Bank of Mississippi, Starkville, Miss. (3656), which had	57,810,852	8	....
consolidated Oct. 1, 1974, under charter of the latter bank (3656) and title "National Bank of Commerce of Mississippi." The consolidated bank at date of consolidation had	96,422,102	....	14

COMPTROLLER'S DECISION

On July 1, 1974, National Bank of Mississippi, Starkville, Miss., and The National Bank of Commerce of Columbus, Columbus, Miss., applied to the Comptroller of the Currency for permission to consolidate under the charter of the former and with the title of "National Bank of Commerce of Mississippi."

National Bank of Mississippi, the charter bank, was organized in 1889 and is headquartered in Starkville in Oktibbeha County which is in northeastern Mississippi. With IPC deposits of $41 million, the charter bank operates two branches in Starkville and operates offices in Maben, Aberdeen, Amory, and Hamilton. Charter bank serves two distinct service areas, Oktibbeha County along with small portions of eastern Webster, northeastern Choctaw, and southwestern Clay counties, and Monroe County.

Direct competitors of the charter bank in the Oktibbeha County service area include Security State Bank, Starkville, with deposits of $36 million; Merchants and Farmers Bank, Kosciusko, with deposits of $36 million; Bank of Mantee, Mantee, with deposits of $6 million; and Grenada Bank, Grenada, located in Eupora and Ackerman, with deposits of $149 million. There is additional competition provided by other banks in peripheral areas.

Competitors of the charter bank in the Monroe County service area include Monroe Banking and Trust Company, Aberdeen, with deposits of $15 million; Bank of Amory, Amory, with deposits of $19 million; and Bank of Mississippi, Tupelo, with deposits of $145 million.

The National Bank of Commerce of Columbus, the consolidating bank, was organized in 1913 and is headquartered in Columbus in Lowndes County, Miss. With IPC deposits of $27 million, the consolidating bank operates two branches in Columbus as well as offices in Artesia, Lowndes County, and Brooksville, Noxubee County. The service area of the consolidating bank is defined as Lowndes and Noxubee counties.

Direct competition is afforded the consolidating bank by First-Columbus National Bank, Columbus, with deposits of $45 million; Merchants and Farmers Bank, Columbus, with deposits of $26 million; Citizens National Bank of Meridian, Meridian, Miss., with deposits of $53 million; and Merchants and Farmers Bank, Macon, with $17 million in deposits.

There is minimal competition between National Bank of Mississippi and Bank of Commerce of Columbus as the banks serve separate areas and do not have a significant number of common customers.

Consummation of the proposed consolidation will allow the resulting bank to have a higher lending limit and a larger capital base. New services will be offered including in-house automation facilities, specialized assistance to farm customers, and business development and consumer advisory services.

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

AUGUST 29, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The main offices of the parties are located about 21 miles apart with the nearest offices (Applicant's Starkville branches and Bank's Artesia office) separated by a distance of about 13 miles. Thus, it appears that the proposed consolidation will eliminate some existing competition in the Starkville-Columbus-Artesia area. However, it does not appear that concentration will be substantially increased in any relevant banking markets.

Applicant may legally branch *de novo* into Columbus and surrounding Lowndes County. Bank is the second largest among three commercial banks with offices in the city of Columbus and Lowndes County, and holds approximately 27 percent of total Lowndes County deposits. Applicant appears to possess both the capability and incentive to expand *de novo* into Lowndes County, an area which has experienced relatively strong economic growth. Thus, the proposed consolidation would eliminate Applicant as a significant potential entrant into the markets presently served by Bank. The effects of this transaction on potential competition are, however, diminished somewhat by the existence of other significant potential *de novo* entrants into Bank's service area, including Grenada Bank and Bank of Mississippi.

* * *

CITIZENS BANK OF MARLTON, NATIONAL ASSOCIATION, MARLTON, N.J., AND CITIZENS STATE BANK, VINELAND, N.J., AND CITIZENS NATIONAL BANK OF SOUTH JERSEY, BRIDGETON, N.J., AND CONTINENTAL BANK OF NEW JERSEY, MAPLE SHADE, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Citizens National Bank of South Jersey, Bridgeton, N.J. (2999), with	$ 26,441,564	4	....
Citizens State Bank, Vineland, N.J., with	50,685,279	3	....
Continental Bank of New Jersey, Maple Shade, N.J., with	20,129,415	2	....
and Citizens Bank of Marlton, National Association, Marlton, N.J. (13125), which had	33,498,441	4	....
merged Oct. 29, 1974, under charter of the latter bank (13125) and title "Citizens United Bank, N.A." The merged bank at date of merger had	130,754,699	....	13

COMPTROLLER'S DECISION

On May 23, 1974, the above banks applied to the Comptroller of the Currency for permission to merge under the charter of Citizens Bank of Marlton, National Association, with the title of "Citizens United Bank, N.A.," and with the head office in Vineland, N.J. The charter bank and the three merging banks are all subsidiaries of Citizens Bancorp, a multi-bank holding company.

Citizens Bank of Marlton, the charter bank, was organized in 1927. In addition to the head office in Marlton, it operates two branches in Evesham Township, and has two unopened but approved branch locations in Mount Laurel Township. The charter bank has assets of $32.1 million and IPC deposits of $23.8 million and its service area is essentially the southwest quadrant of Burlington County.

The charter bank competes primarily with an office of Heritage Bank, Cherry Hill, with deposits of $466.6 million. Additional competition is also provided by six nearby offices of Burlington County Trust Company, Moorestown, with deposits of $126 million; an office of Bank of West Jersey, Delran, with deposits of $34.4 million, which is a member of Fidelity Union Bancorporation, Newark; an office of Third National Bank of New Jersey, Camden, with deposits of $50.5 million, which is a member of United Jersey Banks, Hackensack; and an office of Delaware Valley National Bank, Cherry Hill, with deposits of $20.6 million.

Citizens National Bank of South Jersey, the first merging bank, with assets of $30.4 million and IPC deposits of $20.2 million, was organized in 1883 and now has three branches. The service area of the bank consists of Cumberland and Cape May counties. Its competitors include nine nearby offices of Farmers and Mechanics National Bank, Bridgeton, which has deposits of $47.7 million; three nearby offices of Cumberland National Bank, Bridgeton, which has deposits of $36.2 million, and is a member of United Jersey Bancorp; two nearby offices of Cape May County National Bank, Ocean City, which has deposits of $62.7 million; Marine National Bank, Wildwood, which has assets of $49.6 million; and others.

Citizens State Bank, the second merging bank, was organized in 1967. In addition to the head office in Vineland, it operates two branches and has one branch application pending. The bank, whose service area is essentially Cumberland County, has assets of $51.5 million and IPC deposits of $36.8 million.

There are two banks, with an aggregate of eight branch offices, that operate within the service area of Citizens State Bank and provide substantial competition for that merging bank. The first is Bank of New Jersey, Camden, with four branch offices, and deposits of $452.5 million. The second competing bank is Peoples National Bank of South Jersey, Westmont, which has four branches within the area and deposits of $310.4 million. The deposits of each of those two banks are significantly larger than the combined deposits of all four banks proposed to be merged. The resulting bank will have assets of only $134.5 million and IPC deposits of $97.7 million. Other competition, but to a lesser degree, is provided by two offices of Heritage Bank, with deposits of $466.6 million; City National Bank of Millville, with deposits of $18.5 million; and Minotola National Bank, Minotola, with deposits of $20.6 million.

The third merging bank, Continental Bank of New Jersey, Maple Shade, Burlington County, was organized in 1968. It now has assets of $19.9 million and IPC deposits of $16.9 million. The service area of the bank is the area surrounding Maple Shade. The only other bank operating in that area is the $126 million deposit Burlington County Trust Company, Moorestown, which operates one office in Maple Shade and two offices in the vicinity of, but outside, Maple Shade.

The degree of competition among the merging banks, including the charter bank, is minimal as they currently comprise the membership of Citizens Bancorp. In fact, a criterion for approving the acquisition of the institutions by the holding company was that they did not compete *inter sese*. Additionally, there are at least 7 miles between the nearest offices of any two of the banks involved in the proposed merger. Consummation of the merger would also eliminate head office protection from Maple Shade and open that community to *de novo* branching by other banks.

As indicated above, each bank involved in the proposed transaction has numerous competitors, many of which are significantly larger than the merging banks. Some of those competing banks will remain larger than the resulting bank when the proposed merger is consummated. The resulting bank will become the sixth largest bank operating within its service area and will have total IPC deposits of $97.7 million and assets of $134.5 million. Accordingly, the resulting bank will provide more effective competition for the larger banks and subsidiaries of bank holding companies operating throughout the area. The resulting bank will increase competition by offering improved and expanded services including a larger lending limit, a wider variety of loans, overdraft banking, data processing services, and trust department services. The bank would benefit from economies of combined operations and more efficient use of management personnel. Because the area to be served by the resulting bank is undergoing rapid growth and development in both population and industry, the improved and expanded services that will be provided by an additional bank that is competitive with the larger banks operating in the area is very much in the public interest.

Applying the statutory criteria, it is concluded that the proposed transaction is in the public interest and will not result in any adverse competitive effects. This application is, therefore, approved.

SEPTEMBER 20, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The merging banks are all majority-owned subsidiaries of the same registered bank holding company. As such, their proposed merger is essentially a corporate reorganization and would have no effect on competition.

* * *

Citizens First National Bank of New Jersey, Ridgewood, N.J., and Oakland State Bank, Oakland, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Oakland State Bank, Oakland, N.J., with	$ 8,566,397	2	....
and Citizens First National Bank of New Jersey, Ridgewood, N.J. (11759), which had	241,475,526	16	....
merged Oct. 31, 1974, under charter and title of the latter bank (11759). The merged bank at date of merger had	249,151,711	....	18

COMPTROLLER'S DECISION

On June 14, 1974, Oakland State Bank, Oakland, N.J., and Citizens First National Bank of New Jersey, Ridgewood, N.J., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Citizens First National Bank of New Jersey, the charter bank, was organized in 1920 as Citizens National Bank and now operates 14 offices with assets of $241.3 million and IPC deposits of $183.9 million. The service area of the bank has a population of approximately 220,000 persons and includes northwest Bergen County and portions of adjacent Passaic County, in the northeast sector of the State, a prosperous, rapidly growing commuting and residential area which is increasingly becoming residential-industrial.

Among 26 commercial banks currently headquartered in Bergen County, the charter bank ranks fifth in deposit size. Its larger competitors include Peoples Trust of New Jersey, Hackensack, with deposits of $957.3 million; National Community Bank of Rutherford, with deposits of $638.4 million; Garden State National Bank, Hackensack, with deposits of $466.6 million; and Midlantic National Bank/Citizens, Tenafly, with deposits of $263.3 million.

Oakland State Bank, Oakland, N.J., the merging bank, was organized in 1969 and has operated from a single office since its inception. It has recently received approval to open a branch office in Oakland. The merging bank has assets of $9 million and IPC deposits of $6.6 million. The bank is located in Bergen County and ranks 25th in deposit size of the 26 banks headquartered there. Like the charter bank, it competes with Peoples Trust of New Jersey, National Community Bank of Rutherford, and Garden State National Bank, but it must also contend with several other banks including Urban National Bank, Franklin Lakes, with deposits of $28.6 million, and the even larger First National Bank of New Jersey, Totowa, with deposits of $493.8 million. The municipalities of Oakland, Franklin Lakes, and Mahwah in Bergen County and Wanaque, Pompton Lakes, and Wayne in Passaic County, with a combined population of nearly 100,000 people, comprise the service area of the merging bank. That service area is predominantly residential-commuter mixed with some recently injected industry.

Although the nearest offices of the merging and charter banks are 4.2 miles apart and the service areas of the banks overlap, the substantial difference in the size of the two institutions and the numerous banking alternatives found in their area make any competition between them insignificant.

After consummation of the proposed merger the resulting bank will remain the fifth largest within its service area. Moreover, competition within the former service area of the merging bank will be stimulated because ineffectual management at that bank will be replaced by strong, innovative management and its customers will derive benefit from the introduction of trust department services, the availability of data processing, and an expanded lending capability. Home office protection will also be removed from Oakland as a result of the merger.

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

September 26, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Citizens First National Bank of New Jersey operates a branch office in Wyckoff, which is only 4.2 miles from Oakland. Thus, it appears that the proposed acquisition would eliminate some existing competition between Citizens and Oakland State. However, it does not appear that the acquisition would substantially increase concentration in any relevant market. Citizens' share of Bergen County deposits would increase from 6.61 percent to 6.83 percent, increasing concentration by only 0.22 percent.

* * *

New Jersey Bank (National Association), Clifton, N.J., and Fairfield National Bank, Fairfield, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Fairfield National Bank, Fairfield, N.J. (15857), with	$ 8,095,383	1	....
and New Jersey Bank (National Association), Clifton, N.J. (15709), which had	758,661,811	32	....
merged Oct. 31, 1974, under charter and title of the latter bank (15709). The merged bank at date of merger had	764,858,801	....	33

COMPTROLLER'S DECISION

On May 28, 1974, Fairfield National Bank, Fairfield, N.J., and New Jersey Bank (National Association), Clifton, N.J., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

New Jersey Bank (National Association), Clifton, N.J., the charter bank, was organized as a State bank in 1869 and converted to the National system in 1969. It now operates 32 offices with assets of $695.9 million and IPC deposits of $523.6 million. The service area of the bank consists primarily of Passaic and Bergen counties with a concentration of activity in the cities of Paterson, Passaic, and Clifton and some activity also in portions of Morris, Sussex, and Warren counties. The combined estimated population of municipalities in which New Jersey Bank has offices is 467,080.

The charter bank is the second largest of the 11 banks headquartered in Passaic County and competes primarily with National Community Bank of Rutherford, with deposits of $638 million. Additional competition is provided by offices of First National Bank of New Jersey, Totowa, with deposits of $494 million; Bank of Passaic and Clifton, National Association, Passaic, with deposits of $203 million; Prospect Park National Bank, Wayne, with deposits of $175 million; and Broadway Bank and Trust Company, Paterson, with deposits of $99 million.

Fairfield National Bank, Fairfield, N.J., the merging bank, was organized in 1971 as an affiliate of New Jersey Bank (National Association), Clifton, and operates solely from its Essex County head office with assets of $8.8 million and IPC deposits of $7.3 million. The merging bank's service area is centered in the boroughs of Fairfield, Caldwell, West Caldwell, and North Caldwell, a combined estimated population of 34,855.

The merging bank ranks 17th among 19 commercial banks headquartered in Essex County and competes with First National State Bank of New Jersey, Newark, with deposits of $1.1 billion, which is the lead bank in First National State Bancorporation, a multi-bank holding company with total deposits of $1.7 billion; Midlantic National Bank, Newark, with deposits of $860 million, which is the principal subsidiary of Midlantic Banks, Inc., a multi-bank holding company with total deposits of $1.4 billion; American National Bank and Trust of New Jersey, Montclair, with deposits of $396 million, which is the lead bank in Horizon Bancorp, a multi-bank holding company with total deposits of $506 million; Fidelity Union Trust Company, Newark, with deposits of $820 million, which is the principal subsidiary of Fidelity Union Bancorporation, a multi-bank holding company with total deposits of $1.0 billion; and Peoples Trust of New Jersey, Hackensack, with deposits of $957.3 million, which is the lead bank in United Jersey Banks, a multi-bank holding company with total deposits of $1.5 billion.

There is minimal competition between the charter and merging banks because the two banks are commonly owned and the nearest offices are at least 2.5 miles apart. Additionally, the small size of the merging bank and the local nature of its service area prevent it from being a significant competitor of the charter bank.

The resulting bank would have IPC deposits of approximately $530.9 million and assets of $703.6 million. Consummation of the proposed merger would afford expanded and improved services including a larger lending limit, 24-hour banking with automated teller machines, overdraft banking, data processing services, a wider variety of loans, and international services. The resulting bank will be a more viable competitor with the much larger holding company affiliated banks in the area. Also, consummation of the proposed merger will eliminate head office protection and open Fairfield to *de novo* branching by other banks. Based on the foregoing, it appears that this transaction will stimulate competition in the service area of the merging and charter banks.

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

SEPTEMBER 25, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

We have reviewed this proposed transaction and conclude that it would not have a substantial competitive impact.

* * *

FIRST MISSISSIPPI NATIONAL BANK, HATTIESBURG, MISS., AND CITIZENS NATIONAL BANK, JACKSON, MISS.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Citizens National Bank, Jackson, Miss. (15516), with	$161,540,607	7	....
was purchased Nov. 14, 1974, by First Mississippi National Bank, Hattiesburg, Miss. (5176), which had	38,404,720	18	....
After the purchase was effected, the receiving bank had	199,939,304	....	25

COMPTROLLER'S DECISION

On November 12, 1974, an application was made to the Comptroller of the Currency by the First Mississippi National Bank, Hattiesburg, Miss., for permission to purchase assets and assume deposit liabilities of the Citizens National Bank, Jackson, Miss.

Pursuant to the provisions of 12 U.S.C. 181 and 12 U.S.C. 1828(c), it is found that an emergency exists and that this Office must act immediately to prevent the probable failure of the Citizens National Bank, Jackson, Miss., and to protect its depositors, creditors, and shareholders.

Accordingly, approval by the shareholders of the Citizens National Bank of the purchase and sale agreement is waived and the First Mississippi National Bank is authorized to proceed with the purchase and assumption transaction.

NOVEMBER 14, 1974.

NOTE: Due to the emergency nature of the situation, no report on competitive factors was requested.

* * *

PITTSBURGH NATIONAL BANK, JEANETTE, PA., AND BLAIRSVILLE NATIONAL BANK, BLAIRSVILLE, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Blairsville National Bank, Blairsville, Pa. (13868), with	$ 26,794,514	2	....
was purchased Nov. 15, 1974, by Pittsburgh National Bank, Jeannette, Pa. (252), which had	2,753,171,005	94	....
After the purchase was effected, the receiving bank had	2,779,308,557	....	96

COMPTROLLER'S DECISION

On July 8, 1974, Pittsburgh National Bank, Jeannette, Pa., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of Blairsville National Bank, Blairsville, Pa.

Pittsburgh National Bank, the purchasing bank, was founded in 1864 and now has assets of $2.5 billion and IPC deposits of $1.2 billion. The bank is headquartered in Westmoreland County and operates 92 offices serving all of Allegheny, Westmoreland, Butler, and Washington counties. As a result of relocation of its headquarters in 1973, the purchasing bank can legally expand in four additional counties: Indiana, Cambria, Somerset, and Fayette. Indiana County is the only one of the four into which the bank has expanded since the head office relocation. Two offices are operated in the borough of Indiana, 15 miles north of Blairsville.

Principal competitors of purchasing bank include, Mellon Bank, N.A., Pittsburgh, with deposits of $7.4

billion; Equibank, N.A., Pittsburgh, with deposits of $1.4 billion; Union National Bank of Pittsburgh with deposits of $768 million; Iron and Glass Bank, Pittsburgh, with deposits of $28 million; Commercial Bank and Trust Co., Pittsburgh, with deposits of $65 million; and Allegheny Valley Bank of Pittsburgh with deposits of $27 million.

Blairsville National Bank, the selling bank, was founded in 1933 and operates a main office and drive-in facility in Blairsville. With assets of $25.5 million and IPC deposits of $20 million, the selling bank primarily serves Blairsville. The selling bank ranks third in size among the banks serving Blairsville and fourth in size among the six banks headquartered in Indiana County.

Primary competitors for the selling bank are The Savings and Trust Company of Indiana, with deposits of $77 million; National Bank of the Commonwealth, Indiana, with deposits of $105 million; and Homer City State Bank, Homer City, with deposits of $28 million.

There is no competition between the buying and selling banks. The nearest office of Pittsburgh National Bank is 15 miles from the selling bank. Both the National Bank of the Commonwealth and the Homer City State Bank are established viable competitors.

Consummation of the proposed transaction will result in no adverse competitive effects and the resulting bank will be an aggressive competitor in the Blairsville service area. A small unaggressive bank with aged management will be replaced by a sophisticated metropolitan bank capable of providing better and more efficient banking services to the customers of selling bank.

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

OCTOBER 10, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The nearest offices of the parties are located about 15 miles apart in Indiana County with several competitive alternatives in the intervening area. It appears that the proposed acquisition would eliminate some existing competition. However, it does not appear that the proposed transaction would substantially increase banking concentration in any relevant market. And in view of the modest size of Blairsville Bank and the nature of the community which it serves, we conclude that the proposed transaction will not eliminate substantial potential competition.

Therefore, we conclude that the proposed transaction would not have a substantial competitive impact.

* * *

THE FIRST NATIONAL BANK OF EASTERN PENNSYLVANIA, WILKES-BARRE, PA., AND THE BERWICK NATIONAL BANK, BERWICK, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Berwick National Bank, Berwick, Pa. (6162), with	$ 22,048,850	2	....
and The First National Bank of Eastern Pennsylvania, Wilkes-Barre, Pa. (30), which had	381,565,461	21	....
merged Nov. 15, 1974, under charter of the latter bank (30) and title "First Eastern Bank, National Association." The merged bank at date of merger had	403,091,570	....	23

COMPTROLLER'S DECISION

On July 3, 1974, Berwick National Bank, Berwick, Pa., and The First National Bank of Eastern Pennsylvania, Wilkes-Barre, Pa., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title, "First Eastern Bank, National Association."

First National Bank of Eastern Pennsylvania, the charter bank, was organized in 1863 and now has assets of $364 million and IPC deposits of $259 million. Headquartered in Wilkes-Barre, Pa., the charter bank through its main office and 20 branches serves all of Luzerne County, the northern 80 percent of Monroe County, and west-central Columbia County. The bank's influence is felt in Lackawanna and Carbon counties although it has no offices in either.

The charter bank is the fourth largest bank in Wilkes-Barre. The principal competitors of charter bank include Northeastern Bank of Pennsylvania, Scranton, with current deposits of $422 million; First Valley Bank, Lansford, with deposits of $417 million; United Penn Bank, Wilkes-Barre, with deposits of $377 million; The Wyoming National Bank of Wilkes-Barre, with deposits of $123 million; and Hanover National Bank of Wilkes-Barre with deposits of $54 million.

The Berwick National Bank, the merging bank, was organized in 1902 and is headquartered in Berwick, Pa., about 28 miles southwest of Wilkes-Barre. With assets of $22.3 million and IPC deposits of $19 million, the merging bank operates one branch in Mifflinville, about 5 miles southwest of Wilkes-Barre. Its service area is confined to Berwick and its immediate environs.

The principal competitors in the merging bank's service area include United Penn Bank, Wilkes-Barre, with deposits of $377 million; The First National Bank of Berwick, with deposits of $30 million; The Columbia County Farmers National Bank of Orangeville, with deposits of $20 million; and The First National Bank of Mocanaqua, with deposits of $14.5 million.

The charter bank's East End Office in Bloomsburg and the merging bank's Mifflinville Office are their closest offices and are 8 miles apart. Geographic barriers which consist of hills, farmland, and the Susquehanna River prevent those two offices from significantly competing with each other.

Consummation of the proposed merger will stimulate competition as merging bank will be better able to compete with the larger United Penn Bank. The resulting bank will offer new and improved services in Berwick such as specialized lending services and trust services. The bank will also offer a considerably larger lending limit.

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

OCTOBER 9, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Although the main offices of the parties are separated by a distance of about 30 miles, First National's Conyngham (Luzerne County) office is situated about 9 miles east, and its Bloomsburg (Columbia County) office about 9 miles west, of Berwick Bank's nearest office. Although there are competitive alternatives in the intervening areas, it nevertheless appears that the proposed merger would eliminate some existing competition between the parties. Moreover, First National could legally establish *de novo* offices in the Berwick area in east-central Columbia County.

Therefore, we conclude that some existing competition, as well as the potential for increased competition, will be eliminated by this proposed transaction.

* * *

NATIONAL BANK OF THE COMMONWEALTH, INDIANA, PA., AND THE HOUTZDALE BANK, HOUTZDALE, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Houtzdale Bank, Houtzdale, Pa., with	$ 10,707,621	1	....
was purchased Nov. 18, 1974, by National Bank of the Commonwealth, Indiana, Pa. (14098), which had	121,653,773	13	....
After the purchase was effected, the receiving bank had	128,460,082	....	14

COMPTROLLER'S DECISION

On July 15, 1974, National Bank of the Commonwealth, Indiana, Pa., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of The Houtzdale Bank, Houtzdale, Pa.

National Bank of the Commonwealth, the purchasing bank, was chartered in 1934 and currently has assets of $118.7 million and IPC deposits of $104.6 million. The bank, headquartered in Indiana County, operates 11 branches and serves portions of Indiana, Jefferson, Cambria, Armstrong, and Westmoreland counties. The economy of the service area is supported by soft coal production, farming, and a variety of light industries.

National Bank of the Commonwealth is the eighth largest bank operating in the Pittsburgh area and all the large Pittsburgh banks are, in effect, its competitors. If the proposed transaction is approved, the purchasing bank will remain eighth in size and still be considerably smaller than number seven.

The Houtzdale Bank, Houtzdale, Pa., the selling bank, was organized in 1918 and operates as a unit bank about 66 miles northeast of Indiana, Pa. The bank, with total assets of $9.8 million and IPC deposits of $7.8 million, is fourth in size among four banks in its service area which includes the area surrounding Houtzdale, north to Philipsburg and south to Coalport.

Competition for the selling bank is provided by the three larger banks operating in the selling bank's service area. They are County National Bank, Clearfield, with $54 million in deposits; Clearfield Bank and Trust Co., Clearfield, with $32 million in deposits; and First National Bank of Philipsburg with $27 million in deposits. Upon consummation of the proposed transaction, the resulting bank will become the largest in the area. However, if the pending merger of First National Bank of Philipsburg and Mid-State Bank and Trust Company, Altoona, is consummated, the bank resulting from that transaction will be the largest in the area.

Approval of the subject transaction will not diminish competition in the selling bank's service area. There is no competition between the purchasing and selling banks, as their nearest offices are about 26 miles apart. The sparsely inhabited and densely forested intervening area precludes possibility of competition between the two banks. The insignificant amount of business conducted by the purchasing bank in the selling bank's service area results from the selling bank's inability to grant and service the type loans demanded by local industries.

Consummation of the proposed transaction will result in no adverse competitive effects. Additionally, the resulting bank will provide an expanded range of services to the residents and businesses of the Houtzdale area such as larger lending limits and other services afforded by larger commercial banks.

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

OCTOBER 16, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

We have reviewed this proposed transaction and conclude that it would not have a substantial competitive impact.

* * *

BANKERS TRUST COMPANY OF ALBANY, NATIONAL ASSOCIATION, ALBANY, N.Y., AND THE FIRST NATIONAL BANK OF COOPERSTOWN, COOPERSTOWN, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank of Cooperstown, Cooperstown, N.Y. (280), with	$ 17,791,081	1	....
and Bankers Trust Company of Albany, National Association, Albany, N.Y. (15758), which had..	266,520,970	26	....
merged Nov. 29, 1974, under charter and title of the latter bank (15758). The merged bank at date of merger had	284,312,051	....	27

COMPTROLLER'S DECISION

On July 10, 1974, The First National Bank of Cooperstown, Cooperstown, N.Y., and Bankers Trust Company of Albany, National Association, Albany, N.Y., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Bankers Trust Company of Albany, National Association, the charter bank, was organized in 1838 and now operates 25 branch offices with assets of $270.9 million and IPC deposits of $161.2 million. In addition to the 25 operating branch offices, Bankers Trust Company of Albany has approval to open branches at three new locations. The charter bank is a member of Bankers Trust New York Corporation, a multi-bank holding company with nine member banks and total deposits of $14.0 billion. Its service area includes the central and eastern portion of the Fourth Banking District of New York, with an estimated population of 505,300.

The charter bank is ranked third in deposit size among the eight commercial banks headquartered in Albany County and among the 30 commercial banks headquartered in the Fourth Banking District of New York. Competition for the bank is provided by National Commercial Bank and Trust Company, Albany, with deposits of $796 million, which is a member of United Bank Corporation of New York; Citibank (Eastern), National Association, Castleton-on-Hudson, with deposits of $23 million, which is a member of Citicorp; and Marine Midland Bank-Eastern, National Association, Troy, with deposits of $189.7 million, which is a member of Marine Midland Banks, Inc.

The First National Bank of Cooperstown, the merging bank, with assets of $17.2 million and IPC deposits of $14.0 million, was organized in 1830 and has operated as a unit institution since that time. Its service area includes the northern portion of Otsego County in the Fourth Banking District of the State of New York and has an estimated population of 39,000.

The merging bank is the smaller of the two commercial banks headquartered in Otsego County and ranks 24th in deposit size among the 30 commercial banks headquartered in the Fourth Banking District of New York State. In addition to in-county competition provided by Wilber National Bank of Oneonta, with deposits of $55.6 million, competition is provided by State Bank of Albany; National Commercial Bank and Trust Company; and Central National Bank, Canajoharie, with deposits of $69 million.

There is no significant competition between the charter and merging banks. Bankers Trust Company of Albany, National Association has no offices in Otsego County and the closest offices of the charter and merging banks are approximately 50 miles apart. Accordingly, the two banks do not provide services to a common area. The small size of the merging bank and its conservative nature also preclude the possibility of significant competition with the charter bank.

Consummation of the proposed merger will stimulate competition in the service area of the merging bank. In Cooperstown the merger will eliminate head office protection afforded by New York State law and open the community to *de novo* branching by other banks. Additionally, a branch office of the resulting bank will provide the banking public in Cooperstown with improved and expanded services including a larger lending limit, a wider variety of loans, a credit card program, expanded personal and corporate trust services, investment services, and international banking services. The deposit size of the resulting bank relative to commercial banks headquartered in Albany County in the Fourth Banking District will not be changed by consummation of the merger. The resulting bank will have total deposits of $249 million.

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

OCTOBER 23, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Applicant's office nearest Bank is located in Johnstown, Fulton County, about 50 miles northeast of Cooperstown. Thus, it appears that the proposed transaction would not eliminate substantial existing competition. And in view of the existence of other significant potential entrants and Bank's modest market position in the Cooperstown-Otsego County area, we conclude that the proposed merger will not eliminate substantial potential competition.

* * *

INDIAN HEAD NATIONAL BANK OF NASHUA, N.H., AND INDIAN HEAD NATIONAL BANK OF MANCHESTER, MANCHESTER, N.H.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Indian Head National Bank of Nashua, Nashua, N.H. (1310), with	$105,753,788	6	....
and Indian Head National Bank of Manchester, Manchester, N.H. (15563), which had	11,817,634	2	....
consolidated Nov. 29, 1974, under charter of the latter bank (15563) and title "Indian Head National Bank of Nashua." The consolidated bank at date of consolidation had	117,571,421	....	8

COMPTROLLER'S DECISION

On July 8, 1974, Indian Head National Bank of Manchester, Manchester, N.H., and Indian Head National Bank of Nashua, Nashua, N.H., applied to the Comptroller of the Currency for permission to consolidate under charter of the former and title of the latter with the main office in Nashua.

Indian Head National Bank of Manchester, the charter bank, was organized in 1921 but did not convert to National bank status until 1965. In addition to its main office, the bank presently operates a branch office in Goffstown, 4 miles west of Manchester. The charter bank holds assets of $11.9 million and IPC deposits of $9.5 million. The service area of the bank is southern New Hampshire, and consists of the city of Manchester, with a population of 97,000 persons, which is currently undergoing an economic revival, and portions of surrounding Hillsborough County, a rapidly growing region which is the center of an electronics industry.

The charter bank encounters vigorous competition from several of the State's largest commercial institutions. Among the larger are The Manchester Bank with deposits of $145 million; Bank of New Hampshire, N.A., Manchester, with deposits of $121 million; The Merchants National Bank, Manchester, with deposits of $36.9 million, which is an affiliate of First New Hampshire Bancorp, Inc.; and Amoskeag National Bank and Trust Company, Manchester, with deposits of $39.7 million.

Indian Head National Bank of Nashua, the consolidating bank, was chartered in 1851 and converted to National bank status in 1865. The bank operates five branches, four of which are located in the nearby towns of Hudson, Merrimack, Salem, and Wilton, and maintains total assets of $107.4 million and IPC deposits of $75.9 million. The service area of the consolidating bank is situated on New Hampshire's southern border and consists of the thriving retail trade center of Nashua, one of the State's major cities, with an estimated population of 63,000 people, as well as portions of Hillsborough County, the State's fastest growing county with a population of approximately 256,000.

Branches of New Hampshire's second-largest banking institution, Bank of New Hampshire, N.A.; Nashua Trust Company, with deposits of $68.5 million; and Colonial Trust Company, with deposits of $14.5 million, provide significant competition for the consolidating bank.

Between the charter and consolidating banks there is only minimal competition because they serve distinct service areas. Their closest two offices are separated by a relatively large distance and an adequate number of banking facilities operate as alternatives in eastern Hillsborough County. The closest offices of the two banks are approximately 15 miles apart, and the small size of the charter bank prevents it from being a significant competitor for the consolidating bank. The fact that both banks are owned by the same holding company, Indian Head Banks, Inc., Nashua, N.H., further eliminates the possibility of meaningful competition.

Within its service area the charter bank has ceased to be a viable competitor because any sizable or sophisticated lending request must be forwarded to the consolidating bank due to the size and management limitations of the charter bank. Consummation of the proposed consolidation will infuse increased competition into the present service area of Indian Head National Bank of Manchester. To that area the resulting bank will bring an increased lending limit, specialized trust and investment departments, and various types of lending expertise heretofore unavailable directly from the charter bank. Those changes will make the resulting branch in Manchester a more vital participant in the economic life of the city.

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

OCTOBER 15, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The consolidating banks are both majority-owned subsidiaries of the same bank holding company. As such, their proposed consolidation is essentially a corporate reorganization and would have no effect on competition.

* * *

MECHANICS NATIONAL BANK OF DELAWARE VALLEY, BURLINGTON TOWNSHIP, N.J., AND EGG HARBOR BANK AND TRUST COMPANY, EGG HARBOR CITY, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Egg Harbor Bank and Trust Company, Egg Harbor City, N.J., with	$ 24,280,566	3	
and Mechanics National Bank of Delaware Valley, Burlington Township, N.J. (1222), which had	109,646,386	12	
merged Nov. 29, 1974, under charter of the latter bank (1222) and title "First National State Bank/Mechanics." The merged bank at date of merger had	133,926,951		15

COMPTROLLER'S DECISION

On July 9, 1974, Egg Harbor Bank and Trust Company, Egg Harbor City, N.J., and Mechanics National Bank of Delaware Valley, Burlington Township, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title, "First National State Bank/Mechanics."

Mechanics National Bank of Delaware Valley, the charter bank, was organized in 1839 and is a subsidiary of First National State Bancorporation, Newark, N.J. The bank has assets of $106.7 million and IPC deposits of $76 million and operates 13 branch offices and three facilities in Burlington County. Ten of the branches are in the Trenton service area and three are in the Camden service area.

Competitors of charter bank in Burlington County include Burlington County Trust Company, Moorestown, with total deposits of $126 million; Bank of Mid-Jersey, Bordentown Township, with total deposits of $59 million; Provident Bank of New Jersey, Willingboro, with total deposits of $405 million, which is a member of Greater Jersey Bancorp, a multi-bank holding company with total deposits of $711 million; The Burlington County National Bank, Medford, with total deposits of $35 million; Bank of West Jersey, Delran, with total deposits of $34.4 million, which is a member of Fidelity Union Bancorporation, a multi-bank holding company with total deposits of $1 billion; and Continental Bank of New Jersey, Maple Shade, with total deposits of $18 million.

Egg Harbor Bank and Trust Company, the merging bank, was organized in 1925. The bank is headquartered in Egg Harbor City and operates branches in the townships of Mullica and Galloway. With assets of $24.5 million and IPC deposits of $18 million, the merging bank is fifth in deposit size among the seven commercial banks headquartered in Atlantic County.

Competition from banks headquartered in Atlantic County is provided by First National Bank of South Jersey, Pleasantville, with deposits of $403 million; Guarantee Bank, Atlantic City, with deposits of $120 million; Atlantic National Bank, Atlantic City, with deposits of $41 million; First National Bank of Absecon, Absecon, with deposits of $25 million; Minotola National Bank, with deposits of $21 million; and The Mainland Bank, Linwood, with deposits of $16 million.

There is minimal competition between the charter and merging banks as their closest offices are more than 30 miles apart. Moreover, the banks' present service areas are separated by a sparsely populated area known as the Pine Barrens. The nearest office of another subsidiary bank of First National State Bancorporation is located some 37 miles from the Pomona office of the merging bank.

Consummation of the proposed merger will stimulate competition in the service area of the merging bank because the resulting bank will offer improved services such as an expanded trust department, lease financing facilities, international bank services, and an increased lending limit. The resulting bank will remain the second largest commercial bank headquartered in Burlington County.

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

OCTOBER 9, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The nearest offices of the parties are separated by a distance of approximately 30 miles, with the New Jersey "Pine Barrens" lying in the intervening area. Thus, we conclude that the proposed transaction would not eliminate substantial existing competition.

Commercial banking in Atlantic County is highly concentrated, with the four largest institutions controlling approximately 88 percent of total county deposits. Applicant's parent, First National State Bancorporation, is the largest commercial banking organization in the State of New Jersey. As such, it has the capability and incentive to expand *de novo* into Atlantic County and elsewhere in southeastern New Jersey. However, in view of the existence of other significant potential entrants and Bank's modest (approximately 4.1 percent of Atlantic County deposits) market position, we conclude that the proposed merger would not eliminate substantial potential competition.

* * *

Security National Bank of Kansas City, Kansas City, Kans., and The Victory State Bank, Kansas City, Kans.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Victory State Bank, Kansas City, Kans., with	$ 9,128,913	1	....
and Security National Bank of Kansas City, Kansas City, Kans. (13801), which had	169,462,647	3	....
merged Nov. 29, 1974, under charter and title of the latter bank (13801). The merged bank at date of merger had	178,591,559	....	4

COMPTROLLER'S DECISION

On June 10, 1974, Security National Bank of Kansas City, Kansas City, Kans., applied to the Comptroller of the Currency for permission to merge with The Victory State Bank, Kansas City, Kans., under the charter and title of the former.

Security National Bank of Kansas City, Kansas City, Kans., the charter bank, was chartered in 1933 and currently has assets of $151.3 million and IPC deposits of $67 million. The bank is located in the 2-state Kansas City Metropolitan Area, and is the sixth largest bank in that area. It is the second largest of the 19 banks in the Kansas sector of the metropolitan area.

Competition for the charter bank is provided by Commercial National Bank of Kansas City, Kans., with total deposits of $154.4 million; The Brotherhood State Bank, Kansas City, Kans., with total deposits of $44.5 million; and The First State Bank of Kansas City, Kans., with total deposits of $23.3 million. Additional competition is provided by the larger Kansas City, Mo., banks including Commerce Bank of Kansas City, N.A., with deposits of $583.4 million, and United Missouri Bank of Kansas City, N.A., with deposits of $461.4 million.

The Victory State Bank, Kansas City, Kans., the merging bank, was chartered in 1929 and currently has assets of $9.2 million and IPC deposits of $6.5 million. The merging bank is the 92nd largest of the 107 banks in the Kansas City Metropolitan Area. Victory State Bank is controlled by the same family group that controls the charter bank, and, in the past, has been considered an affiliate of the charter bank.

Competition between the charter bank and the merging bank is almost nonexistent, despite the fact that their offices are located 1 mile apart. That is because of the nature of the respective banks' business. The merging bank is a small retail bank serving a local neighborhood. The charter bank is primarily a wholesale and correspondent bank serving the metropolitan area. The proposed merger will not significantly increase the charter bank's size and share of deposits.

Consummation of the proposed transaction will result in no adverse competitive effects. The merger will formalize an already strong affiliation between the two banks and it will resolve the management succession and staffing problems confronting Victory State Bank. The merger will also enable the merging bank to provide additional services such as data processing facilities and an improved trust department.

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

October 24, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Applicant is headquartered in downtown Kansas City with Bank's headquarters situated about 1 mile to the west. Accordingly, the proposed merger would apparently eliminate competition between the parties and slightly increase concentration in commercial banking in the Kansas City area.

The application indicates that the parties are commonly owned by a group of individuals which collectively hold 52.5 percent of Applicant's stock and 81.4 percent of the stock of Bank. The application does not, however, contain sufficient information to evaluate the effects, if any, of this common ownership on the competitive effects of the proposed merger. Thus, we express no opinion on the effect of common stock ownership and management on the foregoing competitive report.

* * *

Vermont National Bank, Brattleboro, Vt., and Montpelier National Bank, Montpelier, Vt.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Montpelier National Bank, Montpelier, Vt. (13915), with	$ 34,785,131	2	
and Vermont National Bank, Brattleboro, Vt. (1430), which had	154,110,108	15	
merged Nov. 29, 1974, under charter and title of the latter bank (1430). The merged bank at date of merger had	154,110,108		17

COMPTROLLER'S DECISION

On July 19, 1974, Montpelier National Bank, Montpelier, Vt., and Vermont National Bank, Brattleboro, Vt., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Vermont National Bank, the charter bank, was organized in 1821 and now operates 14 branches. It has assets of $111.5 million and IPC deposits of $92 million. The service area of the bank constitutes southern Vermont which is primarily rural with population centered around the towns of Bennington, Brattleboro, Rutland, and Springfield.

The charter bank is presently the fifth largest bank in Vermont and competes primarily with the four larger banks. Those competitors are Chittendon Trust Company, Burlington, with deposits of $216 million; Burlington Savings Bank, Burlington, with deposits of $207 million; The Howard Bank, Burlington, with deposits of $169 million; and First Vermont Bank and Trust Company, Brattleboro, with deposits of $143 million.

Montpelier National Bank, the merging bank, was organized in 1824 and operates one branch 3.5 miles from its main office in Montpelier. The branch is halfway between the cities of Montpelier and Barre. The service area of the merging bank, which has assets of $34.4 million and IPC deposits of $28 million, includes both Barre and Montpelier.

The merging bank's principal competitors in the Montpelier-Barre service area are Chittendon Trust Company, Burlington, with deposits of $216 million; The Howard Bank, Burlington, with deposits of $169 million; and The First Vermont Bank and Trust Company, Brattleboro, with deposits of $143 million.

There is no competition between the charter and merging banks because their closest offices are 55 miles apart. Consummation of the proposed merger will stimulate competition in the service area of the merging bank as the resulting bank will offer new and improved services such as more varied deposit and loan options. The merger will also solve Montpelier National Bank's management succession problem. The resulting bank will remain the fifth largest in Vermont.

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

October 22, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The nearest offices of the parties are separated by a distance of more than 50 miles. Thus, it does not appear that the proposed transaction will eliminate substantial existing competition.

Montpelier National is presently the second largest bank in the Montpelier-Barre area with approximately 20 percent of total deposits. The three largest banks in the Montpelier-Barre market hold about 66 percent of total deposits. Vermont National, the fourth largest bank in Vermont, is currently the largest bank in the State not yet represented in the Montpelier-Barre area; clearly, it has the capability and resources for *de novo* entry rather than through acquisition as here proposed. However, while the economy of the Montpelier-Barre area is basically sound, its growth rate appears somewhat limited. Furthermore, there are at present at least two approved charters for new (but not yet opened) offices in the area by banks already located there. Under the circumstances, the proposed acquisition of Montpelier National by Vermont National would not have a significantly adverse effect on potential competition.

* * *

Old National Bank of Washington, Spokane, Wash., and Guaranty National Bank of White Center, Seattle, Wash.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Guaranty National Bank of White Center, Seattle, Wash. (14502), with	$ 23,353,005	3	....
was purchased Dec. 2, 1974, by Old National Bank of Washington, Spokane, Wash. (4668), which had	516,351,980	57	....
After the purchase was effected, the receiving bank had	564,941,922	....	60

COMPTROLLER'S DECISION

On August 8, 1974, Old National Bank of Washington, Spokane, Wash., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of Guaranty National Bank of White Center, Seattle, Wash.

Old National Bank of Washington, the purchasing bank, was organized in 1891 and presently has total assets of $478 million and IPC deposits of $383 million. The purchasing bank is headquartered in Spokane in eastern Washington and 46 of its 54 branches are located east of the Cascade Mountains. Its eight other branches are located in western Washington, with one in Ferndale, five in Lynnwood, and two in downtown Seattle. The economy of the area served by the purchasing bank in the eastern part of the State is based on agriculture; that of the area served in the western part of the State is supported by the aerospace industry and forestry. The purchasing bank is a subsidiary of Washington Bancshares, Inc., a registered bank holding company.

Competition for the purchasing bank in western Washington is provided by Seattle-First National Bank, Seattle, with deposits of $2.9 billion; National Bank of Commerce of Seattle with deposits of $1.9 billion; Pacific National Bank of Washington, Seattle, with deposits of $727 million; and Peoples National Bank of Washington, Seattle, with deposits of $565 million; and, in eastern Washington, is provided by Fidelity Mutual Savings Bank, Spokane, with deposits of $329 million; and branches of the larger Seattle-based banks.

Guaranty National Bank of White Center, the selling bank, was organized in 1945 and presently operates two branches. It has total assets of $22.6 million and IPC deposits of $19.8 million. The primary service area of the selling bank encompasses the western portion of central King County, a residential area with little industry.

Competition for the selling bank is provided by Seattle-First National Bank, Seattle, with deposits of $2.9 billion; National Bank of Commerce of Seattle, with deposits of $1.9 billion; Pacific National Bank of Washington, Seattle, with deposits of $727 million; and Continental Bank of Burien, with deposits of $11.8 million.

There is little, if any, competition between the purchasing and selling banks because relatively large distances separate their closest offices and an adequate number of alternative banking facilities operate in the intervening area. The nearest branch of the purchasing bank is located in downtown Seattle, 8 miles from Guaranty National Bank of White Center. In addition, the selling bank is situated west of the Cascade Mountains, where the purchasing bank derives a small minority of its total business. The head offices of the two banks are 283 miles apart.

Consummation of the proposed transaction will result in no adverse competitive effects. The purchasing bank will remain the sixth largest bank in the State. The transaction will have a favorable effect upon competition by enabling the purchasing bank to achieve further penetration into the western part of the State and strengthen its competitive position among the larger banks in Washington. In addition, the purchasing bank will introduce new and improved services to the residents of the service area of the selling bank such as an increased lending limit and trust services. Furthermore, consummation of the proposed transaction will alleviate the management succession problem of Guaranty National Bank of White Center.

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

October 30, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

ONB's headquarters and the bulk of its operations lie east of the Cascade Mountains. It does, however, operate two branch offices in Seattle, King County. As of June 30, 1973, ONB's two Seattle offices held total deposits of $16.5 million. Guaranty's main office is located over 8 miles south of downtown Seattle in the residential community of White Center; its two remaining offices are located 3 and 13 miles southeast of the headquarters office in Boulevard Park and Renton. The proposed transaction appears to represent the consolidation of a downtown Seattle bank which holds a small share of the area's deposits with a small suburban community bank. Although the proposal will eliminate some existing competition as well as the potential for increased future competition, we conclude that, overall, the proposal would not have a significantly adverse effect on competition.

* * *

THIRD NATIONAL BANK OF NEW JERSEY, CAMDEN, N.J., AND UNITED JERSEY NATIONAL BANK OF CHERRY HILL, CHERRY HILL, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
United Jersey National Bank of Cherry Hill, Cherry Hill, N.J. (15971), with	$10,836,278	2	....
and Third National Bank of New Jersey, Camden, N.J. (13203), which had	64,102,809	11	....
merged Dec. 2, 1974, under charter of the latter bank (13203) and title "United Jersey Bank/Third National." The merged bank at date of merger had	74,939,087	....	13

COMPTROLLER'S DECISION

On August 16, 1974, United Jersey National Bank of Cherry Hill, Cherry Hill, N.J., and Third National Bank of New Jersey, Camden, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and title of "United Jersey Bank/Third National."

Third National Bank of New Jersey, the charter bank, was organized in 1928 and currently operates 11 banking offices with assets of $58.2 million and IPC deposits of $46 million. It is a member of United Jersey Banks, a multi-bank holding company. The charter bank's service area includes portions of Camden, Burlington, and Gloucester counties, an urban and suburban area with an estimated population of 224,000. The charter bank ranks sixth in size among the 12 commercial banks headquartered in Camden, and 10th among the 20 banks in its service area. Competition is provided by Heritage Bank National Association, Cherry Hill, with deposits of $467 million, which is a member of Heritage Bancorporation, a multi-bank holding company; The Bank of New Jersey, Camden, with total deposits of $452 million, which is a member of Bancshares of New Jersey; Peoples National Bank of New Jersey, Westmont, N.J., with deposits of $310 million; and Midlantic National Bank/South, Haddonfield, with deposits of $195 million, which is a member of Midlantic Banks, Inc. Competition is also provided by Burlington County-based banks including Mechanics National Bank of Delaware Valley, Burlington Township, with deposits of $97 million, which is a member of First National State Bancorporation, and Burlington County Trust Company, Moorestown, with deposits of $126 million.

United Jersey National Bank of Cherry Hill, the merging bank, was organized in 1972 and currently has two offices with assets of $10.4 million and IPC deposits of $8.7 million. The merging bank is a member of United Jersey Banks, the same multi-bank holding company that owns the charter bank. The service area of the merging bank is the residential suburb of Cherry Hill, a rapidly-growing community with an estimated population of 67,000. The same banks that are headquartered in Camden and compete with the charter bank also compete with the merging bank.

Competition between the merging bank and the charter bank is minimal. The charter bank has only a small percentage of deposits from the merging bank's service area. The closest offices of the two banks are 4 miles apart, in a developed area. The fact that both banks are members of the same holding company also has minimized meaningful competition.

Consummation of the proposed transaction will result in no adverse competitive effects. The resulting bank will remain the sixth largest bank headquartered in Camden County. The proposed merger will enable the banks to compete more effectively with the larger banks in the area. The resulting bank will have a larger lending limit and will be able to offer its customers more convenience in the form of an increased number of banking offices. Customers of the resulting bank will be able to make use of trust services not previously offered by the merging bank. The proposed merger will also benefit both banks in achieving certain economies of scale by combining administrative and advertising services and eliminating duplication in other areas.

Applying the statutory criteria, it is concluded that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

NOVEMBER 1, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The merging banks are both wholly-owned subsidiaries of the same bank holding company. As such, their proposed merger is essentially a corporate reorganization and would have no effect on competition.

* * *

HARRISON COUNTY NATIONAL BANK, HOPEDALE, OHIO, AND THE FREEPORT STATE BANK, FREEPORT, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Freeport State Bank, Freeport, Ohio, with	$ 2,866,775	1	....
and Harrison County National Bank, Hopedale, Ohio (6938), which had	9,505,483	2	....
merged Dec. 21, 1974, under charter and title of the latter bank (6938). The merged bank at date of merger had	12,372,258	....	3

COMPTROLLER'S DECISION

On August 21, 1974, Harrison County National Bank, Hopedale, Ohio and The Freeport State Bank, Freeport, Ohio applied to the Comptroller of the Currency for permission to merge under the charter and title of the former.

Harrison County National Bank, the charter bank, was organized in 1903 and currently has assets of $9 million and IPC deposits of $7.7 million. It is a member of First Steuben Bancorp, Inc., Steubenville, Ohio, the 12th largest of 16 multi-bank holding companies in the State, which controls three banks with aggregate deposits of $145.3 million. The charter bank serves a predominantly coal mining and industrial area with a total population of 7,900. In October 1974, the charter bank will open its first branch 4 miles from its Hopewell office in Cadiz, Ohio, the county seat of Harrison County, which has an estimated population of 3,200. Competition is provided by First National Bank of Cadiz, with total deposits of $15.6 million, which is a member of BancOhio Corporation, the largest multi-bank holding company in the State, and Scio Bank Company, Scio, with deposits of $9.3 million.

Freeport State Bank, the merging bank, is a unit institution chartered in 1915 and currently has assets of $2.5 million and IPC deposits of $2.1 million. The merging bank serves the village of Freeport and the surrounding area. Major competitors are First National Bank of Cadiz; Citizens National Bank of Flushing, with deposits of $10.7 million; and The Community National Bank, Flushing, with deposits of $9.6 million.

Competition between the merging bank and the charter bank is minimal. The two banks are located 23 miles apart and direct competition is minimized by the intervening First National Bank of Cadiz. Geographical barriers effectively split Harrison County into two parts with the merging and charter banks situated in separate halves.

Consummation of the proposed transaction will have no adverse effect on competition. Competition in the merging bank's service area will be stimulated because the resulting bank will be able to compete more effectively in this area by offering a significantly higher lending limit, automated accounting to provide monthly statements on demand accounts, other electronic data processing services, and trust services through affiliation with the holding company. The proposed merger will also make available specialized management expertise in such areas as farm and commercial loans, bond portfolio management, interest control and audit procedures, and other areas of banking not developed by the merging bank in the past.

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

NOVEMBER 21, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

We have reviewed this proposed transaction and conclude that it would not have a substantial competitive impact.

* * *

FIRST NATIONAL BANK OF SPRINGFIELD, SPRINGFIELD, VT., AND THE FIRST NATIONAL BANK OF FAIR HAVEN, FAIR HAVEN, VT., AND THE NORTHFIELD NATIONAL BANK, NORTHFIELD, VT.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Northfield National Bank, Northfield, Vt. (1638), with	$ 4,560,089	1	....
and The First National Bank of Fair Haven, Fair Haven, Vt. (344), with	5,726,429	1	....
and First National Bank of Springfield, Springfield, Vt. (122), which had	30,688,474	4	....
merged Dec. 30, 1974, under charter and title of the latter bank (122). The merged bank at date of merger had	39,836,587	....	6

COMPTROLLER'S DECISION

On August 29, 1974, The Northfield National Bank, Northfield, Vt., The First National Bank of Fair Haven, Fair Haven, Vt., and First National Bank of Springfield, Springfield, Vt., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

First National Bank of Springfield, the charter bank, was organized in 1863 and presently operates three branches. It has total assets of $28 million and IPC deposits of $22.8 million. The primary service area of the charter bank encompasses the south-central section of the eastern border of Vermont. The economy of this service area is supported by the precision tool industry and agriculture.

Competition for the charter bank is provided by Vermont National Bank, Brattleboro, Vt., with deposits of $91.8 million and Connecticut River National Bank, Charlestown, N.H., with deposits of $9.4 million.

The Northfield National Bank, one of the two merging banks, was organized in 1866 and presently operates as a unit bank with total assets of $4.9 million and IPC deposits of $4.3 million. The primary service area of this merging bank encompasses the town of Northfield and the immediately surrounding area. Northfield is a bedroom community for commuters employed in Barre and Montpelier.

Competition for The Northfield National Bank is provided by The Merchants National Bank, Burlington, with deposits of $67.6 million and Northfield Savings Bank, Northfield, with deposits of $40.1 million.

The First National Bank of Fair Haven, the second merging bank, was organized in 1864 and presently operates as a unit bank with total assets of $5.7 million and IPC deposits of $5.2 million. The primary service area of this merging bank encompasses the west-central section of Vermont along the New York border. While there exists some agricultural and commercial activity within this service area, most of its residents are employed in nearby Rutland, Vt., and Whitehall, N.Y.

Competition for The First National Bank of Fair Haven is provided by The First Vermont Bank and Trust Company, Brattleboro, with deposits of $143 million; Vermont National Bank, Brattleboro, with deposits of $91.8 million; and Proctor Trust Company, Proctor, with deposits of $44.8 million.

There is no competition among the three banks involved in the proposed merger because their nearest two offices are separated by a distance of 40 miles and an adequate number of alternative banking facilities operate in the intervening area.

Consummation of the proposed merger will have little effect in the service area of the charter bank. However, in the service areas of the two merging banks, the increased lending limit of the resulting bank will enable it to satisfy the ever growing demand of the residents and businesses of Fair Haven and Northfield for a broader range of credit. In addition, consummation of the proposed merger will alleviate the managerial problems of The Northfield National Bank and The First National Bank of Fair Haven.

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

NOVEMBER 11, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The city of Northfield is located some 80 miles north, and Fair Haven some 60 miles northwest, of Springfield. Northfield and Fair Haven are about 65 miles from each other; no office of the three banks is closer than 40 miles. The proposed consolidation will not eliminate significant existing competition.

The economies of the respective areas served by the three banks are basically sound; over all growth in each is, however, limited. Springfield Bank, largest of the three, is only the 10th largest bank in the State with 2.3 percent of total deposits as compared to 16.2 percent, 13.5 percent and 11.5 percent held by the three largest banks in the State. None of the applicant banks is a particularly likely *de novo* entrant into the areas served by the others. The proposed consolidation of the three would not have a significantly adverse effect on potential competition.

* * *

NEW JERSEY BANK (NATIONAL ASSOCIATION), CLIFTON, N.J., AND THE FIRST NATIONAL BANK OF WESTWOOD, WESTWOOD, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Westwood, Westwood, N.J. (8777), with	$ 37,882,853	2	....
and New Jersey Bank (National Association), Clifton, N.J. (15709), which had	752,139,150	33	....
merged Dec. 30, 1974, under charter and title of the latter bank (15709). The merged bank at date of merger had	783,462,337	....	35

COMPTROLLER'S DECISION

On August 8, 1974, The First National Bank of Westwood, Westwood, N.J., and New Jersey Bank (National Association), Clifton, N.J., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

New Jersey Bank (National Association), the charter bank, was organized in 1869 and presently operates 31 branches. It has total assets of $745 million and IPC deposits of $543 million. The charter bank is the principal subsidiary of Greater Jersey Bancorp, Clifton, N.J., the sixth largest bank holding company in the State. The primary service area of the charter bank encompasses the cities of Passaic and Paterson together with their surrounding areas. The economy of the service area is supported by a wide array of commercial and industrial activity. New Jersey Bank (National Association) also has an application pending to merge with Fairfield National Bank, Fairfield, N.J.

Competition for the charter bank is provided by 11 commercial banks headquartered in Passaic County, the largest of which are First National State Bank of New Jersey, Newark, with deposits of $1.1 billion, which is a member of First National State Bancorporation; Peoples Trust of New Jersey, Hackensack, with deposits of $957 million, which is a member of United Jersey Banks; and Midlantic National Bank, Newark, with deposits of $860 million, which is a member of Midlantic Banks, Inc. Additional competition is provided by the multibillion dollar banks headquartered in nearby New York City.

The First National Bank of Westwood, the merging bank, was organized in 1907 and presently operates one branch. It has total assets of $38.2 million and IPC deposits of $31.9 million. The primary service area of the merging bank consists of the borough of Westwood and Washington Township. That area serves as a bedroom community for those employed in Newark and New York City.

Competition for The First National Bank of Westwood is provided by Peoples Trust of New Jersey, Hackensack, with deposits of $957 million, which is a member of United Jersey Banks; National Community Bank of Rutherford, with deposits of $638 million; Garden State National Bank, Hackensack, with deposits of $467 million; and Citizens First National Bank of New Jersey, Ridgewood, with deposits of $207 million. Additional competition is provided by the multi-billion dollar banks headquartered in New York City.

Although the closest offices of the charter and merging banks are separated by a distance of only 1.3 miles, there is minimal competition between them. The relatively small size of the merging bank and the limited nature of its services prevent it from being a significant competitor for the charter bank. In addition, an adequate number of alternative banking facilities operate in the intervening area. Furthermore, no other subsidiary of Greater Jersey Bancorp is located within 13 miles of The First National Bank of Westwood.

Consummation of the proposed merger will stimulate competition in the service area of the merging bank because the resulting branches in the borough of Westwood and Washington Township will offer new and improved services such as a larger lending limit, overdraft banking, automatic teller machines, a wider variety of loans, international banking, trust department services, and electronic data processing services. Consummation of the proposed merger will also remove head office protection from the borough of Westwood and open that community to *de novo* branching by other banks. The resulting bank will become the fifth largest bank in the State and Greater Jersey Bancorp will continue to rank sixth in size among the bank holding companies in the State.

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

NOVEMBER 29, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Applicant operates four branch offices in east-central Bergen County in northern New Jersey in close proximity to Bank's two locations, as well as a fifth office in the western portion of the county and sixth office in the county's southeastern corner. Four of Applicant's branches are clustered within about 7 miles of Bank's two locations, and their nearest offices are separated by only about 2 miles. Thus, it appears that the proposed merger would eliminate existing competition.

While each party to the proposed transaction holds only a small percentage of Bergen County's commercial bank deposits, it appears that these deposits are to a large extent derived from the north-central portion of the county denominated in the application as the Pascack Valley. The proposed merger would increase concentration in commercial banking in this area, and would have at least some adverse effect on competition.

* * *

WACHOVIA BANK AND TRUST COMPANY, N.A., WINSTON-SALEM, N.C., AND CITIZENS BANK, MARSHALL, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Citizens Bank, Marshall, N.C., with	$ 16,584,986	4	....
and Wachovia Bank and Trust Company, N.A., Winston-Salem, N.C. (15673), which had	2,975,719,479	192	....
merged Dec. 30, 1974, under charter and title of the latter bank (15673). The merged bank at date of merger had	2,992,304,465	....	196

COMPTROLLER'S DECISION

On May 16, 1974, Wachovia Bank and Trust Company, N.A., Winston-Salem, N.C., and Citizens Bank, Marshall, N.C., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Wachovia Bank and Trust Company, N.A., the charter bank, was organized in 1879 and now, with total assets of $3.2 billion and IPC deposits of $2 billion, is the second largest bank in North Carolina. The charter bank, a subsidiary of Wachovia Corporation, a one-bank holding company, operates 172 offices throughout the State of North Carolina.

Citizens Bank, the merging bank, was established in 1910 and now operates two offices in Mars Hill and one office at Hot Springs. The merging bank's service area is Madison County, which is located in the extreme northwestern portion of the State adjacent to the Tennessee State line. Citizens Bank has total assets of $16.3 million and IPC deposits of $13 million.

The merging bank competes with offices of First Union National Bank, Charlotte, the third largest bank in the State with deposits of $1.5 billion, and Northwestern Bank, North Wilkesboro, the fifth largest bank in the State with deposits of $880 million.

The charter bank is a vigorous competitor and competes with every major bank in the southeast. In North Carolina its primary competitors are North Carolina National Bank, Charlotte, with 148 offices and $3 billion in deposits; First Union National Bank of North Carolina, Charlotte, with 181 banking offices and $1.5 billion in deposits; First Citizens Bank and Trust, Smithfield, with 193 offices and $1 billion in deposits; and Northwestern Bank with 151 offices and $880 million in deposits.

Competition between the charter and merging banks is minimal, if any exists at all, since Wachovia Bank and Trust Company's closest office is located in Asheville, 22 miles south of Marshall. Although charter bank could branch *de novo* into the Madison County service area, there is little economic incentive for such a move since the area is experiencing a decline in both population and economic growth.

Citizens Bank, like many small town institutions in similar circumstances, has aging management and offers limited services. Consummation of the subject merger will replace this small and struggling bank with the resources of a well-managed larger bank. The public will benefit from the availability of a wider range of banking services including a significantly larger lending limit which may serve to stimulate the economic environment in Madison County. The resulting bank will remain the second largest in North Carolina.

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

NOVEMBER 26, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Wachovia's offices nearest to Citizens are located in Asheville (population 57,681), Buncombe County, which is about 25 miles from Citizens' main office in Marshall and about 21 miles and 37 miles from its branches in Mars Hill and Hot Springs, respectively. The application indicates that Wachovia draws some $1.2 million in deposits (excluding correspondent balances from Citizens) and $269,000 in loans from the three towns in which Citizens has offices. The application also indicates that many workers in Madison County travel to Asheville for employment. Accordingly, the proposed transaction would eliminate some existing competition.

Citizens accounts for the largest share of deposits (about 51 percent) held in banking offices in Madison County. The Marshall branch of First Union National Bank, the State's third largest bank, accounts for the second largest share. In addition, The Northwestern Bank, the fifth largest bank in the State, recently opened an office in Marshall, and has approval to open an office in Mars Hill. In view of below average economic growth in Madison County, the recent entry of other banks and the existence of other potential entrants, this proposed transaction would not appear to have a substantial effect on potential competition.

* * *

First National Bank of South Carolina, Columbia, S.C., and Palmetto Bank & Trust Company, Lake City, S.C.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Palmetto Bank & Trust Company, Lake City, S.C., with	$ 14,351,449	2	....
and First National Bank of South Carolina, Columbia, S.C. (13720), which had	511,034,589*	60	....
merged Dec. 31, 1974, under charter and title of the latter bank (13720). The merged bank at date of merger had	532,638,256*	....	62

COMPTROLLER'S DECISION

On May 10, 1974, Palmetto Bank & Trust Company, Lake City, S.C., and First National Bank of South Carolina, Columbia, S.C., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

First National Bank of South Carolina, the charter bank, was organized in 1933 and now has assets of $474 million and IPC deposits of $316 million. It operates 62 branches in 21 of South Carolina's 46 counties which include the most heavily populated counties in the State. The retail service area of this bank includes the areas immediately surrounding its numerous branches but, for wholesale banking services, the charter bank serves the entire State of South Carolina as well as the southeast region of the United States.

Competition for the charter bank is provided by offices of South Carolina National Bank, Columbia, with deposits of $786 million; Citizens and Southern National Bank of South Carolina, Columbia, with deposits of $468 million; and Bankers Trust of South Carolina, Columbia, with deposits of $421 million.

Palmetto Bank and Trust Company, the merging bank, was organized in 1935 and currently has one branch. The bank's assets are $12.6 million with IPC deposits of $10 million. Both the merging bank's main office and branch are located in Lake City, Florence County, and its service area extends into Williamsburg County and Clarendon County. The entire service area of the bank contains an estimated population of 23,000 persons.

The merging bank is slightly larger than the only other commercial bank operating in its service area. That competitor, Lake City State Bank, has deposits of $9.8 million.

There is minimal competition between the charter and merging banks because their closest two offices are separated by 24 miles and by natural barriers such as the Lynches River, which is situated in the intervening area. There are also other alternative banking facilities operating in the area.

Consummation of the proposed merger should stimulate competition in the service area of the merging bank because the resulting branch in Lake City will offer new and improved services that have not previously been offered in Lake City. This should induce Lake City State Bank to develop additional services to offer to the public. The merger will also resolve the acute management succession problem at the merging bank. The resulting bank will remain the fourth largest commercial bank in South Carolina.

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

November 4, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

We have reviewed this proposed transaction and conclude that it would not have a substantial competitive impact.

* These figures represent the standing at the start of a business day on which two mergers were effected, and after those actions had occurred, and so reflect both this merger and that of The Bank of Walterboro, following.

* * *

First National Bank of South Carolina, Columbia, S.C., and The Bank of Walterboro, Walterboro, S.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Bank of Walterboro, Walterboro, S.C., with	$ 12,621,018	2	....
and First National Bank of South Carolina, Columbia, S.C. (13720), which had	511,034,589*	62	....
merged Dec. 31, 1974, under charter and title of the latter bank (13720). The merged bank at date of merger had	532,638,256*	....	64

COMPTROLLER'S DECISION

On November 16, 1973, First National Bank of South Carolina, Columbia, S.C., and The Bank of Walterboro, Walterboro, S.C., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

First National Bank of South Carolina, the charter bank, was organized in 1933 and presently operates 56 branches throughout the State with total assets of $415 million and IPC deposits of $337 million. The charter bank is owned by First Bankshares Corporation of South Carolina, a holding company which also owns one other subsidiary, First National Properties, Inc., Charleston, a real estate holding company for properties utilized by the charter bank. The charter bank has also filed an application to merge into itself The Security Bank, Edgefield, S.C.

Since the charter bank offers a full range of services in 23 communities throughout the State, it is in competition with most of the State's largest banks. The major direct competition for the charter bank is provided by South Carolina National Bank, with deposits of $664 million; Citizens and Southern National Bank, with deposits of $430 million; Bankers Trust of South Carolina, with deposits of $399 million; First Citizens Bank and Trust Company, with deposits of $131 million; Southern Bank and Trust Company, with deposits of $118 million; and American Bank and Trust, with deposits of $110 million. All of those competing banks have offices throughout the State.

The Bank of Walterboro, the merging bank, was organized in 1923 and presently operates a single office with assets of $12.7 million and IPC deposits of $11.5 million. The primary service area of the merging bank extends for a radius of approximately 10 miles from Walterboro, into the predominantly rural low country of Colleton County. The principal economic activity in its service area is agriculture.

Competition in the service area of the merging bank is provided by Farmers and Merchants Bank, Walterboro, with deposits of $36 million, and by the Walterboro branch of the $42 million deposit First National Bank in Orangeburg.

There is no direct competition between the charter and merging banks because of the distance that separates the two banks. The nearest office of the charter bank is located in Summerville, 31 miles from Walterboro. There is no significant commercial activity between Walterboro and Summerville, and the intervening area is almost entirely forest and marshland.

Consummation of the proposed merger will stimulate competition in the service area of the merging bank because the resulting branch in Walterboro will be able to offer new and improved services to the community such as a trust and travel department, real estate loans, a larger lending limit, mortgage banking, and computer services. In addition, the proposed merger will alleviate the merging bank's management deficiencies because of the availability of the charter bank's well-rounded training program and management depth.

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

November 4, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The nearest branch of FNB-SC is located in contiguous Dorchester County in the city of Summerville, some 30 miles northeast of Walterboro. The amount of direct competition which might be eliminated by the proposed acquisition would be limited.

Colleton County is served by only three banks, all located in Walterboro. Walterboro Bank is the second largest of the three banks and holds 35.5 percent of the county's total deposits of $32.5 million.

* These figures represent the standing at the start of a business day on which two mergers were effected, and after those actions had occurred, and so reflect both this merger and that of Palmetto Bank & Trust Company, preceeding.

There are at present seven banks in South Carolina with deposits in excess of $100 million; five of these, including FNB-SC, operate offices throughout the major portions of the State and could legally establish *de novo* offices in the general Walterboro/Colleton County area. However, because of limited economic growth in the area and the number of other potential entrants, the proposed acquisition of Walterboro Bank would not, in our view, eliminate substantial potential competition.

* * *

THE CENTRAL TRUST COMPANY OF MONTGOMERY COUNTY, NATIONAL ASSOCIATION, DAYTON, OHIO, AND THE FARMERS AND MERCHANTS BANK OF ENGLEWOOD, ENGLEWOOD, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Farmers and Merchants Bank of Englewood, Englewood, Ohio, with	$ 7,473,617	2	....
and The Central Trust Company of Montgomery County, National Association, Dayton, Ohio (16330), which had	8,631,213	1	....
merged Dec. 31, 1974, under charter and title of the latter bank (16330). The merged bank at date of merger had	16,104,831	....	3

COMPTROLLER'S DECISION

On August 28, 1974, The Farmers and Merchants Bank of Englewood, Englewood, Ohio, and The Central Trust Company of Montgomery County, National Association, Dayton, Ohio, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The Central Trust Company of Montgomery County, the charter bank, commenced operations in May 1974, and presently operates as a unit bank with total assets of $3.8 million and IPC deposits of $1.7 million. The charter bank is a subsidiary of Central Bancorporation, Cincinnati, Ohio, the eighth largest bank holding company in the State. The primary service area of the charter bank encompasses the downtown area of Dayton. The economy of that service area is supported by a wide array of commercial, financial, and industrial activity.

Competition for The Central Trust Company of Montgomery County, National Association, is provided by Winters National Bank and Trust Company, Dayton, with deposits of $554 million; The Third National Bank and Trust Company, Dayton, with deposits of $287 million; The First National Bank, Dayton, with deposits of $282 million; and The Unity State Bank, Dayton, with deposits of $7.3 million.

The Farmers and Merchants Bank of Englewood, Englewood, Ohio, the merging bank, was organized in 1969 and presently operates one branch. It has total assets of $8.2 million and IPC deposits of $5.9 million. The primary service area of the merging bank encompasses the towns of Englewood and Brookville and their immediately surrounding areas. While there is significant agricultural activity in this service area, most of its residents are employed in Dayton.

Competition for The Farmers and Merchants Bank of Englewood is provided by The First National Bank, Dayton, with deposits of $282 million and Brookville National Bank, Brookville, with deposits of $12.2 million.

There is only minimal competition between the charter and merging banks because they are separated by a distance of 10 miles and an adequate number of alternative banking facilities operate in the intervening area. In addition, the relatively small size and limited scope of operations of the charter and merging banks prevent them from effectively competing with each other. The closest existing subsidiary of The Central Bancorporation is Central Trust Company, Cincinnati, which is approximately 50 miles from Englewood.

Consummation of the proposed merger will stimulate competition in Montgomery County because the resulting branch in Englewood will be able to offer new and improved services such as expanded mortgage lending, credit card loans, overdraft checking, single statement banking, and trust services. In addition, the merging bank will benefit from the managerial assistance provided by the charter bank's experienced lending officers and from the expertise of other lending specialists employed by Central Bancorporation's other subsidiaries. Furthermore, the resulting bank would continue to rank among the smallest banks in Montgomery County.

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

NOVEMBER 4, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

We have reviewed this proposed transaction and conclude that it would not have a substantial competitive impact.

* * *

THE NATIONAL BANK OF RICHMOND, RICHMOND, MICH., AND NEW HAVEN SAVINGS BANK, NEW HAVEN, MICH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
New Haven Savings Bank, New Haven, Mich., with	$ 5,474,903	2	....
and The National Bank of Richmond, Richmond, Mich. (13793), which had	33,622,896	2	....
merged Dec. 31, 1974, under charter and title of the latter bank (13793). The merged bank at date of merger had	39,097,799	....	4

COMPTROLLER'S DECISION

On July 5, 1974, New Haven Savings Bank, New Haven, Mich., and The National Bank of Richmond, Richmond, Mich., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The National Bank of Richmond, the charter bank, was organized in 1915 and now, with assets of $33.2 million and IPC deposits of $27.9 million, operates one branch office in Memphis, Mich. The charter bank has pending two applications for permission to establish new branches. The service area of the bank is essentially Richmond and its environs, a rapidly developing area northeast of Detroit that is currently industrial and agricultural in character, with an estimated population in excess of 22,685.

The charter bank ranks fourth in size among the seven banks operating within a 15-mile radius of the applicant banks. Competition is provided by Macomb County Bank, Richmond, with deposits of $9.8 million; the Armanda branch of First National Bank in Mt. Clemens, with deposits of $125.4 million; and the Emmett branch of Commercial and Savings Bank of St. Clair County, St. Clair, with deposits of $58.2 million.

New Haven Savings Bank, the merging bank, was organized in 1901 and now, with assets of $6.2 million and IPC deposits of $4.9 million, operates one branch office in Meade, Mich. The merging bank, also located in Macomb County, has a service area that includes the village of New Haven and its environs. The economy of the New Haven Savings Bank's service area is essentially the same as the National Bank of Richmond's service area in character except there has been greater residential development and a greater change from rural to suburban. The population of the merging bank's service area is an estimated 13,280.

The merging bank is the smallest of the seven commercial banking institutions operating in the vicinity of the Richmond and New Haven communities. It competes primarily with First National Bank in Mt. Clemens and Mt. Clemens Bank, Mt. Clemens, with deposits of $91.5 million. Competition is also provided the merging bank by Citizens State Savings Bank in nearby New Baltimore, with deposits of $11.8 million; and Macomb County Bank.

There is no significant competition between the closest offices of the charter and merging banks. Although the two banks are only separated by a distance of 7.5 miles, a branch office of a competitor located in the intervening area and the poor quality of direct roads between the communities in which each bank has offices precludes the possibility of significant competition. The small size and unaggressive nature of the merging bank also deters competition with the charter bank.

Consummation of the proposed merger will not diminish competition in the service area of the merging bank. On the contrary, the branches of the resulting bank in New Haven and Meade will offer new and improved services including a significantly larger lending limit and the payment of competitive rates on time and saving deposits. This will make the branches of the resulting bank more viable competitors within what is now the merging bank's service area.

Additionally, the merger will provide an institution capable of accommodating the increasing demand for banking services in this developing area and an opportunity to expand its services even though its location prevents attraction of new youthful management to supplement the current staff. The resulting bank, with IPC deposits of $32.8 million, will remain the fourth largest of the remaining six commercial banks operating in the vicinity of Richmond and New Haven.

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

NOVEMBER 18, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The main offices of the parties (their closest) are separated by a distance of about 7 miles, with the offices of another bank roughly intervening between them. The proposed transaction would appear to eliminate some existing competition between the banks as well as the potential for increased future competition. However, in view of New Haven Bank's modest size and the presence of several convenient banking alternatives in the area immediately surrounding New Haven, we conclude that, overall, the proposed merger would not have a significantly adverse effect on competition.

* * *

II. Mergers consummated, pursuant to corporate reorganization

THE FARMERS NATIONAL BANK OF SALEM, SALEM, OHIO, AND NORTHERN COLUMBIANA COUNTY NATIONAL BANK, SALEM, OHIO

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Farmers National Bank of Salem, Salem, Ohio (973), with	$59,923,858	8	
and Northern Columbiana County National Bank, Salem, Ohio (973), which had	119,515	0	
merged Jan. 1, 1974, under charter of the latter bank (973) and title "The Farmers National Bank of Salem." The merged bank at date of merger had	60,043,372		8

COMPTROLLER'S DECISION

On August 3, 1973, The Farmers National Bank of Salem, Salem, Ohio, and the Northern Columbiana County National Bank (organizing), Salem, Ohio, applied to the Comptroller of the Currency for permission to merge under the charter of the latter and title of the former.

The Farmers National Bank of Salem, the merging bank, is headquartered in Salem, Columbiana County, and has seven offices in the county. The bank, with total deposits of approximately $52 million, was chartered originally in 1846. It competes directly with First National Bank of Salem, which has total deposits of approximately $36 million.

Northern Columbiana County National Bank, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to First Steuben Bancorp, Inc., a registered bank holding company in Ohio. The charter bank will not be operating as a commercial bank prior to the merger.

First Steuben Bancorp, Inc., with total assets of approximately $95 million was organized in 1969. The holding company is headquartered in Steubenville, Jefferson County, Ohio, and has two subsidiaries, The First National Bank and Trust Company in Steubenville, with total deposits of approximately $88 million, and The First National Bank of Hopedale, Ohio, with total deposits of approximately $9 million. First Steuben Bancorp ranks ninth in size of 10 leading holding companies in Ohio.

The proposed merger will not adversely affect competition due to the distance and intervening banking facilities involved. First Steuben Bancorp's closest subsidiary office to the merging bank is the Toronto office of The First National Bank and Trust Company in Steubenville, which is 30 miles distant from the merging bank's Lisbon office. Furthermore, the proposed merger will not significantly change the relative position of First Steuben Bancorp with regard to other multi-bank holding companies in Ohio. Consummation of the merger will, however, significantly enhance the resulting bank's ability to compete in its service area. Affiliation with First Steuben Bancorp will enable the resulting bank to offer more diversified and specialized services to area customers through the holding company's expertise.

Accordingly, applying the statutory criteria, it is concluded that the proposed merger is in the public interest. The application is, therefore, approved.

NOVEMBER 30, 1973.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Farmers National Bank of Salem would become a subsidiary of First Steuben Bancorp, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First Steuben Bancorp, Inc., it would have no effect on competition.

* * *

Fidelity Bank, National Association, Oklahoma City, Okla., and Fidelity National Bank, Oklahoma City, Okla.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Fidelity Bank, National Association, Oklahoma City, Okla. (12016), with	$279,726,714	2	....
and Fidelity National Bank, Oklahoma City, Okla. (12016), which had	249,583	0	....
merged Jan. 2, 1974, under charter of the latter bank (12016) and title "Fidelity Bank, N.A." The merged bank at date of merger had	279,733,914	....	2

COMPTROLLER'S DECISION

On May 30, 1973, the Fidelity Bank, National Association, Oklahoma City, Okla., and the Fidelity National Bank (organizing), Oklahoma City, Okla., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "Fidelity Bank, N.A."

Fidelity Bank, National Association, the merging bank, is headquartered in Oklahoma City, and operates as a unit institution. The bank, with total resources of $208.1 million and IPC deposits of $151.5 million was chartered originally in 1908. The merging bank has one affiliate, Capitol Hill State Bank and Trust, Oklahoma City. Affiliation occurred in 1960, when shareholders owning a majority of the stock of Capitol Hill State Bank and Trust purchased a majority of the outstanding shares of the merging bank.

Fidelity National Bank, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the Fidelity Corporation of Oklahoma, Oklahoma City, Okla. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same location and with the same name as presently used by the merging bank.

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

October 31, 1973.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Fidelity Bank, National Association would become a subsidiary of Fidelity Corporation of Oklahoma, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Fidelity Corporation of Oklahoma, it would have no effect on competition.

* * *

The First National Bank of Cincinnati, Cincinnati, Ohio, and FN National Bank, Cincinnati, Ohio

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Cincinnati, Cincinnati, Ohio (24), with	$1,062,401,438	24	....
and FN National Bank, Cincinnati, Ohio (24), which had	243,500	0	....
merged Jan. 2, 1974, under charter of the latter bank (24) and title "The First National Bank of Cincinnati." The merged bank at date of merger had	1,147,601,909	....	24

COMPTROLLER'S DECISION

On October 12, 1973, FN National Bank (organizing), Cincinnati, Ohio, and The First National Bank of Cincinnati, Cincinnati, Ohio, applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of the latter.

The First National Bank of Cincinnati, the existing bank, was organized in 1863 and now, with deposits of $719.5 million, is the largest of the six banks headquartered in Cincinnati. The two largest competitors for the bank are The Central Trust Company, with deposits of $592 million, which is a member of The Central Bancorporation, and The Fifth Third Bank, with deposits of $554.9 million.

FN National Bank, is being organized to provide a vehicle by which to transfer ownership of the existing bank to First National Cincinnati Corporation, Cincinnati, Ohio, which will become a one-bank holding company. FN National Bank will not be operating as a commercial bank prior to this merger.

Because The First National Bank of Cincinnati is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the existing bank.

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

NOVEMBER 29, 1973.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which First National Bank of Cincinnati would become a subsidiary of First National Cincinnati Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First National Cincinnati Corporation, it would have no effect on competition.

* * *

FIRST NATIONAL BANK IN GRAND PRAIRIE, GRAND PRAIRIE, TEX., AND SECOND NATIONAL BANK IN GRAND PRAIRIE, GRAND PRAIRIE, TEX.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank in Grand Prairie, Grand Prairie, Tex. (14576), with	$27,596,826	1	....
and Second National Bank in Grand Prairie, Grand Prairie, Tex. (14576), which had	250,000	0	....
merged Jan. 18, 1974, under charter of the latter bank (14576) and title "First National Bank in Grand Prairie." The merged bank at date of merger had	28,271,365	....	1

COMPTROLLER'S DECISION

On September 20, 1973, First National Bank in Grand Prairie, Grand Prairie, Tex., and Second National Bank in Grand Prairie (organizing), Grand Prairie, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

First National Bank in Grand Prairie, the existing bank, was organized in 1947 and has operated as a unit institution since that time, as required under Texas law. The bank currently has deposits of $20.5 million. The primary service area of the bank consists of the city of Grand Prairie with an estimated population of 50,904 persons.

First National Bank in Grand Prairie is the second largest of three banks headquartered in Grand Prairie and ranks 41st in deposit size among all banks in the Dallas area. Competition for the bank is provided by Grand Prairie State Bank, with deposits of $25.2 million, and by Midway National Bank, Grand Prairie, with deposits of $16.1 million. Additional competition will soon be provided by a recently chartered bank, National Bank of Grand Prairie, which has not yet opened for business.

Second National Bank in Grand Prairie, the receiving bank, is being organized to provide a vehicle by which to transfer ownership of First National Bank in Grand Prairie to First Security National Corporation. The new bank will not be operating as a commercial bank prior to this merger.

First Security National Corporation, the bank holding company which will acquire the resulting bank, was organized in June 1969 and now controls eight banks with aggregate deposits of approximately $230.4 million. The holding company also controls Security First Mortgage Company, its principal non-banking subsidiary, and has submitted an application to acquire Texas National Bank, Dallas, with deposits of $7.6 million.

There is minimal competition between the applicant or its subsidiaries and First National Bank in

Grand Prairie because of the distances that separate their closest two offices and because an adequate number of alternative banking facilities operate in the intervening area. The nearest office of an existing subsidiary of the applicant is in Lancaster, Tex., approximately 20 miles from the main office of the resulting subsidiary. Further, if the applicant receives approval of its pending application to acquire Texas National Bank of Dallas, Dallas, that bank will become the nearest subsidiary to First National Bank in Grand Prairie. It is located 13 miles to the east.

Consummation of the proposed merger will stimulate competition in Grand Prairie because the resulting subsidiary will be able to offer expanded expertise in all banking services, especially in the field of development, construction, and real estate loans. Additionally, the resulting subsidiary will gain stability and continuity of ownership along with greater depth and continuity of management.

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

DECEMBER 18, 1973.

SUMMARY OF REPORT BY ATTORNEY GENERAL

[This merger is a part] * * * of plans through which the existing banks will become subsidiaries of First Security National Corporation. [It] * * *, however, will merely combine an existing bank with a nonoperating institution and without regard to the acquisition of the surviving banks by First Security National Corporation, will have no effect on competition.

* * *

TEXAS NATIONAL BANK OF DALLAS, DALLAS, TEX., AND STEMMONS NATIONAL BANK, DALLAS, TEX.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Texas National Bank of Dallas, Dallas, Tex. (15501), with	$10,347,615	1	....
and Stemmons National Bank, Dallas, Tex. (15501), which had	250,000	0	....
merged Jan. 18, 1974, under charter of the latter bank (15501) and title "Texas National Bank of Dallas." The merged bank at date of merger had	10,597,615	....	1

COMPTROLLER'S DECISION

On September 19, 1973, Texas National Bank of Dallas, Dallas, Tex., and Stemmons National Bank (organizing), Dallas, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Texas National Bank of Dallas, the merging bank, was organized in 1964 and operates as a unit institution. It possesses total assets of $8.7 million and IPC deposits of $6.8 million. The service area of the bank encompasses a portion of suburban Dallas.

Competitors of Texas National Bank of Dallas include Republic National Bank of Dallas, with deposits of $2.8 billion; First National Bank of Dallas, with deposits of $2.5 billion, which is a member of International Bancshares, Inc.; and Texas Bank and Trust Company of Dallas, with deposits of $255.2 million.

Stemmons National Bank, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to First Security National Corporation, Beaumont, Tex., a registered bank holding company 14th in size in the State. It controls eight subsidiary banks with aggregate deposits of $230.4 million and has applied for approval to acquire one additional bank. First Security National Bank of Beaumont, with deposits of $180 million, is the applicant's lead subsidiary.

Competition for First Security National Corporation is provided by the banks located in the Beaumont-Port Arthur-Orange area including The American National Bank which has deposits of $116.1 million and is a member of Texas Commerce Bancshares, Inc.; The First National Bank which has deposits of $83.3 million and is a member of Southwest Bancshares, Inc.; and Merchants Bank which has deposits of $68.8 million and is a member of Allied Bancshares, Inc. Additional competition is generated from the banks located in the Fort Worth and Dallas markets.

Competition between the subsidiaries of First Security Corporation and Texas National Bank of Dallas is minimal as their closest offices are separated by a distance of 19 miles and they operate in distinct service areas.

Consummation of the proposed transaction will result in no adverse competitive effects. Affiliation with the holding company will allow the resulting bank to offer improved and expanded services, such as an increased lending capacity through loan participations, construction and mortgage lending expertise, improved physical facilities, and data processing services. In addition, the resulting bank will benefit from the improved management expertise which will be provided.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

DECEMBER 18, 1973.

SUMMARY OF REPORT BY ATTORNEY GENERAL

[This merger is a part] * * * of plans through which the existing banks will become subsidiaries of First Security National Corporation. [It] * * *, however, will merely combine an existing bank with a non-operating institution and without regard to the acquisition of the surviving banks by First Security National Corporation, will have no effect on competition.

* * *

HAMILTON NATIONAL BANK OF LOUDON, LOUDON, TENN., AND LOUDON BANK, N.A., LOUDON, TENN.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Hamilton National Bank of Loudon, Loudon, Tenn. (12080), with	$18,662,535	3	....
and Loudon Bank, N.A., Loudon, Tenn. (12080), which had	240,000	0	....
merged Jan. 28, 1974, under charter of the latter bank (12080) and title "Hamilton National Bank of Loudon." The merged bank at date of merger had	19,029,193	....	3

COMPTROLLER'S DECISION

On September 12, 1973, Hamilton National Bank of Loudon, Loudon, Tenn., and Loudon Bank, N.A. (organizing), Loudon, Tenn., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Hamilton National Bank of Loudon, the existing bank, was organized in 1922 and now has assets of $17 million and IPC deposits of $13 million. The bank operates two branch offices in Loudon County and competes directly with a branch of Bank of Loudon County which is situated in the city of Loudon. The majority of the outstanding shares of the existing bank are owned by Hamilton Bancshares, Inc.

Loudon Bank, N.A., the new bank, is being organized to provide a vehicle by which to transfer ownership of the remaining shares of the existing bank to Hamilton Bancshares, Inc. The new bank will not be operating as a commercial bank prior to this merger.

The proposed merger will have no effect on the banking structure in Tennessee and will merely allow Hamilton Bancshares to acquire the remaining shares of the existing bank which it does not presently own.

Applying the statutory criteria, it is the conclusion of this Office that the proposed merger is in the public interest and this application is, therefore, approved.

DECEMBER 28, 1973.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Hamilton National Bank of Loudon would become a subsidiary of Hamilton Bancshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Hamilton Bancshares, Inc., it would have no effect on competition.

* * *

The Farmers National Bank of Winchester, Winchester, Tenn., and Winchester Bank, N.A., Winchester, Tenn.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Farmers National Bank of Winchester, Winchester, Tenn. (8640), with	$24,413,971	3	....
and Winchester Bank, N.A., Winchester, Tenn. (8640), which had	240,000	0	....
merged Jan. 28, 1974, under charter of the latter bank (8640) and title "Farmers National Bank." The merged bank at date of merger had	25,401,014	....	3

COMPTROLLER'S DECISION

On September 12, 1973, The Farmers National Bank of Winchester, Winchester, Tenn., and Winchester Bank, N.A. (organizing), Winchester, Tenn., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "Farmers National Bank."

The Farmers National Bank of Winchester, the existing bank, was organized in 1907 and now has assets of $21.3 million and IPC deposits of $16 million. The bank operates two branches and competes with a branch of The First National Bank of Franklin County which is located in Winchester. The majority of the outstanding shares of the existing bank are owned by Hamilton Bancshares, Inc.

Winchester Bank, N.A., the new bank, is being organized to provide a vehicle by which to transfer ownership of the remaining shares of the existing bank to Hamilton Bancshares, Inc. The new bank will not be operating as a commercial bank prior to this merger.

The proposed merger will have no effect on the banking structure in Tennessee and will merely allow Hamilton Bancshares to acquire the remaining shares of the existing bank which it does not presently own.

Applying the statutory criteria, it is the conclusion of this Office that the proposed merger is in the public interest and this application is, therefore, approved.

December 28, 1973.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The Farmers National Bank of Winchester would become a subsidiary of Hamilton Bancshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Hamilton Bancshares, Inc., it would have no effect on competition.

* * *

The First National Bank in Onancock, Onancock, Va., and Onancock Bank, N.A., Onancock, Va.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank in Onancock, Onancock, Va. (13878), with	$14,718,734	1	....
and Onancock Bank, N.A., Onancock, Va. (13878), which had	240,000	0	....
merged Feb. 1, 1974, under charter of the latter bank (13878) and title "The First National Bank in Onancock." The merged bank at date of merger had	14,716,635	....	1

COMPTROLLER'S DECISION

On August 20, 1973, The First National Bank in Onancock, Onancock, Va., and Onancock Bank, N.A. (organizing), Onancock, Va., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The First National Bank of Onancock, the existing bank, was organized in 1893 and, with total deposits of $12.2 million, operates as a unit bank. Its service area, Accomack County, is one of two Virginia counties located on the State's Eastern Shore, separated from the remainder of Virginia by Chesapeake Bay. It has an estimated population of 29,000. The economy of the service area is supported primarily by the seafood industry, agriculture, lumber manufacturing, forest products, food processing plants, poultry processing plants, small textile plants, and tourism.

Competition for The First National Bank in Onancock is provided by 11 offices of five commercial banks including United Virginia Bank/Seaboard National, with deposits of $215 million, which is a member of United Virginia Bancshares, Inc.; Farmers and Merchants National Bank, with deposits of $12.8 million; Metompkin Bank & Trust Company, with deposits of $7.3 million, which is a member of Fidelity American Bankshares, Inc.; and Bank of Chincoteague, Inc., with deposits of $5 million.

Onancock Bank, N.A., the new bank, is being organized to provide a vehicle by which to transfer ownership of The First National Bank of Onancock to First Virginia Bankshares Corporation. The new bank will not be operating as a commercial bank prior to this merger.

First Virginia Bankshares Corporation, Falls Church, Va., the bank holding company which will acquire the resulting bank, controls 21 affiliated banks with aggregate deposits of $706 million. The subsidiaries of that bank holding company operate 140 banking offices in various parts of Virginia including locations in Northern Virginia, Northern Neck, Richmond, the tidewater area, Danville, southwest Virginia, the Shenandoah Valley, and north-central Virginia. Of the 13 bank holding companies operating in the State, First Virginia Bankshares Corporation ranks sixth in deposit size.

There is no competition between the holding company or its subsidiaries and The First National Bank in Onancock because large distances separate their closest offices and an adequate number of alternative banking facilities operate in the intervening distances. The nearest subsidiary of First Virginia Bankshares Corporation is First Virginia Bank of Tidewater which is located 60 miles south of Onancock. That large distance effectively precludes any competition between these banks.

Consummation of the proposed transaction will stimulate competition in Accomack County because the resulting subsidiary will be able to offer new and improved services by its access to the specialized service departments of the holding company, including trust and investment services, and data processing. This will be to the direct benefit of residents and businessmen who are within the service area of the resulting subsidiary.

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

DECEMBER 26, 1973.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The First National Bank in Onancock would become a subsidiary of First Virginia Bankshares Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First Virginia Bankshares Corporation, it would have no effect on competition.

* * *

THE HOMER NATIONAL BANK, HOMER, N.Y., AND HOMER BANK, N.A., HOMER, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Homer National Bank, Homer, N.Y. (3186), with	$19,233,986	2	....
and Homer Bank, N.A., Homer, N.Y. (3186), which had	60,000	0	....
merged Feb. 4, 1974, under charter of the latter bank (3186) and title "The Homer National Bank." The merged bank at date of merger had	19,293,986	....	2

COMPTROLLER'S DECISION

On October 18, 1973, The Homer National Bank, Homer, N.Y., and Homer Bank, N.A., (organizing), Homer, N.Y., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The Homer National Bank, the merging bank, is headquartered in Homer, Cortland County, and has one branch office in Cortlandville. The bank, with total deposits of $17 million, was chartered originally in 1884.

Homer Bank, N.A., the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to First Commercial Banks, Inc. The charter bank will not be operating as a commercial bank prior to the merger.

First Commercial Banks, Inc. is a multi-bank holding company headquartered in Albany, N.Y. It controls three banks: National Commercial Bank and Trust Company, Albany, with $947 million in deposits; First Trust and Deposit Company, Syracuse, with $355 million in deposits; and Kingston Trust Company, Kingston, with $68 million in deposits. With aggregate deposits of $1.4 billion, First Commercial Banks, Inc. ranks 10th in deposit structure among the 20 New York bank holding companies.

Competition will not be adversely affected by the proposed merger. Competition between the merging bank and subsidiaries of First Commercial Banks, Inc. is negligible because their nearest offices are approximately 19 miles apart and are located in different banking districts. Furthermore, the proposed acquisition would not alter First Commercial Bank's rank among the State's bank holding companies.

Consummation of the proposed merger would enhance competition by removing home office protection from Homer thereby opening that community to *de novo* branching by other banks. Affiliation with First Commercial Banks, Inc. will enable the resulting bank to provide residents of Homer with additional services such as credit card, investment advisory, computer, and trust services.

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

JANUARY 4, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The Homer National Bank would become a subsidiary of First Commercial Banks, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by First Commercial Banks, Inc., it would have no effect on competition.

* * *

NATIONAL BANK AND TRUST COMPANY OF ANN ARBOR, ANN ARBOR, MICH., AND NATIONAL BANK OF ANN ARBOR, ANN ARBOR, MICH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
National Bank and Trust Company of Ann Arbor, Ann Arbor, Mich. (14933), with	$165,639,365	11	....
and National Bank of Ann Arbor, Ann Arbor, Mich. (14933), which had	240,000	0	....
merged Feb. 28, 1974, under charter of the latter bank (14933) and title "National Bank and Trust Company of Ann Arbor." The merged bank at date of merger had	165,879,365	....	11

COMPTROLLER'S DECISION

On September 26, 1973, National Bank and Trust Company of Ann Arbor, Ann Arbor, Mich., and National Bank of Ann Arbor (organizing), Ann Arbor, Mich., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

National Bank and Trust Company of Ann Arbor, the merging bank, is headquartered in Ann Arbor, Washtenaw County, Mich., and has nine branch offices. The bank, with total deposits of $159.7 million, was chartered originally in 1892.

National Bank of Ann Arbor, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to National Ann Arbor Corporation, a newly created holding company. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

JANUARY 8, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which National Bank and Trust Company of Ann Arbor would become a subsidiary of National Ann Arbor Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by National Ann Arbor Corporation, it would have no effect on competition.

* * *

NATIONAL BANK OF MURFREESBORO, MURFREESBORO, TENN., AND THE SECOND NATIONAL BANK OF MURFREESBORO, MURFREESBORO, TENN.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
National Bank of Murfreesboro, Murfreesboro, Tenn. (14736), with	$21,983,902	3	....
and The Second National Bank of Murfreesboro, Murfreesboro, Tenn. (14736), which had	120,000	0	....
merged Feb. 28, 1974, under charter of the latter bank (14736) and title "The National Bank of Murfreesboro." The merged bank at date of merger had	21,983,902	....	3

COMPTROLLER'S DECISION

On October 8, 1973, National Bank of Murfreesboro, Murfreesboro, Tenn. and The Second National Bank of Murfreesboro (organizing), Murfreesboro, Tenn., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "The National Bank of Murfreesboro."

National Bank of Murfreesboro, the merging bank, was organized in 1955, operates two branch offices, and has received approval to open one additional branch. This bank has total assets of $19.4 million and IPC deposits of $12.5 million. The service area of the bank encompasses Rutherford County, an industrial area which has a population of approximately 59,428 people. Competitors of the merging bank include a branch of Commerce Union Bank, which has deposits of $608.1 million and is the lead subsidiary of Tennessee Valley Bancorp., Inc.; Murfreesboro Bank and Trust Company, which has deposits of $49.6 million; and First National Bank of Smyrna, which has deposits of $5.8 million.

The Second National Bank of Murfreesboro, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to First Tennessee National Corporation, Memphis, Tenn. The charter bank will not be operating as a commercial bank prior to the merger.

First Tennessee National Corporation, the multibank holding company that will acquire the resulting bank, was organized in 1968, and is the largest bank holding company in Tennessee. It controls seven banking subsidiaries and holds aggregate deposits of $1.2 billion. The lead subsidiary, the First National Bank of Memphis, has deposits of $1 billion. The applicant has also received approval to acquire two additional banks and has applications pending to acquire two other banks.

First Tennessee National Corporation experiences competition from the six other bank holding companies operating in Tennessee, including Union Planters Corporation, with deposits of $1 billion; First Amtenn Corporation, with aggregate deposits of $855.9 million; Third National Corporation, with aggregate deposits of $784.7 million; and Hamilton Bancshares, with aggregate deposits of $688.2 million.

Competition between the merging bank and the subsidiaries of First Tennessee National Corporation is minimal since their closest offices are separated by a distance of approximately 25 miles and because Nashville, Tenn., is located in the intervening area.

Consummation of the proposed transaction will result in no adverse competitive effects. Affiliation with First Tennessee National Corporation will allow the resulting bank to offer new and expanded services, such as trust services, international services, data processing, and money management services.

Applying the statutory criteria, it is the conclusion of this Office that the proposed merger is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

JANUARY 21, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which National Bank of Murfreesboro would become a subsidiary of First Tennessee National Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First Tennessee National Corporation, it would have no effect on competition.

* * *

THE FIRST NATIONAL BANK OF CANTON, CANTON, N.Y., AND CHASE MANHATTAN BANK OF NORTHERN NEW YORK (NATIONAL ASSOCIATION), CANTON, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Canton, Canton, N.Y. (3696), with	$15,711,446	1	....
and Chase Manhattan Bank of Northern New York (National Association), Canton, N.Y. (3696), which had	166,860	0	....
merged Feb. 28, 1974, under charter and title of the latter bank (3696). The merged bank at date of merger had	15,878,306	....	1

COMPTROLLER'S DECISION

On August 20, 1973, The First National Bank of Canton, Canton, N.Y., and Chase Manhattan Bank of Northern New York (National Association) (organizing), Canton, N.Y., applied to the Comptroller of the Currency for permission to merge under the charter and title of the latter.

The First National Bank of Canton, the existing bank, was organized in 1887 and has operated as a unit institution since that time with current deposits of $12.1 million. The bank ranks third in size among the eight commercial banks headquartered in St. Lawrence County.

Competition for the existing bank is provided by Marine Midland Bank-Northern, Watertown, with deposits of $168 million, which is a member of Marine Midland Banks, Inc., a multi-bank holding company with aggregate deposits of $6.4 billion; and St. Lawrence National Bank, Canton, with deposits of $61 million.

Chase Manhatten Bank of Northern New York (National Association), the new bank, is being organized to provide a vehicle by which to transfer ownership of The First National Bank of Canton to The Chase Manhattan Corporation. The new bank will not be operating as a commercial bank prior to this merger.

The Chase Manhattan Corporation, New York, N.Y., the bank holding company which will acquire the resulting bank, was organized in December 1970 and now owns six subsidiary banks with aggregate domestic deposits of $16.9 billion.

There is no competition between The Chase Manhattan Corporation or its subsidiaries and The First National Bank of Canton because very large distances separate their closest two offices and an adequate number of alternative banking facilities operate in the intervening area. The closest subsidiary of The Chase Manhattan Corporation is Chase Manhattan Bank of Central New York (National Association) which is located approximately 150 miles southwest of Canton.

Consummation of the proposed merger will stimulate competition in the service area of the resulting subsidiary which will be able to offer its customers improved and expanded banking facilities including "One Statement Banking," overdraft checking, Chase Manhattan BankAmericard, computer services, international financing, and loan expertise in all types of financing.

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

JANUARY 22, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The First National Bank of Canton would become a subsidiary of The Chase Manhattan Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by The Chase Manhattan Corporation, it would have no effect on competition.

* * *

First National Bank of Lake City, Lake City, Mich., and LCM National Bank, Lake City, Mich.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank of Lake City, Lake City, Mich. (15234), with	$24,664,874	4	....
and LCM National Bank, Lake City, Mich. (15234), which had	60,000	0	....
merged Mar. 8, 1974, under charter of the latter bank (15234) and title "First National Bank of Lake City." The merged bank at date of merger had	24,664,874	....	4

COMPTROLLER'S DECISION

On November 8, 1973, First National Bank of Lake City, Lake City, Mich., and LCM National Bank (organizing), Lake City, Mich., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

First National Bank of Lake City, the merging bank, was organized in 1909 and operates three branch offices. It possesses total assets of $22.4 million and IPC deposits of $18.8 million. The merging bank operates in the Lake City-Cadillac banking market and in the Roscommon banking market. Its competitors include The Cadillac State Bank, with deposits of $80.3 million; The Roscommon State Bank, with deposits of $42.5 million; and First National Bank of Cadillac, with deposits of $17 million.

LCM National Bank (organizing), the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to Northern State Bancorporation, Inc., a bank holding company. The charter bank will not be operating as a commercial bank prior to this merger.

Northern States Bancorporation, Inc., the multibank holding company that will acquire the resulting bank, is the sixth largest banking organization in Michigan. This corporation controls City National Bank of Detroit, with deposits of $768.7 million; Bank of Lansing, with deposits of $150.5 million; and has received approval from the Federal Reserve Bank of Chicago to acquire the resulting bank. In addition, it has applications pending to acquire three other banks. Northern States Bancorporation, Inc., and its subsidiaries possess total assets of $1.1 billion.

Competition between the merging bank and the subsidiaries of Northern States Bancorporation, Inc., is virtually nonexistent as they operate in different sections of Michigan. Affiliation with Northern States Bancorporation, Inc., will allow the resulting bank to offer improved and expanded services such as greater lending expertise, international services, and improved managerial resources.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

February 6, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which First National Bank of Lake City would become a subsidiary of Northern States Bancorporation, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Northern States Bancorporation, Inc., it would have no effect on competition.

* * *

National Bank of Rochester, Rochester, Mich., and NBR National Bank, Rochester, Mich.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
National Bank of Rochester, Rochester, Mich. (15274), with	$18,604,148	2	....
and NBR National Bank, Rochester, Mich. (15274), which had	120,000	0	....
merged Mar. 8, 1974, under charter of the latter bank (15274) and title "National Bank of Rochester." The merged bank at date of merger had	18,604,148	....	2

COMPTROLLER'S DECISION

On October 4, 1973, National Bank of Rochester, Rochester, Mich., and NBR National Bank (organizing), Rochester, Mich., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

National Bank of Rochester, the merging bank, was organized in 1964, operates one branch office, and has an application pending for an additional branch. It possesses total assets of $16.6 million and IPC deposits of $12.1 million. Its major competitors include branches of National Bank of Detroit, with deposits of $5.4 billion, and Community National Bank of Pontiac, with deposits of $302.2 million.

NBR National Bank, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to Northern States Corporation, Inc., and Twin Gates Corporation, registered bank holding companies. The charter bank will not be operating as a commercial bank prior to consummation of the proposed transaction.

Northern States Corporation, Inc., Detroit, Mich., the first registered bank holding company which will acquire the resulting bank, has total consolidated assets of $1.1 billion. It controls two subsidiary banks, has applications pending to acquire three other banks, and also has applications pending for two *de novo* National bank charters. City National Bank of Detroit, with deposits of $768.7 million, is its lead subsidiary. The profit sharing trust for the employees of City National Bank of Detroit holds 13.2 percent of the outstanding capital stock of the merging bank.

Competitors of Northern States Corporation, Inc., include National Bank of Detroit, with deposits of $5.4 billion; Detroit Bank and Trust, with deposits of $2.3 billion, which is a member of Detroitbank Corporation; and Manufacturers National Bank of Detroit, with deposits of $2.2 billion.

Twin Gates Corporation, Wilmington, Del., the second registered bank holding company which will acquire the resulting bank, has total assets of $4.9 million. It owns 14.2 percent of the outstanding common shares of Northern States Corporation, Inc., and 20 percent of the outstanding common capital stock of the merging bank.

Direct competition between the merging bank and the subsidiaries of Northern States Corporation, Inc., and Twin Gates Corporation is insignificant. Even though a branch of City National Bank of Detroit is located only 3.3 miles south of the merging bank, a minimal number of accounts are generated from each other's service area. In addition, the two banks experience a close working association and common ownership.

Consummation of the proposed transaction will result in no adverse competitive effects. Rather, affiliation with the holding companies will enhance the competitive position of National Bank of Rochester by allowing it to offer new and expanded services such as a larger lending capacity through loan participations, lending expertise, management expertise, and international services.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

February 6, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which National Bank of Rochester would become a subsidiary of Northern States Bancorporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Northern States Bancorporation, it would have no effect on competition.

* * *

THE FIRST NATIONAL BANK OF CROCKETT, CROCKETT, TEX., AND THE NEW NATIONAL BANK OF CROCKETT, CROCKETT, TEX.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Crockett, Crockett, Tex. (4684), with	$23,958,730	1	....
and The New National Bank of Crockett, Crockett, Tex. (4684), which had	120,000	0	....
merged Mar. 18, 1974, under charter of the latter bank (4684) and title "The First National Bank of Crockett." The merged bank at date of merger had	23,776,436	....	1

COMPTROLLER'S DECISION

On November 1, 1973, The First National Bank of Crockett, Crockett, Tex., and The New National Bank of Crockett (organizing), Crockett, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The First National Bank of Crockett, the existing bank, was organized in 1892 and has operated since that time as a unit institution in compliance with Texas State law. It now has assets of $21.4 million and IPC deposits of $16 million. The service area of the bank includes the city of Crockett and the surrounding county, in a 12-mile radius. The economy of the service area consists of light manufacturing, several retail businesses, and regional shopping centers serving the 7,300 member community of Crockett, much of which is made up of retired individuals.

Competition for The First National Bank of Crockett is provided by the only other bank located in Crockett, The Crockett State Bank, with deposits of $7.9 million.

The New National Bank of Crockett, is being organized to provide a vehicle by which to transfer ownership of The National Bank of Crockett to Allied Bancshares, Inc. The new bank will not be operating as a commercial bank prior to this merger.

Allied Bancshares, Inc., Houston, Tex., the bank holding company which will acquire the resulting bank, is presently the 11th largest bank holding company in Texas and owns three banking subsidiaries, the largest of which is Continental Bank of Texas, Houston, with total deposits of $167.7 million.

There is no competition between Allied Bancshares, Inc., or its subsidiaries and The First National Bank of Crockett because the closest subsidiary bank of the holding company is located in Conroe, Tex., which is 79 miles from the existing bank in Crockett. Also, an adequate number of alternative banking facilities operate in the intervening distances.

Consummation of the proposed transaction will stimulate competition in Crockett because the resulting subsidiary will be able to offer the residents of that community new and more sophisticated banking services such as a full-service trust department, investment counseling, computer facilities, and international banking. Also, the resulting subsidiary will be able to handle larger loan requests because of the convenient availability of participation sources.

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

FEBRUARY 15, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which First National Bank of Crockett would become a subsidiary of Allied Bancshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by Allied Bancshares, Inc., it would have no effect on competition.

* * *

THE SELMA NATIONAL BANK, SELMA, ALA., AND SELMA BANK, N.A., SELMA, ALA.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Selma National Bank, Selma, Ala. (7084), with	$39,967,671	1	....
and Selma Bank, N.A., Selma, Ala. (7084), which had	120,000	0	....
merged Mar. 27, 1974, under charter of the latter bank (7084) and title "The Selma National Bank." The merged bank at date of merger had	39,971,271	....	1

COMPTROLLER'S DECISION

On November 16, 1973, The Selma National Bank, Selma, Ala., and Selma Bank, N.A. (organizing), Selma, Ala., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The Selma National Bank, Selma, Ala., the merging bank, was organized in 1904 and operates one facility at Craig Air Force Base. It possesses total assets of $37.2 million and IPC deposits of $30 million. The service area of the bank is Dallas County, which has a population of 55,000 and is economically dependent on agriculture, industry, and business from Craig Air Force Base.

Competition for the merging bank is provided in Selma by Peoples Bank and Trust Company, with deposits of $39.7 million; City National Bank of Selma, with deposits of $29.4 million; and Citizens Bank and Trust Company, with deposits of $15.8 million.

Selma Bank, N.A., the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to First Alabama Bancshares, Inc., Birmingham, Ala., a registered bank holding company. The charter bank will not be operating as a commercial bank prior to this merger.

First Alabama Bancshares, Inc., the bank holding company that will acquire the resulting bank, was incorporated in 1971 and is the second largest banking organization in Alabama. It controls eight banks, with aggregate deposits of $741.6 million. Its largest subsidiary is the First National Bank of Montgomery, which has deposits of $280.3 million.

Competitors of First Alabama Bancshares, Inc., include Alabama Bancorporation, with aggregate deposits of $872.7 million; Central Bancshares of the South, with aggregate deposits of $674.3 million; and Alabama Financial Group, Inc., with aggregate deposits of $600.4 million.

Direct competition between the merging bank and the subsidiaries of First Alabama Bancshares, Inc., is minimal as their closest offices are separated by a distance of approximately 45 miles.

Consummation of the proposed transaction will result in no adverse competitive effects. Affiliation with First Alabama Bancshares, Inc., will allow the resulting bank to offer a wider range of more sophisticated banking services such as larger commercial and industrial loans, competitive mortgage lending, and lease financing.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

FEBRUARY 25, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The Selma National Bank would become a subsidiary of First Alabama Bancshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First Alabama Bancshares, Inc., it would have no effect on competition.

* * *

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank of Athens, Athens, Ala. (15073), with	$32,035,189	4	....
and First Bank of Athens, N.A., Athens, Ala. (15073), which had	120,000	0	....
merged Mar. 29, 1974, under charter of the latter bank (15073) and title "First National Bank of Athens." The merged bank at date of merger had	32,031,589	....	4

COMPTROLLER'S DECISION

On December 13, 1974, First National Bank of Athens, Athens, Ala., and First Bank of Athens, N.A. (organizing), Athens, Ala., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

First National Bank of Athens, the existing bank, was organized in 1927 and presently operates two branches in Athens and one branch in Elkmont. It has total assets of $28.9 million and IPC deposits of $23 million. The service area of the existing bank includes all of Limestone County, in the north-central part of Alabama adjacent to the Tennessee border, which has a population of 41,000. The economy of the service area is supported mainly by agriculture.

Competition for First National Bank of Athens is provided by a branch of State National Bank of Alabama, Decatur, with deposits of $333.2 million, as well as by two banks which are located in Ardmore, Tenn., 16 miles north of Athens. Direct competition will be provided by Citizens National Bank of Limestone County, Athens, a newly organizing bank which will begin operations in the near future.

First Bank of Athens, N.A., the new bank, is being organized to provide a vehicle by which to transfer ownership of First National Bank of Athens to First Alabama Bancshares, Inc. The new bank will not be operating as a commercial bank prior to this merger.

First Alabama Bancshares, Inc., Birmingham, the holding company which will acquire the resulting bank, was organized in 1971 and currently is the second largest multi-bank holding company in the State with aggregate deposits of $620 million. First Alabama Bancshares controls four subsidiary banks, one located in each of the cities of Birmingham, Montgomery, Huntsville, and Dothan. In addition, First Alabama Bancshares has received approval to acquire the First National Bank of Bay Minette and has submitted applications to acquire three other banks, one each in Guntersville, Selma, and Tuscaloosa.

There is no competition between the holding company or its subsidiaries and First National Bank of Athens because of the distance separating their closest offices and because an adequate number of alternative banking facilities operate in the intervening area. The nearest subsidiary of the holding company is First National Bank of Huntsville, 28 miles southeast of Athens.

Consummation of the proposed merger will enable the resulting bank to provide residents and businessmen in Limestone County with a wider range of more sophisticated banking services including the ability to offer commercial and industrial loans of sufficient size to encourage growth in the area, specialized trust services, data processing, lease financing, and competitive mortgage lending. The resulting subsidiary in Limestone County will also gain the availability of added management depth. As a result of this application, First Alabama Bancshares will remain the second largest bank holding company in Alabama.

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

FEBRUARY 27, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which First National Bank of Athens would become a subsidiary of First Alabama Bancshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First Alabama Bancshares, Inc., it would have no effect on competition.

* * *

The First National Bank of Hancock, Hancock, N.Y., and Hancock National Bank, Hancock, N.Y.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Hancock, Hancock, N.Y. (8613), with	$10,368,754	1	....
and Hancock National Bank, Hancock, N.Y. (8613), which had	65,000	0	....
merged Mar. 29, 1974, under charter of the latter bank (8613) and title "The First National Bank of Hancock." The merged bank at date of merger had	14,164,799	....	1

COMPTROLLER'S DECISION

On September 14, 1973, The First National Bank of Hancock, Hancock, N.Y., and Hancock National Bank (organizing), Hancock, N.Y., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and title of the former.

The First National Bank of Hancock, the merging bank, was chartered in 1907 and operates as a unit bank. The bank has total assets of $9.8 million and IPC deposits of $7.8 million.

Hancock National Bank, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to Charter New York Corporation. The charter bank will not be operating as a commercial bank prior to this merger.

Charter New York Corporation, New York, N.Y., the holding company which will acquire the resulting bank, is the seventh largest bank holding company in New York State, with total deposits of $5.2 billion and assets of $7.8 billion in its 14 banks throughout the State. Its largest subsidiary is Irving Trust Company, New York, N.Y., with $5 billion in total assets. The applicant competes with such other bank holding companies in New York as First National City Corporation, with assets of $34.3 billion; Chase Manhattan Corporation, with assets of $28.8 billion; Manufacturers Hanover Corporation, with assets of $16.3 billion; Chemical New York Corporation, and Bankers Trust New York Corporation, each with assets of $13.4 billion.

Tied in with this merger is the proposed purchase of assets and assumption of liabilities of The First National Bank of Hamden, Hamden, N.Y., by the Hancock National Bank. The Hamden bank, which has total deposits of $4.1 million and is eighth in size of the 10 Delaware County-based banks, has experienced serious capital, loan, and management problems to the extent that without additional capital and experienced management it is improbable that this bank can continue to operate. The Hamden bank will operate as a branch of the Hancock bank under the proposal which will allow the Hamden facility to continue in operation and also remove head office protection from Hamden allowing further branching competition by other banks.

There is no competition between any of Charter New York Corporation's subsidiaries and The First National Bank of Hancock or The First National Bank of Hamden because the nearest subsidiary is 43 miles from Hancock with sufficient competition within the intervening distance.

The proposed transaction will have a negligible effect on the statewide competitive position of Charter New York Corporation because of the relatively small size of the merging bank but it will increase competition in Delaware County where The First National Bank of Hancock and The First National Bank of Hamden are both headquartered by enabling the Hamden bank to remain in business and by removing head office protection from both Hancock and Hamden which will allow *de novo* branching by other banks. It will also allow these banks to offer expanded services to the people of Delaware County including larger loans, a wider variety of time and demand deposits, credit cards, complete trust services, and the expertise available through the holding company.

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

February 21, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The First National Bank of Hancock would become a subsidiary of Charter New York Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Charter New York Corporation, it would have no effect on competition.

* * *

The First National Bank of Nordheim, Nordheim, Tex., and The New National Bank of Nordheim, Nordheim, Tex.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Nordheim, Nordheim, Tex. (12390), with	$1,855,142	1	....
and The New National Bank of Nordheim, Nordheim, Tex. (12390), which had	60,000	0	....
merged Apr. 1, 1974, under charter of the latter bank (12390) and title "The First National Bank of Nordheim." The merged bank at date of merger had	2,001,160	....	1

COMPTROLLER'S DECISION

On October 26, 1973, The First National Bank of Nordheim, Nordheim, Tex., and The New National Bank of Nordheim (organizing), Nordheim, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The First National Bank of Nordheim, the merging bank, was organized in 1910 and has total assets of $1.5 million and IPC deposits of $1.1 million. The area surrounding Nordheim and Yorktown in western DeWitt County constitutes the service area of the bank. Its competitors include First National Bank, Yorktown, with deposits of $96 million, and Yorktown Community Bank, with deposits of $4.9 million.

The New National Bank of Nordheim (organizing), Nordheim, Tex., the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to Victoria Bankshares, Inc., Victoria, Tex. The charter bank will not be operating as a commercial bank prior to the merger.

Victoria Bankshares, Inc., the organization which will acquire the resulting bank, has applied for permission to become a bank holding company and to acquire five banks in addition to the resulting bank. Upon consummation of these transactions, it will be the 18th largest bank holding company in Texas.

Since the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. Nor will competition be adversely affected if the other five acquisitions proposed by Victoria Bankshares, Inc., are approved since all of the proposed subsidiaries operate in separate and distinct service areas which have a sufficient number of alternate banking choices. Affiliation with Victoria Bankshares, Inc., will allow the resulting bank to offer new services such as a trust department, oil and gas department, and investment counsel.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

February 5, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The First National Bank of Nordheim would become a subsidiary of Victoria Bankshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Victoria Bankshares, Inc., it would have no effect on competition.

* * *

First National Bank in Aspen, Aspen, Colo., and Second National Bank in Aspen, Aspen, Colo.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
First National Bank in Aspen, Aspen, Colo. (15815), with	$14,638,104	1	....
and Second National Bank in Aspen, Aspen, Colo. (15815), which had	60,000	0	....
merged Apr. 29, 1974, under charter of the latter bank (15815) and title "First National Bank in Aspen." The merged bank at date of merger had	14,698,104	....	1

COMPTROLLER'S DECISION

On November 1, 1973, First National Bank in Aspen, Aspen, Colo., and Second National Bank in Aspen (organizing), Aspen, Colo., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

First National Bank in Aspen, the merging bank, was organized in 1970 and operates as a unit institution. With total assets of $13.2 million and IPC deposits of $10 million, it is the smaller of two banks serving the Aspen Metropolitan Area. It competes directly with Bank of Aspen, with deposits of $20.3 million.

Second National Bank in Aspen, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to D. H. Baldwin Company, Cincinnati, Ohio, a registered bank holding company. The charter bank will not be operating as a commercial bank prior to this merger.

D. H. Baldwin Company, the holding company which will acquire the resulting bank, engages in the manufacture and sale of musical instruments as well as their electronic components, and provides financial services to dealers in its products. It now controls Central Bank and Trust Company, Denver, with deposits of $331.5 million, and the North Denver Bank, with deposits of $27 million. In addition, it controls four organizing banks including Second National Bank of Aspen, which it wishes to merge with four existing banks.

Competition between the operating subsidiaries of D. H. Baldwin Company and the merging bank is virtually nonexistent since they are separated by a distance of more than 150 road miles. Affiliation of the resulting bank with D. H. Baldwin Company will enhance the competitive situation in Aspen since the resulting bank will be provided with increased capital, improved lending expertise, and trust services.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

MARCH 28, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

[This merger is a part] * * * of plans through which the existing banks will become subsidiaries of D. H. Baldwin Company. [It] * * *, however, will merely combine an existing bank with a non-operating institution and without regard to the acquisition of the surviving banks by D. H. Baldwin Company, will have no effect on competition.

* * *

THE FIRST NATIONAL BANK OF GLENWOOD SPRINGS, GLENWOOD SPRINGS, COLO., AND SECOND NATIONAL BANK IN GLENWOOD SPRINGS, GLENWOOD SPRINGS, COLO.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Glenwood Springs, Glenwood Springs, Colo. (3661), with	$40,455,126	1	....
and Second National Bank in Glenwood Springs, Glenwood Springs, Colo. (3661), which had	60,000	0	....
merged Apr. 29, 1974, under charter of the latter bank (3661) and title "First National Bank of Glenwood Springs." The merged bank at date of merger had	40,515,126	....	1

COMPTROLLER'S DECISION

On November 1, 1973, First National Bank of Glenwood Springs, Glenwood Springs, Colo., and Second National Bank in Glenwood Springs (organizing), Glenwood Springs, Colo., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and title of the former.

The First National Bank of Glenwood Springs, the merging bank, was organized in 1887 and operates as a unit institution. It possesses total assets of $36.5 million and IPC deposits of $29.2 million. The service area of the bank encompasses the southeastern section of Barfield County and an adjoining portion of western Pitkin County. Competition in that area is afforded by Bank of Glenwood, which has deposits of $11.7 million and is a subsidiary of Colorado National Bankshares, Inc.; First National Bank in Rifle, which has deposits of $9.3 million; and Roaring Fork Bank, which was opened in 1973.

Second National Bank in Glenwood Springs, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to D. H. Baldwin Company, Cincinnati, Ohio. The charter bank will not be operating as a commercial bank prior to this merger.

D. H. Baldwin Company, Cincinnati, Ohio, the holding company which will acquire the resulting bank, operates primarily in Colorado and deals in banking, savings and loan, insurance, and other financial services. Its wholly-owned subsidiary, Baldwin-Central, Inc., is a one-bank holding company which controls Central Bank and Trust Company, Denver, Colo., which has deposits of $331.5 million.

The acquiring bank holding company has made application to acquire several other Colorado banks. No competition exists between those banks and Central Bank and Trust Company, the present subsidiary, since their closest offices are separated by a distance of approximately 169 miles.

Because the merging bank and the other banks to be acquired by D. H. Baldwin Company are substantially owned by the McKinley family and because policies of the banks are dominated by their president, George B. McKinley, no adverse competitive effects will result from consummation of this and the other pending actions. The economies of the areas under consideration are expected to expand rapidly in the near future through increased tourism and skiing activity, development of an oil shale industry, renewed activity in uranium and coal mining, and oil and gas exploration and development. Consummation of the proposed transaction will afford the resulting bank the increased capital, lending expertise, and trust services which the areas will soon require, thus enhancing competition. D. H. Baldwin Company will become the fourth largest bank holding company in Colorado upon consummation of this and the other pending transactions.

Applying the statutory criteria, it is the conclusion of this Office that the proposed merger is in the public interest and this application is, therefore, approved.

MARCH 28, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

[This merger is a part] * * * of plans through which the existing banks will become subsidiaries of D. H. Baldwin Company. [It] * * *, however, will merely combine an existing bank with a non-operating institution and without regard to the acquisition of the surviving banks by D. H. Baldwin Company, will have no effect on competition.

* * *

FIRST NATIONAL BANK IN GRAND JUNCTION, GRAND JUNCTION, COLO., AND SECOND NATIONAL BANK IN GRAND JUNCTION, GRAND JUNCTION, COLO.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank in Grand Junction, Grand Junction, Colo. (13902), with	$51,045,708	1	....
and Second National Bank in Grand Junction, Grand Junction, Colo. (13902), which had	120,000	0	....
merged Apr. 29, 1974, under charter of the latter bank (13902) and title "First National Bank in Grand Junction." The merged bank at date of merger had	51,165,708	....	1

COMPTROLLER'S DECISION

On November 1, 1973, First National Bank in Grand Junction, Grand Junction, Colo., and Second National Bank in Grand Junction (organizing), Grand Junction, Colo., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and title of the former.

First National Bank in Grand Junction, Grand Junction, Colo., the merging bank, was organized in 1933 and operates as a unit institution. With total assets of $46.1 million and IPC deposits of $37 million, it is the largest of the four banks located in Grand Junction. Its service area encompasses Mesa County wherein it competes with United States Bank of Grand Junction, with deposits of $38.2 million; Mesa United Bank of Grand Junction, N.A., with deposits of $13.6 million; First National Bank-North in Grand Junction, with deposits of $1 million; Fuita State Bank, with deposits of $6.4 million; and Palisades National Bank, with deposits of $3.8 million.

Second National Bank in Grand Junction, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to D. H. Baldwin Company, Cincinnati, Ohio. The charter bank will not be operating as a commercial bank prior to this merger.

D. H. Baldwin Company, Cincinnati, Ohio, the holding company which will acquire the resulting bank, operates primarily in Colorado and deals in banking, savings and loan, insurance, and other financial services. Its wholly-owned subsidiary, Baldwin-Central, Inc., is a one-bank holding company which controls Central Bank and Trust Company, Denver, Colo., with deposits of $331.5 million.

The acquiring bank holding company has made application to acquire several other Colorado banks. No competition occurs between those banks and Central Bank and Trust Company, the present subsidiary, as their closest offices are separated by a distance of approximately 169 miles.

Because First National Bank in Grand Junction and the other banks to be acquired by D. H. Baldwin Company, including First National Bank - North in Grand Junction, are substantially owned by the McKinley family and because policies of the banks are dominated by their president, George B. McKinley, no adverse competitive effects will result from consummation of this and the other pending transactions even though First National Bank in Grand Junction and First National Bank - North in Grand Junction are separated by only 2.2 miles. The economies of the areas under consideration are expected to expand rapidly in the near future through increased tourism and skiing activity, development of an oil shale industry, renewed activity in uranium and coal mining, and oil and gas exploration and development. Consummation of the proposed transaction will afford the resulting bank the increased capital, lending expertise, and trust services which the areas will soon require, thus enhancing competition. D. H. Baldwin Company will become the fourth largest bank holding company in Colorado upon consummation of this and the other pending transactions.

Applying the statutory criteria, it is the conclusion of this Office that the proposed merger is in the public interest and this application is, therefore, approved.

MARCH 28, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

[This merger is a part] * * * of plans through which the existing banks will become subsidiaries of D. H. Baldwin Company. [It] * * *, however, will merely combine an existing bank with a non-operating institution and without regard to the acquisition of the surviving banks by D. H. Baldwin Company, will have no effect on competition.

* * *

FIRST NATIONAL BANK - NORTH IN GRAND JUNCTION, GRAND JUNCTION, COLO., AND SECOND NATIONAL BANK - NORTH, GRAND JUNCTION, GRAND JUNCTION, COLO.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank - North in Grand Junction, Grand Junction, Colo. (16054), with	$3,966,041	1	
and Second National Bank - North, Grand Junction, Grand Junction, Colo. (16054), which had	120,000	0	
merged Apr. 29, 1974, under charter of the latter bank (16054) and title "First National Bank - North in Grand Junction." The merged bank at date of merger had	4,086,041		1

COMPTROLLER'S DECISION

On November 1, 1973, First National Bank - North in Grand Junction, Grand Junction, Colo., and Second National Bank - North, Grand Junction (organizing), Grand Junction, Colo., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

First National Bank - North in Grand Junction, the merging bank, was organized in 1972 and now has total assets of $2.5 million and IPC deposits of $1.5 million. The merging bank presently operates two walk-up windows and three drive-in units and its service area consists of a portion of eastern Grand Junction and environs. The bank is the smallest of the four banks located in Grand Junction and competes with United States Bank in Grand Junction, with deposits of $38.2 million, and Mesa United Bank of Grand Junction, with deposits of $13.6 million.

Second National Bank - North, Grand Junction, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to D. H. Baldwin Company, Cincinnati, Ohio, a registered bank holding company. The charter bank will not be operating as a commercial bank prior to this merger.

D. H. Baldwin Company, the holding company which will acquire the resulting bank, engages in the manufacture and sale of musical instruments as well as their electronic components and provides financial services to dealers in its products. It now controls Central Bank and Trust Company, Denver, with deposits of $331.5 million, and The North Denver Bank, with deposits of $27 million. In addition, it controls four organizing banks, including Second National Bank - North, Grand Junction, which it wishes to merge with four existing banks.

Competition between the operating subsidiaries of D. H. Baldwin Company and the merging bank is virtually nonexistent since they are separated by a distance of more than 200 road miles. Affiliation of the resulting bank with D. H. Baldwin Company will enhance the competitive situation in Grand Junction as the resulting bank will be provided with increased capital, improved lending expertise, and trust services.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

MARCH 28, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

[This merger is a part] * * * of plans through which the existing banks will become subsidiaries of D. H. Baldwin Company. [It] * * *, however, will merely combine an existing bank with a non-operating institution and without regard to the acquisition of the surviving banks by D. H. Baldwin Company, will have no effect on competition.

* * *

CONCORD NATIONAL BANK, CONCORD, N.H., AND THE CONCORD BANK, NATIONAL ASSOCIATION, CONCORD, N.H.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Concord National Bank, Concord, N.H. (318), with	$49,518,116	3	....
and The Concord Bank, National Association, Concord, N.H. (318), which had	120,000	0	....
merged Apr. 30, 1974, under charter of the latter bank (318) and title "Concord National Bank."			
The merged bank at date of merger had	49,638,116	....	3

COMPTROLLER'S DECISION

On October 31, 1973, Concord National Bank, Concord, N.H., and The Concord Bank, National Association (organizing), Concord, N.H., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Concord National Bank, the merging bank, was organized in 1864 and now operates two branch offices. With total assets of $46.3 million and IPC deposits of $31.5 million, it ranks as sixth largest among the commercial banks in New Hampshire. The service area of the bank includes Concord and the towns contiguous to it. Competitors for the merging bank include branches of Bank of New Hampshire, National Association, with deposits of $121 million; The New Hampshire Savings Bank, with deposits of $115 million; Concord Savings Bank, with deposits of $50.6 million; and Merrimack County Savings Bank, with deposits of $36 million.

The Concord Bank, National Association, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to First Bancorporation of New Hampshire, Inc., Exeter, N.H. The charter bank will not be operating as a commercial bank prior to the merger.

First Bancorp of N.H., Inc., the registered bank holding company which will acquire the resulting bank, was incorporated in 1971. It possesses total assets of $37.6 million and controls one banking subsidiary, Exeter Banking Company, with deposits of $31.6 million. Competitors for that subsidiary include Indian Head National Bank of Exeter, which has deposits of $34 million and is a member of Indian Head Banks, Inc., and Hampton National Bank, which has deposits of $13 million.

Consummation of the proposed transaction will result in no adverse competitive effects. Competition between the merging bank and Exeter Banking Company is minimal because their closest offices are separated by a distance of 28 miles and because they serve distinct areas. Rather, competition will be increased because affiliation with First Bancorp of N.H., Inc., will allow the resulting bank to offer improved and expanded services such as easier access to loan participation, leasing, real estate financing, and revolving accounts receivable financing. The resulting bank will utilize the same name and offices as presently used by the merging bank.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

MARCH 12, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

[This merger is a part] * * * of plans through which the existing banks will become subsidiaries of First Bancorp of N.H., Inc. [It] * * *, however, will merely combine an existing bank with a non-operating institution and without regard to the acquisition of the surviving banks by First Bancorp of N.H., Inc., will have no effect on competition.

* * *

LACONIA PEOPLES NATIONAL BANK & TRUST COMPANY, LACONIA, N.H., AND THE LACONIA BANK, NATIONAL ASSOCIATION, LACONIA, N.H.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Laconia Peoples National Bank & Trust Company, Laconia, N.H. (4037), with	$27,687,575	4	....
and The Laconia Bank, National Association, Laconia, N.H. (4037), which had	120,000	0	....
merged Apr. 30, 1974, under charter of the latter bank (4037) and title "Laconia Peoples National Bank and Trust Company." The merged bank at date of merger had	27,691,175	....	4

COMPTROLLER'S DECISION

On October 28, 1973, Laconia Peoples National Bank & Trust Company, Laconia, N.H., and The Laconia Bank, National Association (organizing), Laconia, N.H., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "Laconia Peoples National Bank and Trust Company."

Laconia Peoples National Bank & Trust Company, Laconia, N.H., the merging bank, was organized in 1969, now operates one drive-up branch and one walk-up branch during the summer months. With total assets of $26 million and IPC deposits of $19.3 million, it is the largest commercial bank in Belknap County. Because the service area of the bank encompasses Laconia and the towns contiguous to it, a summer resort area, it experiences its strongest competition from Laconia Savings Bank, with deposits of $44.5 million, and Meredith Village Savings Bank, with deposits of $23.7 million.

The Laconia Bank, National Association, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to First Bancorp of New Hampshire, Inc., Exeter, N.H., a bank holding company. The charter bank will not be operating as a commercial bank prior to consummation of the proposed transaction.

First Bancorp of New Hampshire, Inc., the bank holding company that will acquire the resulting bank, was organized in 1971. It controls one subsidiary bank, Exeter Banking Company, which has deposits of $31 million. This bank derives its major competition from Indian Head National Bank of Exeter, which has deposits of $33.5 million and is a member of Indian Head Banks, Inc., and from the banks located in the nearby city of Portsmouth.

Competition between the merging bank and the existing subsidiary of First Bancorp of New Hampshire, Inc., is virtually nonexistent since they are separated by a distance of 60 miles. In addition, the president and a director of the holding company is also a director of the merging bank.

Consummation of the proposed transaction will result in no adverse competitive effects. Affiliation with First Bancorp of New Hampshire, Inc., will enable the resulting bank to offer improved and expanded services including a larger loan capacity through loan participations and data processing services.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

MARCH 12, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

[This merger is a part] * * * of plans through which the existing banks will become subsidiaries of First Bancorp of N.H., Inc. [It] * * *, however, will merely combine an existing bank with a non-operating institution and without regard to the acquisition of the surviving banks by First Bancorp of N.H., Inc., will have no effect on competition.

* * *

THE CITY NATIONAL BANK OF SELMA, SELMA, ALA., AND DALLAS COUNTY NATIONAL BANK, SELMA, ALA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The City National Bank of Selma, Selma, Ala. (1736), with	$38,037,630	2	....
and Dallas County National Bank, Selma, Ala. (1736), which had	120,000	0	....
merged Apr. 30, 1974, under charter of the latter bank (1736) and title "The City National Bank of Selma." The merged bank at date of merger had	38,157,630	....	2

COMPTROLLER'S DECISION

On October 23, 1973, The City National Bank of Selma, Selma, Ala., and Dallas County National Bank (organizing), Selma, Ala., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The City National Bank of Selma, the existing bank, was organized in 1870 and presently operates a single office with assets of $33.3 million and IPC deposits of $24.2 million from which it serves the city of Selma and the area within a 10-mile radius of the bank. The existing bank has been granted approval to open a branch office in northwest Selma.

Competition for the existing bank is provided by The Peoples Bank and Trust Company, Selma, with deposits of $41.5 million; The Selma National Bank, with deposits of $31 million; Citizens Bank and Trust Company, Selma, with deposits of $16.7 million; and The Peoples Bank at Selma Mall, National Association, with deposits of $1.3 million.

Dallas County National Bank, the new bank, is being organized to provide a vehicle by which to transfer ownership of The City National Bank of Selma to Alabama Bancorporation, Birmingham, the largest bank holding company in the State. The new bank will not be operating as a commercial bank prior to this merger.

Alabama Bancorporation, the bank holding company which will acquire the resulting bank was organized in 1970 and presently controls seven banks throughout the State with aggregate deposits of $1.1 billion. The largest of those subsidiary banks is The First National Bank of Birmingham, with deposits of $806 million. The remaining subsidiaries are located in Decatur, Mobile, Sulligent, Anniston, Montgomery, and Huntsville. In addition, Alabama Bancorporation has approval to acquire J. C. Jacobs Banking Company, Inc., Scottsboro, with deposits of $17.7 million; Baldwin National Bank, Robertsdale, with deposits of $8.7 million; and Fort Payne Bank, Fort Payne, with deposits of $14.3 million. The bank holding company also controls six nonbanking subsidiaries which specialize in mortgage servicing and financial data operations.

There is no competition between Alabama Bancorporation or its subsidiaries and The City National Bank of Selma because of the distance that separates their closest two offices and the adequate number of alternative banking facilities which operate in the intervening area. The closest office of a subsidiary bank of Alabama Bancorporation to The City National Bank of Selma is 50 miles away in Montgomery.

Consummation of the proposed merger will stimulate competition in Dallas County because the resulting subsidiary in Selma will be able to offer new and improved services such as FHA and VA long-term mortgage loans, a wider range of trust services, an investment bond department, and international banking. In addition, consummation of the proposal will enable the resulting bank to serve larger credit lines and to provide increased services for local representatives of National accounts. Furthermore, the acquisition of the resulting bank by Alabama Bancorporation will not significantly change its size in relation to that of the other multi-bank holding companies in Alabama.

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

MARCH 27, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The City National Bank of Selma would become a subsidiary of Alabama Bancorporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Alabama Bancorporation, it would have no effect on competition.

* * *

THE MERCHANTS NATIONAL BANK OF MANCHESTER, MANCHESTER, N.H., AND THE MERCHANTS BANK, NATIONAL ASSOCIATION, MANCHESTER, N.H.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Merchants National Bank of Manchester, Manchester, N.H. (1520), with	$48,482,913	4	
and The Merchants Bank, National Association, Manchester, N.H. (1520), which had	240,000	0	
merged Apr. 30, 1974, under charter of the latter bank (1520) and title "The Merchants National Bank of Manchester." The merged bank at date of merger had	48,722,913		4

COMPTROLLER'S DECISION

On October 31, 1973, The Merchants Bank, National Association (organizing), Manchester, N.H., applied to the Comptroller of the Currency for permission to merge with The Merchants National Bank of Manchester, Manchester, N.H., under the charter of the former and with the title of the latter.

The Merchants National Bank, the merging bank, was organized in 1853 and now holds total deposits of approximately $37.5 million. The bank is headquartered in Manchester, Hillsboro County, N.H., and maintains three branch offices. Its primary service area consists of the city of Manchester and contiguous towns. Manchester, the largest city in New Hampshire, has an approximate population of 87,754. The merging bank, ranking third of six commercial banks located in Manchester, competes primarily with The Manchester Bank, with $135.3 million in deposits, and Bank of New Hampshire, with $120.8 million in deposits. Those banks are, respectively, the second and third largest banks in New Hampshire. Other competitors include Amoskeag National Bank and Trust Company, with total deposits of $36.6 million; Amoskeag Savings Bank, with total deposits of $250 million; and The Merchants Savings Bank of Manchester, with total deposits of $143.2 million.

The Merchants Bank, National Association, Manchester, N.H., the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to First Bancorp of New Hampshire, Inc. The charter bank will not be operating as a commercial bank prior to the proposed merger.

First Bancorp of New Hampshire, Inc., the holding company which will acquire the resulting bank, is headquartered in Exeter, Rockingham County, N.H. The holding company's only subsidiary is The Exeter Banking Company, a trust company with total deposits of approximately $30.9 million.

As there is no overlap in the service area of the present subsidiary of First Bancorp of New Hampshire, Inc. and The Merchants National Bank, the proposed acquisition will not adversely affect competition. The closest office of the Exeter Banking Company is in Raymond, 18 miles from the nearest branch of The Merchants National Bank. The proposed transaction will enable the resulting bank to offer more complete and sophisticated services enhancing its ability to compete with its larger competitors.

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

MARCH 12, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

[This merger is a part] * * * of plans through which the existing banks will become subsidiaries of First Bancorp of N.H., Inc. [It] * * *, however, will merely combine an existing bank with a non-operating institution and without regard to the acquisition of the surviving banks by First Bancorp of N.H., Inc., will have no effect on competition.

* * *

THE FIRST NATIONAL BANK OF SAULT STE. MARIE, SAULT STE. MARIE, MICH., AND SAULT NATIONAL BANK, SAULT STE. MARIE, MICH.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Sault Ste. Marie, Sault Ste. Marie, Mich. (3547), with	$24,723,196	2	....
and Sault National Bank, Sault Ste. Marie, Mich. (3547), which had	120,000	0	....
merged May 8, 1974, under charter of the latter bank (3547) and title "The First National Bank of Sault Ste. Marie." The merged bank at date of merger had	24,954,611	....	2

COMPTROLLER'S DECISION

On October 12, 1973, Sault National Bank (organizing), Sault Ste. Marie, Mich., and The First National Bank of Sault Ste. Marie, Sault Ste. Marie, Mich., applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of the latter.

The First National Bank of Sault Ste. Marie, the existing bank, was organized in 1886 and presently operates two branches with total assets of $25.9 million and IPC deposits of $18.9 million. The existing bank serves Sault Ste. Marie and the northeastern corner of the upper peninsula of Michigan.

Competition for The First National Bank of Sault Ste. Marie is provided by Sault Savings Bank, Sault Ste. Marie, which has deposits of $33 million; The First National Bank of St. Ignace, which has deposits of $17.1 million; Central Savings Bank, Sault Ste. Marie, which has deposits of $18 million; and The Citizens State Bank of Rudyard, which has deposits of $5.2 million.

Sault National Bank is being organized to provide a vehicle by which to transfer ownership of The First National Bank of Sault Ste. Marie to First National Financial Corporation, Kalamazoo, Mich. The new bank will not be operating as a commercial bank prior to this merger.

First National Financial Corporation, the holding company which will acquire the resulting bank, is currently the 11th largest multi-bank holding company in Michigan. The holding company controls eight banks with aggregate deposits of $420.2 million. Its lead bank is The First National Bank and Trust Company of Michigan, Kalamazoo, which has deposits of $375 million. First National Financial Corporation also controls Great Lakes Computer Service which furnishes automated services to the subsidiary banks.

There is no competition between First National Financial Corporation or its subsidiaries and The First National Bank of Sault Ste. Marie because large distances separate their closest two offices and an adequate number of alternative banking facilities operate in the intervening area. The closest existing subsidiary of First National Financial Corporation is located 45 miles to the south in Mackinaw City. Consummation of the proposed merger will stimulate competition in the upper peninsula of Michigan because the resulting subsidiary in Sault Ste. Marie will be able to offer new and improved services such as an in-plant payroll deduction plan, a Master Charge credit card program, a trust department, a Christmas Club, and agricultural services. In addition, the holding company will furnish an experienced commercial loan officer for the resulting bank.

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

APRIL 8, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The First National Bank of Sault Ste. Marie would become a subsidiary of First National Financial Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First National Financial Corporation, it would have no effect on competition.

* * *

Old & Third National Bank of Union City, Union City, Tenn., and The National Bank of Union City, Union City, Tenn.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Old & Third National Bank of Union City, Union City, Tenn. (9629), with	$42,758,868	3	....
and The National Bank of Union City, Union City, Tenn. (9629), which had	120,000	0	....
merged May 9, 1974, under charter of the latter bank (9629) and title "Old & Third National Bank of Union City." The merged bank at date of merger had	42,762,468	....	3

COMPTROLLER'S DECISION

On December 27, 1973, The National Bank of Union City (organizing), Union City, Tenn., and Old & Third National Bank of Union City, Union City, Tenn., applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of the latter.

Old & Third National Bank of Union City, the existing bank, was organized in 1910, and presently operates two branches with total assets of $40.1 million and IPC deposits of $27.5 million. The service area of the existing bank consists of Obion County, Tenn., which has a population of 29,936. The economy of the service area is based on agriculture and manufacturing.

Competition for Old & Third National Bank of Union City is provided by Farmers Exchange Bank, Union City, which has deposits of $22 million and is a member of First Amtenn Corporation, Nashville; First State Bank, Kenton, which has deposits of $6.6 million; The Commercial Bank, Obion, which has deposits of $6.0 million; Bank of Troy, which has deposits of $5.2 million; Reelfoot Bank, Union City, which has deposits of $4.9 million; Bank of Elbridge, which has deposits of $4.1 million; and Farmers Bank, Woodland Mills, which has deposits of $3.2 million.

The National Bank of Union City, is being organized to provide a vehicle by which to transfer ownership of Old & Third National Bank of Union City to Tennessee Valley Bancorporation, Inc. The new bank will not be operating as a commercial bank prior to this merger.

Tennessee Valley Bancorporation, Inc., Nashville, Tenn., the bank holding company which will acquire the resulting bank, is the fourth largest multi-bank holding company in the State and presently controls two banks, Commerce Union Bank, Nashville, which has deposits of $705 million, and Citizens Bank, Elizabethton, which has deposits of $23.3 million.

There is no competition between the subsidiaries of Tennessee Valley Bancorporation, Inc., and Old & Third National Bank of Union City because a large distance separates their closest two offices and an adequate number of alternative banking facilities operate in the intervening area. The nearest subsidiary of the holding company is the branch of Commerce Union Bank in Camden, 63 miles southeast of Union City.

Consummation of the proposed merger will stimulate competition in Obion County because the resulting subsidiary in Union City will be able to offer new and improved services such as equipment leasing, mortgage banking, international banking, investment management, corporate trust services, commercial data processing, and 24-hour electronic tellers. In addition, the resulting bank will have access to the extensive management training and recruitment program of Tennessee Valley Bancorporation, Inc. Consummation of the proposed merger will not significantly affect the size of Tennessee Valley Bancorporation, Inc., in relation to that of the other multi-bank holding companies in the State.

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

April 9, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Old & Third National Bank of Union City would become a subsidiary of Tennessee Valley Bancorp, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Tennessee Valley Bancorp, Inc., it would have no effect on competition.

* * *

Republic National Bank of Dallas, Dallas, Tex., and Ervay Bank, National Association, Dallas, Tex.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Republic National Bank of Dallas, Dallas, Tex. (12186), with	$2,862,368,727	1	....
and Ervay Bank, National Association, Dallas, Tex. (12186), which had	248,444	0	....
merged May 9, 1974, under charter of the latter bank (12186) and title "Republic National Bank of Dallas." The merged bank at date of merger had	2,862,376,077	....	1

COMPTROLLER'S DECISION

On February 25, 1974, Ervay Bank, National Association (organizing), Dallas, Tex., and Republic National Bank of Dallas, Dallas, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of the latter.

Republic National Bank of Dallas, the existing bank, was organized in 1920 and presently operates as a unit bank with total assets of $2.4 billion and IPC deposits of $1.3 billion. The existing bank is currently the largest bank in Texas.

Ervay Bank, the new bank, is being organized to provide a vehicle by which to transfer ownership of the existing bank to Republic of Texas Corporation, Dallas, Tex., which will become a one-bank holding company upon its acquisition of the resulting bank. Ervay Bank, National Association, will not be operating as a commercial bank prior to this merger.

Because Republic National Bank of Dallas is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same business, at the same location and with the same name as presently used by Republic National Bank of Dallas.

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

April 8, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Republic National Bank of Dallas would become a subsidiary of Republic of Texas Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Republic of Texas Corporation, it would have no effect on competition.

* * *

The First National Bank of New Bedford, New Bedford, Mass., and Second National Bank of New Bedford, New Bedford, Mass.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of New Bedford, New Bedford, Mass. (261), with	$75,629,994	6	....
and Second National Bank of New Bedford, New Bedford, Mass. (261), which had	240,000	0	....
merged May 10, 1974, under charter of the latter bank (261) and title "The First National Bank of New Bedford." The merged bank at date of merger had	75,637,193	....	6

COMPTROLLER'S DECISION

On January 2, 1974, The First National Bank of New Bedford, New Bedford, Mass., and Second National Bank of New Bedford (organizing), New Bedford, Mass., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The First National Bank of New Bedford, the existing bank, was organized in 1832 and presently operates five branches with total assets of $73.4 million and IPC deposits of $51.4 million. The primary service area of the existing bank encompasses the towns of New Bedford and Dartmouth along with their immediately surrounding areas in southeastern Bristol County.

Direct competition for the existing bank is provided by New Bedford Institute for Savings, New Bedford, with deposits of $220 million; New Bedford Five Cents Savings Bank, New Bedford, with deposits of $151 million; Fairhaven Savings Bank, Fairhaven, with deposits of $93 million; B.M.C. Durfee Trust Company, Fall River, with deposits of $63 million; The Merchants National Bank of New Bedford, with deposits of $51.7 million; and Southeastern Bank and Trust Company, New Bedford, with deposits of $42.2 million.

Second National Bank of New Bedford is being organized to provide a vehicle by which to transfer ownership of The First National Bank of New Bedford to First Melville Bancorp, Inc., New Bedford, Mass., which will become a one-bank holding company upon its acquisition of the resulting bank. Second National Bank of New Bedford will not be operating as a commercial bank prior to this merger.

Because The First National Bank of New Bedford is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the existing bank.

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

APRIL 8, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The First National Bank of New Bedford would become a subsidiary of First Melville Bancorp, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First Melville Bancorp, Inc., it would have no effect on competition.

* * *

THE UNION NATIONAL BANK AND TRUST COMPANY OF MARQUETTE, MARQUETTE, MICH., AND UNB NATIONAL BANK, MARQUETTE, MICH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Union National Bank and Trust Company of Marquette, Marquette, Mich. (12027), with	$44,992,581	4	....
and UNB National Bank, Marquette, Mich. (12027), which had	120,000	0	....
merged May 20, 1974, under charter of the latter bank (12027) and title "The Union National Bank and Trust Company of Marquette." The merged bank at date of merger had	44,992,581	....	4

COMPTROLLER'S DECISION

On November 1, 1973, The Union National Bank and Trust Company of Marquette, Marquette, Mich., and UNB National Bank (organizing), Marquette, Mich., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The Union National Bank and Trust Company of Marquette, the merging bank, was organized in 1921 and now operates three branch offices. It possesses total assets of $39.7 million and IPC deposits of $27.9 million. The merging bank experiences its major competition from the only other bank located in Marquette, The First National Bank and Trust Company, which has deposits of $57.8 million and is a member of Michigan National Bank and Trust Company.

UNB National Bank, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to Northern States Bancorporation, Inc., a bank holding company. The charter bank will not be operating as a commercial bank prior to this merger.

Northern States Bancorporation, Inc., is the multi-bank holding company which now controls City National Bank of Detroit, with deposits of $768.7 million, and Bank of Lansing, with deposits of $150.5 million. In addition, it has received approval to acquire First National Bank of Lake City, with deposits of $20 million, and has applications pending to acquire three other banks. Northern

States Bancorporation, Inc., and its subsidiaries have total assets of $1.1 billion.

Competition between the merging bank and the subsidiaries of Northern States Bancorporation, Inc., is nonexistent since they operate in different sections of Michigan. Affiliation with Northern States Bancorporation, Inc., will allow the resulting bank to offer improved and expanded services, such as a larger lending limit through increased capital funds, international services, and improved managerial resources.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

APRIL 10, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The Union National Bank and Trust Company of Marquette would become a subsidiary of Northern States Bancorporation, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Northern States Bancorporation, Inc., it would have no effect on competition.

* * *

BALDWIN NATIONAL BANK OF ROBERTSDALE, ROBERTSDALE, ALA., AND GULF COAST NATIONAL BANK OF ROBERTSDALE, ROBERTSDALE, ALA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Baldwin National Bank of Robertsdale, Robertsdale, Ala. (15402), with	$11,168,649	3	....
and Gulf Coast National Bank of Robertsdale, Robertsdale, Ala. (15402), which had	60,000	0	....
merged May 31, 1974, under charter of the latter bank (15402) and title "Baldwin National Bank of Robertsdale." The merged bank at date of merger had	11,289,219	....	3

COMPTROLLER'S DECISION

On November 14, 1973, Baldwin National Bank of Robertsdale, Robertsdale, Ala., and Gulf Coast National Bank of Robertsdale (organizing), Robertsdale, Ala., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Baldwin National Bank of Robertsdale, Robertsdale, Ala., the merging bank, was converted from the former State-chartered Central Baldwin Bank of Robertsdale in 1964 and now, with total deposits of $8.7 million, operates two branches, one each in the towns of Fairhope and Loxley. The bank's service area is a section of south-central Baldwin County extending from Mobile Bay on the west of the Florida State line on the east and a distance of some 7 miles north and 11 miles south of Robertsdale, to include the towns of Daphne, Fairhope, Foley, and Loxley. The service area, with a population estimated at 25,000, has a moderately growing economy based primarily on agriculture and to a lesser degree on tourism and light industry.

Competition for Baldwin National Bank of Robertsdale is provided by the $22.8 million-deposit First National Bank of Fairhope; the $15.9 million-deposit Farmers and Merchants Bank, Foley; the $15.1 million-deposit Baldwin County Bank, Bay Minette; the $13.7 million-deposit First National Bank of Bay Minette; and the $11.1 million-deposit South Baldwin Bank, Foley.

Gulf Coast National Bank of Robertsdale, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to Alabama Bancorporation, Inc., Birmingham, Ala., a registered bank holding company. The charter bank will not be operating as a commercial bank prior to consummation of the proposed transaction.

Alabama Bancorporation, Inc., Birmingham, Ala., the bank holding company which will acquire the resulting bank, was incorporated in 1970 and now, controlling eight banks with aggregate deposits of $1.1 billion, it is the largest multi-bank holding company in the State. The principal subsidiary of the holding company is The First National Bank of Birmingham, with deposits of approximately $806 million.

There is no significant competition between the merging bank and the subsidiaries of Alabama Bancorporation, Inc., because 17 miles separate their closest offices and because Mobile Bay, which is in the intervening distance, constitutes an effective geographic barrier.

Consummation of the proposed transaction will result in no adverse competitive effects. Affiliation with the holding company will allow the resulting subsidiary to compete more effectively with the larger banks in its service area because it will be able to offer a wider range of more sophisticated banking services to the residents and businesses located therein.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

FEBRUARY 5, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Baldwin National Bank of Robertsdale would become a subsidiary of Alabama Bancorporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Alabama Bancorporation, it would have no effect on competition.

* * *

DELAWARE VALLEY NATIONAL BANK, CHERRY HILL, N.J., AND NEW JERSEY NATIONAL BANK - SOUTH, CHERRY HILL, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Delaware Valley National Bank, Cherry Hill, N.J. (14975), with	$22,544,003	2	....
and New Jersey National Bank - South, Cherry Hill, N.J. (14975), which had	247,438	0	....
merged May 31, 1974, under charter of the latter bank (14975) and title "New Jersey National Bank - Delaware Valley." The merged bank at date of merger had	22,791,440	....	2

COMPTROLLER'S DECISION

On February 4, 1974, Delaware Valley National Bank, Cherry Hill, N.J., and New Jersey National Bank - South (organizing), Cherry Hill, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "New Jersey National Bank - Delaware Valley."

Delaware Valley National Bank, the merging bank, was chartered in 1961 and now operates one branch office. With total assets of $23.2 million and IPC deposits of $19.2 million, it ranks 120th in deposit size among the 176 banks in New Jersey. The service area of this bank encompasses Cherry Hill Township, a residential suburban community with a population of 67,000.

Competitors for the merging bank include banks located in Philadelphia and Camden and, also, South Jersey National Bank, a member of Heritage Bancorporation; and United Jersey National Bank of Cherry Hill, with deposits of $8.1 million, a member of United Jersey Banks.

New Jersey National Bank - South, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to New Jersey National Corporation, Trenton, N.J. The charter bank will not be operating as a commercial bank prior to consummation of the proposed transaction.

New Jersey National Corporation, the registered bank holding company that will acquire the resulting bank, was chartered in 1971 and now has two banking subsidiaries. New Jersey National Bank, Trenton, its lead subsidiary, has deposits of $652 million.

Competition between the merging bank and the existing subsidiaries of New Jersey National Corporation is minimal as their closest offices are separated by a distance of approximately 32 miles and the intervening area contains more than 40 offices of other banks.

Consummation of the proposed transaction will result in no adverse competitive effects. Rather, affiliation with New Jersey National Corporation will allow the resulting bank to utilize the services, facilities, management skills, and experience of the holding company's subsidiaries thus making it a stronger competitive institution.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. The application, therefore, is approved.

MAY 1, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Delaware Valley National Bank would become a subsidiary of New Jersey National Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by New Jersey National Corporation, it would have no effect on competition.

* * *

FIRST SAFETY FUND NATIONAL BANK, FITCHBURG, MASS., AND MONTACHUSETT NATIONAL BANK, FITCHBURG, MASS.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First Safety Fund National Bank, Fitchburg, Mass. (2153), with	$54,663,070	6	....
and Montachusett National Bank, Fitchburg, Mass. (2153), which had	120,000	0	....
merged June 4, 1974, under charter of the latter bank (2153) and title "First Safety Fund National Bank." The merged bank at date of merger had	57,414,272	....	6

COMPTROLLER'S DECISION

On November 21, 1973, Montachusett National Bank (organizing), Fitchburg, Mass., and First Safety Fund National Bank, Fitchburg, Mass., applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of the latter.

First Safety Fund National Bank, the existing bank, was organized in 1874 and now operates five branches serving Worcester County with assets of $55 million and IPC deposits of $37.2 million.

Montachusett National Bank is being organized to provide a vehicle by which to transfer total ownership of First Safety Fund National Bank to The Safety Fund Corporation. The new bank will not be operating as a commercial bank prior to this merger.

Because First Safety Fund National Bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the existing bank.

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

MAY 3, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which First Safety Fund National Bank would become a subsidiary of The Safety Fund Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by The Safety Fund Corporation, it would have no effect on competition.

* * *

Colonial First National Bank, Red Bank, N.J., and New Colonial First National Bank, Red Bank, N.J.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Colonial First National Bank, Red Bank, N.J. (2257), with	$319,943,314	18	....
and New Colonial First National Bank, Red Bank, N.J. (2257), which had	125,000	0	....
merged June 28, 1974, under charter of the latter bank (2257) and title "Colonial First National Bank." The merged bank at date of merger had	319,943,314	....	18

COMPTROLLER'S DECISION

On December 26, 1973, Colonial First National Bank, Red Bank, N.J., and New Colonial First National Bank (organizing), Red Bank, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Colonial First National Bank, the merging bank, was chartered in 1875, and now operates 18 branch offices and has received approval to open four additional branches. It has total assets of $325.7 million and IPC deposits of $256 million. The service area of the bank encompasses Monmouth County and a small section of northeastern Mercer County.

Competitors of the merging bank include The Central Jersey Bank and Trust Company, with deposits of $360 million; First Merchants National Bank, with deposits of $197 million; Peoples National Bank of Monmouth County, with deposits of $57 million, a member of United Jersey Banks; and First National State Bank of the Jersey Coast, with deposits of $31 million, a member of First National State Bancorporation.

New Colonial First National Bank, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to Fidelity Union Bancorporation, Newark, N.J. The charter bank will not be operating as a commercial bank prior to consummation of the proposed transaction.

Fidelity Union Bancorporation, the registered bank holding company that will acquire the resulting bank, has assets of $1.1 billion and deposits of $1 billion. It wholly owns four subsidiary banks and owns 21 percent of the Latin American Bank, located in Costa Rica. Its lead subsidiary, Fidelity Union Trust Company, with deposits of $727.7 million, has an investment in Allied Bank International.

Competitors of Fidelity Union Trust Company include The Howard Savings Bank, with deposits of $1.3 billion; First National State Bank of New Jersey, with deposits of $943 million, a member of First National State Bancorporation; and Midlantic National Bank, with deposits of $809.2 million, an affiliate of Midlantic Banks Inc.

Competition between the merging bank and the subsidiaries of Fidelity Union Bancorporation is minimal. While the closest subsidiary of Fidelity Union Bancorporation, the Spotswood office of The National Bank of New Jersey, is located only 8 miles from the merging bank, neither bank generates a significant volume of loans from the service area of the other.

Consummation of the proposed transaction will result in no adverse competitive effects. Rather, the affiliation of the resulting bank with Fidelity Union Bancorporation will enhance competition because improved and expanded services will be offered, such as the availability of funds for larger loans, expertise in trust services, computer services, an international department, credit cards, overdraft banking, and a more competitive rate on time deposits.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

May 29, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Colonial First National Bank would become a subsidiary of Fidelity Union Bancorporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by Fidelity Union Bancorporation, it would have no effect on competition.

* * *

GLEN NATIONAL BANK AND TRUST COMPANY, WATKINS GLEN, N.Y., AND BANK OF WATKINS GLEN, NATIONAL ASSOCIATION, WATKINS GLEN, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Glen National Bank and Trust Company, Watkins Glen, N.Y. (9977), with	$17,425,365	2	....
and Bank of Watkins Glen, National Association, Watkins Glen, N.Y. (9977), which had	60,000	0	....
merged June 28, 1974, under charter of the latter bank (9977) and title "Glen National Bank and Trust Company." The merged bank at date of merger had	17,485,364	....	2

COMPTROLLER'S DECISION

On October 9, 1973, Bank of Watkins Glen, National Association (organizing), Watkins Glen, N.Y., and Glen National Bank and Trust Company, Watkins Glen, N.Y., applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of the latter.

Glen National Bank and Trust Company, the existing bank, was organized in 1911 and now operates one branch office. It has assets of $16.4 million and IPC deposits of $13.1 million. The service area of the bank includes the village of Watkins Glen and all of Schuyler County which has an estimated population of 18,000. The economy of the service area is dependent mainly upon the tourism generated by international auto racing events which take place there, dairy farming, and the manufacture of salt, crane equipment, and lumber products.

Competition for Glen National Bank and Trust Company, which is ranked 19th in size among the 33 banks headquartered in New York's Seventh Banking District, is provided by Marine Midland Bank-Southern, Elmira, with deposits of $295 million; Finger Lakes National Bank, Odessa, with deposits of $8 million; and Montour National Bank in Montour Falls, with deposits of $7 million.

Bank of Watkins Glen, National Association, the new bank, is being organized to provide a vehicle by which to transfer ownership of Glen National Bank and Trust Company to Security New York State Corporation. The new bank will not be operating as a commercial bank prior to this merger.

Security New York State Corporation, the bank holding company which will acquire the resulting bank, was organized in 1966 and now ranks 13th in size among the 15 multi-bank holding companies located in New York State. The holding company now owns eight banking subsidiaries in upstate New York, the largest of which is Security Trust Company, Rochester, with deposits of $438.4 million.

There is minimal competition between the subsidiaries of Security New York State Corporation and Glen National Bank and Trust Company because their two closest offices are separated by a distance of 21 miles and an adequate number of alternative banking facilities operate in the intervening distances.

Consummation of the proposed merger will both stimulate competition in Schuyler County and further economic development in the area because the resulting subsidiary in Watkins Glen will be able to offer new and improved services such as an increased lending limit, credit cards, cash reserve checking, payroll service and salary deposit plans, equipment leasing, and expanded trust services. Acquisition of the existing bank by Security New York State Corporation would also remove head office protection in Watkins Glen and open that community to *de novo* branching by other banks.

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

MAY 6, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Glen National Bank and Trust Company would become a subsidiary of Security New York State Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Security New York State Corporation, it would have no effect on competition.

* * *

THE FIRST NATIONAL BANK OF EASTHAMPTON, EASTHAMPTON, MASS., AND EASTHAMPTON BANK (NATIONAL ASSOCIATION), EASTHAMPTON MASS.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Easthampton, Easthampton, Mass. (428), with	$12,412,230	1	....
and Easthampton Bank (National Association), Easthampton, Mass. (428), which had	120,000	0	....
merged June 28, 1974, under charter of the latter bank (428) and title "The First National Bank of Easthampton." The merged bank at date of merger had	12,532,230	....	1

COMPTROLLER'S DECISION

On February 28, 1974, The First National Bank of Easthampton, Easthampton, Mass., and Easthampton Bank (National Association) (organizing), Easthampton, Mass., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The First National Bank of Easthampton, the merging bank, was organized in 1864 and operates as a unit institution. It has total assets of $11.4 million and IPC deposits of $8 million. Easthampton, which has a population of 13,018, and its neighboring communities comprise the service area of the bank. The major competitor of the merging bank is Easthampton Savings Bank with deposits of $60.2 million.

Easthampton Bank (National Association), the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to Baystate Corporation, Boston, Mass. The charter bank will not be operating as a commercial bank prior to consummation of the proposed transaction.

Baystate Corporation, Boston, Mass., the registered bank holding company which will acquire the resulting bank, controls 10 banking subsidiaries. It has total consolidated assets of $1.7 billion and total deposits of $1.4 billion. Norfolk County Trust Company, Brookline, its lead subsidiary, has deposits of $286.7 million.

Competitors for Baystate Corporation include the larger Boston banks and also Cambridge Savings Bank, with deposits of $262.9 million; Third National Bank of Hampden County, with deposits of $210.8 million; Brookline Savings Bank, with deposits of $133.8 million; and Waltham Savings Bank, with deposits of $102.2 million.

Competition between the merging bank and the existing subsidiaries of Baystate Corporation is insignificant. Even though one existing subsidiary, Valley Bank and Trust Company, Springfield, has a number of banking offices located 8 to 22 miles from the proposed subsidiary, only a limited amount of competition exists between them.

Consummation of the proposed transaction will result in no adverse competitive effects. Rather, application of Baystate Corporation will allow the resulting subsidiary to expand its service area to enhance competition, and will allow it to offer new and improved services such as a drive-up and walk-up teller facility, credit card services, a larger lending capacity through loan participations, and expertise in accounts receivable and inventory financing, auditing, real estate, and commercial and installment lending.

Applying the statutory criteria, it is concluded that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

MAY 29, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The First National Bank of Easthampton would become a subsidiary of Baystate Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Baystate Corporation, it would have no effect on competition.

* * *

The First National Bank of Cranbury, Cranbury, N.J., and Midlantic National Bank/Cranbury, Cranbury, N.J.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Cranbury, Cranbury, N.J. (3168), with	$42,021,786	3	....
and Midlantic National Bank/Cranbury, Cranbury, N.J. (3168), which had	126,321	0	....
merged June 30, 1974, under charter of the latter bank (3168) and title "The First National Bank of Cranbury." The merged bank at date of merger had	42,146,786	....	3

COMPTROLLER'S DECISION

On January 2, 1974, The First National Bank of Cranbury, Cranbury, N.J., and Midlantic National Bank/Cranbury (organizing), Cranbury, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The First National Bank of Cranbury, Cranbury, N.J., the merging bank, was organized in 1884 and now has total assets of $43 million and IPC deposits of $33.8 million. It operates two branch offices, and has received approval to open a third branch. The service area of the merging bank encompasses the southern third of Middlesex County, a small portion of northern Monmouth County, and most of Mercer County.

Competitors of the merging bank include The National Bank of Jersey, New Brunswick, which has deposits of $178 million and is a member of Fidelity Union Bancorporation; First Charter National Bank, which has deposits of $129 million and is a member of Heritage Bancorporation; and The Edison Bank, National Association, South Plainfield, which has deposits of $75 million and is a member of First National State Bancorporation.

Midlantic National Bank/Cranbury, Cranbury, N.J., the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to Midlantic Banks, Inc., Newark, N.J. It will not be operating as a commercial bank prior to consummation of the proposed transaction.

Midlantic Banks, Inc., Newark, N.J., the corporation that will acquire the resulting bank, is the third largest bank holding company in New Jersey. It controls eight subsidiary banks with aggregate deposits of $1.4 billion. Midlantic National Bank, Newark, with deposits of $809.2 million, is its lead subsidiary.

Competitors for Midlantic Banks, Inc., include First National State Bancorporation, with aggregate deposits of $1.7 billion, and United Jersey Banks, with aggregate deposits of $1.5 billion.

Competition between the merging bank and the existing subsidiaries of Midlantic Banks, Inc., is minimal because the closest existing subsidiary is located approximately 14 miles from the merging bank and each holds only nominal deposits from the service area of the other.

Consummation of the proposed transaction will result in no adverse competitive effects. Rather, affiliation with Midlantic Banks, Inc., will allow the resulting bank to offer improved and expanded services in the areas of commercial loans, trust services, automated services, international financing, and management support.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

MAY 31, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The First National Bank of Cranbury would become a subsidiary of Midlantic Banks Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by Midlantic Banks Inc., it would have no effect on competition.

* * *

First National Bank & Trust Company in Alton, Alton, Ill., and First National Bank & Trust Company, Alton, Ill.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
First National Bank & Trust Company in Alton, Alton, Ill. (13464), with	$68,012,524	1	....
and First National Bank & Trust Company, Alton, Ill. (13464), which had	122,017	0	....
merged July 1, 1974, under charter and title of the latter bank (13464). The merged bank at date of merger had	68,134,540	....	1

COMPTROLLER'S DECISION

On February 4, 1974, First National Bank & Trust Company in Alton, Alton, Ill., and First National Bank & Trust Company (organizing), Alton, Ill., applied to the Comptroller of the Currency for permission to merge under the charter and title of the latter.

First National Bank & Trust Company in Alton, the merging bank, is a unit institution located in Alton. The bank has assets of $63.3 million and IPC deposits of $51.9 million.

First National Bank & Trust Company, the charter bank, is being organized as a vehicle by which to transfer ownership of the merging bank to First Illinois Bancshares, Wilmington, Del., which will become a one-bank holding company upon its acquisition of the resulting bank. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same location presently used by the merging bank.

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

May 17, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which First National Bank & Trust Company in Alton would become a subsidiary of First Illinois Bancshares Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First Illinois Bancshares Corporation, it would have no effect on competition.

* * *

Seattle-First National Bank, Seattle, Wash., and SeaFirst National Bank, Seattle, Wash.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Seattle-First National Bank, Seattle, Wash. (11280), with	$3,804,266,937	148	....
and SeaFirst National Bank, Seattle, Wash. (11280), which had	240,000	0	....
merged July 1, 1974, under charter of the latter bank (11280) and title "Seattle-First National Bank." The merged bank at date of merger had	3,804,277,833	....	148

COMPTROLLER'S DECISION

On February 12, 1974, SeaFirst National Bank (organizing), Seattle, Wash., and Seattle-First National Bank, Seattle, Wash., applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of the latter.

Seattle-First National Bank, the existing bank, was organized in 1870 and now, with total assets of $4 billion and IPC deposits of $2.6 billion, is the largest bank in Washington. With 146 branches Seattle-First National Bank serves the entire State of Washington where it competes with five bank branching systems ranging in size from $250 million to $2 billion.

SeaFirst National Bank, the new bank, is being organized to provide a vehicle by which to transfer ownership of the existing bank to SeaFirst Corporation, Seattle, Wash., which will become a one-bank holding company upon its acquisition of the resulting bank. SeaFirst National Bank will not be operating as a commercial bank prior to this merger.

Because Seattle-First National Bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the existing bank.

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

MAY 16, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Seattle-First National Bank would become a subsidiary of SeaFirst Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by SeaFirst Corporation, it would have no effect on competition.

* * *

THE FIRST NATIONAL BANK OF MARYLAND, BALTIMORE, MD., AND CHARLES STREET NATIONAL BANK, BALTIMORE, MD.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Maryland, Baltimore, Md. (1413), with	$1,051,922,932	63	....
and Charles Street National Bank, Baltimore, Md. (1413), which had	252,802	0	....
merged July 8, 1974, under charter of the latter bank (1413) and title "The First National Bank of Maryland." The merged bank at date of merger had	1,070,965,761	....	63

COMPTROLLER'S DECISION

On April 8, 1974, Charles Street National Bank (organizing), Baltimore, Md., and The First National Bank of Maryland, Baltimore, Md., applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of the latter.

The First National Bank of Baltimore, the existing bank, was organized in 1806 and presently has total assets of $1.1 billion and IPC deposits of $697 million. With 59 branches, the existing bank serves the city of Baltimore and Anne Arundel, Baltimore, Harford, Howard, Montgomery, Washington, and Wicomico counties. The economy of that area is based upon a wide array of commercial and industrial activity.

Competition for The First National Bank of Maryland is provided by Maryland National Bank, Baltimore, with deposits of $1.3 billion; Equitable Trust Bank, Baltimore, with deposits of $846 million, which is a member of Equitable Bancorporation; Suburban Trust Company, Hyattsville, with deposits of $684 million; Union Trust Company of Maryland, Baltimore, with deposits of $611 million; Citizens Bank and Trust Company of Maryland, Riverdale, with deposits of $331 million; and Mercantile-Safe Deposit & Trust Company, Baltimore, with deposits of $244 million, which is a member of Mercantile Bankshares Corporation.

Charles Street National Bank, the new bank, is being organized to provide a vehicle by which to transfer ownership of The First National Bank of Maryland to First Maryland Bancorp, Baltimore, Md., which will become a one-bank holding company upon its acquisition of the resulting bank. Charles Street National Bank will not be operating as a commercial bank prior to this merger.

Since The First National Bank of Maryland is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by The First National Bank of Maryland.

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

JUNE 6, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The First National Bank of Maryland would become a subsidiary of First Maryland Bancorp., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First Maryland Bancorp., it would have no effect on competition.

* * *

THE CLEVELAND NATIONAL BANK, CLEVELAND, TENN., AND CLEVELAND INTERIM BANK, N.A., CLEVELAND, TENN.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Cleveland National Bank, Cleveland, Tenn. (1666), with	$44,689,570	5	....
and Cleveland Interim Bank, N.A., Cleveland, Tenn. (1666), which had	125,000	0	....
merged July 18, 1974, under charter of the latter bank (1666) and title "The Cleveland National Bank." The merged bank at date of merger had	45,890,248	....	5

COMPTROLLER'S DECISION

On February 19, 1974, The Cleveland National Bank, Cleveland, Tenn., and Cleveland Interim Bank, N.A. (organizing), Cleveland, Tenn., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The Cleveland National Bank, the existing bank, was organized in 1867 and presently operates four branches with total assets of $46.4 million and IPC deposits of $37.2 million. The primary service area of the existing bank encompasses all of Bradley County which has a population of 51,000. The economy of that area is based on a wide array of industry.

Direct competition for The Cleveland National Bank is provided by Merchants Bank, Cleveland, which has deposits of $35.4 million and is a member of Third National Corporation, and by Cleveland Bank and Trust Company, Cleveland, which has deposits of $31.1 million and has reached an agreement-in-principle to be acquired by First Tennessee National Corporation. In addition, First Citizens Bank of Cleveland has been issued a new charter and will soon open.

Cleveland Interim Bank, N.A., the new bank, is being organized to provide a vehicle by which to transfer ownership of The Cleveland National Bank to First Amtenn Corporation, Nashville, Tenn. The new bank will not be operating as a commercial bank prior to this merger.

First Amtenn Corporation, the bank holding company which will acquire the resulting bank, is the second largest multi-bank holding company in Tennessee and presently controls six banks with aggregate deposits of $904 million. Its lead bank is First American National Bank of Nashville, with deposits of $786 million.

There is no competition between the subsidiaries of First Amtenn Corporation and The Cleveland National Bank because of the distance which separates their nearest two offices and the adequate number of alternative banking facilities operating in the intervening area. The nearest subsidiary of the holding company is Volunteer-State Bank which is located in Knoxville, 76 miles northeast of Cleveland.

Consummation of the proposed merger will stimulate competition in Bradley County because the resulting subsidiary in Cleveland will be able to offer new and improved services such as corporate trust and investment management services, data processing services, accounts receivable financing, international banking, and leasing services. In addition, the resulting bank will have access to First Amtenn Corporation's managerial expertise and training program. Consummation of the proposed merger will not significantly affect the size of First Amtenn Corporation in relation to that of the other multibank holding companies in the State.

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

JUNE 18, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The Cleveland National Bank would become a subsidiary of First Amtenn Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by First Amtenn Corporation, it would have no effect on competition.

* * *

GUARANTY NATIONAL BANK AND TRUST OF CORPUS CHRISTI, CORPUS CHRISTI, TEX., AND GUARANTY COMMERCE NATIONAL BANK, CORPUS CHRISTI, TEX.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Guaranty National Bank and Trust of Corpus Christi, Corpus Christi, Tex. (14988), with	$30,937,598	1	....
and Guaranty Commerce National Bank, Corpus Christi, Tex. (14988), which had	240,000	0	....
merged July 26, 1974, under charter of the latter bank (14988) and title "Guaranty National Bank & Trust of Corpus Christi." The merged bank at date of merger had	31,822,439	....	1

COMPTROLLER'S DECISION

On December 12, 1974, Guaranty National Bank and Trust of Corpus Christi, Corpus Christi, Tex., and Guaranty Commerce National Bank (organizing), Corpus Christi, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of "Guaranty National Bank & Trust of Corpus Christi."

Guaranty National Bank and Trust of Corpus Christi, the merging bank, was organized in 1962 and operates as a unit institution. It has total assets of $32 million and IPC deposits of $25.6 million. The service area of the bank is the Corpus Christi Standard Metropolitan Statistical Area which is comprised of Nueces and San Patricio counties.

Competitors for the merging bank include Corpus Christi State National Bank, which has deposits of $193.3 million and is a subsidiary of Federated Capital Corporation; Corpus Christi Bank and Trust, which has deposits of $117 million and is a subsidiary of First City Bancorporation of Texas, Inc.; and Parkdale State Bank, which has deposits of $26.3 million and has received permission to become affiliated with Frost Bank Corporation.

Guaranty Commerce National Bank, Corpus Christi, Tex., the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to Texas Commerce Bancshares, Inc., Houston, Tex. The charter bank will not be operating as a commercial bank prior to consummation of the proposed merger.

Texas Commerce Bancshares, Inc., the bank holding company that will acquire the resulting bank, controls 15 banking subsidiaries with aggregate deposits of $1.8 billion and is the fourth largest bank holding company in Texas. The corporation also has applications to acquire 10 additional banks announced or pending. Texas Commerce Bank, National Association, with deposits of $1.2 billion, is its lead subsidiary.

Competitors of Texas Commerce Bank, National Association, include First City National Bank of Houston, which has deposits of $1.8 billion and is a subsidiary of First City Bancorporation of Texas, Inc.; Bank of the Southwest, National Association, which has deposits of $774.5 million and is a member of Southwest Bancshares, Inc.; and Houston Citizens Bank and Trust, which has deposits of $237 million. In addition, competition is provided by the local banks operating in the service areas of Texas Commerce Bancshares, Inc.'s remaining subsidiaries.

Direct competition between the merging bank and the existing subsidiaries of Texas Commerce Bancshares, Inc., is nonexistent as their closest offices are separated by a distance of approximately 210 miles and as Texas Commerce Bank, National Association, has been providing management assistance to the merging bank.

Consummation of the proposed transaction will result in no adverse competitive effects. Rather, affiliation with Texas Commerce Bancshares, Inc., will allow the resulting bank to become a stronger competitor by offering improved and expanded services such as a larger lending capacity through loan participation, large real estate financing, leasing services, accounting services to small businesses, a new oil and gas department, and expanded trust and investment services.

Applying the statutory criteria, it is the view of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

JUNE 25, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Guaranty National Bank and Trust of Corpus Christi would become a subsidiary of Texas Commerce Bancshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Texas Commerce Bancshares, Inc., it would have no effect on competition.

* * *

THE PROSPECT PARK NATIONAL BANK, WAYNE, N.J., AND FIRST PROSPECT PARK NATIONAL BANK, WAYNE, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Prospect Park National Bank, Wayne, N.J. (12861), with	$202,844,663	5	....
and First Prospect Park National Bank, Wayne, N.J. (12861), which had	250,000	0	....
merged Aug. 1, 1974, under charter of the latter bank (12861) and title "Prospect Park National Bank." The merged bank at date of merger had	203,094,663	....	5

COMPTROLLER'S DECISION

On February 25, 1974, The Prospect Park National Bank, Wayne, N.J., and First Prospect Park National Bank (organizing), Wayne, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "Prospect Park National Bank."

The Prospect Park National Bank, the merging bank, was organized in 1925 and now operates four branch offices. It has total assets of $200.2 million and IPC deposits of $167.2 million. The service area of the bank encompasses the eastern sector of Passaic county and a portion of western Bergen County.

Competitors of the merging bank include National Community Bank, Rutherford, with deposits of $610 million; New Jersey Bank (National Association), Clifton, which has deposits of $598 million and is a member of Greater Jersey Bancorporation; and First National Bank of New Jersey, Totowa, which has deposits of $452 million.

First Prospect Park National Bank, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to Bancshares of New Jersey, Moorestown, N.J. The charter bank will not be operating as a commercial bank prior to consummation of the propcsed merger.

Bancshares of New Jersey, Moorestown, N.J., is the registered bank holding company which will acquire the resulting bank. It ranks 13th in deposit size among the commercial banking corporations in New Jersey. It operates one banking subsidiary, The Bank of New Jersey, Camden, with deposits of $460 million.

Competitors of Bancshares of New Jersey include United Jersey Banks, with aggregate deposits of $1.4 billion; Midlantic Banks, Inc., with aggregate deposits of $1.4 billion; and First National State Bancorporation, with aggregate deposits of $1.4 billion.

Direct competition between the merging bank and the subsidiary of Bancshares of New Jersey is nonexistent as their closest offices are separated by a distance of approximately 100 miles and an adequate number of banking alternatives operate in the intervening distance.

Consummation of the proposed transaction will result in no adverse competitive effects. Affiliation with Bancshares of New Jersey will allow the resulting bank to offer expanded and improved services such as an automatic teller system, municipal bond bidding, construction loans, consumer loans, computer services, and trust services.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

JUNE 14, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The Prospect Park National Bank would become a subsidiary of Bancshares of New Jersey, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Bancshares of New Jersey, it would have no effect on competition.

* * *

FIRST NATIONAL BANK OF HURST, HURST, TEX., AND HURST COMMERCE NATIONAL BANK, HURST, TEX.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank of Hurst, Hurst, Tex. (15072), with	$34,699,809	1	....
and Hurst Commerce National Bank, Hurst, Tex. (15072), which had	120,000	0	....
merged Aug. 2, 1974, under charter of the latter bank (15072) and title "First National Bank of Hurst." The merged bank at date of merger had	35,155,066	....	1

COMPTROLLER'S DECISION

On August 2, 1973, First National Bank of Hurst, Hurst, Tex., and Hurst Commerce National Bank (organizing), Hurst, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

First National Bank of Hurst, Hurst, Tex., the merging bank was established in 1956 and operates as a unit institution. With total assets of $31.1 million and IPC deposits of $22 million, it ranks 17th in size among the 45 banks in the Fort Worth area. Its service area encompasses a group of suburban cities in northwest Tarrant County, which includes Hurst, Bedford, Euless, Richland Hills, North Richland Hills, Colleyville, and the extreme northeastern portion of Fort Worth.

The major competitors of First National Bank of Hurst include Northeast National Bank, Fort Worth, with deposits of $34.3 million; First State Bank, Bedford, with deposits of $13.4 million; and First National Bank of Euless, with deposits of $11.7 million.

Hurst Commerce National Bank, Hurst, Tex., the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to Texas Commerce Bancshares, Inc., Houston, Tex. It will not be operating as a commercial bank prior to consummation of the proposed merger.

Texas Commerce Bancshares, Inc., Houston, Tex., the organization that will acquire the resulting bank, is the fourth largest bank holding company in Texas. It controls 15 banking subsidiaries with aggregate deposits of $1.8 billion, and has applications pending or announced to acquire 10 additional banks. Texas Commerce Bank, National Association, with deposits of $1.2 billion, is the applicant's principal subsidiary.

Competitors of Texas Commerce Bancshares, Inc.'s lead subsidiary include First City National Bank of Houston, which has deposits of $1.8 billion and is a subsidiary of First City Bancorporation of Texas, Inc.; Bank of Southwest, National Association, which has deposits of $774.5 million and is a member of Southwest Bancshares, Inc.; and Houston National Bank, which has deposits of $366.5 million. Additional competition is provided by the banks operating in the service areas of the applicant's remaining subsidiaries.

Direct competition between First National Bank of Hurst and the subsidiaries of Texas Commerce Bancshares, Inc., is nonexistent since their closest offices are separated by a distance of approximately 235 miles.

Consummation of the proposed transaction will result in no adverse competitive effects. Affiliation with a holding company will allow First National Bank of Hurst to offer new and expanded services, such as investment services, trust services, real estate financing, and international banking.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

JUNE 19, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which First National Bank of Hurst would become a subsidiary of Texas Commerce Bancshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Texas Commerce Bancshares, Inc., it would have no effect on competition.

* * *

FIRST CITY NATIONAL BANK OF GADSDEN, GADSDEN, ALA., AND BANK OF GADSDEN, N.A., GADSDEN, ALA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First City National Bank of Gadsden, Gadsden, Ala. (15481), with	$39,865,899	1	....
and Bank of Gadsden, N.A., Gadsden, Ala. (15481), which had	240,000	0	....
merged Aug. 7, 1974, under charter of the latter bank (15481) and title "First City National Bank of Gadsden." The merged bank at date of merger had	39,873,099	....	1

COMPTROLLER'S DECISION

On March 8, 1974, First City National Bank of Gadsden, Gadsden, Ala., and Bank of Gadsden, N.A. (organizing), Gadsden, Ala., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

First City National Bank of Gadsden, the merging bank, was organized in 1965, and now has assets of $40.2 million and IPC deposits of approximately $28 million. The bank operates no branches since branch banking is not permitted in the county. The economy of the service area of First City National Bank of Gadsden is aided by the presence of the Coosa River which provides the area with excellent waterway transportation. By virtue of its location as county seat of Etowah County, Gadsden serves as a center of commerce, industry, and finance.

Competition for First City National Bank of Gadsden is provided by Alabama City Bank of Gadsden, with deposits of $24.8 million; The American National Bank, Gadsden, with deposits of $40.7 million; Central Bank of Alabama, N.A., with deposits of $351.4 million; the Coosa Valley Bank, Gadsden, with deposits of $9.1 million; and East Gadsden Bank, Gadsden, with deposits of $15.8 million.

Bank of Gadsden, N.A., the new bank, is being organized to provide a vehicle by which to transfer ownership of First City National Bank of Gadsden to First Alabama Bancshares, Inc. Bank of Gadsden, N.A., will not be operating as a commercial bank prior to this merger.

First Alabama Bancshares, Inc., Birmingham, Ala., the bank holding company which will acquire the resulting bank, was organized in April 1971 and is now the second largest banking organization in Alabama and the second largest of the seven multibank holding companies in the State. The bank holding company, with aggregate deposits of $774.4 million, presently controls six banks located in various cities throughout the State. The largest subsidiary bank is The First National Bank of Montgomery, Montgomery, Ala., with deposits of $280.3 million. The remaining five subsidiaries are located in Birmingham, Huntsville, Dothan, Bay Minette, and Tuscaloosa. This holding company also controls two non-banking subsidiaries which sell credit life, health, and accident insurance, and engage in the leasing of personal property and business equipment.

There is no competition between the bank holding company or its subsidiaries and First City National Bank of Gadsden because large distances separate their closest two offices and an adequate number of alternative banking facilities operate in the intervening distances. The holding company's nearest subsidiary is Exchange Security Bank, Birmingham, located approximately 61 miles from Gadsden, which operates in an area that is separate and distinct from that served by the merging bank.

Consummation of the proposed transaction will not adversely affect competition in Etowah County, the primary service area of First City National Bank of Gadsden. Affiliation of First City National Bank of Gadsden with First Alabama Bancshares, Inc. will enable the merging bank to increase the range of banking services available to the customers in its service area, particularly in the fields of lease financing, trust services, and corporate financing. In addition, approval of this transaction will provide First National City Bank of Gadsden with the opportunity to strengthen its internal operations and staff through the expertise that would be available from holding company. The bank's ability to satisfy large lines of credit would also be expanded through its ability to sell participations to the holding company's other subsidiaries.

Applying the statutory criteria it is the conclusion of this Office that the proposed merger is in the public interest and will not result in any adverse competitive effects. This application is, therefore, approved.

JULY 8, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which First City National Bank of Gadsden would become a subsidiary of First Alabama Bancshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First Alabama Bancshares, Inc., it would have no effect on competition.

* * *

LAFAYETTE NATIONAL BANK, LAFAYETTE, IND., AND TIPPECANOE NATIONAL BANK, LAFAYETTE, IND.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Lafayette National Bank, Lafayette, Ind. (14175), with	$119,363,743	8	....
and Tippecanoe National Bank, Lafayette, Ind. (14175), which had	123,600	0	....
merged Aug. 19, 1974, under charter of the latter bank (14175) and title "Lafayette National Bank." The merged bank at date of merger had	119,487,343	....	8

COMPTROLLER'S DECISION

On May 3, 1973, Lafayette National Bank, Lafayette, Ind., and Tippecanoe National Bank (organizing), Lafayette, Ind., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Lafayette National Bank, the existing bank, was organized in 1934 and presently operates seven branches through which it serves the city of Lafayette. It has total assets of $110 million and IPC deposits of $85 million. The economy of the existing bank's service area is based on a wide array of industrial activity.

Competition for Lafayette National Bank is provided by Purdue National Bank of Lafayette, with deposits of $105 million; Lafayette Bank and Trust, with deposits of $53 million; and Lafayette Savings Bank, with deposits of $42 million.

Tippecanoe National Bank, the new bank, is being organized to provide a vehicle by which to transfer ownership of Lafayette National Bank to Lafayette National Corporation, Lafayette, Ind., which will become a one-bank holding company upon its acquisition of the resulting bank. Tippecanoe National Bank will not be operating as a commercial bank prior to this merger.

Since Lafayette National Bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by Lafayette National Bank.

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

JULY 2, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Lafayette National Bank would become a subsidiary of Lafayette National Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Lafayette National Corporation, it would have no effect on competition.

* * *

Farmers-First National Bank of Stephenville, Stephenville, Tex., and Stephenville National Bank, Stephenville, Tex.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Farmers-First National Bank of Stephenville, Stephenville, Tex. (12730), with	$31,259,735	1	....
and Stephenville National Bank, Stephenville, Tex. (12730), which had	120,000	0	....
merged Aug. 26, 1974, under charter of the latter bank (12730) and title "Farmers-First National Bank of Stephenville." The merged bank at date of merger had	31,379,735	....	1

COMPTROLLER'S DECISION

On January 29, 1974, Farmers-First National Bank of Stephenville, Stephenville, Tex., and Stephenville National Bank (organizing), Stephenville, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Farmers-First National Bank of Stephenville, the existing bank, was organized in 1906 and now has total assets of $31.1 million and IPC deposits of $23.5 million. The primary service area of the bank consists of Stephenville and the surrounding area of Erath County. The economy of that area is based on agriculture and livestock production.

Direct competition for Farmers-First National Bank of Stephenville is provided by Stephenville Bank and Trust Company, Stephenville, with deposits of $14.5 million. Additional minor competition in the outlying areas of Erath County is provided by The Dublin National Bank, Dublin, with deposits of $12.8 million; First National Bank, Hico, with deposits of $5.7 million; Citizens State Bank, Somerville, with deposits of $6.5 million; First National Bank of Granbury, with deposits of $8.7 million; and Granbury State Bank, with deposits of $4.1 million.

Stephenville National Bank, is being organized to provide a vehicle by which to transfer ownership of Farmers-First National Bank of Stephenville to First United Bancorporation, Inc., Fort Worth. The new bank will not be operating as a commercial bank prior to this merger.

First United Bancorporation, Inc., the bank holding company which will acquire the resulting bank, controls eight subsidiary banks, the largest of which is The First National Bank of Fort Worth, with deposits of $590 million.

There is no significant competition between the subsidiaries of First United Bancorporation, Inc., and Farmers-First National Bank of Stephenville because a large distance separates their two closest offices and an adequate number of alternative banking facilities operate in the intervening area. The nearest subsidiary of the holding company is Cleburne National Bank, located over 50 miles away.

Consummation of the proposed merger will stimulate competition in Stephenville because the resulting subsidiary bank will be able to offer new and improved services to the community such as agricultural credit, long term real estate loans, educational loans, trust services, letters of credit, and securities appraisal, custody, and transfer.

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

July 22, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Farmers-First National Bank of Stephenville would become a subsidiary of First United Bancorporation, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First United Bancorporation, Inc., it would have no effect on competition.

* * *

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Plaza National Bank, Secaucus, N.J. (15228), with	$28,612,000	3	....
and Second Plaza National Bank, Secaucus, N.J. (15228), which had	120,000	0	....
merged Aug. 30, 1974, under charter of the latter bank (15228) and title "Plaza National Bank."			
The merged bank at date of merger had	27,341,608	....	3

COMPTROLLER'S DECISION

On May 3, 1974, Plaza National Bank, Secaucus, N.J., and Second Plaza National Bank (organizing), Secaucus, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of "Plaza National Bank."

The Plaza National Bank, the merging bank, was established in January 1964, and presently operates three offices in Hudson County. The head office and one branch are located in Secaucus, the second branch is in West New York, N.J. The bank's primary service area includes the communities of Secaucus, West New York, and Union City.

On June 30, 1973, the Plaza National Bank, with $28.6 million in total assets and $23.5 million in IPC deposits, ranked eighth among the 11 commercial banks headquartered in Hudson County. Competition is provided by The First Jersey National Bank, Jersey City, with deposits of $447 million, which is a member of First Jersey National Corporation, a registered bank holding company with total deposits of $447 million; The Trust Company of New Jersey, Jersey City, with deposits of $233 million, which is a member of Wilshire Oil Company of Texas, a registered bank holding company with deposits of $233 million; Commercial Trust Company of New Jersey, Jersey City, with deposits of $224 million; Hudson United Bank, Union City, with deposits of $166 million; The First National Bank and Trust Company of Kearny, with deposits of $59 million; Meadowlands National Bank, North Bergen, with deposits of $34 million; Broadway National Bank of Bayonne, with deposits of $25 million; and Garden State National Bank, Hackensack, with deposits of $426 million, which is a member of Warner Communications, Inc., a registered bank holding company with deposits of $426 million. In addition, Arcadia National Bank opened for business in Secaucus on January 25, 1974. Arcadia is an affiliate of National Community Bank of Rutherford, which holds deposits of $610 million.

Second Plaza National Bank, the charter bank, was organized in December 1973 to provide a vehicle by which to transfer ownership of the merging bank to the Greater Jersey Bancorp., a registered bank holding company. The charter bank will not be operating prior to this merger. The effect of the proposed merger on competition must be measured with regard to the two existing banking subsidiaries of Greater Jersey Bancorp.

Greater Jersey Bancorp., Clifton, N.J., the bank holding company which will acquire the resulting bank, was organized by its lead subsidiary bank, New Jersey Bank (National Association), Clifton, in April 1972. Provident Bank of New Jersey, Willingboro, with deposits of $40 million, is the only other bank presently owned by Greater Jersey Bancorp. On December 31, 1973, with $711 million in deposits, it ranked sixth in size among the 20 registered bank holding companies in New Jersey. The larger holding companies are First National State Bancorporation, with nine member banks and total deposits of $1.7 billion; United Jersey Banks, with 17 member banks and total deposits of $1.4 billion; Midlantic Banks, Inc., with eight member banks and total deposits of $1.4 billion; Fidelity Union Bancorporation, with four member banks and total deposits of $1 billion; and Heritage Bancorporation, with three member banks and total deposits of $814 million. Acquisition of Plaza National Bank would result in Greater Jersey Bancorp. holding $735 million in deposits and continuing as the sixth largest holding company in the State.

Competition between the Plaza National Bank and either subsidiary of Greater Jersey Bancorp. is insignificant. The closest offices are approximately 4 miles apart and are separated by densely populated communities with numerous banking alternatives.

Consummation of the proposed merger will result in no adverse competitive effects. Affiliation with the applicant will allow the proposed subsidiary to compete more effectively with the larger banks located in its service area by offering improved and expanded services such as trust and data processing services, an international banking department, line of credit checking, and automated teller machines. In addition, the physical facilities of the proposed subsidiary will be improved.

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

JULY 23, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Plaza National Bank would become a subsidiary of Greater Jersey Bancorp., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Greater Jersey Bancorp., it would have no effect on competition.

* * *

THE ATHENS NATIONAL BANK, ATHENS, OHIO, AND THE F.B.G. NATIONAL BANK OF ATHENS, ATHENS, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Athens National Bank, Athens, Ohio (7744), with	$47,557,941	5	....
and The F.B.G. National Bank of Athens, Athens, Ohio (7744), which had	120,000	0	....
merged Sept. 16, 1974, under charter of the latter bank (7744) and title "The Athens National Bank." The merged bank at date of merger had	47,767,192	....	5

COMPTROLLER'S DECISION

On July 11, 1974, The Athens National Bank, Athens, Ohio, and The F.B.G. National Bank of Athens (organizing), Athens, Ohio, applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The Athens National Bank, the existing bank, was organized in 1905 and now operates four branch offices with total assets of $47.9 million and IPC deposits of $32.8 million. It ranks as the largest bank among the eight banks in Athens County, its service area. The Athens National Bank is now owned by United Dairy Farmers Investment Company, a registered bank holding company which has agreed to divest itself of ownership of the bank by 1981.

Competitors of The Athens National Bank include Peoples Bank in Nelsonville, with deposits of $16.7 million; Hockins Valley Bank of Athens Company, with deposits of $15 million; and First National Bank of Nelsonville, with deposits of $6.5 million.

The F.B.G. National Bank of Athens, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to First Banc Group of Ohio, Inc., Columbus, Ohio, a registered bank holding company. The charter bank will not be operating as a commercial bank prior to this merger.

First Banc Group of Ohio, Inc., is the fifth largest bank holding company in Ohio, controlling 14 banking subsidiaries with aggregate deposits of $1 billion. That holding company has an application pending to acquire a bank in Sidney and has also announced plans to acquire a bank in Toledo.

Among competitors of the applicant are BancOhio Corporation, with total deposits of $2.3 billion; Centran Corporation, with total deposits of $1.6 billion; and Union Commerce Corporation, with total deposits of $1.1 billion.

Direct competition between the proposed subsidiary and the existing subsidiaries of the applicant is insignificant since their closest offices are separated by a distance of approximately 70 miles.

Consummation of the proposed transaction will result in no adverse competitive effects. Affiliation with the applicant will allow the resulting bank to offer improved and expanded services in such areas as commercial and educational lending, trust services, and international services.

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

AUGUST 15, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The Athens National Bank would become a subsidiary of First Banc Group of Ohio, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First Banc Group of Ohio, Inc., it would have no effect on competition.

* * *

THE CITIZENS BAUGHMAN NATIONAL BANK, SIDNEY, OHIO, AND THE C.B. NATIONAL BANK OF SIDNEY, SIDNEY, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Citizens Baughman National Bank, Sidney, Ohio (7862), with	$48,629,073	6	....
and The C.B. National Bank of Sidney, Sidney, Ohio (7862), which had	120,000	0	....
merged Sept. 30, 1974, under charter of the latter bank (7862) and title "The Citizens Baughman National Bank." The merged bank at date of merger had	48,629,073	....	6

COMPTROLLER'S DECISION

On March 26, 1974, The Citizens Baughman National Bank, Sidney, Ohio, and The C.B. National Bank of Sidney (organizing), Sidney, Ohio, applied to the Comptroller of the Currency for permission to merge under the charter of the latter and the title of the former.

The Citizens Baughman National Bank, the existing bank, was organized in 1870 and now has assets of $46.6 million and IPC deposits of $33.9 million. It has six offices in Shelby County, a rural area with an estimated population of 40,500, and is the largest of four banks headquartered in the county.

The C.B. National Bank of Sidney, the charter bank, is being organized to provide a vehicle by which to transfer ownership of the existing bank to First Banc Group of Ohio, Inc., a multi-bank holding company. The charter bank will not be operating as a commercial bank prior to this merger.

First Banc Group of Ohio, Inc., the sixth largest of 12 multi-bank holding companies in Ohio, controls 14 banks with $948 million in deposits. The subsidiary closest to the existing bank is located 10 miles away in Auglaize County. There is no existing competition between those banks due to the lack of major social orientation or economic links between the communities in which the two banks are located, and the projected growth patterns of those counties are not expected to create new links.

Consummation of the proposed transaction will result in no adverse competitive effects. The resulting bank will conduct the same banking business at the same location and with the same name as presently used by the existing bank.

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

AUGUST 7, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The Citizens Baughman National Bank would become a subsidiary of First Banc Group of Ohio, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First Banc Group of Ohio, Inc., it would have no effect on competition.

* * *

The First National Bank of Evart, Evart, Mich., and Evart Bank, N.A., Evart, Mich.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Evart, Evart, Mich. (12561), with	$8,766,912	1	....
and Evart Bank, N.A., Evart, Mich. (12561), which had	60,000	0	....
merged Oct. 10, 1974, under charter of the latter bank (12561) and title "The First National Bank of Evart." The merged bank at date of merger had	8,749,913	....	1

COMPTROLLER'S DECISION

On May 13, 1974, The First National Bank of Evart, Evart, Mich., and Evart Bank, N.A. (organizing), Evart, Mich., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The First National Bank of Evart, the merging bank, was organized in 1924 and operates as a unit institution. It has total assets of $7.4 million and IPC deposits of $6 million. Evart and the surrounding area comprise the service area of the merging bank. Its competitors include Central Michigan Bank and Trust Company, Barryton, with deposits of $28.4 million; Mid-Michigan Bank, Farwell, with deposits of $26.8 million; The Reed City State Bank, Reed City, with deposits of $12.8 million; and Lake-Osceola State Bank, Tustin, with deposits of $10.9 million.

Evart Bank, N.A., the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to West Michigan Financial Corporation, Cadillac, Mich. The charter bank will not be operating as a commercial bank prior to consummation of the proposed transaction.

West Michigan Financial Corporation is the bank holding company that will acquire the resulting bank. It was organized in 1973 and controls one banking subsidiary, The Cadillac State Bank, Cadillac, with deposits of $81.2 million. Competitors for this subsidiary include First National Bank of Lake City, with deposits of $19.9 million, and First National Bank of Cadillac, with deposits of $17 million.

Direct competition between the merging bank and the subsidiary of West Michigan Financial Corporation is minimal since their closest offices are separated by a distance of 19 miles.

Consummation of the proposed transaction will result in no adverse competitive effects. Affiliation with West Michigan Financial Corporation will allow the resulting bank to become a stronger competitor by offering a wider range of more sophisticated banking services, such as free checking account plans, larger commercial and industrial loans through participations, trust services, higher interest rates on time and savings deposits, commercial data processing, physical improvements, and extended banking hours.

Applying the statutory criteria, it is the opinion of this Office that the proposed transaction is in the public interest and will result in no adverse competitive effects. This application is, therefore, approved.

SEPTEMBER 10, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The First National Bank of Evart would become a subsidiary of West Michigan Financial Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by West Michigan Financial Corporation, it would have no effect on competition.

* * *

The Colonial-American National Bank of Roanoke, Roanoke, Va., and Colonial Bank, N.A., Roanoke, Va.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Colonial-American National Bank of Roanoke, Roanoke, Va. (11817), with	$166,217,889	11	....
and Colonial Bank, N.A., Roanoke, Va. (11817), which had	238,500	0	....
merged Oct. 31, 1974, under charter of the latter bank (11817) and title "Colonial-American National Bank." The merged bank at date of merger had	166,236,629	....	11

COMPTROLLER'S DECISION

On August 15, 1974, The Colonial-American National Bank of Roanoke, Roanoke, Va., and Colonial Bank, N.A. (organizing), Roanoke, Va., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "Colonial-American National Bank," with its main office in Roanoke County, Va.

The Colonial-American National Bank of Roanoke, the merging bank, is headquartered in Roanoke, Va., and has 11 branch offices located throughout Roanoke County. The bank, with total assets of $148.5 million and IPC deposits of $113.6 million, was chartered originally in 1929.

Colonial Bank, N.A., the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to Colonial-American Bankshares Corporation, Roanoke, Va., which will become a registered one-bank holding company upon acquisition of the resulting bank. The charter bank will not be operating as a commercial bank prior to this merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations as presently used by the merging bank.

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

SEPTEMBER 30, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The Colonial-American National Bank of Roanoke would become a subsidiary of Colonial-American Bankshares Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Colonial-American Bankshares Corporation, it would have no effect on competition.

* * *

The First National Bank in Cleburne, Cleburne, Tex., and Johnson County National Bank, Cleburne, Tex.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank in Cleburne, Cleburne, Tex. (13107), with	$35,545,084	1	....
and Johnson County National Bank, Cleburne, Tex. (13107), which had	125,000	0	....
merged Nov. 1, 1974, under charter of the latter bank (13107) and title "The First National Bank in Cleburne." The merged bank at date of merger had	35,670,084	....	1

COMPTROLLER'S DECISION

On July 15, 1974, The First National Bank in Cleburne, Cleburne, Tex., and Johnson County National Bank (organizing), Cleburne, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The First National Bank in Cleburne, the existing bank, was organized in 1927 and operates as a unit institution. It has total assets of $32.4 million and IPC deposits of $28.6 million. The service area of First National Bank in Cleburne is Johnson County where its competitors include Cleburne National Bank which has deposits of $17.5 million and is a member of First United Bancorporation, Inc.; First State Bank, Rio Vista, which has deposits of $20 million; and Farmers and Merchants State Bank, Burleson, which has deposits of $11 million.

Johnson County National Bank, the new bank, is being organized to provide a vehicle by which to transfer ownership of the existing bank to First International Bancshares, Inc., Dallas, Tex., a registered bank holding company. The new bank will not be operating as a commercial bank prior to this merger.

First International Bancshares, Inc., is the largest bank holding company in Texas, controlling 16 banking subsidiaries with aggregate deposits of $2.6 billion. It has applied for approval to acquire five additional banks. First National Bank in Dallas, with deposits of $2.4 billion, is its lead subsidiary.

Competitors for First National Bank in Dallas include Republic National Bank of Dallas, with deposits of $3 billion; Mercantile National Bank of Dallas, with deposits of $746 million; and National Bank of Commerce, with deposits of $296 million.

Competition between the existing bank and subsidiaries of First United Bancorporation, Inc., is minimal since their closest offices are 49 miles apart. Thus, consummation of the proposed transaction will result in no adverse competitive effects. The merger will allow The First National Bank in Cleburne to offer new and expanded services such as a larger lending capacity, trust department services, investment counseling, and international services.

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

OCTOBER 2, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The First National Bank in Cleburne would become a subsidiary of First International Bancshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First International Bancshares, Inc., it would have no effect on competition.

* * *

PHENIX NATIONAL BANK, PHENIX CITY, ALA., AND BANK OF PHENIX, N.A., PHENIX CITY, ALA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Phenix National Bank, Phenix City, Ala. (15053), with	$16,302,578	3	....
and Bank of Phenix, N.A., Phenix City, Ala. (15053), which had	120,000	0	....
merged Nov. 14, 1974, under charter of the latter bank (15053) and title "Phenix National Bank." The merged bank at date of merger had	16,306,178	....	3

COMPTROLLER'S DECISION

On July 4, 1974, the Phenix National Bank, Phenix City, Ala., and the Bank of Phenix, N.A. (organizing), Phenix City, Ala., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Phenix National Bank, the merging bank, was organized in 1963 and now has IPC deposits of $12 million. The service area of the bank is metropolitan Phenix City, Ala., and Columbus, Ga., as well as the remaining parts of Russell County and the southeast tip of Lee County.

Primary competitors of Phenix National Bank include Columbus Bank and Trust Co., with deposits of $141 million; First National Bank of Columbus, with deposits of $138 million; Fourth National Bank of Columbus, with deposits of $65 million; Trust Company of Georgia, with deposits of $26 million; Farmers and Merchants Bank of Russell County, Phenix City, with deposits of $17 million; First Bank of Russell County, Phenix City, with deposits of $2 million; and Phenix Girard Bank, with deposits of $17 million.

Bank of Phenix, N.A., the charter bank, is being organized to provide a vehicle by which to transfer ownership of the merging bank to First Alabama

Bancshares, Inc., a registered bank holding company. The charter bank will not be operating prior to the merger.

First Alabama Bancshares, Inc., Birmingham, Ala., was organized in 1971 and now is the second largest bank holding company in Alabama with aggregate deposits of $900 million. It controls nine banking subsidiaries located in various cities throughout the State. Its largest subsidiary is The First National Bank of Montgomery, Montgomery, Ala., with deposits of $282 million. The remaining subsidiaries are located in Birmingham, Huntsville, Dothan, Bay Minette, Tuscaloosa, Selma, Athens, and Guntersville. In addition, the holding company has received approval to acquire banks in Hartselle and Gadsden and has an additional application pending to acquire a bank in Bayou La Batre.

Direct competition between Phenix National Bank and the subsidiaries of First Alabama Bancshares, Inc., is minimal since the closest subsidiary of the holding company, First National Bank of Montgomery, is 80 miles west of Phenix City.

Consummation of the proposed transaction will result in no adverse competitive effects. Affiliation with the holding company will enable Phenix National Bank to offer an expanded range of services such as lease financing, corporate financing, corporate trust, and money market operations. Affiliation will also strengthen the bank's staff and internal operations.

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

OCTOBER 15, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Phenix National Bank would become a subsidiary of First Alabama Bancshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by First Alabama Bancshares, Inc., it would have no effect on competition.

* * *

VIRGINIA NATIONAL BANK/FAIRFAX, SPRINGFIELD, VA., AND COMMUNITY BANK AND TRUST COMPANY, SPRINGFIELD, VA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Community Bank and Trust Company, Springfield, Va., with	$6,686,779	1	....
and Virginia National Bank/Fairfax, Springfield, Va. (16398), which had	240,000	0	....
merged Nov. 18, 1974, under charter and title of the latter bank (16398). The merged bank at date of merger had	6,926,779	....	1

COMPTROLLER'S DECISION

On June 25, 1974, Community Bank and Trust Company, Springfield, Va., and Virginia National Bank/Fairfax (organizing), Springfield, Va., applied to the Comptroller of the Currency for permission to merge under the charter of and with the title of the latter.

The Community Bank and Trust Company, Springfield, Va., the merging bank, was organized in 1970 and operates from a single office. With assets of $5.7 million and IPC deposits of $3.7 million, the merging bank ranks as the smallest bank in Fairfax County.

Competitors of the merging bank include Bank of Virginia-Potomac, Falls Church, with deposits of $147 million; Fairfax County National Bank, Seven Corners, with deposits of $46 million; Peoples Bank and Trust Company of Fairfax, with deposits of $16 million; United Virginia Bank/First & Citizens National, with deposits of $348 million; and Northern Virginia Bank, with deposits of $96 million.

Virginia National Bank/Fairfax, the new bank, is being organized to provide a vehicle by which to transfer ownership of Community Bank and Trust Company to Virginia National Bancshares, Incorporated. The new bank will not be operating as a commercial bank prior to this merger.

Virginia National Bancshares, Incorporated, Norfolk, Va., a registered bank holding company, is Virginia's second largest banking organization. The holding company's subsidiary banks are Virginia National Bank/Norfolk; Virginia National Bank/Lynchburg; Virginia National Bank/Henry County, Martinsville; and Virginia Trust Company, Richmond. Those affiliated banks have aggregate deposits of $1.4 billion and operate 121 banking offices.

Direct competition between the Community Bank and Trust Company and the subsidiaries of Virginia National Bancshares, Incorporated, is minimal as the closest subsidiary, Virginia National Bank/Norfolk, has an office 6 miles north of the merging bank in a highly competitive region.

Consummation of the proposed merger will stimulate competition in the Springfield service area because the resulting bank will be able to offer new and improved services to customers as a result of its affiliation with Virginia National Bancshares, Incorporated.

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

OCTOBER 16, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Community Bank and Trust Company would become a subsidiary of Virginia National Bankshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Virginia National Bankshares, Inc., it would have no effect on competition.

* * *

CENTRAL BANK, NATIONAL ASSOCIATION, GRAND RAPIDS, MICH., AND C. BANK, NATIONAL ASSOCIATION, GRAND RAPIDS, MICH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Central Bank, National Association, Grand Rapids, Mich. (16037), with	$49,500,402	9	....
and C. Bank, National Association, Grand Rapids, Mich. (16037), which had	240,000	0	....
merged Dec. 9, 1974, under charter of the latter bank (16037) and title "Central Bank, National Association." The merged bank at date of merger had	49,740,402	....	9

COMPTROLLER'S DECISION

On December 29, 1972, C. Bank, National Association (organizing), Grand Rapids, Mich., and Central Bank, National Association, Grand Rapids, Mich., applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of the latter.

Central Bank, National Association, the existing bank, was organized in 1934 and now has deposits of $43 million. At the present time, 22.4 percent of the common stock of this bank is owned by Michigan National Corporation and a majority of the remaining shares are owned by persons closely associated with that holding company. Competition for the bank is provided by Old Kent Bank and Trust Company, with deposits of $681 million; Union Bank and Trust Company, National Association, with deposits of $309 million; and an office of Michigan National Bank, Lansing, which is a subsidiary of Michigan National Corporation.

C. Bank, National Association (organizing), the new bank, is being organized to provide a vehicle by which to transfer ownership of Central Bank, National Association, to Michigan National Corporation, Bloomfield Hills, Mich. C. Bank will not be operating as a commercial bank prior to this merger.

Michigan National Corporation, the bank holding company which will acquire the resulting bank, is a recently organized corporation which controls several subsidiary banks with aggregate assets of $2.5 billion. All of those subsidiaries had been closely associated through common stock ownership prior to their acquisition by Michigan National Corporation. As already indicated, 22.4 percent of the stock of Central Bank is now owned by Michigan National Corporation and a majority of the remaining shares are owned by persons closely associated with that holding company. The proposed transaction is, therefore, merely part of an internal corporate reorganization which will not adversely affect the banking structure in Michigan.

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

MAY 16, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Central Bank, National Association, would become a subsidiary of Michigan National Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Michigan National Corporation, it would have no effect on competition.

* * *

VALLEY NATIONAL BANK OF SAGINAW, SAGINAW, MICH., AND V. NATIONAL BANK, SAGINAW, MICH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Valley National Bank of Saginaw, Saginaw, Mich. (15403), with	$54,197,141	6	....
and V. National Bank, Saginaw, Mich. (15403), which had	240,000	0	....
merged Dec. 9, 1974, under charter of the latter bank (15403) and title "Valley National Bank of Saginaw." The merged bank at date of merger had	54,437,141	....	6

COMPTROLLER'S DECISION

On October 28, 1973, Valley National Bank of Saginaw, Saginaw, Mich., and V. National Bank (organizing), Saginaw, Mich., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Valley National Bank of Saginaw, the existing bank, was organized in 1959 and currently operates five branch offices with total deposits of $43 million. Direct competition for the bank is provided by Second National Bank of Saginaw, with deposits of $247 million; First State Bank of Saginaw, with deposits of $15.9 million; and an office of Michigan National Bank, Lansing.

V. National Bank, the new bank, is being organized to provide a vehicle by which to transfer ownership of Valley National Bank of Saginaw to Michigan National Corporation, Bloomfield Hills, Mich. The new bank will not be operating as a commercial bank prior to this merger.

Michigan National Corporation, the bank holding company which will acquire the resulting bank, is headquartered in Bloomfield Hills and controls four subsidiary banks with aggregate deposits of $2.5 billion. The principal subsidiary of the holding company is Michigan National Bank of Detroit, with deposits of $823 million. The remaining subsidiaries of this holding company are located in the cities of Livonia, Southfield, and Troy.

The existing bank is, at the present time, indirectly controlled by Michigan National Corporation which owns a significant amount of the outstanding stock of Valley National Bank of Saginaw. This transaction is, therefore, merely part of an internal corporate reorganization which will solidify the operational relationship between Valley National Bank of Saginaw and Michigan National Corporation without altering the competitive banking structure in Michigan.

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

MAY 16, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

[This merger is a part] * * * of plans through which the existing banks will become subsidiaries of Michigan National Corporation. [It] * * *, however, will merely combine an existing bank with a non-operating institution and without regard to the acquisition of the surviving banks by Michigan National Corporation, will have no effect on competition.

* * *

THE GOGEBIC NATIONAL BANK OF IRONWOOD, IRONWOOD, MICH., AND GNB NATIONAL BANK, IRONWOOD, MICH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Gogebic National Bank of Ironwood, Ironwood, Mich. (9517), with	$21,624,600	1	....
and GNB National Bank, Ironwood, Mich. (9517), which had	120,000	0	....
merged Dec. 13, 1974, under charter of the latter bank (9517) and title "Gogebic National Bank." The merged bank at date of merger had	21,744,600	....	1

COMPTROLLER'S DECISION

On July 15, 1974, The Gogebic National Bank of Ironwood, Ironwood, Mich., and GNB National Bank (organizing), Ironwood, Mich., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title, "Gogebic National Bank."

The Gogebic National Bank of Ironwood, Ironwood, Mich., the existing bank, was organized in 1909 and now has total deposits of $19 million. The bank operates solely from its head office in Ironwood and has an application pending to establish a branch in the unincorporated village of Watersmeet, Mich. The bank's principal competitor is First National Bank of Ironwood, with deposits of $19 million. Michigan Financial Corporation, Marquette, Mich., a registered bank holding company, with assets of $150 million, has applied for permission to acquire control of First National Bank of Ironwood. Additional competition in bank's service area is furnished by the Bessemer National Bank, Bessemer, Mich., with deposits of $10 million, and The Iron Exchange Bank, Hurley, Wis., with deposits of $9 million.

GNB National Bank, the new bank, is being organized to provide a vehicle by which to transfer ownership of The Gogebic National Bank of Ironwood to First National Financial Corporation, Kalamazoo, Mich. The new bank will not be operating as a commercial bank prior to this merger.

First National Financial Corporation, Kalamazoo, Mich., the bank holding company which will acquire the resulting bank, is the fourth largest bank holding company in Michigan and controls nine banking subsidiaries with aggregate deposits in excess of $450 million and total resources in excess of $505 million. First National Bank and Trust Company of Michigan, Kalamazoo, Mich., its largest subsidiary, has deposits of $321 million.

Direct competition between Gogebic National Bank of Ironwood and the subsidiaries of the applicant is nonexistent since the nearest subsidiary of the applicant is located 83 miles southeast of Ironwood, Mich., and over 30 miles from the location of the bank's proposed branch.

Consummation of the proposed merger will stimulate competition in Ironwood because the resulting subsidiary will expand the services it offers and will become more effective in its competition with the First National Bank of Ironwood. The proposed transaction will enable the resulting subsidiary to provide trust services, place overlines through the holding company system, and offer improved and more efficient banking services.

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

NOVEMBER 12, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The Gogebic National Bank of Ironwood would become a subsidiary of First National Financial Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First National Financial Corporation, it would have no effect on competition.

* * *

First National Bank of Ironwood, Ironwood, Mich., and The Second National Bank of Ironwood, Ironwood, Mich.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank of Ironwood, Ironwood, Mich. (14456), with	$23,732,247	1	....
and The Second National Bank of Ironwood, Ironwood, Mich. (14456), which had	125,000	0	....
merged Dec. 30, 1974, under charter of the latter bank (14456) and title "First National Bank of Ironwood." The merged bank at date of merger had	23,294,692	....	1

COMPTROLLER'S DECISION

On August 23, 1974, The Second National Bank of Ironwood (organizing), Ironwood, Mich., and First National Bank of Ironwood, Ironwood, Mich., applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of the latter.

First National Bank of Ironwood, the existing bank, was organized in 1941 and presently operates as a unit bank with total assets of $22 million and IPC deposits of $18.4 million. It now has an application pending for a branch office in Ironwood. The primary service area of the bank encompasses Ironwood and the surrounding area in the western portion of Michigan's upper peninsula. The principal economic activity in the service area is winter tourism.

Competition for First National Bank of Ironwood is provided by Gogebic National Bank, Ironwood, with deposits of $18.6 million; The Bessemer National Bank, Bessemer, with deposits of $10 million; and The First National Bank, Wakefield, with deposits of $7.5 million.

The Second National Bank of Ironwood, the new bank, is being organized to provide a vehicle by which to transfer ownership of the existing bank to Michigan Financial Corporation, Marquette, Mich. The new bank will not be operating as a commercial bank prior to this merger.

Michigan Financial Corporation, the bank holding company which will acquire the resulting bank, is the 21st largest of the 38 bank holding companies in Michigan. It presently controls six banks, with aggregate deposits of $150 million.

There is no competition between Michigan Financial Corporation or its subsidiaries and First National Bank of Ironwood because of the great distance between the banks. The nearest subsidiary of Michigan Financial Corporation, The Miners' First National Bank and Trust Company, is located in Ishpeming, 130 miles east of Ironwood. Much of the intervening land consists of public forests.

Consummation of the proposed merger will stimulate competition in Michigan's upper peninsula because the resulting subsidiary in Ironwood will be able to offer new and improved services such as trust services, business development loans, Master Charge, minimum balance-no service charge checking accounts, and an increased rate of interest on statement savings accounts. In addition, the acquisition of the resulting bank by Michigan Financial Corporation will not significantly affect its size in relation to the other bank holding companies in Michigan.

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

November 13, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which First National Bank of Ironwood would become a subsidiary of Michigan Financial Corporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by Michigan Financial Corporation, it would have no effect on competition.

* * *

NATIONAL BANK OF COMMERCE OF PINE BLUFF, PINE BLUFF, ARK., AND JEFFERSON NATIONAL BANK, PINE BLUFF, ARK.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
National Bank of Commerce of Pine Bluff, Pine Bluff, Ark. (14056), with	$106,827,438	6	....
and Jefferson National Bank, Pine Bluff, Ark. (14056), which had	250,000	0	....
merged Dec. 31, 1974, under charter of the latter bank (14056) and title "National Bank of Commerce of Pine Bluff." The merged bank at date of merger had	107,077,438	....	6

COMPTROLLER'S DECISION

On July 2, 1974, National Bank of Commerce of Pine Bluff, Pine Bluff, Ark., and Jefferson National Bank (organizing), Pine Bluff, Ark., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

National Bank of Commerce of Pine Bluff, the existing bank, was organized in 1934 and presently operates five branches. It has total assets of $97 million and IPC deposits of $68 million. The primary service area of the existing bank encompasses all of Jefferson County. The economy of this service area is supported by a mixture of light industry and agriculturally related pursuits.

Competition for National Bank of Commerce of Pine Bluff is provided by Simmons First National Bank of Pine Bluff, with deposits of $131 million; and Pine Bluff National Bank, Pine Bluff, with deposits of $8.6 million.

Jefferson National Bank is being organized to provide a vehicle by which to transfer ownership of National Bank of Commerce of Pine Bluff to National Bancshares Corp., Pine Bluff, Ark., which will become a one-bank holding company upon its acquisition of the resulting bank. Jefferson National Bank will not be operating as a commercial bank prior to this merger.

Because National Bank of Commerce of Pine Bluff is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the existing bank.

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

NOVEMBER 29, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which National Bank of Commerce of Pine Bluff would become a subsidiary of National Bancshares Corp., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by National Bancshares Corp., it would have no effect on competition.

* * *

III. Additional Approvals

A. Approved, but abandoned, no litigation

THE FIRST NATIONAL BANK OF PARIS, PARIS, TEX., AND NEW NATIONAL BANK OF PARIS, PARIS, TEX.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Paris, Paris, Tex. (3638), with	$36,766,293	1	....
and New National Bank of Paris, Paris, Tex. (3638), which had	0	0	....
applied for permission to merge Oct. 24, 1973, under charter of the latter bank (3638) and title "The First National Bank of Paris." The application was approved Jan. 15, 1974, but was abandoned by the banks May 8, 1974	....	....	....

COMPTROLLER'S DECISION

On October 24, 1973, New National Bank of Paris (organizing), Paris, Tex., and First National Bank of Paris, Paris, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of the latter.

First National Bank of Paris, the existing bank, was organized in 1886 and has operated since that time as a unit institution pursuant to State law. The bank now has deposits of $32 million. The service area of the bank consists of the whole of Lamar County, which has an estimated population of 36,062 persons.

First National Bank of Paris is the largest of the five banks headquartered in Lamar County. Principal competitors for the bank include Liberty National Bank, Paris, with deposits of $26 million, and Citizens State Bank, Paris, with deposits of $13.6 million. Additional competition is provided by The First National Bank, Deport, with deposits of $4.1 million, and First National Bank, Roxton, with deposits of $1.1 million.

New National Bank of Paris, the new bank, is being organized to provide a vehicle by which to transfer ownership of First National Bank of Paris to First City Bancorporation of Texas, Inc. The new bank will not be operating as a commercial bank prior to this merger.

First City Bancorporation of Texas, Inc., the bank holding company which will acquire the resulting bank, is the second largest bank holding company in Texas and controls 25 banks with aggregate deposits of $2.3 billion. The applicant's principal subsidiary is First City National Bank of Houston, Houston, Tex., with deposits of $1.5 billion.

There is minimal competition between First City Bancorporation of Texas, Inc., or its subsidiaries and First National Bank of Paris because large distances separate their closest two offices and an adequate number of alternative banking facilities operate in the intervening area. The nearest office of a subsidiary of the applicant is approximately 104 miles from Paris in Dallas, Tex.

Consummation of the proposed merger will stimulate competition in Lamar County because the resulting subsidiary will be able to offer new and improved services including greater depth and expertise of management, an extensive business development program, a broader loan policy, a larger trust department, expanded credit investigation services, real estate loan and appraisal services, and international banking services. The acquisition of the resulting bank by First City Bancorporation of Texas, Inc., will result in modernization of operational procedures which should be reflected in increased profits for that bank.

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

JANUARY 15, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The First National Bank of Paris would become a subsidiary of First City Bancorporation of Texas, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First City Bancorporation of Texas, Inc., it would have no effect on competition.

* * *

The First National Bank of San Angelo, San Angelo, Tex., and New National Bank, San Angelo, Tex.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of San Angelo, San Angelo, Tex. (2767), with	$59,245,185	1	....
and New National Bank, San Angelo, Tex. (2767), which had	0	0	....
applied for permission to merge Oct. 30, 1973, under charter of the latter bank (2767) and title "The First National Bank of San Angelo." The application was approved Jan. 10, 1974, but was abandoned by the banks May 8, 1974	....	....	....

COMPTROLLER'S DECISION

On October 30, 1973, New National Bank (organizing), San Angelo, Tex., and The First National Bank of San Angelo, San Angelo, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of the latter.

The First National Bank of San Angelo, the existing bank, was organized in 1882 and now has deposits of $50.5 million. The service area of the bank consists of the whole of Tom Green County which has an estimated population of 71,047 persons.

The First National Bank of San Angelo is the third largest of five banks headquartered in its service area. Competition for the bank is provided by San Angelo National Bank, with deposits of $82.2 million, which is a subsidiary of Texas Commerce Bancshares, Inc., Houston, the State's third largest multi-bank holding company; The Central National Bank of San Angelo, with deposits of $72 million; West Side National Bank of San Angelo, with deposits of $12.9 million; and Texas State Bank, San Angelo, with deposits of $11.3 million.

New National Bank, the new bank, is being organized to provide a vehicle by which to transfer ownership of The First National Bank of San Angelo to First City Bancorporation of Texas, Inc. The new bank will not be operating as a commercial bank prior to this merger.

First City Bancorporation of Texas, Inc., the bank holding company which will acquire the resulting bank, is the second largest bank holding company in Texas and controls 25 banks with aggregate deposits of $2.3 billion. The applicant's principal subsidiary is First City National Bank of Houston, Houston, Tex., with deposits of $1.5 billion.

There is minimal competition between First City Bancorporation of Texas, Inc., or its subsidiaries and The First National Bank of San Angelo, because large distances separate their closest two offices and an adequate number of alternative banking facilities operate in the intervening area. The nearest office of a subsidiary of the applicant is approximately 110 miles from San Angelo in Midland, Tex.

Consummation of the proposed merger will stimulate competition in Tom Green County because the resulting subsidiary will be able to offer new and improved services including greater depth and experience of management, an extensive business development program, a broader loan policy, a larger trust department, expanded credit investigation services, real estate loan and appraisal services, and international banking services. The acquisition of the resulting bank by First City Bancorporation of Texas, Inc., will also help to alleviate a strained capital situation at The First National Bank of San Angelo.

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

JANUARY 10, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which The First National Bank of San Angelo would become a subsidiary of First City Bancorporation of Texas, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a non-operating institution; as such, and without regard to the acquisition of the surviving bank by First City Bancorporation of Texas, Inc., it would have no effect on competition.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Citizens National Bank, Jackson, Miss. (15516), with	$161,540,607	7	....
and First Mississippi National Bank, Hattiesburg, Miss. (5176), which had	38,404,720	18	....
applied for permission to merge Aug. 5, 1974, under charter and title of the latter bank (5176). The application was approved Sept. 24, 1974, but was abandoned by the banks Nov. 12, 1974	....	....	....

COMPTROLLER'S DECISION

On August 5, 1974, Citizens National Bank, Jackson, Miss., and First Mississippi National Bank, Hattiesburg, Miss., applied to the Comptroller of the Currency for permission to merge under the charter and the title of the latter.

First Mississippi National Bank, the charter bank, was organized in 1899, and now has assets of $166.2 million and IPC deposits of $111.2 million. It operates 19 branch offices to serve those parts of Forrest, Harrison, Jackson, Jefferson Davis, Lamar, and Rankin counties within 100 miles of Hattiesburg. The economy of that area is diversified, with manufacturing, seafood processing and agriculture.

The charter bank is the largest of the three banks headquartered in Hattiesburg. The other two are Citizens Bank of Hattiesburg, with $31.7 million in deposits, and Southern National Bank of Hattiesburg, with deposits of $21.9 million. The service area is also served by 24 other banking offices with aggregate deposits of $1.8 billion.

Citizens National Bank, the merging bank, with assets of $51.1 million and IPC deposits of $24.7 million operates six branches. It is the smallest of the four banks headquartered in Jackson with competition provided by the $645.7 million deposit Deposit Guaranty National Bank, the $591.6 million deposit First National Bank of Jackson and the $60.9 million deposit Mississippi Bank and Trust Company. Jackson is the financial, commercial, and industrial center of Mississippi.

There is little competition between the charter and merging banks because of the distance separating their service areas. First Mississippi National Bank recently opened a *de novo* branch in Pearl, within the service area of Citizens National Bank, but that branch only held deposits as of June 30, 1974.

Consummation of the proposed merger will have no adverse effect on competition. The resulting bank will be in a better position to compete effectively in the Jackson area, which the merging bank is presently unable to do because of management problems and the small size of the bank. The two largest banks have dominated the financial field in Jackson and the proposed merger will give potential customers a viable third choice.

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

SEPTEMBER 24, 1974.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Applicant operates one branch office in close proximity to Bank's main and branch offices. That office, located in the Jackson SMSA in the community of Pearl, Rankin County, was opened in April 1974, and currently holds total deposits of less than $1 million. Applicant's other offices are located 60 or more miles south of Bank's service area.

The Jackson Mississippi banking market is highly concentrated, with the State's two largest banks controlling approximately 85 percent of total deposits in the Jackson SMSA. Bank, with approximately 3.6 percent of SMSA deposits ranks fourth, while Applicant's single office ranks 13th in the Jackson SMSA with less than 1 percent of total deposits. Thus, while the proposed merger may eliminate some existing competition and the potential for increased competition between the parties in the Jackson area, concentration in commercial banking in that market would not be substantially increased. And in view of the relatively modest market position of Bank in the Jackson market, it does not appear that the proposed merger would eliminate substantial potential competition.

Therefore, we conclude that the proposed transaction would not have significantly adverse competitive effects.

* * *

B. Approved, but abandoned, due to litigation

THE MERCHANTS NATIONAL BANK OF BURLINGTON, BURLINGTON, VT., AND MONTPELIER NATIONAL BANK, MONTPELIER, VT.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Montpelier National Bank, Montpelier, Vt. (13915), with	$35,738,000	2	....
and The Merchants National Bank of Burlington, Burlington, Vt. (1197), which had	64,638,000	7	....
applied for permission to merge June 29, 1973, under charter of the latter bank (1197) and title "The Merchants National Bank of Burlington, Vermont." The application was approved Nov. 1, 1973. The pending merger was challenged by Justice Department Nov. 29, 1973, and was abandoned by the banks July 9, 1974	....	....	....

The "Comptroller's Decision" and "Summary of Report by Attorney General" for this case appeared in the 1973 Annual Report under the heading "Approved, but in litigation."

* * *

THE CONNECTICUT NATIONAL BANK, BRIDGEPORT, CONN., AND THE FIRST NEW HAVEN NATIONAL BANK, NEW HAVEN, CONN.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Connecticut National Bank, Bridgeport, Conn. (335), with	$398,313,449	51	....
and The First New Haven National Bank, New Haven, Conn. (2), which had	315,269,949	21	....
applied for permission to consolidate Feb. 2, 1971, under charter of the latter bank (2) and title "The First Connecticut National Bank." The application was approved July 26, 1971. The pending consolidation was challenged by Justice Department Aug. 23, 1971, and was abandoned by the banks Aug. 22, 1974	....	....	....

The "Comptroller's Decision" and "Summary of Report by Attorney General" for this case appeared in the 1971 Annual Report under the heading "Approved, but in litigation."

* * *

THE NATIONAL BANK OF COMMERCE OF SEATTLE, SEATTLE, WASH., AND WASHINGTON TRUST BANK, SPOKANE, WASH.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Washington Trust Bank, Spokane, Wash., with	$ 102,633,000	1	....
and The National Bank of Commerce of Seattle, Seattle, Wash. (4375), which had	1,320,714,000	106	....
applied for permission to merge Mar. 9, 1971, under charter and title of the latter bank (4375). The application was approved Sept. 24, 1971. The pending merger was challenged by Justice Department Oct. 21, 1971, and was abandoned by the banks Oct. 3, 1974	....	....	....

The "Comptroller's Decision" and "Summary of Report by Attorney General" for this case appeared in the 1971 Annual Report under the heading "Approved, but in litigation."

* * *

APPENDIX B

Statistical Tables

Statistical Tables

Table No.	Title	Page
B–1	Comptrollers of the Currency, 1863 to the present	177
B–2	Deputy Comptrollers of the Currency	178
B–3	Regional Administrators of National banks	178
B–4	Changes in the structure of the National Banking System, by States, 1863–1974	179
B–5	Charters, liquidations, and changes in issued capital stock of National banks, calendar 1974	180
B–6	Applications for National bank charters, approved and rejected, by States, calendar 1974	181
B–7	Applications for National bank charters, by States, pursuant to corporate reorganizations, calendar 1974	183
B–8	Newly organized National banks, by States, calendar 1974	184
B–9	National bank charters issued and mergers consummated pursuant to corporate reorganizations, by States, calendar 1974	187
B–10	State-chartered banks converted to National banks, by States, calendar 1974	192
B–11	National bank charters issued pursuant to corporate reorganizations, by States, calendar 1974	193
B–12	National banks reported in voluntary liquidation, by States, calendar 1974	194
B–13	National banks merged or consolidated with State banks, by States, calendar 1974	195
B–14	National banks converted into State banks, by States, calendar 1974	196
B–15	Purchases of State banks by National banks, by States, calendar 1974	197
B–16	Consolidations of National banks, or National and State banks, by States, calendar 1974	198
B–17	Mergers of National banks, or National and State banks, by States, calendar 1974	199
B–18	Mergers resulting in National banks, by assets of acquiring and acquired banks, 1960–1974	202
B–19	Domestic branches entering the National Banking System, by *de novo* opening, merger, or conversion, by States, calendar 1974	202
B–20	Domestic branches of National banks closed, by States, calendar 1974	214
B–21	Principal assets, liabilities, and capital accounts of National banks, by deposit size, year-end 1973 and 1974	216
B–22	Dates of reports of condition of National banks, 1914–1974	217
B–23	Total and principal assets of National banks, by States, June 30, 1974	219
B–24	Total and principal liabilities of National banks, by States, June 30, 1974	220
B–25	Capital accounts of National banks, by States, June 30, 1974	221
B–26	Total and principal assets of National banks, by States, Dec. 31, 1974	222
B–27	Total and principal liabilities of National banks, by States, Dec. 31, 1974	223
B–28	Capital accounts of National banks, by States, Dec. 31, 1974	224
B–29	Loans of National banks, by States, Dec. 31, 1974	225
B–30	Outstanding balances, credit cards and related plans of National banks, Dec. 31, 1974	226
B–31	National banks engaged in direct lease financing, Dec. 31, 1974	227
B–32	Income and expenses of National banks, by States, year ended Dec. 31, 1974	228
B–33	Income and expenses of National banks, by deposit size, year ended Dec. 31, 1974	242
B–34	Capital accounts, net income, and dividends of National banks, 1944–1974	244
B–35	Loan losses and recoveries of National banks, 1945–1974	245
B–36	Securities losses and recoveries of National banks, 1945–1974	245
B–37	Ratios of classified assets to total loans for National banks, deposit size category under $100 million	246
B–38	Ratios of classified assets to total loans for National banks, deposit size category $100 million and over	246
B–39	Assets and liabilities of National banks, date of last report of condition, 1950–1974	247
B–40	Foreign branches of National banks, by region and country, Dec. 31, 1974	248
B–41	Total assets of foreign branches of National banks, year-end 1953–1974	249
B–42	Foreign branches of National banks, 1960–1974	249
B–43	Assets and liabilities of foreign branches of National banks, Dec. 31, 1974: consolidated statement	249
B–44	Trust assets and income of National banks, by States, calendar 1974	250

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	Mar. 23, 1973	Texas.
23	Smith, James E	July 5, 1973	....	South Dakota.

Table B–2

Deputy Comptrollers of the Currency

No.	Name	Dates of tenure		State
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, Jr., William	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	Oct. 26, 1974	Louisiana.
43	Motter, David C	July 1, 1966	....	Ohio.
44	Gwin, John D	Feb. 21, 1967	....	Mississippi.
45	Howland, Jr., W. A	July 5, 1973	....	Georgia.
46	Mullin, Robert A	July 5, 1973	....	Kansas.
47	Ream, Joseph M	Feb. 2, 1975	....	Pennsylvania.

Table B–3

Regional Administrators of National banks

Region	Name	Headquarters	States
1	Charles H. Paterson	Boston, Mass	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.
2	Charles M. Van Horn	New York, N.Y	New Jersey, New York, Puerto Rico, Virgin Islands.
3	R. Coleman Egertson	Philadelphia, Pa	Pennsylvania, Delaware.
4	Larry T. Gerzema	Cleveland, Ohio	Indiana, Kentucky, Ohio.
5	John G. Hensel	Richmond, Va	District of Columbia, Maryland, North Carolina, Virginia, West Virginia.
6	Billy C. Wood	Atlanta, Ga	Florida, Georgia, South Carolina.
7	Charles B. Hall	Chicago, Ill	Illinois, Michigan.
8	John W. Schaffer, Jr	Memphis, Tenn	Alabama, Arkansas, Louisiana, Mississippi, Tennessee.
9	Donald B. Smith	Minneapolis, Minn	Minnesota, North Dakota, South Dakota, Wisconsin.
10	John R. Burt	Kansas City, Mo	Iowa, Kansas, Missouri, Nebraska.
11	Michael Doman	Dallas, Tex	Oklahoma, Texas.
12	John R. Thomas	Denver, Colo	Arizona, Colorado, New Mexico, Utah, Wyoming.
13	M. B. Adams	Portland, Oreg	Alaska, Idaho, Montana, Oregon, Washington.
14	H. Joe Selby	San Francisco, Calif	California, Guam, Hawaii, Nevada.

Table B–4

Changes in the structure of the National Banking System, by States, 1863–1974

	Organized and opened for business 1863–1974	Consolidated and merged under 12 U.S.C. 215		Insolvencies	Liquidated	12 U.S.C. 214		In operation Dec. 31, 1974
		Consolidated	Merged			Converted to State banks	Merged or consolidated with State banks	
United States	16,423	727	802	2,825	6,761	243	357	4,708
Alabama	229	4	23	45	64	0	0	93
Alaska	8	0	0	0	2	0	1	5
Arizona	33	1	0	6	21	1	1	3
Arkansas	172	1	3	39	55	0	0	74
California	619	21	55	67	397	4	20	55
Colorado	283	5	4	58	86	3	0	127
Connecticut	141	11	9	7	69	5	16	24
Delaware	32	0	0	1	18	0	8	5
District of Columbia	41	8	0	7	13	0	0	13
Florida	371	2	2	43	42	0	0	282
Georgia	214	8	4	42	87	9	0	64
Hawaii	8	1	0	0	4	1	0	2
Idaho	113	0	2	35	65	2	3	6
Illinois	1,000	20	14	227	299	18	2	420
Indiana	455	14	8	98	205	5	4	121
Iowa	568	4	2	206	243	12	2	99
Kansas	463	6	4	77	198	7	0	171
Kentucky	250	11	2	37	110	8	2	80
Louisiana	127	4	2	16	53	0	0	52
Maine	131	8	10	13	79	0	1	20
Maryland	159	3	18	17	69	1	11	40
Massachusetts	398	44	25	28	208	1	14	78
Michigan	396	11	28	77	157	1	5	117
Minnesota	523	8	0	116	193	4	0	202
Mississippi	104	6	4	16	36	3	0	39
Missouri	346	13	12	58	148	4	1	110
Montana	212	4	1	76	76	0	0	55
Nebraska	416	2	3	83	199	8	0	121
Nevada	18	1	0	4	8	0	1	4
New Hampshire	91	4	11	5	23	1	0	47
New Jersey	502	56	82	60	154	1	27	122
New Mexico	98	1	1	25	37	0	0	34
New York	1,062	127	113	131	442	13	82	154
North Carolina	168	8	23	44	58	0	9	26
North Dakota	264	3	0	100	118	0	0	43
Ohio	746	33	40	112	336	2	6	217
Oklahoma	788	12	9	85	454	35	0	193
Oregon	154	2	4	31	103	0	6	8
Pennsylvania	1,301	112	117	211	495	14	102	250
Rhode Island	70	3	2	2	58	0	0	5
South Carolina	138	8	14	43	49	2	4	18
South Dakota	224	14	3	93	81	2	0	31
Tennessee	238	9	14	36	94	8	2	75
Texas	1,447	45	56	142	574	57	4	569
Utah	51	4	2	6	23	3	2	11
Vermont	85	3	7	17	29	3	9	17
Virginia	307	23	58	28	74	4	11	109
Washington	248	19	10	51	144	0	1	23
West Virginia	217	11	0	38	68	0	0	100
Wisconsin	309	9	1	54	116	1	0	128
Wyoming	82	0	0	12	26	0	0	44
Virgin Island	1	0	0	0	0	0	0	1
Puerto Rico	2	0	0	0	1	0	0	1

Table B–5

Charters, liquidations, and changes in issued capital stock of National banks, calendar 1974

	Number of banks	Capital stock: Common	Capital stock: Preferred	Capital notes and debentures
Increases:				
Banks newly chartered:				
Primary organization	152*	$ 66,310,125		
Conversion of State banks	12	99,933,100		$ 95,755,000
Capital stock:				
Preferred: 1 case by new issue			$ 1,000,800	
Common:				
545 cases by statutory sale		128,273,898		
602 cases by statutory stock dividends		194,944,347		
5 cases by statutory consolidation		6,245,850		
29 cases by statutory merger		22,459,091		
15 cases by conversion of preferred stock		1,270,478		
32 cases by conversion of capital notes		1,142,319		
Capital notes and debentures: 111 cases by new issue				108,767,360
Total increases	164	520,579,208	1,000,800	204,522,360
Decreases:				
Banks ceasing operations:				
Voluntary liquidations:				
Succeeded by National banks	5	1,400,405		1,000,000
Succeeded by State banks	1	200,000		
Statutory consolidations	3			
Statutory mergers	83†			
Converted into State banks	19	45,703,335		14,060,000
Merged or consolidated into State banks	13	9,062,140		
Insolvent	1	39,323,320	17,711,900	28,500,000
Capital stock:				
Preferred: 32 Retired			3,085,760	
Common:				
7 cases by statutory reduction		1,787,998		
2 cases by statutory consolidation		599,825		
6 cases by statutory merger		2,380,140		
Capital notes and debentures:				
44 retirements				42,557,984
32 converted to common stock				4,025,560
Total decreases	125	100,457,163	20,797,660	90,143,544
Net change	+39	420,122,045	−19,796,860	114,378,816
Charters in force Dec. 31, 1973, and issued capital	4,669	7,914,886,509	33,189,560	2,378,059,050
Charters in force Dec. 31, 1974, and issued capital	4,708	8,335,008,554	13,392,700	2,492,437,866

* Includes 60 reorganized banks with capital stock of $7,524,000.
† Includes 61 reorganized banks.

NOTE: Premium on sale of common stock	$209,147,454	(533 cases)
Premium on sale of convertible notes	$ 2,883,246	(32 cases)
Total	$212,030,700	(565 cases)

TABLE B–6

Applications for National bank charters, approved and rejected, by States, calendar 1974

	Approved	Rejected
ALABAMA		
Southern National Bank, Birmingham	Oct. 17	....
Chatom		Nov. 13
Tallassee		July 9
ALASKA		
Security National Bank, Anchorage	July 1	....
ARKANSAS		
North Little Rock		June 10
CALIFORNIA		
Los Angeles		Mar. 25
Los Angeles		Mar. 30
Oxnard		Dec. 31
Capistrano Valley National Bank, San Juan Capistrano	Mar. 25	....
San Leandro		July 12
South Coast National Bank, Santa Ana	June 8	....
El Capitan National Bank, Sonora	Oct. 30	....
Azteca National Bank, Stockton	Mar. 25	....
COLORADO		
Mountain National Bank of Aurora, Aurora	Jan. 26	....
Gunbarrel National Bank, Unincorporated area of Boulder County	June 8	....
Castle Rock National Bank, Castle Rock	Mar. 30	....
Craig		Jan. 27
United Bank of Monaco National Association, Denver	Mar. 30	....
FLORIDA		
Boca Raton		Jan. 27
Boca Raton		Nov. 13
Coastal National Bank, Boynton Beach	Mar. 30	....
Charlotte Harbor		Jan. 26
Coral Springs National Bank, Coral Springs	Jan. 26	....
Citizens First National Bank of Crystal River, Crystal River	Mar. 30	....
First American National Bank of Dania, Dania	Nov. 13	....
City National Bank of South Dade, Unincorporated area of South Dade	Mar. 25	....
Pan American Bank of Kendale Lakes, National Association, Unincorporated area of Dade County	Aug. 6	....
Southeast National Bank of North Dade, Unincorporated area of Dade County	Jan. 12	....
Deerfield Beach		June 10
First National Bank of Destin, Destin	Mar. 6	....
East Naples		Dec. 30
Fort Myers		Aug. 22
Fort Pierce		July 27
Hialeah		Feb. 9
Jacksonville		Jan. 26
Jacksonville		June 10
Barnett Bank Trust Company, National Association, Jacksonville	Mar. 25	....
Century National Bank, Jacksonville	Sept. 25	....
Jupiter-Tequesta National Bank, Jupiter	July 27	....
Second National Bank of Lakeland, Lakeland	Jan. 26	....
Southern National Bank of Palm Beach County, Florida, Lake Worth	Jan. 26	....
Unincorporated area of Lee County		Jan. 26
Unincorporated area of Lee County		Jan. 26
Unincorporated area of Martin County		Dec. 12
Marco Island		Jan. 27
Southeast Banks Trust Company, National Association, Miami	July 27	....
Okeechobee		Jan. 27
Unincorporated area of Orange County		Aug. 6
Orlando		Dec. 31
Pembroke Pines		Mar. 30
Unincorporated Area of Pinellas County		June 8
FLORIDA—Continued		
Punta Gorda		Mar. 25
St. Cloud		Aug. 25
St. Petersburg		Jan. 27
Sanford		Dec. 31
Sewall's Point National Bank, Sewall's Point	Jan. 27	....
Southeast National Bank of Sweetwater, Sweetwater	Mar. 25	....
Stuart		Jan. 27
Tamarac		Jan. 26
Tampa		Jan. 16
Citizens National Bank, Tampa	Jan. 16	....
Islands National Bank, Tampa	Jan. 16	....
Landmark National Bank of Tarpon Springs, Tarpon Springs	Jan. 27	....
Venice		Oct. 30
Vero Beach National Bank, Vero Beach	Aug. 25	....
Flagler National Bank of the Palm Beaches, West Palm Beach	Feb. 7	....
West Palm Beach		Feb. 7
GEORGIA		
The First National Bank of Chatsworth, Chatsworth	Mar. 30	....
Clayton		Nov. 13
First National Bank of Douglasville, Douglasville	Jan. 27	....
ILLINOIS		
Buffalo Grove National Bank, Buffalo Grove	Jan. 27	....
Chicago		June 8
Washington National Bank of Chicago, Chicago	June 8	....
Galesburg		June 8
First National Bank of Lake Zurich, Lake Zurich	Jan. 27	....
First National Bank of Marengo, Marengo	Mar. 25	....
Northbrook National Bank, Northbrook	Aug. 25	....
North Riverside		Feb. 9
Butterfield National Bank, Wheaton	June 10	....
First National Bank of Wonder Lake, Wonder Lake	July 12	....
LOUISIANA		
First National Bank of St. Charles Parish, Boutte	April 4	....
MARYLAND		
Harbor National Bank, Baltimore	Mar. 13	....
County National Bank, Bethesda	Apr. 3	....
Fidelity National Bank, Cockeysville	Dec. 23	....
St. Charles		Mar. 25
MICHIGAN		
National Bank of Dearborn, Dearborn	Jan. 26	....
First National Bank of Plymouth, Plymouth	June 8	....
Michigan National Bank of Macomb, Warren	Sept. 28	....
MINNESOTA		
Burnsville		July 27
National City Bank of Burnsville, Burnsville	July 27	....
MISSISSIPPI		
Brookhaven		Dec. 31
Starkville		Mar. 30
Tylertown		Mar. 30
MISSOURI		
First National Bank of Arnold, Arnold	Mar. 25	....
Kansas City		Jan. 27
NEBRASKA		
Old Mill National Bank, Unincorporated area of Douglas County	June 8	....

TABLE B-6—Continued

Applications for National bank charters, approved and rejected, by States, calendar 1974

	Approved	Rejected
NEW JERSEY		
Barnegat Bay National Bank, Brick	May 15	....
Princeton American National Bank, Dover	Jan. 26	....
Evesham		Jan. 27
The Montgomery National Bank, Township of Montgomery	Dec. 31	....
Lenape National Bank, Moorestown	Mar. 1	....
Wildwood		Jan. 2
NEW MEXICO		
Alamogordo		Oct. 30
Plaza Del Sol National Bank, Albuquerque	Jan. 26	....
Southeast National Bank, Albuquerque	June 10	....
Deming		Oct. 30
San Juan National Bank, Farmington	Dec. 12	....
Los Lunas		Mar. 30
Silver City		July 27
NEW YORK		
Capital National Bank of New York, New York	June 8	....
Alliance National Bank, New York	Mar. 25	....
NORTH CAROLINA		
Rocky Mount		July 2
OKLAHOMA		
Citizens National Bank of Lawton, Lawton	Mar. 30	....
PUERTO RICO		
Rio Grande		Oct. 30
SOUTH CAROLINA		
Republic National Bank, Columbia	Mar. 30	....
Hilton Head National Bank, Hilton Head Island	Apr. 19	....
TENNESSEE		
Third National Bank in Memphis, Memphis	May 15	....
TEXAS		
Alpine		Aug. 23
Austin		Dec. 31
Austin		Dec. 31
Austin		Dec. 31
Austin		Dec. 31
National Bank of Commerce, Austin	Dec. 31	....
United National Bank, Dallas	Apr. 17	....
National Bank of Commerce, Edinburg	July 25	....
El Paso		Dec. 30
First International Bank in El Paso, National Association, El Paso	Dec. 30	....
West Ten National Bank, El Paso	Dec. 30	....
Summit National Bank, Fort Worth	Mar. 30	....
TEXAS—Continued		
Houston		June 8
Colonial National Bank, Houston	June 8	....
Gulf Southern National Bank, Houston	June 8	....
National Standard Bank, Houston	June 8	....
Parkway National Bank, Houston	June 8	....
League City		June 8
First National Bank of League City, League City	June 8	....
New Braunfels National Bank, New Braunfels	July 27	....
Continental National Bank, San Antonio	Apr. 27	....
Plaza National Bank, San Antonio	Apr. 27	....
South Park National Bank, San Antonio	May 15	....
Seven Points		Mar. 25
Seven Points		Mar. 25
Citizens National Bank of Temple, Temple	Mar. 30	....
Waxahachie		Mar. 30
Ellis National Bank, Waxahachie	Mar. 30	....
UTAH		
Orem		Dec. 30
Richfield		July 8
VIRGINIA		
Bassett		June 8
First & Merchants National Bank of Fairfax, Unincorporated area of Fairfax County	Mar. 25	....
Gloucester		Aug. 19
First & Merchants National Bank of Loudoun, Leesburg	Mar. 30	....
Martinsville		June 8
First & Merchants National Bank of Prince William, Unincorporated area of Prince William County	June 10	....
The First National Bank of Rocky Mount, Rocky Mount	Mar. 30	....
WASHINGTON		
Ben Franklin National Bank, Pasco	June 10	....
Jefferson National Bank, Port Townsend	Jan. 12	....
WEST VIRGINIA		
Gulf National Bank, Sophia	Dec. 31	....
First National Bank of Weston, Weston	Nov. 25	....
WISCONSIN		
Ozaukee First National Bank, Cedarburg	Aug. 19	....
First National Bank of Oregon, Oregon	Mar. 30	....
WYOMING		
Wyoming National Bank of Gillette, Gillette	Mar. 30	....
Bank of Wyoming, National Association-Rock Springs, Rock Springs	Jan. 26	....

Table B–7

Applications for National bank charters, by States, pursuant to corporate reorganizations, calendar 1974

	Approved		Rejected
ALABAMA			
Southland National Bank of Birmingham, Birmingham	Mar.	3	....
Southland National Bank of Fairhope, Fairhope	Mar.	5	....
Shoals Bank, N.A., Florence	June	27	....
Bank of Gadsden, N.A., Gadsden	Jan.	18	....
Southland National Bank of Mobile, Mobile	Mar.	5	....
Bank of Phenix, N.A., Phenix City	May	6	....
ARKANSAS			
Jefferson National Bank, Pine Bluff	Apr.	18	....
CALIFORNIA			
SN National Bank, Walnut Creek	Dec.	17	....
ILLINOIS			
FoPark National Bank, Village of Forest Park	Nov.	12	....
Melrose National Bank, Melrose Park	July	19	....
Second National Bank of Mount Prospect, Village of Mount Prospect	Aug.	28	....
Oak Brook National Bank, Village of Oak Brook	Dec.	5	....
HNB Bank, N.A., Pekin	Oct.	21	....
INB National Bank, Springfield	Oct.	2	....
Second National Bank of Springfield, Springfield	July	16	....
KENTUCKY			
FSNB National Bank and Trust Company, Lexington	Dec.	11	....
MASSACHUSETTS			
Fall River Bank, National Association, Fall River	June	25	....
The Ipswich Bank, National Association, Ipswich	Mar.	28	....
The Blackstone Valley Bank, National Association, Town of Northbridge	Apr.	18	....
Second National Bank of Cape Cod, Town of Orleans	Aug.	15	....
The Yarmouth Bank, National Association, Yarmouth	Mar.	28	....
MICHIGAN			
C National Bank, Cassoplis	Sept.	26	....
National Bank of Howell, Howell	Jan.	12	....
GNB National Bank, Ironwood	May	14	....
The Second National Bank of Ironwood, Ironwood	May	23	....
SWM National Bank, Niles	Feb.	19	....
MISSISSIPPI			
Hattiesburg Bank, N.A., Hattiesburg	Jan.	18	....
NEW JERSEY			
Second City National Bank of Salem, Salem	Oct.	7	....
NEW YORK			
American National Bank, New York	Aug.	6	....
First Seaway Bank, National Association, Watertown	June	11	....
OHIO			
The F.B.G. National Bank of Athens, Athens	Mar.	7	....
The Farmers National Bank, Canfield	June	28	....
The G. C. National Bank, Village of Chardon	Aug.	7	....
The C. B. National Bank of Sidney, Sidney	Jan.	5	....
The F. N. National Bank of Toledo, Toledo	May	30	....
OKLAHOMA			
National Bank of Stillwater, Stillwater	Mar.	12	....
Mingo Valley National Bank, Tulsa	May	24	....
PENNSYLVANIA			
Mercer County Interim Bank, N.A., Borough of Greenville	Apr.	18	....
TEXAS			
Commercial Bank National Association, Brady	Feb.	19	....
Johnson County National Bank, Cleburne	Apr.	18	....
Casa Linda Commerce Bank National Association, Dallas	May	23	....
Fidelity Commerce Bank National Association, Dallas	May	24	....
Mercantile Bank, National Association, Dallas	Mar.	5	....
New Citizens National Bank of Dallas, Dallas	Sept.	13	....
Northwest Commerce Bank National Association, Dallas	May	23	....
Royal Commerce Bank National Association, Dallas	May	24	....
Village Commerce Bank National Association, Dallas	May	23	....
Circle National Bank of Fort Worth, Fort Worth	Jan.	18	....
Glenbrook & Avenue A National Bank, Garland	June	11	....
South Main & Richardson National Bank, Henderson	June	26	....
Gulf Bank, National Association, Houston	July	11	....
First Montgomery County National Bank, Unincorporated area of Montgomery County	Nov.	19	....
Nassau Bank, National Association, Nassau Bay	June	11	....
Rogers Street Bank, National Association, San Antonio	Oct.	1	....
Texarkana Bank, National Association, Texarkana	Sept.	25	....
VIRGINIA			
Colonial Bank, N.A., Unincorporated area of Roanoke County	Mar.	21	....
Peoples Bank, N.A., Rocky Mount	Feb.	4	....
Virginia National Bank/Fairfax, Springfield	May	9	....
WEST VIRGINIA			
Second Bank of Warwood, National Association, Wheeling	June	19	....
Second Community Savings Bank, National Association, Wheeling	June	19	....
WYOMING			
Western National Bank at Casper, Casper	July	8	....

TABLE B–8

Newly organized National banks, by States, calendar 1974

Charter No.	Title and location of bank	Total capital accounts
	Total, United States: 92 banks	$123,017,675
	ALABAMA	
16291	Citizens National Bank of Limestone County, Athens	500,000
16285	Eastern Shore National Bank, Daphne	1,000,000
	Total: 2 banks	1,500,000
	CALIFORNIA	
16278	Citizen's National Bank, Hanford	1,000,000
16407	Far East National Bank, Los Angeles	1,500,000
16305	Mexican American National Bank, San Diego	1,300,000
	Total: 3 banks	3,800,000
	COLORADO	
16392	Empire National Bank, Canon City	400,000
	CONNECTICUT	
16290	Citizen's National Bank of Fairfield, Fairfield	2,500,000
	DISTRICT OF COLUMBIA	
16338	Hemisphere National Bank, Washington	1,500,000
	FLORIDA	
16415	Broward National Bank of Boynton Beach, Boynton Beach	1,250,000
16293	Southern National Bank of Broward County, Unincorporated area of Broward County	1,500,000
16266	The National Bank of Cape Coral, Cape Coral	2,000,000
16321	Clewiston National Bank, Clewiston	1,200,000
16386	Florida Coast Bank of Coral Springs, National Association, Coral Springs	2,000,000
16401	Southeast National Bank of North Dade, Unincorporated area of Dade County	1,000,000
16295	Palmer Bank of Fort Myers, National Association, Fort Myers	1,500,000
16367	Barnett Banks Trust Company, National Association, Jacksonville	2,000,000
16281	The Exchange National Bank of Largo, Largo	1,000,000
16276	Palmer Bank of Bradenton, National Association, Unincorporated area of Manatee County	1,000,000
16325	Continental National Bank of Miami, Miami	2,000,000
16399	Southeast Banks Trust Company, National Association, Miami	4,000,000
16335	First National Bank of Moore Haven, Moore Haven	1,000,000
16268	Palmer Bank and Trust Company of Naples, National Association, Naples	1,500,000
16263	Panama City National Bank, Panama City	1,000,000
16292	First National Bank of Sunrise, Sunrise	1,000,000
16403	City National Bank, Tallahassee	1,500,000
16391	Landmark Bank of Tarpon Springs, National Association, Tarpon Springs	1,000,000
16409	Flagler National Bank of the Palm Beaches, West Palm Beach	2,000,000
	Total: 19 banks	29,450,000
	GEORGIA	
16275	Fidelity National Bank, Decatur	2,500,000
16280	First National Bank of Thomasville-Thomas County, Thomasville	1,300,000
	Total: 2 banks	3,800,000
	ILLINOIS	
16377	Lake Shore National Bank, Danville	1,000,000
16413	American National Bank, Village of Downers Grove	500,000
16260	Suburban National Bank of Woodfield, Village of Schaumburg	1,000,000
	Total: 3 banks	2,500,000
	KANSAS	
16286	First National Bank of Derby, Derby	1,000,000
	LOUISIANA	
16339	Republic National Bank of Louisiana, New Orleans	1,000,000

TABLE B-8—Continued

Newly organized National banks, by States, calendar 1974

Charter No.	Title and location of bank	Total capital accounts
	MAINE	
16382	Casco-Northern National Bank, Augusta	$1,200,000
	MARYLAND	
16337	Atlantic National Bank, Ocean City	1,000,000
	MICHIGAN	
16378	National Bank of Dearborn, Dearborn	3,000,000
16296	Grand Rapids Bank, National Association, Grand Rapids	2,000,250
16274	Michigan National Bank-West, Kalamazoo	1,500,000
16393	First National Bank of Plymouth, Plymouth	1,500,175
16387	Michigan National Bank of Macomb, Warren	1,500,000
	Total: 5 banks	9,500,425
	MINNESOTA	
16308	National Bank of Minnetonka, Minnetonka	1,015,000
	MISSOURI	
16306	United Missouri Bank of Blue Springs, National Association, Blue Springs	1,000,000
16368	Commerce Bank of Independence, National Association, Independence	1,500,000
16351	United Missouri Bank of Jefferson City, National Association, Jefferson City	1,000,000
16383	Harvester National Bank, Unincorporated area of St. Charles County	1,000,000
16262	Boatmen's National Bank of North St. Louis County, Unincorporated area of St. Louis County	1,000,000
16360	Mercantile National Bank of St. Louis County, Unincorporated area of St. Louis County	1,300,000
	Total: 6 banks	6,800,000
	NEW JERSEY	
16397	Lenape National Bank, Moorestown	1,000,000
16267	Arcadia National Bank, Secaucus	3,352,250
	Total: 2 banks	4,352,250
	NEW YORK	
16379	Chase Manhattan Bank of the Southern Tier (National Association), Binghamton	2,000,000
16417	Bessemer Trust Company, National Association, New York City	2,000,000
16319	Peoples National Bank of Rockland County, Ramapo	1,500,000
	Total: 3 banks	5,500,000
	NORTH CAROLINA	
16356	Metrolina National Bank, Charlotte	1,750,000
16361	Peoples National Bank, Smithfield	1,000,000
	Total: 2 banks	2,750,000
	OHIO	
16330	The Central Trust Company of Montgomery County, National Association, Dayton	2,000,000
	OKLAHOMA	
16405	Quail Creek Bank, National Association, Oklahoma City	1,650,000
	TENNESSEE	
16307	First National Bank of Lebanon, Lebanon	750,000
16302	City National Bank of Memphis, Memphis	5,000,000
	Total: 2 banks	5,750,000

TABLE B-8—Continued

Newly organized National banks, by States, calendar 1974

Charter No.	Title and location of bank	Total capital accounts
	TEXAS	
16355	Union National Bank, Austin	$900,000
16374	Brownsville National Bank, Brownsville	1,100,000
16320	Pan American National Bank of Dallas, Dallas	750,000
16304	Western National Bank, Duncanville	1,000,000
16381	Continental National Bank, El Paso	1,000,000
16354	Franklin National Bank, El Paso	800,000
16369	Montwood National Bank, El Paso	1,000,000
16329	Meadowbrook National Bank, Fort Worth	1,000,000
16297	American National Bank of Garland, Garland	900,000
16279	Plaza National Bank, Harlingen	1,000,000
16420	First Professional Bank, National Association, Houston	2,000,000
16340	Plaza Commerce Bank, National Association, Houston	2,000,000
16388	West Loop National Bank, Houston	1,500,000
16259	Kingwood Commerce Bank, N.A., Humble	1,000,000
16358	The First National Bank in Joshua, Joshua	500,000
16408	Commercial National Bank of Longview, Longview	1,400,000
16282	Oak Hill National Bank, Oak Hill	750,000
16395	Richardson National Bank, Richardson	1,250,000
16357	Lakeside National Bank, Rockwall	800,000
16343	Churchill National Bank, San Antonio	750,000
16336	Colonial National Bank, San Antonio	750,000
16314	Peoples National Bank of San Antonio, San Antonio	750,000
16404	Citizens National Bank of Temple, Temple	1,000,000
	Total: 23 banks	23,900,000
	VIRGINIA	
16277	The Services National Bank, Arlington	2,500,000
16313	Fidelity National Bank, Unincorporated area of Halifax County	2,000,000
16402	First & Merchants National Bank of Prince William, Unincorporated area of Prince William County	1,000,000
16406	The First National Bank of Rocky Mount, Rocky Mount	1,200,000
	Total: 4 banks	6,700,000
	WEST VIRGINIA	
16344	First National Bank, Beckley	600,000
16385	Guyan National Bank, Unincorporated area of Cabell County	500,000
16341	South Berkeley National Bank, Inwood	450,000
	Total: 3 banks	1,550,000
	WISCONSIN	
16353	Tri City National Bank of West Allis, West Allis	1,000,000
	WYOMING	
16390	Wyoming National Bank of Gillette, Gillette	500,000
16365	Bank of Wyoming, National Association, Sheridan	400,000
	Total: 2 banks	900,000

Table B–9

National bank charters issued and mergers consummated pursuant to corporate reorganizations, by States, calendar 1974*

Effective date of merger	*Operating bank* *New bank* *Resulting bank*	*Total capital accounts*	*Total assets*
	ALABAMA		
	The Selma National Bank, Selma Selma Bank, N.A., Selma Charter issued March 27, 1974		
Mar. 27, 1974	The Selma National Bank, Selma	$4,073,260	$39,971,271
	First National Bank of Athens, Athens First Bank of Athens, N.A., Athens Charter issued March 27, 1974		
Mar. 29, 1974	First National Bank of Athens, Athens	2,402,439	32,035,189
	The City National Bank of Selma, Selma Dallas County National Bank, Selma Charter issued April 29, 1974		
Apr. 30, 1974	The City National Bank of Selma, Selma	3,539,483	38,157,630
	Baldwin National Bank of Robertsdale, Robertsdale Gulf Coast National Bank of Robertsdale, Robertsdale Charter issued May 30, 1974		
May 31, 1974	Baldwin National Bank of Robertsdale, Robertsdale	856,335	11,289,219
	First City National Bank of Gadsden, Gadsden Bank of Gadsden, N.A., Gadsden Charter issued August 5, 1974		
Aug. 7, 1974	First City National Bank of Gadsden, Gadsden	2,914,679	39,873,099
	Phenix National Bank of Phenix City, Phenix City Bank of Phenix, N.A., Phenix City Charter issued November 13, 1974		
Nov. 14, 1974	Phenix National Bank, Phenix City	1,583,546	16,306,178
	ARKANSAS		
	National Bank of Commerce of Pine Bluff, Pine Bluff Jefferson National Bank, Pine Bluff Charter issued December 27, 1974		
Dec. 31, 1974	National Bank of Commerce of Pine Bluff, Pine Bluff	7,502,679	107,077,438
	COLORADO		
	First National Bank in Aspen, Aspen Second National Bank in Aspen, Aspen Charter issued April 26, 1974		
Apr. 29, 1974	First National Bank in Aspen, Aspen	755,403	14,698,104
	First National Bank in Glenwood Springs, Glenwood Springs Second National Bank in Glenwood Springs, Glenwood Springs Charter issued April 26, 1974		
Apr. 29, 1974	First National Bank in Glenwood Springs, Glenwood Springs	3,026,299	40,515,126
	First National Bank in Grand Junction, Grand Junction Second National Bank in Grand Junction, Grand Junction Charter issued April 26, 1974		
Apr. 29, 1974	First National Bank in Grand Junction, Grand Junction	3,325,197	51,165,708
	First National Bank-North, Grand Junction, Grand Junction Second National Bank-North, Grand Junction, Grand Junction Charter issued April 26, 1974		
Apr. 29, 1974	First National Bank-North, Grand Junction, Grand Junction	507,746	4,086,041
	ILLINOIS		
	First National Bank & Trust Company in Alton, Alton First National Bank & Trust Company, Alton Charter issued June 26, 1974		
July 1, 1974	First National Bank & Trust Company, Alton	6,369,755	68,134,540
	INDIANA		
	Lafayette National Bank, Lafayette Tippecanoe National Bank, Lafayette Charter issued August 16, 1974		
Aug. 19, 1974	Lafayette National Bank, Lafayette	8,035,702	119,487,343
	MARYLAND		
	The First National Bank, Baltimore Charles Street National Bank, Baltimore Charter issued June 28, 1974		
July 8, 1974	The First National Bank of Maryland, Baltimore	75,642,361	1,051,922,932

See footnote at end of table.

TABLE B–9—Continued

National bank charters issued and mergers consummated pursuant to corporate reorganizations, by States, calendar 1974*

Effective date of merger	*Operating bank New bank Resulting bank*	*Total capital accounts*	*Total assets*
	MASSACHUSETTS		
	The First National Bank of New Bedford, New Bedford		
	Second National Bank of New Bedford, New Bedford		
	Charter issued May 8, 1974		
May 10, 1974	The First National Bank of New Bedford, New Bedford	$6,991,238	$75,637,194
	First Safety Fund National Bank, Fitchburg		
	Montachusett National Bank, Fitchburg		
	Charter issued May 30, 1974		
June 4, 1974	First Safety Fund National Bank, Fitchburg	6,208,415	57,414,272
	The First National Bank of Easthampton, Easthampton		
	Easthampton Bank (National Association), Easthampton		
	Charter issued June 24, 1974		
June 28, 1974	The First National Bank of Easthampton, Easthampton	1,444,644	12,532,230
	MICHIGAN		
	National Bank and Trust Company of Ann Arbor, Ann Arbor		
	National Bank of Ann Arbor, Ann Arbor		
	Charter issued February 25, 1974		
Feb. 28, 1974	National Bank and Trust Company of Ann Arbor, Ann Arbor	13,369,023	165,879,365
	First National Bank of Lake City, Lake City		
	LCM National Bank, Lake City		
	Charter issued March 4, 1974		
Mar. 8, 1974	First National Bank of Lake City, Lake City	1,883,135	24,664,874
	National Bank of Rochester, Rochester		
	NBR National Bank, Rochester		
	Charter issued March 4, 1974		
Mar. 8, 1974	National Bank of Rochester, Rochester	787,594	18,604,148
	The First National Bank of Sault Ste. Marie, Sault Ste. Marie		
	Sault National Bank, Sault Ste. Marie		
	Charter issued May 7, 1974		
May 8, 1974	The First National Bank of Sault Ste. Marie, Sault Ste. Marie	2,041,291	24,954,611
	The Union National Bank and Trust Company of Marquette, Marquette		
	UNB National Bank, Marquette		
	Charter issued May 10, 1974		
May 20, 1974	The Union National Bank and Trust Company of Marquette, Marquette	2,396,575	44,992,581
	The First National Bank of Evart, Evart		
	Evart Bank, N.A., Evart		
	Charter issued October 8, 1974		
Oct. 10, 1974	The First National Bank of Evart, Evart	934,254	8,749,913
	Central Bank, National Association, Grand Rapids		
	C. Bank, National Association, Grand Rapids		
	Charter issued December 9, 1974		
Dec. 9, 1974	Central Bank, National Association, Grand Rapids	4,875,970	49,740,402
	Valley National Bank of Saginaw, Township of Saginaw		
	V. National Bank, Township of Saginaw		
	Charter issued December 9, 1974		
Dec. 9, 1974	Valley National Bank of Saginaw, Township of Saginaw	4,207,665	54,437,141
	The Gogebic National Bank of Ironwood, Ironwood		
	GNB National Bank, Ironwood		
	Charter issued December 12, 1974		
Dec. 13, 1974	The Gogebic National Bank, Ironwood	1,577,385	21,744,600
	First National Bank of Ironwood, Ironwood		
	Second National Bank of Ironwood, Ironwood		
	Charter issued December 23, 1974		
Dec. 30, 1974	First National Bank of Ironwood, Ironwood	1,691,000	23,294,692
	NEW HAMPSHIRE		
	Concord National Bank, Concord		
	The Concord Bank, National Association, Concord		
	Charter issued April 26, 1974		
Apr. 30, 1974	Concord National Bank, Concord	5,072,490	49,638,116
	Laconia Peoples National Bank & Trust Company, Laconia		
	The Laconia Bank, National Association, Laconia		
	Charter issued April 26, 1974		
Apr. 30, 1974	Laconia Peoples National Bank & Trust Company, Laconia	2,724,094	27,691,175

See footnote at end of table.

TABLE B-9—Continued

National bank charters issued and mergers consummated pursuant to corporate reorganizations, by States, calendar 1974*

Effective date of merger	*Operating bank* *New bank* *Resulting bank*	*Total capital accounts*	*Total assets*
	NEW HAMPSHIRE—Continued		
	Merchants National Bank of Manchester, Manchester The Merchants Bank, National Association, Manchester Charter issued April 26, 1974		
Apr. 30, 1974	Merchants National Bank of Manchester, Manchester	$6,127,279	$48,722,913
	NEW JERSEY		
	Delaware Valley National Bank, Cherry Hill New Jersey National Bank-South, Township of Cherry Hill Charter issued May 22, 1974		
May 31, 1974	New Jersey National Bank-Delaware Valley, Cherry Hill	2,444,365	22,791,440
	Colonial First National Bank, Borough of Red Bank New Colonial First National Bank, Borough of Red Bank Charter issued June 25, 1974		
June 28, 1974	Colonial First National Bank, Borough of Red Bank	25,105,699	319,943,314
	The First National Bank of Cranbury, Cranbury Midlantic National Bank/Cranbury, Township of Cranbury Charter issued June 25, 1974		
June 30, 1974	The First National Bank of Cranbury, Cranbury	3,032,884	42,146,786
	The Prospect Park National Bank, Township of Wayne First Prospect Park National Bank, Township of Wayne Charter issued July 24, 1974		
Aug. 1, 1974	The Prospect Park National Bank, Township of Wayne	20,716,456	203,094,663
	Plaza National Bank, Secaucus Second Plaza National Bank, Secaucus Charter issued August 28, 1974		
Aug. 30, 1974	Plaza National Bank, Secaucus	1,840,100	28,119,943
	NEW YORK		
	The Homer National Bank, Homer Homer Bank, N.A., Homer Charter issued January 31, 1974		
Feb. 4, 1974	The Homer National Bank, Homer	1,399,853	19,293,986
	The First National Bank of Canton, Canton Chase Manhattan Bank of Northern New York (National Association), Canton Charter issued February 26, 1974		
Feb. 28, 1974	Chase Manhattan Bank of Northern New York (National Association), Canton	1,676,401	15,878,306
	The First National Bank of Hancock, Hancock Hancock National Bank, Hancock Charter issued March 25, 1974		
Mar. 29, 1974	The First National Bank of Hancock, Hancock	1,089,489	14,164,799
	Glen National Bank and Trust Company, Watkins Glen Bank of Watkins Glen, National Association, Watkins Glen Charter issued June 24, 1974		
June 28, 1974	Glen National Bank and Trust Company, Watkins Glen	1,278,281	17,485,364
	OHIO		
	The Farmers National Bank of Salem, Salem Northern Columbiana County National Bank, Salem Charter issued December 21, 1973		
Jan. 1, 1974	The Farmers National Bank of Salem, Salem	4,439,505	60,043,372
	The First National Bank of Cincinnati, Cincinnati FN National Bank, Cincinnati Charter issued December 21, 1973		
Jan. 2, 1974	The First National Bank of Cincinnati, Cincinnati	89,178,311	1,147,601,909
	The Athens National Bank, Athens The F.B.G. National Bank of Athens, Athens Charter issued September 12, 1974		
Sept. 16, 1974	The Athens National Bank, Athens	4,777,445	47,767,192
	The Citizens Baughman National Bank, Sidney The C.B. National Bank of Sidney, Sidney Charter issued September 27, 1974		
Sept. 30, 1974	The Citizens Baugham National Bank, Sidney	3,725,488	48,629,073

See footnote at end of table.

TABLE B-9—Continued

National bank charters issued and mergers consummated pursuant to corporate reorganizations, by States, calendar 1974*

Effective date of merger	*Operating bank* *New bank* *Resulting bank*	*Total capital accounts*	*Total assets*
	OKLAHOMA		
	Fidelity Bank, National Association, Oklahoma City Fidelity National Bank, Oklahoma City Charter issued December 19, 1973		
Jan. 2, 1974	Fidelity Bank, National Association, Oklahoma City	$12,787,897	$279,733,914
	TENNESSEE		
	Hamilton National Bank of Loudon, Loudon Loudon Bank, N.A., Loudon Charter issued January 25, 1974		
Jan. 28, 1974	Hamilton National Bank of Loudon, Loudon	1,573,251	19,029,193
	The Farmers National Bank of Winchester, Winchester Winchester Bank, N.A., Winchester Charter issued January 25, 1974		
Jan. 28, 1974	The Farmers National Bank, Winchester	2,326,289	25,401,014
	National Bank of Murfreesboro, Murfreesboro The Second National Bank of Murfreesboro, Murfreesboro Charter issued February 26, 1974		
Feb. 28, 1974	The National Bank of Murfreesboro, Murfreesboro	1,998,274	21,983,902
	Old & Third National Bank of Union City, Union City The National Bank of Union City, Union City Charter issued May 8, 1974		
May 9, 1974	Old & Third National Bank of Union City, Union City	3,611,976	42,762,468
	The Cleveland National Bank, Cleveland Cleveland Interim Bank, N.A., Cleveland Charter issued July 15, 1974		
July 18, 1974	The Cleveland National Bank, Cleveland	3,373,668	44,689,570
	TEXAS		
	First National Bank in Grand Prairie, Grand Prairie Second National Bank in Grand Prairie, Grand Prairie Charter issued January 14, 1974		
Jan. 18, 1974	First National Bank in Grand Prairie, Grand Prairie	1,916,522	28,271,365
	Texas National Bank of Dallas, Dallas Stemmons National Bank, Dallas Charter issued January 14, 1974		
Jan. 18, 1974	Texas National Bank of Dallas, Dallas	1,179,812	10,597,615
	The First National Bank of Crockett, Crockett The New National Bank of Crockett, Crockett Charter issued March 14, 1974		
Mar. 18, 1974	The First National Bank of Crockett, Crockett	1,995,536	23,776,436
	The First National Bank of Nordheim, Nordheim The New National Bank of Nordheim, Nordheim Charter issued March 29, 1974		
Apr. 1, 1974	The First National Bank of Nordheim, Nordheim	263,417	2,001,160
	Republic National Bank of Dallas, Dallas Ervay Bank, National Association, Dallas Charter issued May 7, 1974		
May 9, 1974	Republic National Bank of Dallas, Dallas	173,725,584	2,862,368,727
	Guaranty National Bank and Trust of Corpus Christi, Corpus Christi Guaranty Commerce National Bank, Corpus Christi Charter issued July 24, 1974		
July 26, 1974	Guaranty National Bank and Trust of Corpus Christi, Corpus Christi	3,871,418	31,822,439
	First National Bank of Hurst, Hurst Hurst Commerce National Bank, Hurst Charter issued July 24, 1974		
Aug. 2, 1974	First National Bank of Hurst, Hurst	2,614,514	35,155,066
	Farmers-First National Bank of Stephenville, Stephenville Stephenville National Bank, Stephenville Charter issued August 21, 1974		
Aug. 26, 1974	Farmers-First National Bank of Stephenville, Stephenville	2,284,262	31,379,735
	The First National Bank in Cleburne, Cleburne Johnson County National Bank, Cleburne Charter issued October 31, 1974		
Nov. 1, 1974	The First National Bank in Cleburne, Cleburne	2,984,620	35,670,084

See footnote at end of table.

Table B–9—Continued

National bank charters issued and mergers consummated pursuant to corporate reorganizations, by States, calendar 1974*

Effective date of merger	*Operating bank* *New bank* *Resulting bank*	*Total capital accounts*	*Total assets*
	VIRGINIA		
	The First National Bank in Onancock, Onancock Onancock Bank, N.A., Onancock Charter issued January 23, 1974		
Feb. 1, 1974	The First National Bank in Onancock, Onancock	$1,254,878	$14,716,635
	The Colonial-American National Bank of Roanoke, Roanoke Colonial Bank, N.A., Roanoke Charter issued October 29, 1974		
Oct. 31, 1974	The Colonial-American National Bank, Roanoke	11,570,760	166,236,629
	Community Bank and Trust Company, Springfield Virginia National Bank/Fairfax, Springfield Charter issued November 15, 1974		
Nov. 18, 1974	Virginia National Bank/Fairfax, Springfield	1,030,597	6,926,779
	WASHINGTON		
	Seattle-First National Bank, Seattle SeaFirst National Bank, Seattle Charter issued June 20, 1974		
July 1, 1974	Seattle-First National Bank, Seattle	191,507,756	3,804,277,833

* Includes only charter issuances related to mergers consummated during 1974. Does not include Republic Bank, N.A., New York, N.Y., for which a charter was issued pursuant to corporate reorganization because it was merged with two operating banks. For that action see Table B–17. For a full listing of all charters issued pursuant to corporate reorganizations during the year, see Table B–11.

Table B–10

State-chartered banks converted to National banks, by States, calendar 1974*

Charter No.	Title and location of bank	Effective date of charter	Outstanding capital stock	Surplus, undivided profits and reserves	Total assets
	Total: 12 banks		$99,933,100	$178,279,667	$5,593,399,146
	ARKANSAS				
16272	First National Bank of Russellville, Russellville Conversion of The Bank of Russellville	Jan. 28	450,000	1,850,601	33,103,535
	FLORIDA				
16261	The First National Bank of Winter Haven, Winter Haven Conversion of Lake Region Bank of Commerce	Jan. 11	465,000	1,043,985	23,784,969
	GEORGIA				
16258	The First National Bank of Alma, Alma Conversion of Citizens State Bank	Jan. 2	300,000	369,328	8,714,721
	ILLINOIS				
16249	American National Bank, South Chicago Conversion of American Savings Bank	Dec. 19, 1973	500,000	1,311,310	29,649,528
	IOWA				
16324	Valley National Bank, Des Moines Conversion of Valley Bank and Trust Company	May 10	1,250,000	3,879,463	64,324,067
	MICHIGAN				
16371	Commercial National Bank, Cassopolis Conversion of First Commercial Savings Bank	Aug. 13	810,000	2,763,913	53,573,189
	MONTANA				
16362	Security Bank, National Association, Billings Conversion of Security Trust & Savings Bank	Aug. 1	3,500,000	7,564,304	164,375,684
	PENNSYLVANIA				
1	First Pennsylvania Bank, National Association, Bala Cynwyd Conversion of the First Pennsylvania Banking & Trust Company	May 22	91,616,100	158,136,842	5,164,150,852
	TENNESSEE				
16410	First Tennessee National Bank, Unincorporated area of Davidson County Conversion of White's Creek Bank & Trust Company	Dec. 10	200,000	1,033,354	12,183,011
	WEST VIRGINIA				
16298	Western Greenbrier National Bank, Rainelle Conversion of The Western Greenbrier Bank	Mar. 22	300,000	1,297,351	13,641,675
16248	The Bank of Warwood, National Association, Wheeling Conversion of The Bank of Warwood	Dec. 19, 1973	242,000	780,124	17,762,228
16332	Community Savings Bank, National Association, Wheeling Conversion of Community Savings Bank	May 28	300,000	572,766	7,656,268

* Includes only conversions not pursuant to corporate reorganizations. In 1974, there was one such conversion, Community Bank and Trust Company, Springfield, Va., converted to Virginia National Bank/Fairfax, Springfield, Va., completed on Nov. 18, 1974. For complete information on that transaction see Table B–9.

TABLE B–11

National bank charters issued pursuant to corporate reorganizations, by States, calendar 1974

Charter No.	Title and location of bank	Date of issuance
	Total: 60 banks	
	ALABAMA	
15073	First Bank of Athens, N.A., Athens	Mar. 27
15481	Bank of Gadsden, N.A., Gadsden	Aug. 5
15053	Bank of Phenix, N.A., Phenix City	Nov. 13
15402	Gulf Coast National Bank of Robertsdale, Robertsdale	May 30
1736	Dallas County National Bank, Selma	Apr. 29
7084	Selma Bank, N.A., Selma	Mar. 27
	Total: 6 banks	
	ARKANSAS	
14056	Jefferson National Bank, Pine Bluff	Dec. 27
	COLORADO	
15815	Second National Bank in Aspen, Aspen	Apr. 26
3661	Second National Bank in Glenwood Springs, Glenwood Springs	Apr. 26
13902	Second National Bank in Grand Junction, Grand Junction	Apr. 26
16054	Second National Bank-North, Grand Junction, Grand Junction	Apr. 26
	Total: 4 banks	
	ILLINOIS	
13464	First National Bank & Trust Company, Alton	June 26
	INDIANA	
14175	Tippecanoe National Bank, Lafayette	Aug. 16
	MARYLAND	
1413	Charles Street National Bank, Baltimore	June 28
	MASSACHUSETTS	
428	Easthampton Bank (National Association), Easthampton	June 24
2153	Montachusett National Bank, Fitchburg	May 30
261	Second National Bank of New Bedford, New Bedford	May 8
	Total: 3 banks	
	MICHIGAN	
14933	National Bank of Ann Arbor, Ann Arbor	Feb. 25
12561	Evart Bank, N.A., Evart	Oct. 8
16037	C. Bank, National Association, Grand Rapids	Dec. 9
9517	GNB National Bank, Ironwood	Dec. 12
14456	The Second National Bank of Ironwood, Ironwood	Dec. 23
15234	LCM National Bank, Lake City	Mar. 4
12027	UNB National Bank, Marquette	May 10
15274	NBR National Bank, Rochester	Mar. 4
15403	V. National Bank, Township of Saginaw	Dec. 9
3547	Sault National Bank, Sault Ste. Marie	May 7
	Total: 10 banks	
	NEW HAMPSHIRE	
318	The Concord Bank, National Association, Concord	Apr. 26
4037	The Laconia Bank, National Association, Laconia	Apr. 26
1520	The Merchants Bank, National Association, Manchester	Apr. 26
	Total: 3 banks	
	NEW JERSEY	
14975	New Jersey National Bank-South, Township of Cherry Hill	May 22
3168	Midlantic National Bank/Cranbury, Township of Cranbury	June 25
2257	New Colonial First National Bank, Borough of Red Bank	June 25
15228	Second Plaza National Bank, Secaucus	Aug. 28
12861	First Prospect Park National Bank, Township of Wayne	July 24
	Total: 5 banks	
	NEW YORK	
3696	Chase Manhattan Bank of Northern New York (National Association), Canton	Feb. 26
8613	Hancock National Bank, Hancock	Mar. 25
3186	Homer Bank, N.A., Homer	Jan. 31
15569	Republic Bank, National Association, New York	June 28
9977	Bank of Watkins Glen, National Association, Watkins Glen	June 24
	Total: 5 banks	

TABLE B–11—Continued

National bank charters issued pursuant to corporate reorganizations, by States, calendar 1974

Charter No.	Title and location of bank	Date of issuance
	OHIO	
7744	The F.B.G. National Bank of Athens, Athens	Sept. 12
7862	The C.B. National Bank of Sidney, Sidney	Sept. 27
	Total: 2 banks	
	TENNESSEE	
1666	Cleveland Interim Bank, N.A., Cleveland	July 15
12080	Loudon Bank, N.A., Loudon	Jan. 25
14736	The Second National Bank of Murfreesboro, Murfreesboro	Feb. 26
9629	The National Bank of Union City, Union City	May 8
8640	Winchester Bank, N.A., Winchester	Jan. 25
	Total: 5 banks	
	TEXAS	
13107	Johnson County National Bank, Cleburne	Oct. 31
14988	Guaranty Commerce National Bank, Corpus Christi	July 24
4684	The New National Bank of Crockett, Crockett	Mar. 14
12186	Ervay Bank, National Association, Dallas	May 7
15501	Stemmons National Bank, Dallas	Jan. 14
14576	Second National Bank in Grand Prairie, Grand Prairie	Jan. 14
15072	Hurst Commerce National Bank, Hurst	July 24
12390	The New National Bank of Nordheim, Nordheim	Mar. 29
12730	Stephenville National Bank, Stephenville	Aug. 21
	Total: 9 banks	
	VIRGINIA	
13878	Onancock Bank, N.A., Onancock	Jan. 23
11817	Colonial Bank, N.A., Unincorporated area of Roanoke County	Oct. 29
16398	Virginia National Bank/Fairfax, Springfield	Nov. 15
	Total: 3 banks	
	WASHINGTON	
11280	SeaFirst National Bank, Seattle	June 20

TABLE B–12

National banks reported in voluntary liquidation, by States, calendar 1974

Title and location of bank	Date of liquidation	Total capital accounts of liquidated banks
Total: 6 National banks		$15,107,691
ALABAMA		
The Peoples Bank at Selma Mall, National Association (15995), absorbed by The Peoples Bank & Trust Company, Selma	Jan. 1	511,879
CALIFORNIA		
Beverly Hills National Bank, Beverly Hills (13348), absorbed by Wells Fargo Bank, National Association, San Francisco (15660)	Jan. 22	7,585,458
MISSISSIPPI		
Citizens National Bank, Jackson (15516), absorbed by First Mississippi National Bank, Hattiesburg (5176)	Nov. 14	2,903,390
NEW YORK		
The First National Bank of Hamden, Hamden (12017), absorbed by The First National Bank of Hancock, Hancock (8613)	Mar. 29	128,554
PENNSYLVANIA		
Blairsville National Bank, Blairsville (13868), absorbed by Pittsburgh National Bank, Jeannette (252)	Nov. 15	2,674,610
WASHINGTON		
Guaranty National Bank of White Center, Seattle (14502), absorbed by Old National Bank of Washington, Spokane (4668)	Dec. 2	1,303,800

TABLE B–13

National banks merged or consolidated with State banks, by States, calendar 1974

Title and location of bank	Effective date	Total capital accounts of National banks
Total: 13 banks		$51,599,783
CALIFORNIA		
Liberty National Bank, San Francisco (13178), merged into The Chartered Bank of London, San Francisco, under title of "The Chartered Bank of London"	July 1	5,135,683
CONNECTICUT		
The Clinton National Bank, Clinton (1314), merged into The Connecticut Bank and Trust Company, Hartford, under title of "The Connecticut Bank and Trust Company"	May 14	2,119,095
IOWA		
The First National Bank of Klemme, Klemme (6659), merged into State Savings Bank, Goodell, under title of "North Iowa State Bank"	Jan. 2	399,905
MASSACHUSETTS		
The Buzzards Bay National Bank, Buzzards Bay (13222), merged into Cape Cod Bank and Trust Company, Barnstable, under title of "Cape Cod Bank and Trust Company"	May 16	1,217,743
NEW YORK		
United National Bank of Long Island in New York, Forest Hills (13242), merged into Valley Bank of New York, Valley Stream, under title of "Valley Bank of New York"	Apr. 1	3,060,498
The First National Bank of Marion, Marion (10546), merged into Central Trust Company Rochester, New York, Rochester, under title of "Central Trust Company Rochester, New York"	May 31	993,950
Montour National Bank in Montour Falls, Montour Falls (13583), merged into Chemung Canal Trust Company, Elmira, under title of "Chemung Canal Trust Company"	Apr. 30	604,764
First Westchester National Bank, New Rochelle (13955), merged into Barclays Bank of New York, New York, under title of "Barclays Bank of New York"	May 31	24,611,668
PENNSYLVANIA		
The First National Bank of Altoona, Altoona (247), merged into Central Counties Bank, State College, under title of "Central Counties Bank"	Dec. 31	7,185,490
The Loganton National Bank in Loganton, Loganton (9345), merged into The State Bank of Avis, Avis, under title of "The State Bank of Avis"	Nov. 11	285,568
The First National Bank of Montoursville, Montoursville (6997), consolidated with Bank of South Williamsport, South Williamsport, under title of "Bank of Central Pennsylvania"	Dec. 31, 1973	2,372,960
The Plymouth National Bank, Plymouth (6881), merged into Northeastern Bank of Pennsylvania, Scranton, under title of "Northeastern Bank of Pennsylvania"	Sept. 30	2,785,968
VERMONT		
National White River Bank in Bethel, Bethel (13755), merged into Proctor Trust Company, Proctor, under title of "Proctor Trust Company"	Jan. 12	826,491

TABLE B–14

National banks converted into State banks, by States, calendar 1974

Charter No.	Title and location of bank	Effective date	Total capital accounts of National banks
	Total: 19 banks		$146,728,590
	ILLINOIS		
5638	The First National Bank of Dundee, Dundee, converted into The First Bank of Dundee	Sept. 14	1,337,028
	INDIANA		
9077	The Farmers and Merchants National Bank, Fort Branch, converted into The Farmer's and Merchants Bank of Fort Branch	Apr. 25	1,046,730
	IOWA		
5912	The First National Bank of Prescott, Prescott, converted into First State Bank	June 28	342,370
	MISSISSIPPI		
15559	First National Bank of Greenwood, Greenwood, converted into First Greenwood Bank	Oct. 1	1,157,756
	NEBRASKA		
15376	City National Bank and Trust Company of Lincoln, Lincoln, converted into Citibank and Trust Company of Lincoln	June 11	1,180,653
	NEW HAMPSHIRE		
14100	Berlin City National Bank, Berlin, converted into The Berlin City Bank	May 1	1,172,217
	OKLAHOMA		
10286	The Madill National Bank, Madill, converted into The Madill Bank and Trust Company	Sept. 10	1,632,100
15350	Republic National Bank of Tulsa, Tulsa, converted into Republic Bank and Trust Company	May 10	2,720,803
	PENNSYLVANIA		
2634	The Fulton National Bank of Lancaster, Lancaster, converted into Fulton Bank	July 1	20,896,196
5773	Farmers First National Bank, Lititz, converted into Farmers First Bank	July 1	11,585,244
478	The First National Bank of Pittston, Pittston, converted into The First Bank of Greater Pittston	Mar. 18	2,238,064
77	Northeastern National Bank of Pennsylvania, Scranton, converted into Northeastern Bank of Pennsylvania	Jan. 2	32,994,842
5184	Southern Pennsylvania National Bank, York, converted into Southern Pennsylvania Bank	July 15	10,371,925
	SOUTH CAROLINA		
10635	Bankers Trust of South Carolina, National Association, Columbia, converted into Bankers Trust of South Carolina	Dec. 9	39,443,129
	TEXAS		
8156	The Elgin National Bank, Elgin, converted into Elgin Bank of Texas	Apr. 1	1,141,199
15833	People's National Bank of Spring Branch, Houston, converted into Peoples Bank	July 9	1,356,964
14830	Western National Bank of Houston, Houston, converted into Western Bank	July 11	10,064,639
12789	The First National Bank of Raymondville, Raymondville, converted into Raymondville Bank of Texas	June 24	1,547,473
	VERMONT		
1197	The Merchants National Bank, Burlington, converted into The Merchants Bank	Sept. 6	4,499,258

Table B–15

Purchases of State banks by National banks, by States, calendar 1974

Title and location of bank	Effective date	Total capital accounts of State banks
Total: 8 banks	....	$3,483,272
IOWA		
The Okey-Vernon National Bank of Corning, Corning (8725), purchased First State Bank, Prescott	July 1	342,370
INDIANA		
The Shelby National Bank of Shelbyville, Shelbyville (7946), purchased The Union State Bank, Morristown	Feb. 11	323,256
MARYLAND		
Maryland National Bank, Baltimore (13745), purchased Eutaw Savings Bank of Baltimore, Baltimore	Apr. 11	0
MICHIGAN		
Michigan National Bank of Macomb, Warren (16387), purchased The Tri-City Bank, Warren	Sept. 28	938,000
OHIO		
The People's National Bank of Georgetown, Georgetown (5996), purchased Citizens Bank Co., Hamersville	Feb. 26	203,671
PENNSYLVANIA		
National Bank of the Commonwealth, Indiana (14098), purchased The Houtzdale Bank, Houtzdale	Nov. 18	1,209,372
WISCONSIN		
The Baraboo National Bank, Baraboo (14397), purchased Farmers State Bank, Rock Springs	Apr. 12	162,603
The First National Bank of the City of Superior, Superior (3926), purchased Wisconsin State Bank, Superior	July 15	304,000

TABLE B–16

Consolidations of National banks, or National and State banks, by States, calendar 1974*

Effective date	*Consolidating banks* / *Resulting bank*	*Outstanding capital stock*	*Surplus*	*Undivided profits and reserves*	*Total assets*
	Total: 8 consolidations				
	ALABAMA				
	The First National Bank of Jasper, Jasper (7746)	$1,000,000	$2,000,000	$2,426,004	$52,221,754
	Dora Banking and Trust Company, Dora	200,000	200,000	331,060	7,334,748
Apr. 30	The First National Bank of Jasper, Jasper (7746)	2,280,000	2,280,000	1,604,610	59,584,573
	MASSACHUSETTS				
	The County Bank, N.A., Cambridge (4771)	2,266,640	4,223,360	1,640,223	111,756,697
	Lexington Trust Company, Lexington	500,000	2,100,000	526,120	45,408,250
Aug. 16	The County Bank, National Association (4771)	3,356,640	6,343,360	1,556,342	157,164,947
	MISSISSIPPI				
	First National Bank of Monroe County, Aberdeen (3656)	263,900	950,000	162,620	21,453,037
	Peoples Bank, Starkville	508,980	2,600,000	105,721	37,504,693
Mar. 1	First United National Bank, Starkville (3656)	659,750	3,663,130	278,375	58,957,729
	National Bank of Mississippi, Starkville (3656)	659,750	3,663,130	328,664	57,810,852
	The National Bank of Commerce of Columbus, Columbus (10361)	797,500	1,650,000	402,383	38,611,251
Oct. 1	National Bank of Commerce of Mississippi, Starkville (3656)	1,082,425	5,687,955	731,047	96,422,102
	NEW HAMPSHIRE				
	Indian Head National Bank of Manchester, Manchester (15563)	869,028	250,000	19,028	11,817,634
	Indian Head National Bank of Nashua, Nashua (1310)	1,104,900	5,800,000	1,282,705	105,753,788
Nov. 29	Indian Head National Bank of Nashua, Nashua (15563)	1,179,900	6,275,000	1,301,733	117,571,421
	OHIO				
	The First National Bank of Versailles, Versailles (9336)	250,000	300,000	243,200	9,719,392
	The Peoples Bank Company, Versailles	240,000	260,000	138,606	7,274,631
Apr. 1	Peoples National Bank, Versailles (9336)	490,000	560,000	381,806	16,994,023
	PENNSYLVANIA				
	The First National Bank of Confluence, Confluence (5307)	165,000	220,000	506,402	15,188,669
	First National Bank of Somerset County, Berlin (5823)	250,000	415,000	518,215	22,416,787
July 29	National Bank of Western Pennsylvania, Berlin (5307)	415,000	635,000	1,024,617	37,605,457
	VIRGINIA				
	United Virginia Bank/First & Citizens National, Alexandria (651)	4,760,000	6,240,000	5,660,730	302,480,978
	United Virginia Bank of Fairfax, Vienna	1,250,000	2,500,000	964,857	108,584,051
Jan. 2	United Virginia Bank/National, Alexandria (651)	8,000,000	8,000,000	5,375,586	411,065,029

* Excludes consolidations involving only one operating bank, effected pursuant to corporate reorganization.

Table B–17

Mergers of National banks, or National and State banks, by States, calendar 1974*

Effective date	Merging banks Resulting bank	Outstanding capital stock	Surplus	Undivided profits and reserves	Total assets
	Total: 43 merger actions				
	CALIFORNIA				
	Palm Springs National Bank, Palm Springs (15276)	$859,365	$181,113	$195,366	$24,710,462
	First National Bank and Trust Company, Ontario (6268)	1,840,080	2,349,950	2,155,404	128,773,855
Jan. 1	First National Bank and Trust Company, Ontario (6268)	2,245,200	2,985,308	1,960,038	153,484,317
	Hayward National Bank, Hayward (15343)	705,020	425,900	608,877	16,876,039
	The First National Bank of San Jose, San Jose (2158)	5,603,690	7,600,000	4,444,381	283,984,707
July 31	The First National Bank of San Jose, San Jose (2158)	6,308,710	8,025,900	5,053,258	300,860,747
	Commercial National Bank, Buena Park (15434)	1,355,865	483,724	512,854	33,069,076
	Wells Fargo Bank, National Association, San Francisco (15660)	93,010,320	260,664,910	78,416,062	9,819,837,927
Aug. 23	Wells Fargo Bank, National Association, San Francisco (15660)	94,461,100	261,053,719	78,928,916	9,852,907,003
	INDIANA				
	Farmers State Bank, Plainville	25,000	50,000	137,576	1,876,645
	The Peoples National Bank and Trust Company of Washington, Washington (3842)	300,000	400,000	562,737	24,867,345
Apr. 30	The Peoples National Bank and Trust Company of Washington, Washington (3842)	346,250	450,000	679,063	26,682,905
	IOWA				
	Farmers Loan and Trust Company, Sioux City	100,000	100,000	96,000	375,066
	The Toy National Bank of Sioux City, Sioux City (10139)	1,500,000	2,000,000	1,502,605	95,337,656
Sept. 16	The Toy National Bank, Sioux City (10139)	1,589,000	2,111,000	1,596,437	93,805,519
	KANSAS				
	The Victory State Bank, Kansas City	271,000	229,000	769,000	9,128,913
	Security National Bank of Kansas City, Kansas City (13801)	5,500,000	6,000,000	9,134,904	169,462,647
Nov. 29	Security National Bank of Kansas City, Kansas City (13801)	5,771,000	6,229,000	9,903,905	178,591,559
	MARYLAND				
	Sykesville State Bank, Sykesville	300,000	600,000	455,185	14,481,227
	Maryland National Bank, Baltimore (13745)	17,000,000	38,000,000	61,523,378	1,732,138,222
Jan. 4	Maryland National Bank, Baltimore (13745)	17,000,000	38,000,000	62,878,563	1,745,392,289
	MICHIGAN				
	The Farmers State Bank of Concord, Concord	97,500	52,500	361,006	7,553,765
	The National Bank of Jackson, Jackson (13741)	3,159,160	7,899,880	3,999,780	172,221,639
May 31	The National Bank of Jackson, Jackson (13741)	3,256,660	7,952,380	4,360,786	179,775,404
	New Haven Savings Bank, New Haven	125,000	105,000	200,817	5,474,903
	The National Bank of Richmond, Richmond (13793)	246,905	263,000	1,362,606	33,622,896
Dec. 31	The National Bank of Richmond, Richmond (13793)	303,155	436,750	1,563,423	39,097,799
	MISSISSIPPI				
	Leflore Bank and Trust Company, Greenwood	300,000	1,200,000	130,787	17,544,879
	Deposit Guaranty National Bank, Jackson (15548)	10,481,625	37,018,375	2,527,709	775,645,596
June 28	Deposit Guaranty National Bank, Jackson (15548)	10,808,625	39,191,375	1,661,844	789,457,648
	NEW JERSEY				
	Midlantic National Bank/Parsippany, Parsippany-Troy Hills (15975)	400,000	400,000	93,129	8,997,817
	Midlantic National Bank/Morris, Morristown (15360)	400,000	265,000	107,135	12,315,879
Mar. 31	Midlantic National Bank/Morris, Morristown (15360)	800,000	665,000	200,265	21,313,697
	Millburn-Short Hills Bank, Millburn	250,000	250,000	903,425	49,402,960
	Midlantic National Bank, Newark (1316)	16,725,870	33,467,013	25,648,937	1,004,152,034
Mar. 31	Midlantic National Bank, Newark (1316)	16,975,570	33,717,013	26,552,362	1,053,554,995
	Madison State Bank, Madison Township	630,000	590,305	0	9,895,881
	Peoples National Bank of Monmouth County, Hazlet Township (4147)	900,000	1,762,000	906,027	72,047,509
May 31	United Jersey Bank/Mid State, National Association, Hazlet Township (4147)	1,125,000	4,417,000	906,027	83,449,286
	First National State Bank of Ocean County, Lakewood (16035)	1,000,000	1,500,000	428,639	44,837,737
	First National State Bank of the Jersey Coast, Spring Lake (13898)	1,000,000	1,000,000	712,705	37,317,025
June 7	First National State Bank of the Jersey Coast, Spring Lake (13898)	2,000,000	2,500,000	1,279,292	82,605,008
	Belmar-Wall National Bank, Wall Township (13848)	899,890	1,000,000	2,096,470	56,959,716
	The First Jersey National Bank, Jersey City (374)	7,836,000	14,501,375	7,608,908	486,446,643
Aug. 2	The First Jersey National Bank, Jersey City (374)	7,836,000	14,501,375	7,423,768	543,281,539

See footnote at end of table.

TABLE B–17—Continued

Mergers of National banks, or National and State banks, by States, calendar 1974*

Effective date	Merging banks / Resulting bank	Outstanding capital stock	Surplus	Undivided profits and reserves	Total assets
	NEW JERSEY—Continued				
	Citizens State Bank, Vineland	$1,250,000	$750,000	$543,711	$50,685,279
	Citizens Bank of Maple Shade, Maple Shade	500,000	473,013	291,295	20,129,415
	Citizens National Bank of South Jersey, Bridgeton (2999)	460,005	670,001	389,833	26,441,564
	Citizens Bank of Marlton, National Association, Marlton (13125)	675,568	1,036,562	212,575	33,498,441
Oct. 29	Citizens United Bank, National Association, Vineland (13125)	2,885,573	2,929,576	1,437,414	130,754,699
	Oakland State Bank, Oakland	500,000	387,538	70,000	8,566,397
	Citizens First National Bank of New Jersey, Ridgewood (11759)	5,239,760	5,388,230	10,136,247	241,475,526
Oct. 31	Citizens First National Bank of New Jersey, Ridgewood (11759)	5,614,760	5,913,230	10,113,449	249,151,711
	Fairfield National Bank, Fairfield (15857)	500,000	500,000	167,731	8,095,383
	New Jersey Bank (National Association), Clifton (15709)	9,693,096	24,921,108	9,563,098	758,661,811
Oct. 31	New Jersey Bank (National Association), Clifton (15709)	9,693,096	23,639,069	9,563,098	764,858,801
	Egg Harbor Bank and Trust Company, Egg Harbor City	900,000	900,000	673,003	24,280,566
	Mechanics National Bank of Delaware Valley, Burlington Township (1222)	2,750,000	2,750,000	929,771	109,646,386
Nov. 29	First National State Bank/Mechanics, Burlington (1222)	3,650,000	3,650,000	1,602,774	133,926,951
	United Jersey National Bank of Cherry Hill, Cherry Hill (15971)	500,000	250,000	124,163	10,836,278
	Third National Bank of New Jersey, Camden (13203)	1,062,500	724,706	0	64,102,809
Dec. 2	United Jersey Bank/Third National, Camden (13203)	1,562,500	1,098,869	0	74,939,087
	The First National Bank of Westwood, Westwood (8777)	425,250	1,074,750	1,147,693	37,882,853
	New Jersey Bank (National Association), Clifton (15709)	9,693,096	23,639,069	9,105,272	752,139,150
Dec. 30	New Jersey Bank (National Association), Clifton (15709)	9,693,096	19,856,010	9,105,272	783,462,337
	NEW YORK				
	Lewis County Trust Company, Lowville	350,000	1,000,000	783,069	26,017,160
	The St. Lawrence National Bank, Canton (8531)	789,669	2,470,324	2,242,466	79,901,518
May 17	The St. Lawrence National Bank, Canton (8531)	1,090,450	3,519,543	3,027,974	107,033,826
	The National Bank of Hobart, Hobart (4497)	100,000	150,000	351,968	6,251,306
	The National Bank and Trust Company of Norwich, Norwich (1354)	3,876,720	3,876,720	3,815,580	143,864,859
June 28	The National Bank and Trust Company of Norwich, Norwich (1354)	4,156,720	4,156,720	3,864,191	150,157,667
	Republic Bank, National Association, New York	200,000	40,000	0	965,000
	Kings Lafayette Bank, New York	10,000,000	6,500,000	6,315,363	224,190,575
	Republic National Bank of New York, New York (15569)	11,282,080	14,841,090	29,484,282	565,630,656
July 1	Republic National Bank of New York, New York (15569)	21,482,080	22,466,261	29,484,282	782,781,076
	The First National Bank of Cooperstown, Cooperstown (280)	250,000	400,000	992,860	17,791,081
	Bankers Trust Company of Albany, National Association, Albany (15758)	4,400,000	8,000,000	11,662,879	266,520,970
Nov. 29	Bankers Trust Company of Albany, National Association, Albany (15758)	4,400,000	8,650,000	12,655,739	284,312,051
	NORTH CAROLINA				
	The First National Bank of Mount Airy, Mount Airy (4896)	300,000	700,000	716,020	19,174,569
	North Carolina National Bank, Charlotte (13761)	46,171,968	52,180,945	31,633,945	3,109,145,446
May 17	North Carolina National Bank, Charlotte (13761)	46,471,968	52,880,945	32,374,378	3,128,334,357
	Citizens Bank, Marshall	100,000	1,100,000	334,578	16,584,986
	Wachovia Bank and Trust Company, National Association, Winston-Salem (15673)	51,360,070	70,800,000	57,842,297	2,975,719,479
Dec. 30	Wachovia Bank and Trust Company, National Association, Winston-Salem (15673)	51,360,070	72,000,000	58,176,876	2,992,304,465
	OHIO				
	Beach City Banking Company, Beach City	150,000	500,000	369,106	10,286,299
	The United National Bank and Trust Company, Canton (14501)	2,200,000	2,560,000	3,060,953	100,413,248
Jan. 1	The United National Bank and Trust Company, Canton (14501)	2,560,000	3,060,000	3,290,098	109,383,244
	The Freeport State Bank, Freeport	40,000	100,000	66,599	2,866,775
	Harrison County National Bank, Hopedale (6938)	150,000	210,000	405,906	9,505,483
Dec. 21	Harrison County National Bank, Hopedale (6938)	190,000	310,000	462,548	12,372,258
	The Farmers and Merchants Bank of Englewood, Englewood	250,000	246,148	0	7,473,617
	The Central Trust Company of Montgomery County, National Association, Dayton (16330)	1,000,000	500,000	461,093	8,631,213
Dec. 31	The Central Trust Company of Montgomery County, National Association, Dayton (16330)	1,250,000	746,148	461,093	16,104,831

See footnote at end of table.

TABLE B–17—Continued

Mergers of National banks, or National and State banks, by States, calendar 1974*

Effective date	Merging banks / Resulting bank	Outstanding capital stock	Surplus	Undivided profits and reserves	Total assets
	PENNSYLVANIA				
	The Hummelstown National Bank, Hummelstown (2822)	$250,000	$1,250,000	$434,496	$19,652,739
	The Fulton National Bank of Lancaster, Lancaster (2634)	2,485,875	5,652,350	8,049,268	255,255,958
May 10	The Fulton National Bank of Lancaster, Lancaster (2634)	2,767,125	6,902,350	8,452,514	274,908,698
	The Dime Bank of Lansford, Lansford	50,000	350,000	278,435	10,719,813
	Pennsylvania National Bank and Trust Company, Pottsville (1663)	1,737,500	8,150,000	3,127,937	206,100,697
May 31	Pennsylvania National Bank and Trust Company, Pottsville (1663)	1,837,500	8,500,000	3,241,091	216,877,111
	The First National Bank of Factoryville, Factoryville (9130)	75,000	250,000	254,555	5,750,662
	The Wyoming National Bank of Wilkes-Barre, Wilkes-Barre (732)	1,300,600	3,381,560	3,302,133	134,984,599
June 10	The Wyoming National Bank of Wilkes-Barre, Wilkes-Barre (732)	1,431,850	3,722,810	3,409,188	140,735,261
	The Duncannon National Bank, Duncannon (4142)	130,000	235,000	490,713	10,887,945
	Cumberland County National Bank and Trust Company, New Cumberland (14542)	1,845,620	5,129,380	3,969,460	225,799,364
Sept. 30	Cumberland County National Bank and Trust Company, New Cumberland (14542)	1,845,620	5,494,380	4,460,173	236,687,309
	The Berwick National Bank, Berwick (6162)	174,000	976,000	412,392	22,048,850
	The First National Bank of Eastern Pennsylvania, Wilkes-Barre (30)	4,926,800	8,286,400	7,678,690	381,565,461
Nov. 15	First Eastern Bank, National Association, Wilkes-Barre (30)	5,579,300	9,262,400	7,960,810	403,091,570
	SOUTH CAROLINA				
	The Peoples Bank, Beaufort	800,000	1,048,306	815,681	33,698,335
	Bankers Trust of South Carolina, National Association, Columbia (10635)	16,329,490	5,686,005	7,389,821	519,892,860
Apr. 22	Bankers Trust of South Carolina, National Association, Columbia (10635)	18,196,160	5,667,641	8,205,502	553,591,195
	The Farmers Bank, Loris	300,000	500,000	334,635	16,784,082
	The National Bank of South Carolina of Sumter, Sumter (10660)	2,000,000	3,000,000	2,753,489	97,918,723
June 10	The National Bank of South Carolina, Sumter (10660)	2,480,000	3,320,000	3,088,124	114,702,805
	Palmetto Bank and Trust Company, Lake City	220,000	1,000,000	697,749	14,351,449
	First National Bank of South Carolina, Columbia (13720)	5,000,000	15,000,000	17,025,395	511,034,589
Dec. 31	First National Bank of South Carolina, Columbia (13720)	6,000,000	17,000,000	16,930,530	532,638,256
	The Bank of Walterboro, Walterboro	275,000	475,000	240,371	12,621,018
	First National Bank of South Carolina, Columbia (13720)	5,000,000	15,000,000	17,025,395	511,034,589
Dec. 31	First National Bank of South Carolina, Columbia (13720)	6,000,000	17,000,000	16,930,530	532,638,256
	SOUTH DAKOTA				
	The First National Bank in Bristol, Bristol (10868)	25,000	350,000	298,025	6,430,772
	First National Bank of Aberdeen, Aberdeen (2980)	3,000,000	3,000,000	2,945,444	180,284,114
Oct. 1	First National Bank of Aberdeen, Aberdeen (2980)	3,025,000	3,350,000	3,243,469	186,714,886
	VERMONT				
	Montpelier National Bank, Montpelier (13915)	499,600	787,320	1,180,986	34,785,131
	Vermont National Bank, Brattleboro (1430)	1,802,875	2,556,545	2,938,677	121,496,942
Nov. 29	Vermont National Bank, Brattleboro (1430)	3,051,875	3,343,865	3,370,263	154,110,108
	The Northfield National Bank, Northfield (1638)	50,000	100,000	335,481	4,560,089
	The First National Bank of Fair Haven, Fair Haven (344)	125,000	160,000	14,900	5,726,429
	First National Bank of Springfield, Springfield (122)	800,000	800,000	1,015,377	30,688,474
Dec. 30	First National Bank of Springfield, Springfield (122)	800,000	800,000	1,015,377	39,836,587
	VIRGINIA				
	Peoples Bank and Trust Company of Fairfax, Fairfax County, Alexandria	709,030	523,562	243,687	19,496,742
	Dominion National Bank, Baileys Cross Roads (14904)	1,875,970	2,924,481	1,200,183	94,885,747
Apr. 1	Dominion National Bank, Baileys Cross Roads (14904)	2,506,350	3,305,742	1,664,821	112,274,685

* Excludes mergers involving only one operating bank, effected pursuant to corporate reorganization.

Table B–18

*Mergers resulting in National banks, by assets of acquiring and acquired banks, 1960–74**

Assets of acquiring banks†	Acquired banks 1960–74	Assets of acquired bank— Under $10 million	$10 million to $24.9 million	$25 million to $49.9 million	$50 million to $99.9 million	$100 million and over
Under $10 million	92	92	0	0	0	0
$10 million to $24.9 million	144	126	18	0	0	0
$25 million to $49.9 million	164	109	43	12	0	0
$50 million to $99.9 million	181	110	44	24	3	0
$100 million and over	564	231	200	73	26	34
Total	1,145‡	668	305	109	29	34

* Includes all forms of acquisitions involving two or more banks from May 13, 1960 through December 31, 1974.
† In each transaction, the bank with larger total assets was considered to be the acquiring bank.
‡ Comprises 1,101 transactions, 25 involving three banks, eight involving four banks, and one involving five banks.

Table B–19

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1974

Charter No.	Title and location of bank	Branches opened for business: Local	Outside branches	Total
	Total	392	794	1,186*
	ALABAMA			
11820	The Albertville National Bank, Albertville	1	0	1
15339	Auburn National Bank of Auburn, Auburn	1	0	1
15473	City National Bank of Birmingham, Birmingham	0	1	1
3185	The First National Bank of Birmingham, Birmingham	0	2	2
15342	First National Bank of Butler, Butler	0	1	1
14638	First National Bank of Childersburg, Childersburg	0	1	1
14414	Central Bank of Alabama, National Association, Decatur	0	3	3
6380	First National Bank of Decatur, Decatur	1	0	1
14664	City National Bank of Dothan, Dothan	1	0	1
5249	The First National Bank of Dothan, Dothan	1	0	1
14614	First National Bank of Eufaula, Eufaula	1	0	1
8765	The Henderson National Bank of Huntsville, Huntsville	1	1	2
15267	Peoples National Bank of Huntsville, Huntsville	1	0	1
7746	The First National Bank of Jasper, Jasper	0	1	1
1595	The First National Bank of Mobile, Mobile	1	0	1
9550	The Farmers National Bank of Opelika, Opelika	1	0	1
3452	The First National Bank of Opelika, Opelika	1	0	1
15604	Central Bank of Mobile National Association, Prichard	0	1	1
7558	The Talladega National Bank, Talladega	0	1	1
1853	The First National Bank of Tuscaloosa, Tuscaloosa	1	0	1
	ALASKA			
12072	The First National Bank of Anchorage, Anchorage	0	1	1
14651	National Bank of Alaska, Anchorage	0	1	1
14747	Alaska National Bank, Fairbanks	0	1	1
12578	The First National Bank of Ketchikan, Ketchikan	0	2	2
	ARIZONA			
3728	First National Bank of Arizona, Phoenix	2	4	6
14324	The Valley National Bank of Arizona, Phoenix	2	5	7

* Includes 6 automated teller machines beginning operations in 1974.

TABLE B–19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1974

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	ARKANSAS			
10087	Citizens First National Bank of Arkadelphia, Arkadelphia	1	0	1
16173	First National Bank of Sharp County, Ashflat	0	1	1
14493	First National Bank, Batesville	1	0	1
13719	The First National Bank of Conway, Conway	0	1	1
15504	First National Bank of Crossett, Crossett	0	1	1
7046	The First National Bank of El Dorado, El Dorado	1	0	1
12424	National Bank of Commerce of El Dorado, El Dorado	1	0	1
9501	The First National Bank of Fordyce, Fordyce	1	0	1
1950	The First National Bank of Fort Smith, Fort Smith	1	0	1
15039	The First National Bank in Harrison, Harrison	1	0	1
2832	First National Bank of Hot Springs, Hot Springs	0	1	1
14000	The Commercial National Bank of Little Rock, Little Rock	3	0	3
13949	The First National Bank in Little Rock, Little Rock	1	0	1
13958	Union National Bank of Little Rock, Little Rock	3	0	3
13693	First National Bank in Mena, Mena	1	0	1
16272	First National Bank of Russellville, Russellville	1	0	1
15665	First National Bank, Siloam Springs	1	0	1
12156	First National Bank in Stuttgart, Stuttgart	1	1	2
15257	Commercial National Bank of Texarkana, Texarkana	0	1	1
12914	Jackson County National Bank in Tuckerman, Tuckerman	0	1	1
14631	Citizens National Bank of Walnut Ridge, Walnut Ridge	0	1	1
11312	The First National Bank of Lawrence County at Walnut Ridge, Walnut Ridge	1	0	1
15608	Fidelity National Bank of West Memphis, West Memphis	1	0	1
	CALIFORNIA			
14695	City National Bank, Beverly Hills	0	1	1
15434	Commercial National Bank, Buena Park	0	1	1
11282	The First National Bank of Cloverdale, Cloverdale	0	1	1
15453	Escondido National Bank, Escondido	0	1	1
14823	Valley National Bank, Glendale, Glendale	0	1	1
16139	Foothill National Bank, Glendora	0	1	1
15305	Valley Bank, National Association, Livermore	0	1	1
2491	Security Pacific National Bank, Los Angeles	1	14	15
6919	Central Bank, National Association, Oakland	0	1	1
6268	First National Bank and Trust Company, Ontario	0	2	2
15532	Commercial and Farmers National Bank, Oxnard	1	1	2
16154	Delta National Bank, Riverbank	0	1	1
15349	Valley National Bank, Salinas	0	1	1
3050	Southern California First National Bank, San Diego	0	1	1
13044	Bank of America National Trust and Savings Association, San Francisco	0	27	27
9655	The Bank of California, National Association, San Francisco	0	1	1
1741	Crocker National Bank, San Francisco	1	9	10
15660	Wells Fargo Bank, National Association, San Francisco	1	8	9
2158	The First National Bank of San Jose, San Jose	1	3	4
15217	Tahoe National Bank, South Lake Tahoe	0	1	1
15180	Security National Bank, Walnut Creek	1	1	2
	COLORADO			
7904	The First National Bank in Alamosa, Alamosa	1	0	1
2355	The National State Bank of Boulder, Boulder	1	0	1
3879	The First National Bank, Canon City Colorado, Canon City	1	0	1
15332	The First National Bank of Bear Valley, Denver	1	0	1
14384	The First National Bank in Golden, Golden	1	0	1
13624	First National Bank in Loveland, Loveland	1	0	1
	CONNECTICUT			
780	The City National Bank of Connecticut, Bridgeport	0	2	2
335	The Connecticut National Bank, Bridgeport	0	2	2
14750	First National Bank of Enfield, Enfield	1	0	1
1338	Hartford National Bank and Trust Company, Hartford	0	1	1
16125	National Industrial Bank of Connecticut, Meriden	0	1	1
2	The First New Haven National Bank, New Haven	0	2	2
15549	Citizens National Bank of Southington, Southington	1	0	1
16006	Liberty National Bank, Stamford	1	0	1
497	The First National Bank of Suffield, Suffield	0	1	1

Table B–19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1974

Charter No.	Title and location of bank	Branches opened for business: Local	Outside branches	Total
	DISTRICT OF COLUMBIA†			
15656	McLachlen National Bank, District of Columbia	1	0	1
15208	Madison National Bank, District of Columbia	1	0	1
3425	The National Bank of Washington, District of Columbia	3	0	3
15605	National Savings and Trust Company, District of Columbia	2	0	2
5046	The Riggs National Bank of Washington, D.C., District of Columbia	1	0	1
3275	Union Trust Company of the District of Columbia, District of Columbia	1	0	1
	FLORIDA			
15425	Second National Bank of Clearwater, Clearwater	1	0	1
14556	Sun First National Bank of Delray Beach, Delray Beach	1	0	1
15050	Barnett Bank of Fort Myers, National Association, Fort Myers	1	0	1
16008	Hollywood National Bank, Hollywood	1	0	1
15878	Citizens First National Bank of Citrus County, Inverness	1	0	1
6888	The Atlantic National Bank of Jacksonville, Jacksonville	1	0	1
14923	Sun First National Bank of Lake Wales, Lake Wales	1	0	1
11038	Sun First National Bank of Leesburg, Leesburg	1	0	1
14845	Sun First National Bank of Melbourne, Melbourne	1	0	1
15103	First National Bank of Merritt Island, Merritt Island	1	0	1
14639	Peoples First National Bank of Miami Shores, Miami Shores	1	0	1
15043	First National Bank of New Port Richey, New Port Richey	1	0	1
15062	Sun Bank of East Orlando, National Association, Orlando	1	0	1
9007	The Citizens and Peoples National Bank of Pensacola, Pensacola	1	0	1
14902	Florida First National Bank at Port St. Joe, Port St. Joe	1	0	1
15107	National Bank Gulf Gate, Sarasota	1	0	1
14844	National Bank of Sarasota, Sarasota	1	0	1
13352	Palmer First National Bank and Trust Company of Sarasota, Sarasota	1	0	1
14714	Barnett Bank of St. Petersburg, National Association, St. Petersburg	1	0	1
14897	The National Bank of St. Petersburg, St. Petersburg	1	0	1
14827	Pan American Bank of Tampa, National Association, Tampa	1	0	1
15071	First National Bank of Venice, Venice	1	0	1
15270	Barnett Bank of Cypress Gardens National Association, Winter Haven	1	0	1
13437	The Exchange National Bank of Winter Haven, Winter Haven	1	0	1
14767	Barnett Bank of Winter Park, National Association, Winter Park	1	0	1
	GEORGIA			
1559	The First National Bank of Atlanta, Atlanta	1	6	7
9617	The Fulton National Bank of Atlanta, Atlanta	0	5	5
15789	Mercantile National Bank, Atlanta	1	0	1
15541	The National Bank of Georgia, Atlanta	2	0	2
14499	The Commercial National Bank, Cedartown	1	0	1
4691	The National Bank and Trust Company of Columbus, Ga., Columbus	1	0	1
15148	First National Bank of Newton County, Covington	1	0	1
14817	National Bank of Fort Benning, Fort Benning	0	1	1
7616	The Gainesville National Bank, Gainesville	1	1	2
11936	First National Bank of Gwinnett County, Lawrenceville	0	1	1
15373	First National Bank of Houston County, Perry	0	1	1
10302	The National City Bank of Rome, Rome	1	0	1
13068	The Citizens and Southern National Bank, Savannah	2	2	4
15616	The Security National Bank, Smyrna	0	1	1
9302	The First National Bank of Thomson, Thomson	1	0	1
	IDAHO			
16237	Bank of Idaho, N.A., Boise	0	1	1
14444	First Security Bank of Idaho, National Association, Boise	1	2	3
1668	The Idaho First National Bank, Boise	0	3	3
	ILLINOIS			
12779	First National Bank of Blue Island, Blue Island	1	0	1
15459	Seaway National Bank of Chicago, Chicago	1	0	1
4735	The Elgin National Bank, Elgin	1	0	1
14752	The First National Bank of Lincolnwood, Lincolnwood	0	1	1
14463	First National Bank, Marshall	1	0	1
14416	Central National Bank of Mattoon, Mattoon	1	0	1
15458	Midwest National Bank of Moline, Moline	1	0	1
14346	The Ogle County National Bank of Oregon, Oregon	1	0	1

† Includes 1 non-National bank in Washington, D.C.

TABLE B–19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1974

Charter No.	Title and location of bank	Branches opened for business: Local	Outside branches	Total
	INDIANA			
4675	First National Bank of Madison County, Anderson	1	0	1
14515	First National Bank of Angola, Angola	1	0	1
206	First National Bank, Elkhart	1	1	2
12132	The National City Bank of Evansville, Evansville	2	0	2
12444	Old National Bank in Evansville, Evansville	0	1	1
14468	Gary National Bank, Gary	0	2	2
13759	American Fletcher National Bank and Trust Company, Indianapolis	0	3	3
984	The Indiana National Bank, Indianapolis	3	2	5
869	Merchants National Bank & Trust Company of Indianapolis, Indianapolis	4	0	4
16018	Midwest National Bank, Indianapolis	1	0	1
2612	The Peoples National Bank of Lawrenceburg, Lawrenceburg	1	0	1
15784	Citizens National Bank of Grant County, Marion	1	0	1
13717	First National Bank in Marion, Marion	0	1	1
14921	American National Bank and Trust Company of Muncie, Muncie	1	0	1
9756	The American National Bank of Noblesville, Noblesville	0	1	1
4678	The First National Bank of North Vernon, North Vernon	0	1	1
4800	The Farmers National Bank of Shelbyville, Shelbyville	0	1	1
7946	The Shelby National Bank, Shelbyville	0	1	1
13987	The National Bank and Trust Company of South Bend, South Bend	1	0	1
12028	The First National Bank of Spurgeon, Spurgeon	0	1	1
47	Terre Haute First National Bank, Terre Haute	1	0	1
13888	The First National Bank in Wabash, Wabash	1	0	1
3842	The Peoples National Bank and Trust Company, Washington	0	1	1
	IOWA			
8603	The Peoples National Bank of Albia, Albia	1	0	1
8725	Okey-Vernon First National Bank, Corning	1	0	1
13321	Central National Bank & Trust Company of Des Moines, Des Moines	0	1	1
14746	National Bank of Des Moines, Des Moines	0	1	1
16324	Valley National Bank, Des Moines	1	0	1
16197	Second National Bank, Eldora	0	2	2
3420	The Farmers National Bank of Webster City, Webster City	1	0	1
	KANSAS			
2758	The Exchange National Bank and Trust Company of Atchison, Atchison	1	0	1
11056	The American National Bank of Baxter Springs, Baxter Springs	1	0	1
7285	First National Bank in Dodge City, Dodge City	1	0	1
6494	First National Bank & Trust Company, El Dorado	1	0	1
3885	The First National Bank of Hays City, Hays	1	0	1
13801	Security National Bank of Kansas City, Kansas City	2	0	2
3849	The Lawrence National Bank and Trust Company, Lawrence	1	0	1
15503	City National Bank of Pittsburg, Pittsburg	1	0	1
3475	The National Bank of Pittsburg, Pittsburg	1	0	1
4742	The First National Bank and Trust Company of Salina, Salina	1	0	1
12490	The Fourth National Bank and Trust Company, Wichita, Wichita	1	0	1
	KENTUCKY			
9365	The American National Bank and Trust Company of Bowling Green, Bowling Green	1	0	1
4260	The Citizens National Bank of Covington, Covington	1	0	1
6028	The First-Hardin National Bank of Elizabethtown, Elizabethtown	0	1	1
14894	Fort Knox National Bank, Fort Knox	1	0	1
2927	First National Bank and Trust Company, Georgetown	1	0	1
4271	The Farmers National Bank of Lebanon, Lebanon	1	0	1
2901	The Second National Bank and Trust Company of Lexington, Lexington	1	0	1
10254	Cumberland Valley National Bank & Trust Company, London	0	1	1
109	First National Bank of Louisville, Louisville	2	4	6
14320	Liberty National Bank and Trust Company of Louisville, Louisville	2	1	3
1831	The First National Bank and Trust Company, Nicholasville	1	0	1
14138	The Owensboro National Bank, Owensboro	1	0	1
12961	The Peoples First National Bank & Trust Company of Paducah, Paducah	1	0	1
	LOUISIANA			
5807	The First National Bank of Abbeville, Abbeville	1	0	1
15338	First National Bank of St. Bernard Parish, Arabi	0	1	1
14989	First National Bank, Covington	0	2	2
13732	First National Bank of Jefferson Parish, Gretna	0	1	1
14503	First National Bank of Houma, Houma	1	0	1

TABLE B–19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1974

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	LOUISIANA—Continued			
13851	First National Bank in St. Mary Parish, Morgan	0	1	1
13689	First National Bank of Commerce, New Orleans	1	0	1
14477	National American Bank of New Orleans, New Orleans	2	0	2
14977	Whitney National Bank of New Orleans, New Orleans	1	0	1
14685	First National Bank of West Monroe, West Monroe	0	1	1
	MAINE			
498	Bank of Maine, N.A., Augusta	0	1	1
1254	The Ocean National Bank of Kennebunk, Kennebunk	0	1	1
2260	Northeast Bank N.A. of Lewiston and Auburn, Lewiston	1	0	1
941	Canal National Bank, Portland	0	2	2
4128	Maine National Bank, Portland	0	1	1
13768	Northern National Bank, Presque Isle	0	2	2
	MARYLAND			
15314	Aberdeen National Bank, Aberdeen	0	1	1
1244	The Farmers National Bank of Annapolis, Annapolis	0	1	1
1413	The First National Bank of Maryland, Baltimore	2	3	5
13745	Maryland National Bank, Baltimore	4	8	12
381	The First National Bank and Trust Company of Western Maryland, Cumberland	1	0	1
15051	The Central National Bank of Maryland, Hillandale	0	1	1
8606	The First National Bank of St. Mary's at Leonardtown, Leonardtown	0	1	1
13840	The Cecil National Bank at Port Deposit, Port Deposit	0	1	1
14864	State National Bank of Maryland, Rockville	0	1	1
15365	University National Bank, Rockville	0	1	1
14937	American National Bank of Maryland, Silver Spring	0	3	3
15154	Peoples National Bank of Maryland, Suitland	0	2	2
	MASSACHUSETTS			
1049	Northeast National Bank, Amesbury	1	0	1
200	The First National Bank of Boston, Boston	1	0	1
15509	The National Shawmut Bank of Boston, Boston	0	1	1
4771	The County Bank, N.A., Cambridge	0	8	8
590	The Fall River National Bank, Fall River	1	1	2
1320	The Falmouth National Bank, Falmouth	0	1	1
2153	First Safety Fund National Bank, Fitchburg	0	1	1
474	First National Bank of Franklin County, Greenfield	0	1	1
10059	Merchants National Bank of Leominster, Leominster	1	0	1
7452	Security National Bank, Lynn	0	1	1
13241	Needham National Bank, Needham	0	1	1
383	Pioneer National Bank-Hampshire, Northampton	0	1	1
1194	Rockport National Bank, Rockport	1	0	1
726	Merchants-Warren National Bank of Salem, Salem	0	1	1
308	Third National Bank of Hampden County, Springfield	1	0	1
15005	Hampshire National Bank of South Hadley, South Hadley	0	1	1
79	Worcester County National Bank, Worcester	1	0	1
	MICHIGAN			
15164	Huron Valley National Bank, Ann Arbor	1	0	1
16185	The American National Bank in Battle Creek, Battle Creek	1	1	2
14185	Security National Bank of Battle Creek, Battle Creek	1	0	1
14641	Peoples National Bank & Trust Company of Bay City, Bay City	0	1	1
16371	Commercial National Bank, Cassopolis	1	5	6
1924	The Southern Michigan National Bank of Coldwater, Coldwater	0	1	1
16157	Michigan National Bank-Dearborn, Dearborn	1	0	1
15801	First Independence National Bank of Detroit, Detroit	1	0	1
14948	Michigan National Bank of Detroit, Detroit	1	2	3
13671	National Bank of Detroit, Detroit	1	0	1
15446	First National Bank of Fenton, Fenton	0	1	1
15575	Union Bank and Trust Company, National Association, Grand Rapids	1	0	1
15392	Grand Valley National Bank, Grandville	0	2	2
14062	Hillsdale County National Bank, Hillsdale	1	0	1
14560	First National Bank and Trust Company of Holland, Holland	1	0	1
7676	Houghton National Bank, Houghton	1	0	1
14187	The Ionia County National Bank of Ionia, Ionia	0	1	1
13741	The National Bank of Jackson, Jackson	0	1	1

TABLE B-19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1974

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	MICHIGAN—Continued			
13820	The American National Bank and Trust Company of Michigan, Kalamazoo	2	0	2
15444	Michigan National Bank-West Metro, Livonia	1	0	1
14280	The First National Bank at Manistique, Manistique	0	1	1
390	First National Bank & Trust Company of Marquette, Marquette	0	1	1
12697	The Dart National Bank of Mason, Mason	0	1	1
3256	The First National Bank of Menominee, Menominee	0	1	1
15899	West Oakland Bank, National Association, Novi	0	1	1
13739	Community National Bank of Pontiac, Pontiac	0	1	1
15274	National Bank of Rochester, Rochester	0	1	1
3886	The First National Bank of St. Ignace, St. Ignace	1	0	1
3378	Clinton National Bank and Trust Company, St. Johns, St. Johns	1	0	1
15527	Michigan National Bank-Oakland, Southfield	1	2	3
15167	National Bank of Southfield, Southfield	1	0	1
15611	First National Bank of Warren, Warren	1	0	1
13807	The National Bank of Ypsilanti, Ypsilanti	0	1	1
	MINNESOTA			
14949	Franklin National Bank of Minneapolis, Minneapolis	1	0	1
11861	The Marquette National Bank of Minneapolis, Minneapolis	1	0	1
14805	Zapp National Bank of St. Cloud, St. Cloud	1	0	1
16128	Shelard National Bank, St. Louis Park	1	0	1
203	The First National Bank of Saint Paul, Saint Paul	1	0	1
15659	First National Bank of Wayzata, Wayzata	1	0	1
	MISSISSIPPI			
14487	Gulf National Bank, Gulfport	0	1	1
5176	First Mississippi National Bank, Hattiesburg	1	9	10
15539	Southern National Bank of Hattiesburg, Hattiesburg	1	1	2
15661	First National Bank, Hernando, Mississippi, Hernando	0	2	2
15516	Citizens National Bank, Jackson	1	0	1
15548	Deposit Guaranty National Bank, Jackson	3	3	6
10523	First National Bank of Jackson, Jackson	1	0	1
11898	The Commercial National Bank and Trust Company of Laurel, Laurel	1	0	1
13551	First National Bank in Meridian, Meridian	1	0	1
13722	Britton & Koontz First National Bank, Natchez	1	0	1
15672	First National Bank of Jackson County, Ocean Springs	0	1	1
9865	The First National Bank of Oxford, Oxford	1	0	1
3656	National Bank of Commerce of Mississippi, Starkville	2	3	5
16194	Peoples Bank of Mississippi, National Association, Union	0	1	1
3430	Merchants National Bank, Vicksburg, Mississippi, Vicksburg	1	0	1
12587	The Delta National Bank of Yazoo City, Yazoo City	1	1	2
	MISSOURI			
4611	The First National Bank of Cape Girardeau, Cape Girardeau	1	0	1
13162	First National Bank and Trust Company of Joplin, Joplin	1	0	1
11472	Columbia Union National Bank and Trust Company, Kansas City	1	0	1
5973	The First National Bank of Monett, Monett	1	0	1
6272	The American National Bank of St. Joseph, St. Joseph	1	0	1
15176	Belt National Bank of St. Joseph, St. Joseph	1	0	1
4933	The Trenton National Bank, Trenton	1	0	1
	NEBRASKA			
2357	The First National Bank & Trust Company of Beatrice, Beatrice	1	0	1
8328	First National Bank and Trust Company of Columbus, Columbus	1	0	1
13408	First National Bank & Trust Company of Fremont, Fremont	1	0	1
2848	The Fremont National Bank, Fremont	1	0	1
14340	The Commercial National Bank & Trust Company, Grand Island, Nebraska, Grand Island	1	0	1
2779	The First National Bank of Grand Island, Grand Island	1	0	1
14018	The Overland National Bank of Grand Island, Grand Island	1	0	1
13515	First National Bank, Hastings, Hastings	1	0	1
1798	First National Bank & Trust Company of Lincoln, Lincoln	1	0	1
13582	The Delay First National Bank & Trust Company, Norfolk	1	0	1
14339	Northwestern National Bank of Norfolk, Norfolk	1	0	1
209	The First National Bank of Omaha, Omaha	1	0	1
2978	The United States National Bank of Omaha, Omaha	1	0	1

TABLE B–19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1974

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	NEVADA			
7038	First National Bank of Nevada, Reno, Nevada, Reno	0	3	3
15645	Nevada National Bank, Reno	0	2	2
14406	Security National Bank of Nevada, Reno	1	0	1
	NEW HAMPSHIRE			
2443	The Franklin National Bank, Franklin	1	0	1
4037	Laconia Peoples National Bank and Trust Company, Laconia	0	1	1
1070	The Souhegan National Bank of Milford, Milford	0	1	1
15563	Indian Head National Bank of Nashua, Nashua	0	1	1
1179	First National Bank of Peterborough, Peterborough	1	0	1
	NEW JERSEY			
12617	The Atco National Bank, Atco	1	0	1
15913	Shore National Bank, Brick Township	1	0	1
9498	The Farmers and Merchants National Bank of Bridgeton, Bridgeton	0	1	1
1222	First National State Bank/Mechanics, Burlington Township	0	3	3
13203	Third National Bank of New Jersey, Camden	0	2	2
1209	Heritage Bank National Association, Cherry Hill	0	2	2
12984	Friendly National Bank of New Jersey, Cinnaminson	0	1	1
15709	New Jersey Bank (National Association), Clifton	0	3	3
15430	Midlantic National Bank/Raritan Valley, Edison	1	0	1
1326	First National Bank of South Jersey, Egg Harbor Township	0	1	1
1436	The National State Bank, Elizabeth, N.J., Elizabeth	0	1	1
15570	Garden State National Bank, Hackensack	0	1	1
399	First Peoples National Bank of New Jersey, Haddon Township	0	2	2
16169	The Hamilton Bank, National Association, Hamilton Township	1	0	1
4147	United Jersey Bank/Mid State, National Association, Hazlet	0	3	3
374	The First Jersey National Bank, Jersey City	0	1	1
16035	First National State Bank of Ocean County, Lakewood Township	1	0	1
13127	Citizens Bank of Marlton, National Association, Marlton	0	1	1
1191	The Burlington County National Bank, Medford	0	1	1
1113	Heritage Bank National Association-Iron, Morristown	0	1	1
15360	Midlantic National Bank/Morris, Morristown	0	1	1
1452	First National State Bank of New Jersey, Newark	1	0	1
1316	Midlantic National Bank, Newark	0	2	2
587	The National Bank of New Jersey, New Brunswick	0	1	1
14240	First National Bank in Newfield, Newfield	0	1	1
12732	Meadowlands National Bank, North Bergen	0	1	1
15835	Jefferson National Bank, Passaic	0	2	2
11759	Citizens First National Bank of New Jersey, Ridgewood	0	2	2
5005	National Community Bank of Rutherford, Rutherford	0	1	1
12917	The National Bank of Mantua, Sewell	0	1	1
16129	Suburban National/A United Jersey Bank, South Plainfield	0	1	1
13898	First National State Bank of the Jersey Coast, Spring Lake	1	2	3
4365	Midlantic National Bank/Citizens, Tenafly	0	1	1
329	First National Bank of New Jersey, Totowa	0	1	1
1327	New Jersey National Bank, Trenton	0	3	3
13125	Citizens United Bank, N.A., Vineland	2	5	7
14673	City National Bank, Vineland	0	1	1
10440	Minotola National Bank, Vineland	0	1	1
12606	The Yardville National Bank, Yardville	0	1	1
	NEW MEXICO			
12485	Albuquerque National Bank, Albuquerque	2	0	2
12924	First National Bank in Raton, Raton	0	1	1
8132	The American National Bank of Silver City, Silver City	0	1	1
13438	Hot Springs National Bank, Truth or Consequences	0	2	2
	NEW YORK			
5178	Community National Bank, Addison	0	1	1
15758	Bankers Trust Company of Albany, National Association, Albany	0	3	3
16203	Chase Manhattan Bank of Eastern New York (National Association), Albany	0	2	2
1301	National Commercial Bank and Trust Company, Albany	0	1	1
963	Union National Bank, Albany	0	2	2
1253	Ballston Spa National Bank, Ballston Spa	0	2	2

TABLE B–19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1974

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	NEW YORK—Continued			
15917	Citibank (Suffolk), National Association, Bay Shore	0	2	2
10029	Manufacturers Hanover Trust Company/Suffolk, National Association, Bay Shore	0	5	5
9669	The Bridgehampton National Bank, Bridgehampton	1	0	1
13952	Chase Manhattan Bank of Western New York (National Association), Buffalo	0	3	3
10258	Citibank (Western), National Association, Buffalo	0	3	3
15080	Liberty National Bank and Trust Company, Buffalo	0	4	4
1122	Central National Bank, Canajoharie, Canajoharie	0	1	1
8531	The St. Lawrence National Bank, Canton	0	3	3
5816	Citibank (Eastern), National Association, Castleton-on-Hudson	0	3	3
11511	Marine Midland Tinker National Bank, East Setauket	0	2	2
8847	Deak National Bank, Fleischmanns	0	1	1
13825	The National Bank of Florida, Florida	0	1	1
13126	The First National Bank of Glen Head, Glen Head	0	1	1
2517	Chemical Bank-Eastern, National Association, Greenwich	0	1	1
8613	The First National Bank of Hancock, Hancock	0	1	1
6587	Security National Bank, Hempstead	1	4	5
11087	Long Island National Bank, Hicksville	0	1	1
15976	Citibank (Mid-Western), National Association, Honeoye Falls	0	4	4
15626	The First National Bank of Jamestown, Jamestown	1	0	1
13121	The Mahopac National Bank, Mahopac	0	1	1
11897	The Citizens National Bank of Malone, Malone	1	0	1
598	The Farmers National Bank of Malone, Malone	0	2	2
15922	Chase Manhattan Bank of Long Island (National Association), Melville	0	2	2
13956	Empire National Bank, Middletown	0	1	1
13314	Nanute National Bank, Nanute	0	1	1
1106	Highland National Bank of Newburgh, Newburgh	1	0	1
2370	The Chase Manhattan Bank (National Association), New York	5	4	9
15558	Community National Bank and Trust Company of New York, New York (Staten Island)	0	1	1
1461	First National City Bank, New York	11	3	14
7703	National Bank of North America, New York	2	10	12
15569	Republic National Bank of New York, New York	14	4	18
1354	The National Bank and Trust Company of Norwich, Norwich	0	1	1
14734	Chemical Bank Hudson Valley, N.A., Nyack	0	1	1
1887	The First National Bank of Olean, Olean	1	0	1
1090	The Oneida Valley National Bank of Oneida, Oneida	0	1	1
2151	Wilber National Bank, Oneonta	1	0	1
16089	Citibank (Central), National Association, Oriskany Falls	0	3	3
15641	Bankers Trust Hudson Valley, National Association, Poughkeepsie	1	2	3
10781	The Red Creek National Bank, Red Creek	0	1	1
4230	The Suffolk County National Bank of Riverhead, Riverhead	1	0	1
16050	Chase Manhattan Bank of Greater Rochester, National Association, Rochester	0	2	2
1040	Chase Manhattan Bank of Mid-Hudson (National Association), Saugerties	0	4	4
1226	The Mohawk National Bank of Schenectady, Schenectady	0	1	1
10258	Citibank (Western), National Association, Silver Creek	0	1	1
14763	Chemical Bank of Suffolk, National Association, Smithtown	0	2	2
16047	Chase Manhattan Bank of Central New York, National Association, Syracuse	1	1	2
721	Marine Midland Bank-Eastern National Association, Troy	1	1	2
8158	Seaway National Bank, Watertown	0	1	1
10525	National Bank of Westchester, White Plains	0	2	2
9990	Citibank (Mid-Hudson), National Association, Woodbury	0	6	6
15968	Hudson Valley National Bank, Yonkers	1	0	1
	NORTH CAROLINA			
11091	The First National Bank of Albermarle, Albemarle	1	0	1
15650	First Union National Bank of North Carolina, Charlotte	1	5	6
13761	North Carolina National Bank, Charlotte	2	8	10
14481	Citizens National Bank of Concord, Concord	0	1	1
13779	The Citizens National Bank in Gastonia, Gastonia	1	1	2
4597	First National Bank of Catawba County, Hickory	1	0	1
14676	Bank of North Carolina, National Association, Jacksonville	1	1	2
6744	Carolina First National Bank, Lincolnton	0	1	1
10610	Southern National Bank of North Carolina, Lumberton	0	2	2
13859	The Union National Bank of Oxford, Oxford	1	0	1
10608	The Planters National Bank and Trust Company, Rocky Mount	0	3	3
16114	Columbus National Bank, Whiteville	1	0	1
15673	Wachovia Bank and Trust Company, N.A., Winston-Salem	1	14	15

TABLE B–19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1974

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	NORTH DAKOTA			
2434	The First National Bank and Trust Company of Bismarck, Bismarck	1	0	1
5087	The Fargo National Bank & Trust Company, Fargo	0	1	1
2377	The First National Bank and Trust Company of Fargo, Fargo	1	0	1
13790	First National Bank in Grand Forks, Grand Forks	1	0	1
13357	Red River National Bank and Trust Company of Grand Forks, Grand Forks	1	0	1
6429	First National Bank in Minot, Minot	1	0	1
	OHIO			
15609	Akron National Bank and Trust Company, Akron	3	1	4
14579	First National Bank of Akron, Akron	1	0	1
5075	The Northeastern Ohio National Bank, Ashtabula	0	1	1
3274	The Second National Bank of Bucyrus, Bucyrus	1	0	1
6249	The First National Bank of Burton, Burton	0	1	1
14501	The United National Bank & Trust Company, Canton	0	1	1
15423	The Capital National Bank, Cleveland	0	1	1
4318	Central National Bank of Cleveland, Cleveland	0	1	1
786	National City Bank, Cleveland	0	3	3
7621	The City National Bank & Trust Company of Columbus, Columbus	2	0	2
7745	The Huntington National Bank of Columbus, Columbus	2	2	4
5065	The Ohio National Bank of Columbus, Columbus	1	1	2
13923	Coshocton National Bank, Coshocton	1	0	1
10	Third National Bank and Trust Company of Dayton, Ohio, Dayton	0	1	1
2604	Winters National Bank and Trust Co., Dayton	1	0	1
14968	First National Bank of Elyria, Elyria	1	0	1
15591	Tri-County National Bank, Fostoria	1	0	1
5996	People's National Bank, Georgetown	0	1	1
56	The First National Bank and Trust Company of Hamilton, Hamilton	0	1	1
829	The Second National Bank of Hamilton, Hamilton	0	1	1
6938	Harrison County National Bank, Hopedale	0	2	2
2360	The Lebanon-Citizens National Bank, Lebanon	1	0	1
1064	The First National Bank of London, London	0	1	1
15456	The Central Security National Bank of Lorain County, Lorain	0	1	1
2036	The Vinton County National Bank of McArthur, McArthur	0	1	1
2577	First National Bank of Mansfield, Mansfield	0	1	1
4842	The Old Phoenix National Bank of Medina, Medina	0	1	1
3234	Clermont National Bank, Milford	0	1	1
9179	The Park National Bank, Newark	0	1	1
15416	Mid-American National Bank and Trust Company, North Wood	0	1	1
14686	The Lake County National Bank of Painesville, Painesville	0	1	1
13832	The National Bank of Portsmouth, Portsmouth	0	1	1
1989	The Quaker City National Bank, Quaker City	0	1	1
14105	Lagonda National Bank of Springfield, Springfield	1	0	1
5828	The First National Bank of Wadsworth, Wadsworth	0	1	1
3157	The First National Bank of Wapakoneta, Wapakoneta	1	0	1
2479	The Second National Bank of Warren, Warren	0	1	1
	OKLAHOMA			
6258	First National Bank in Bartlesville, Bartlesville	1	0	1
13751	The Citizens National Bank & Trust Company, Okmulgee, Oklahoma, Okmulgee	1	0	1
15750	National Bank of Sallisaw, Sallisaw	1	0	1
	OREGON			
1553	First National Bank of Oregon, Portland	0	2	2
4514	United States National Bank of Oregon, Portland	0	6	6
	PENNSYLVANIA			
373	The First National Bank of Allentown, Allentown	1	2	3
6645	The Merchants National Bank of Allentown, Allentown	2	0	2
539	The Philadelphia National Bank, Ardmore	0	4	4
723	Central Penn National Bank, Bala-Cynwyd	0	2	2
1	First Pennsylvania Bank N.A., Bala-Cynwyd	0	84	84
10128	The Kishacquillas Valley National Bank of Belleville, Belleville	0	1	1
5307	First National Bank of Western Pennsylvania, Berlin	0	1	1
8421	The Blue Ball National Bank, Blue Ball	0	1	1
2137	The National Bank of Boyertown, Boyertown	0	1	1

TABLE B-19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1974

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	PENNSYLVANIA—Continued			
15422	Provident National Bank, Bryn Mawr	0	3	3
355	Southeast National Bank of Pennsylvania, Chester	0	1	1
661	The Downingtown National Bank, Downingtown	0	1	1
5019	Deposit National Bank, DuBois	0	1	1
9868	The First National Bank of Dunmore, Dunmore	1	0	1
1233	Easton National Bank and Trust Company, Easton	0	1	1
5118	The Northampton National Bank of Easton, Easton	0	1	1
2515	The Ephrata National Bank, Ephrata	0	1	1
8854	The Citizens National Bank of Evans City, Evans City	1	1	2
7702	Peoples National Bank of Susquehanna County, Hallstead	0	1	1
580	The Commonwealth National Bank, Harrisburg	0	6	6
644	The Honesdale National Bank, Honesdale	1	0	1
31	Penn Central National Bank, Huntingdon	0	1	1
4965	Union National Bank & Trust Company of Huntingdon, Huntingdon	0	1	1
14098	National Bank of the Commonwealth, Indiana	1	2	3
252	Pittsburgh National Bank, Jeannette	0	5	5
6158	The First National Bank of Jermyn, Jermyn	0	1	1
13781	United States National Bank in Johnstown, Johnstown	0	1	1
2634	The Fulton National Bank of Lancaster, Lancaster	1	1	2
694	National Central Bank, Lancaster	1	2	3
680	Lebanon Valley National Bank, Lebanon	0	1	1
3147	The National Bank of Malvern, Malvern	0	1	1
912	The Manheim National Bank, Manheim	0	1	1
11244	The First National Bank of Mapleton, Mapleton	0	1	1
5599	The Mars National Bank, Mars	0	1	1
12	The First National Bank of Pennsylvania, Meadville	0	2	2
870	Marine National Bank, Meadville	0	1	1
9511	The Farmers National Bank and Trust Company of Millheim, Millheim	0	1	1
562	First National Bank of Lawrence County at New Castle, New Castle	0	1	1
14542	Cumberland County National Bank and Trust Company, New Cumberland	0	3	3
2222	Equibank N.A., Pittsburgh	0	1	1
6301	Mellon Bank, N.A., Pittsburgh	0	2	2
252	Pittsburgh National Bank, Pittsburgh	0	2	2
649	The Miners National Bank of Pottsville, Pottsville	1	0	1
1663	Pennsylvania National Bank and Trust Company, Pottsville	0	3	3
2366	The Quakertown National Bank, Quakertown	1	0	1
13947	Scranton National Bank, Scranton	1	0	1
6483	The First National Bank of Slippery Rock, Slippery Rock	0	1	1
2333	Union National Bank and Trust Company of Souderton, Souderton	0	1	1
12261	The Peoples National Bank of Central Pennsylvania, State College	1	0	1
1237	First National Trust Bank, Sunbury	0	2	2
4984	The First National Bank of Troy, Troy	0	1	1
4355	First Blair County National Bank of Tyrone, Tyrone	0	1	1
5034	Gallatin National Bank, Uniontown	1	0	1
30	First Eastern Bank, National Association, Wilkes-Barre	0	1	1
14344	The Hanover National Bank of Wilkes-Barre, Wilkes-Barre	0	1	1
732	The Wyoming National Bank of Wilkes-Barre, Wilkes-Barre	0	1	1
175	Fidelity National Bank of Pa., Williamsport	0	3	3
14082	Citizens National Bank in Windber, Windber	1	0	1
5184	Southern Pennsylvania National Bank, York	0	1	1
	SOUTH CAROLINA			
14425	The Citizens and Southern National Bank of South Carolina, Charleston	0	7	7
2044	The South Carolina National Bank, Charleston	1	3	4
10635	Bankers Trust of South Carolina, N.A., Columbia	0	8	8
13720	First National Bank of South Carolina, Columbia	0	7	7
15134	Horry County National Bank, Loris	0	1	1
10085	Marion National Bank, Marion	1	0	1
13918	First National Bank in Orangeburg, Orangeburg	0	1	1
10660	The National Bank of South Carolina, Sumter	0	4	4
	SOUTH DAKOTA			
3326	Aberdeen National Bank, Aberdeen	1	0	1
2980	First National Bank of Aberdeen, Aberdeen	0	1	1
15639	United National Bank, Rapid City	0	1	1
10592	Northwestern National Bank of Sioux Falls, Sioux Falls	1	0	1

TABLE B-19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1974

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	TENNESSEE			
14611	American National Bank and Trust Company of Chattanooga, Chattanooga	1	0	1
9027	Hamilton National Bank of Polk County, Copperhill	1	0	1
6930	The First National Bank of Dickson, Dickson	0	1	1
13948	Union National Bank of Fayetteville, Fayetteville	1	0	1
8443	The Harpeth National Bank of Franklin, Franklin	0	1	1
14657	First Tennessee National Bank, Kingsport	0	1	1
2049	Park National Bank of Knoxville, Knoxville	1	0	1
12080	Hamilton National Bank of Loudon, Loudon	0	1	1
336	The First National Bank of Memphis, Memphis	4	0	4
13681	National Bank of Commerce, Memphis	1	0	1
14736	The National Bank of Murfreesboro, Murfreesboro	1	0	1
3032	First American National Bank of Nashville, Nashville	4	1	5
13103	Third National Bank in Nashville, Nashville	1	0	1
14828	National Bank of Newport, Newport	0	1	1
16076	Citizens National Bank, Sevierville	0	1	1
3530	The Peoples National Bank of Shelbyville, Shelbyville	1	0	1
16410	First Tennessee National Bank, White's Creek	0	1	1
	UTAH			
2597	First Security Bank of Utah, National Association, Ogden	0	2	2
4341	Zions First National Bank, Salt Lake City	0	2	2
	VERMONT			
7267	The Bradford National Bank, Bradford	0	1	1
1430	Vermont National Bank, Brattleboro	0	1	1
1197	The Merchants National Bank of Burlington, Burlington	0	2	2
3080	The Factory Point National Bank of Manchester Center, Manchester Center	0	1	1
1195	The National Bank of Middlebury, Middlebury	1	0	1
194	Catamount National Bank, North Bennington	0	1	1
2274	The Randolph National Bank, Randolph	1	1	2
122	First National Bank of Springfield, Springfield	0	2	2
3484	The First National Bank of White River Junction, White River Junction	1	0	1
1133	The Woodstock National Bank, Woodstock	0	1	1
	VIRGINIA			
14904	Dominion National Bank, Baileys Cross Roads	0	6	6
11976	The First National Bank of Bassett, Bassett	0	1	1
16246	The First National Exchange Bank of Montgomery County, Blacksburg	1	0	1
12229	The National Bank of Blacksburg, Blacksburg	1	0	1
16184	First & Merchants National Bank of Tidewater, Chesapeake	0	1	1
6389	The National Bank of Fairfax, Fairfax County	0	1	1
1582	The National Bank of Fredericksburg, Fredericksburg	0	1	1
16313	Fidelity National Bank, Halifax County	1	0	1
12267	The Old Point National Bank of Phoebus, Hampton	1	0	1
11694	Valley National Bank, Harrisonburg	1	0	1
15315	Fairfield National Bank, Highland Springs	1	0	1
6206	The Page Valley National Bank of Luray, Luray	1	0	1
1558	United Virginia Bank/First National, Lynchburg	0	1	1
15819	Virginia National Bank/Lynchburg, Lynchburg	0	1	1
14904	Dominion National Bank, P.O. McLean	0	1	1
5032	First Virginia Bank-Manassas National, Manassas	1	0	1
7026	The First National Bank of Martinsville and Henry County, Martinsville	0	1	1
15139	The First National Bank, Narrows	0	1	1
10524	Citizens National Bank, New Market	0	1	1
10194	United Virginia Bank/Seaboard National, Norfolk	0	3	3
9885	Virginia National Bank, Norfolk	0	2	2
11381	American National Bank, Portsmouth	0	1	1
6782	The First and Merchants National Bank of Radford, Radford	1	0	1
1111	First & Merchants National Bank, Richmond	1	1	2
15530	Metropolitan National Bank, Richmond	0	1	1
15027	Richmond National Bank, Richmond	0	1	1
11817	Colonial-American National Bank, Roanoke	1	0	1
2737	The First National Exchange Bank of Virginia, Roanoke	0	1	1
11569	The Round Hill National Bank, Round Hill	0	1	1
1824	The Farmers National Bank of Salem, Salem	0	1	1
14824	Fairfax County National Bank, Seven Corners	0	1	1
10973	The Farmers & Merchants National Bank of Stanley, Stanley	0	1	1

Table B–19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1974

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	VIRGINIA—Continued			
1620	United Virginia Bank/National Valley, Staunton	1	0	1
651	United Virginia Bank/National, Vienna	0	10	10
6084	Farmers and Merchants National Bank, Winchester	0	1	1
15984	First & Merchants National Bank of the Peninsula, York County	0	1	1
	WASHINGTON			
13351	The First American National Bank of Port Townsend, Port Townsend	0	1	1
3417	Pacific National Bank of Washington, Seattle	1	1	2
11280	Seattle-First National Bank, Seattle	2	0	2
4668	Old National Bank of Washington, Spokane	1	5	6
	WEST VIRGINIA			
16002	Raleigh County National Bank, Beckley	0	1	1
4643	The First National Bank of Bluefield, Bluefield	1	0	1
7681	The Union National Bank of Clarksburg, Clarksburg	1	0	1
13811	First National Bank in Fairmont, Fairmont	1	0	1
16097	Citizens National Bank of Follansbee, Follansbee	1	0	1
7998	The National Bank of Summers of Hinton, Hinton	1	0	1
10480	Albright National Bank of Kingwood, Kingwood	1	0	1
15406	First National Bank of West Hamlin, West Hamlin	1	0	1
8983	The First National Bank and Trust Company of Wheeling, Wheeling	1	0	1
	WISCONSIN			
14397	The Baraboo National Bank, Baraboo	0	1	1
2125	The First National Bank of Chippewa Falls, Chippewa Falls	1	0	1
12124	The First National Bank of Eagle River, Eagle River	1	0	1
1602	The First National Bank of Neenah, Neenah	0	1	1
13086	The Oshkosh National Bank, Oshkosh	0	1	1
3936	The First National Bank of the City of Superior, Superior	0	1	1

TABLE B–20

Domestic branches of National banks closed, by States, calendar 1974

Charter No.	Title and location of bank	Branches closed: Local	Branches closed: Outside branches	Branches closed: Total
	Total	60	317	377
	ALABAMA			
3041	The First National Bank of Anniston, Anniston	1	0	1
11846	The First National Bank of Russellville, Russellville	0	1	1
	ARIZONA			
3728	First National Bank of Arizona, Phoenix	0	1	1
	CALIFORNIA			
13348	Beverly Hills National Bank, Beverly Hills	1	1	2
15557	Imperial Valley National Bank, El Centro	0	2	2
2491	Security Pacific National Bank, Los Angeles	0	3	3
15174	Sierra National Bank, Petaluma	0	2	2
15349	Valley National Bank, Salinas	0	1	1
3050	First National Bank, San Diego	1	0	1
13044	Bank of America National Trust and Savings Association, San Francisco	0	4	4
1741	Crocker National Bank, San Francisco	0	9	9
15660	Wells Fargo Bank, National Association, San Francisco	0	1	1
	CONNECTICUT			
1314	The Clinton National Bank, Clinton	0	4	4
	GEORGIA			
9617	The Fulton National Bank of Atlanta, Atlanta	1	0	1
15148	First National Bank of Newton County, Covington	1	0	1
	ILLINOIS			
5638	The First National Bank of Dundee, Dundee	1	0	1
14372	First National Bank in Harvey, Harvey	1	0	1
	INDIANA			
206	The First National Bank, Elkhart	0	1	1
869	Merchants National Bank and Trust Company of Indianapolis, Indianapolis	0	1	1
	IOWA			
15524	First National Bank of Eldora, Eldora	0	2	2
	KENTUCKY			
718	The First National Bank and Trust Company of Covington, Covington	1	0	1
14320	Liberty National Bank and Trust Company of Louisville, Louisville	0	1	1
	MASSACHUSETTS			
15509	The National Shawmut Bank of Boston, Boston	1	0	1
2504	First County National Bank, Brockton	0	1	1
13222	The Buzzards Bay National Bank, Buzzards Bay	0	2	2
5944	United National Bank, North Attleboro	0	1	1
2108	The Union Market National Bank of Watertown, Watertown	1	0	1
	MICHIGAN			
13671	National Bank of Detroit, Detroit	2	1	3
13820	The American National Bank and Trust Company of Michigan, Kalamazoo	0	1	1
15167	National Bank of Southfield, Southfield	1	0	1
	MISSISSIPPI			
15559	First National Bank of Greenwood, Greenwood	1	0	1
5176	First Mississippi National Bank, Hattiesburg	0	6	6
	MISSOURI			
6272	The American National Bank of St. Joseph, St. Joseph	1	0	1
	NEW JERSEY			
4365	Midlantic National Bank/Citizens, Tenafly	0	1	1
	NEW MEXICO			
14081	The First National Bank in Tucumcari, Tucumcari	1	0	1

TABLE B-20—Continued

Domestic branches of National banks closed, by States, calendar 1974

Charter No.	Title and location of bank	Branches closed: Local	Branches closed: Outside branches	Branches closed: Total
	NEW YORK			
12997	Franklin National Bank, Brooklyn	3	100	103
13956	Empire National Bank, Middletown	0	1	1
13955	First Westchester National Bank, New Rochelle	7	11	18
2370	The Chase Manhattan Bank (National Association), New York	1	0	1
1461	First National City Bank, New York	2	0	2
7703	National Bank of North America, New York	0	2	2
465	Marine Midland Bank of Southeastern New York, N.A., Poughkeepsie	0	1	1
	NORTH CAROLINA			
15650	First Union National Bank of North Carolina, Charlotte	1	0	1
13761	North Carolina National Bank, Charlotte	0	2	2
14676	Bank of North Carolina, National Association, Jacksonville	0	3	3
10610	Southern National Bank of North Carolina, Lumberton	1	0	1
10608	The Planters National Bank and Trust Company, Rocky Mount	0	1	1
15673	Wachovia Bank and Trust Company, N.A., Winston-Salem	0	1	1
	NORTH DAKOTA			
2377	The First National Bank and Trust Company, Fargo	1	0	1
13790	First National Bank in Grand Forks, Grand Forks	1	0	1
	OKLAHOMA			
15350	Republic National Bank of Tulsa, Tulsa	1	0	1
	PENNSYLVANIA			
247	The First National Bank of Altoona, Altoona	3	5	8
1	First Pennsylvania Bank N.A., Bala-Cynwyd	0	1	1
13868	Blairsville National Bank, Blairsville	1	0	1
15422	Provident National Bank, Bryn Mawr	0	1	1
4923	The Farmers National Bank of Ephrata, Ephrata	2	0	2
2634	The Fulton National Bank of Lancaster, Lancaster	1	15	16
5773	Farmers First National Bank, Lititz	0	9	9
2222	Equibank N.A., Pittsburgh	0	2	2
6301	Mellon Bank, N.A., Pittsburgh	1	0	1
705	The Union National Bank of Pittsburgh, Pittsburgh	1	1	2
478	The First National Bank of Pittston, Pittston	0	1	1
77	Northeastern Pennsylvania National Bank and Trust Company, Scranton	1	10	11
5184	Southern Pennsylvania National Bank, York	1	6	7
	SOUTH CAROLINA			
10635	Bankers Trust of South Carolina, N.A., Columbia	8	80	88
13720	First National Bank of South Carolina, Columbia	1	0	1
	VERMONT			
13755	National White River Bank in Bethel, Bethel	0	1	1
1197	The Merchants National Bank of Burlington, Burlington	2	7	9
	VIRGINIA			
14904	Dominion National Bank, Baileys Cross Roads	0	1	1
1522	The Fidelity National Bank, Lynchburg	1	1	2
15315	Fairfield National Bank of Highland Springs, Richmond	0	1	1
11817	Colonial-American National Bank, Roanoke	0	1	1
2737	The First National Exchange Bank of Virginia, Roanoke	0	2	2
	VIRGIN ISLANDS			
14335	Virgin Islands National Bank, St. Thomas	1	0	1
	WASHINGTON			
15223	Valley National Bank of Auburn, Auburn	0	1	1
14502	Guaranty National Bank of White Center, White Center	0	2	2
	WISCONSIN			
2125	The First National Bank of Chippewa Falls, Chippewa Falls	1	0	1
6604	First Wisconsin National Bank of Oshkosh, Oshkosh	1	0	1

TABLE B–21

Principal assets, liabilities, and capital accounts of National banks, by deposit size, year-end 1973 and 1974

[Dollar amounts in millions]

	Number of banks	Total assets	Cash and cash items	Loans*	Securities*		Fixed assets	Deposits			Capital stock	Capital notes and debentures	Surplus, undivided profits, and reserves
					Total	U.S. Treasury securities		Total	Demand	Time and savings			
1974 *Deposit size*													
Less than $1.0	20	35	5	6	8	7	3	13	8	5	11	0	10
$1.0 to $1.9	54	120	18	42	27	16	6	84	49	35	15	0	19
$2.0 to $4.9	360	1,575	212	693	448	201	39	1,344	625	719	61	1	133
$5.0 to $9.9	743	6,387	776	3,052	1,922	689	115	5,640	2,403	3,238	138	7	426
$10.0 to $24.9	1,666	30,980	3,563	15,626	9,248	2,784	550	27,466	10,793	16,673	525	53	1,829
$25.0 to $49.9	888	35,590	4,158	18,584	10,022	2,622	678	31,177	12,066	19,111	641	85	1,944
$50.0 to $99.9	490	38,858	4,981	20,619	10,383	2,550	785	33,767	13,162	20,605	669	126	1,996
$100.0 to $499.9	369	91,221	13,758	48,426	21,045	5,164	1,827	76,712	33,171	43,541	1,584	369	4,449
$500.0 and over	118	329,656	49,086	190,803	53,898	13,408	5,048	255,022	108,114	146,907	4,706	1,618	14,419
Total	4,708	534,422	76,557	297,851	107,001	27,441	9,051	431,225	180,391	250,834	8,350	2,259	25,225
1973 *Deposit size*													
Less than $1.0	15	20	4	3	5	4	1	9	6	3	5	0	5
$1.0 to $1.9	51	104	17	34	26	17	4	81	50	32	8	0	13
$2.0 to $4.9	371	1,572	201	686	468	242	31	1,360	645	715	52	1	124
$5.0 to $9.9	799	6,743	826	3,192	2,090	864	106	5,997	2,726	3,271	131	6	427
$10.0 to $24.9	1,659	30,249	3,571	15,060	9,359	3,243	503	26,985	11,168	15,817	506	45	1,713
$25.0 to $49.9	847	33,865	4,054	17,750	9,792	2,948	598	29,830	12,133	17,697	590	86	1,770
$50.0 to $99.9	457	36,140	4,648	19,041	9,874	2,801	699	31,637	13,111	18,526	627	111	1,805
$100.0 to $499.9	348	87,337	12,977	46,568	20,454	5,659	1,580	73,692	33,476	40,216	1,502	420	4,087
$500.0 and over	114	293,570	44,426	169,238	52,616	13,119	4,621	226,289	105,731	120,558	4,519	1,531	13,051
Total	4,661	489,600	70,724	271,572	104,684	28,897	8,143	395,880	179,046	216,835	7,940	2,200	22,995

* Loans and securities figures are shown gross, that is, reserves are not deducted from the respective assets.

NOTE: Data may not add to totals because of rounding.

TABLE B–22

Dates of reports of condition of National banks, 1914–1974

[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
1968				18		29				30		31
1969				30		30				21		31
1970				30		30				28		31
1971				20		30			30			31
1972				18		30				10		31
1973				28		30				17		31
1974				24		30				15		31

See notes on next page.

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 condition 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 to 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–23

Total and principal assets of National banks, by States, June 30, 1974

[Dollar amounts in millions]

	Number of banks	Total assets	Cash assets*	Securities, gross†			Loans, gross	Federal funds sold§	Direct lease financing
				U.S. Government obligations‡	State and local	Other			
United States	4,695	$516,770	$73,719	$43,843	$57,396	$3,437	$293,362	$20,408	$2,099
Alabama	93	5,855	748	603	908	21	3,215	163	11
Alaska	5	800	110	75	146	3	405	24	1
Arizona	3	4,822	555	383	444	13	3,042	114	5
Arkansas	74	3,300	457	353	413	13	1,702	250	5
California	57	71,654	10,037	5,958	5,432	267	42,854	2,771	803
Colorado	126	5,632	875	398	678	19	3,213	202	17
Connecticut	24	3,723	726	199	374	22	2,178	68	13
Delaware	5	54	4	11	2	—	31	3	0
District of Columbia	13	2,765	409	253	282	19	1,535	170	3
Florida	274	16,470	2,250	1,641	2,810	130	8,248	823	14
Georgia	64	7,766	1,232	268	690	92	4,712	280	25
Hawaii	2	139	21	25	6	—	77	5	0
Idaho	6	2,066	263	154	239	5	1,270	68	8
Illinois	419	46,069	5,177	4,621	4,676	463	28,129	1,237	82
Indiana	121	11,349	1,649	1,238	1,335	135	5,953	608	52
Iowa	99	3,633	537	450	427	12	1,901	195	2
Kansas	171	4,166	567	578	547	15	1,973	351	3
Kentucky	80	3,968	514	462	455	9	2,091	271	28
Louisiana	52	6,645	867	863	847	22	3,221	572	25
Maine	19	1,031	114	55	159	4	638	25	0
Maryland	40	4,342	494	320	493	24	2,687	180	23
Massachusetts	78	12,269	2,056	732	1,149	66	7,098	411	75
Michigan	113	18,795	3,069	1,549	2,167	156	10,742	512	25
Minnesota	202	10,612	1,267	1,169	1,193	91	6,117	402	43
Mississippi	42	2,853	414	279	362	12	1,596	92	—
Missouri	106	8,809	1,413	690	1,219	21	4,437	734	36
Montana	54	1,490	142	165	224	4	890	21	—
Nebraska	122	3,937	513	380	477	13	2,216	225	11
Nevada	4	1,270	141	128	156	6	769	14	12
New Hampshire	48	1,002	113	105	106	2	619	27	—
New Jersey	126	15,671	1,725	1,580	2,495	262	8,571	413	64
New Mexico	34	1,864	228	195	242	4	1,022	112	—
New York	154	73,917	14,657	4,433	5,557	580	42,676	828	177
North Carolina	24	9,380	1,371	591	1,235	34	5,516	217	25
North Dakota	43	1,244	127	186	183	2	704	8	0
Ohio	217	19,457	2,154	2,101	2,927	220	10,536	731	77
Oklahoma	193	7,111	1,022	739	1,199	37	3,380	497	[illegible]
Oregon	8	5,186	761	377	660	12	2,889	144	17
Pennsylvania	259	35,947	4,192	2,928	4,246	252	20,525	2,212	195
Rhode Island	5	2,632	258	176	227	8	1,848	1	7
South Carolina	19	3,008	477	218	322	6	1,700	180	—
South Dakota	32	1,606	159	170	237	5	971	16	—
Tennessee	74	8,574	1,182	831	936	66	4,959	195	36
Texas	560	32,910	5,010	2,653	4,997	149	16,406	2,436	53
Utah	11	1,566	257	111	135	4	956	44	7
Vermont	21	455	38	30	59	3	302	12	—
Virginia	106	8,710	970	651	1,075	27	5,438	201	8
Washington	24	8,644	1,073	536	855	24	4,992	653	51
West Virginia	98	3,138	317	469	489	18	1,459	287	2
Wisconsin	127	7,282	878	636	745	56	4,258	375	25
Wyoming	42	1,046	110	126	155	5	587	26	2
Virgin Islands	1	113	10	1	1	—	93	3	0
Puerto Rico	1	25	6	2	1	—	15	1	0
District of Columbia – all‖	16	4,123	614	432	447	26	2,254	216	11

* Cash, balances with other banks, and cash items in process of collection.
† Includes investment securities and securities held in trading accounts.
‡ Includes U.S. Treasury securities and obligations of other U.S. Government agencies.
§ Also 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 of less than $500,000.

TABLE B–24

Total and principal liabilities of National banks, by States, June 30, 1974

[Dollar amounts in millions]

	Total liabilities	Deposits					Federal funds purchased†	Reserves on loans and securities
		Total deposits	Demand deposits, total	Time and savings deposits, total	Demand deposits IPC*	Time deposits IPC*		
United States	$476,967	$408,035	$171,102	$236,933	$128,221	$199,005	$41,808	$4,827
Alabama	5,353	4,932	2,149	2,783	1,647	2,428	210	49
Alaska	741	695	350	344	295	183	26	7
Arizona	4,499	3,859	1,406	2,452	1,209	2,214	426	40
Arkansas	3,026	2,732	1,284	1,448	993	1,255	195	26
California	67,215	57,246	19,943	37,302	16,303	30,500	6,585	688
Colorado	5,198	4,580	2,144	2,436	1,660	2,026	416	48
Connecticut	3,441	3,120	1,655	1,465	1,235	1,284	185	35
Delaware	49	47	18	30	16	29	0	—
District of Columbia	2,518	2,319	1,327	992	1,121	976	94	25
Florida	15,130	13,661	6,076	7,585	4,833	6,010	1,015	115
Georgia	7,115	5,628	2,913	2,715	2,214	2,256	630	65
Hawaii	130	128	54	74	45	50	0	1
Idaho	1,920	1,767	674	1,093	560	962	78	18
Illinois	42,746	34,924	12,186	22,738	9,634	19,077	5,110	501
Indiana	10,543	8,849	3,670	5,179	2,650	4,595	1,173	91
Iowa	3,353	3,014	1,311	1,703	919	1,577	248	32
Kansas	3,781	3,418	1,589	1,829	1,131	1,495	274	29
Kentucky	3,662	3,369	1,596	1,773	1,261	1,572	183	37
Louisiana	6,106	5,253	2,358	2,894	1,829	2,202	622	57
Maine	947	872	359	513	306	457	41	10
Maryland	3,993	3,526	1,610	1,916	1,325	1,788	315	42
Massachusetts	11,255	9,778	5,012	4,767	3,548	4,006	919	123
Michigan	17,341	15,612	5,780	9,833	4,059	8,317	1,223	174
Minnesota	9,799	7,898	3,030	4,869	2,216	4,418	1,377	92
Mississippi	2,628	2,463	1,118	1,345	803	1,072	83	23
Missouri	8,087	6,487	3,259	3,229	2,387	2,761	1,384	76
Montana	1,381	1,274	433	841	361	747	50	14
Nebraska	3,616	3,245	1,442	1,803	1,064	1,631	246	37
Nevada	1,168	1,114	463	651	379	519	0	12
New Hampshire	899	832	424	407	340	376	27	9
New Jersey	14,396	13,492	5,189	8,303	4,168	7,576	418	138
New Mexico	1,718	1,610	678	932	531	704	51	14
New York	67,786	55,263	28,011	27,252	16,322	21,443	5,735	808
North Carolina	8,638	7,170	3,076	4,094	2,450	3,526	874	88
North Dakota	1,147	1,051	386	666	329	631	47	11
Ohio	17,806	15,700	6,095	9,605	4,893	8,559	1,133	168
Oklahoma	6,504	5,887	2,668	3,219	2,030	2,531	466	49
Oregon	4,755	4,169	1,769	2,400	1,506	2,135	363	47
Pennsylvania	33,029	27,156	9,979	17,177	8,024	15,011	2,958	307
Rhode Island	2,431	2,152	685	1,467	531	1,359	196	24
South Carolina	2,765	2,433	1,479	954	1,231	884	216	29
South Dakota	1,481	1,411	470	941	392	835	8	15
Tennessee	7,926	6,744	2,817	3,927	2,087	3,162	704	71
Texas	30,297	26,218	12,797	13,422	9,758	10,138	3,000	290
Utah	1,442	1,275	505	771	410	654	111	13
Vermont	417	405	122	283	105	270	2	4
Virginia	8,008	7,269	2,688	4,581	2,233	4,049	335	87
Washington	8,084	6,588	2,692	3,896	2,269	3,573	1,174	87
West Virginia	2,874	2,528	981	1,548	731	1,459	243	22
Wisconsin	6,737	5,845	2,021	3,825	1,593	3,213	625	69
Wyoming	959	905	339	566	268	460	14	8
Virgin Islands	104	98	20	78	12	34	0	1
Puerto Rico	23	22	4	18	3	14	0	—
District of Columbia – all‡	3,750	3,417	1,957	1,460	1,650	1,439	197	37

* IPC deposits are those of individuals, partnerships, and corporations.
† Also 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, June 30, 1974

[Dollar amounts in millions]

	Total capital accounts	*De-bentures*	*Preferred stock*	*Common stock*	*Surplus*	*Undivided profits*	*Capital reserves*
United States	$34,966	$2,301	$31	$8,295	$13,678	$10,186	$476
Alabama	454	24	0	104	177	144	4
Alaska	53	1	0	18	21	12	1
Arizona	283	74	0	37	91	82	0
Arkansas	247	23	0	60	77	82	6
California	3,751	435	0	785	1,562	863	105
Colorado	386	30	0	88	141	127	1
Connecticut	247	12	0	62	124	50	—
Delaware	5	0	0	1	2	2	—
District of Columbia	223	1	1	44	100	76	1
Florida	1,225	40	—	322	503	340	19
Georgia	587	64	0	131	163	179	50
Hawaii	8	2	0	3	2	2	0
Idaho	128	8	0	35	59	27	0
Illinois	2,822	67	2	714	1,401	601	37
Indiana	715	4	—	161	287	255	8
Iowa	248	12	0	57	76	99	5
Kansas	356	19	0	85	126	124	2
Kentucky	268	5	0	65	107	87	4
Louisiana	482	18	2	95	210	152	4
Maine	73	1	0	22	24	26	1
Maryland	306	4	0	60	117	123	3
Massachusetts	891	49	0	170	404	266	2
Michigan	1,280	94	0	268	569	336	13
Minnesota	721	98	0	173	195	247	8
Mississippi	201	9	0	45	134	12	1
Missouri	646	29	5	146	222	243	1
Montana	96	9	0	35	35	15	1
Nebraska	284	22	—	65	85	108	4
Nevada	90	0	0	27	28	35	—
New Hampshire	93	1	0	16	45	31	1
New Jersey	1,137	65	—	285	449	322	15
New Mexico	133	12	—	38	46	34	3
New York	5,323	242	18	1,480	1,794	1,788	2
North Carolina	654	134	0	148	223	144	4
North Dakota	85	5	0	25	28	25	2
Ohio	1,483	36	0	336	693	416	2
Oklahoma	557	45	0	121	159	229	3
Oregon	384	101	0	94	100	90	0
Pennsylvania	2,611	238	2	502	1,117	699	53
Rhode Island	177	5	0	30	84	58	0
South Carolina	214	12	0	52	74	75	—
South Dakota	109	11	0	32	36	28	1
Tennessee	577	27	0	135	211	194	10
Texas	2,323	105	—	627	766	755	70
Utah	111	15	0	30	43	22	0
Vermont	33	1	—	7	10	13	1
Virginia	614	28	0	153	247	184	2
Washington	473	5	—	134	184	139	12
West Virginia	242	7	0	46	102	81	5
Wisconsin	476	43	0	118	197	113	5
Wyoming	79	7	0	7	29	35	1
Virgin Islands	8	0	0	—	4	3	—
Puerto Rico	2	0	0	1	1	—	0
District of Columbia – all*	336	13	1	58	134	129	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–26

Total and principal assets of National banks, by States, Dec. 31, 1974

[Dollar amounts in millions]

	Number of banks	Total assets	Cash assets*	Securities, gross† U.S. Government obligations‡	Securities, gross† State and local	Securities, gross† Other	Loans, gross	Federal funds sold§	Direct lease financing
United States	4,708	$534,422	$76,557	$45,870	$57,296	$3,835	$297,852	$23,751	$2,414
Alabama	93	6,295	855	568	918	32	3,341	338	20
Alaska	5	901	162	81	142	4	441	33	2
Arizona	3	4,875	591	393	462	15	3,005	173	4
Arkansas	74	3,509	596	340	439	13	1,751	251	5
California	55	75,414	9,933	7,310	5,114	319	44,116	2,910	922
Colorado	127	5,908	1,071	402	672	32	3,233	243	19
Connecticut	24	3,889	755	206	423	37	2,138	141	15
Delaware	5	56	5	10	3	—	33	4	0
District of Columbia	13	2,958	451	245	265	17	1,562	329	2
Florida	282	17,138	2,798	1,617	2,630	146	8,186	1,161	16
Georgia	64	7,995	1,106	267	659	85	4,637	708	31
Hawaii	2	141	20	24	6	—	87	0	0
Idaho	6	2,166	270	175	272	11	1,293	74	7
Illinois	420	47,526	5,736	4,998	4,454	479	28,865	1,011	78
Indiana	121	11,841	1,669	1,286	1,293	123	6,146	744	113
Iowa	99	3,940	694	446	434	17	1,936	296	1
Kansas	171	4,527	724	569	573	14	2,032	468	3
Kentucky	80	4,436	566	473	516	9	2,214	457	39
Louisiana	52	7,325	1,088	854	920	23	3,408	790	26
Maine	20	1,018	131	56	138	3	634	19	0
Maryland	40	4,559	553	302	536	15	2,727	225	28
Massachusetts	78	12,516	1,666	917	1,505	72	7,123	447	74
Michigan	117	18,776	2,931	1,559	2,164	141	10,934	277	32
Minnesota	202	11,285	1,643	1,153	1,230	94	6,186	562	39
Mississippi	39	2,899	445	268	377	12	1,601	90	—
Missouri	110	9,896	1,840	796	1,248	24	4,577	1,103	39
Montana	55	1,750	214	164	241	5	1,012	63	1
Nebraska	121	4,266	679	388	494	16	2,171	388	23
Nevada	4	1,283	177	137	143	6	755	11	10
New Hampshire	47	1,030	152	99	95	3	615	36	—
New Jersey	122	16,148	1,868	1,579	2,542	303	8,632	521	74
New Mexico	34	1,924	273	188	251	5	1,039	99	—
New York	154	72,336	11,835	4,180	5,104	464	43,386	662	177
North Carolina	26	9,326	1,429	636	1,229	35	5,352	149	31
North Dakota	43	1,293	152	161	184	2	738	22	0
Ohio	217	20,418	2,455	2,200	2,899	243	10,642	1,200	82
Oklahoma	193	7,684	1,316	738	1,247	43	3,490	603	31
Oregon	8	5,563	881	334	747	18	3,006	190	19
Pennsylvania	250	36,474	3,999	3,157	4,266	568	20,795	1,793	201
Rhode Island	5	2,641	257	174	219	9	1,797	42	8
South Carolina	18	2,517	392	216	271	5	1,304	238	1
South Dakota	31	1,691	199	148	244	6	1,004	42	—
Tennessee	75	8,784	1,400	795	894	62	4,758	433	39
Texas	569	35,079	6,365	2,727	5,209	163	16,826	2,424	72
Utah	11	1,634	284	106	147	4	970	62	9
Vermont	17	390	44	27	46	3	251	9	—
Virginia	109	8,987	1,065	640	1,147	31	5,386	330	11
Washington	23	9,436	1,336	547	841	35	5,280	800	80
West Virginia	100	3,359	362	480	522	15	1,519	347	2
Wisconsin	128	7,318	955	589	753	40	4,222	371	25
Wyoming	44	1,150	150	143	166	12	592	50	2
Virgin Islands	1	124	14	1	1	—	91	10	0
Puerto Rico	1	31	8	2	3	—	16	2	0
District of Columbia – all ‖	16	4,304	664	414	418	25	2,273	375	14

* Cash, balances with other banks, and cash items in process of collection.
† Includes investment securities and securities held in trading accounts.
‡ Includes U.S. Treasury securities and obligations of other U.S. Government agencies.
§ Also includes securities purchased under agreement 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–27

Total and principal liabilities of National banks, by States, Dec. 31, 1974

[Dollar amounts in millions]

	Total liabilities	Deposits					Federal funds purchased†	Reserves on loans and securities
		Total deposits	Demand deposits, total	Time and savings deposits, total	Demand deposits, IPC*	Time deposits, IPC*		
United States	$493,400	$431,225	$180,391	$250,834	$137,829	$207,794	$36,323	$5,189
Alabama	5,772	5,286	2,363	2,923	1,807	2,565	257	53
Alaska	837	763	400	364	348	216	52	7
Arizona	4,548	3,862	1,433	2,428	1,273	2,195	455	39
Arkansas	3,224	2,956	1,427	1,529	1,080	1,317	184	27
California	70,778	62,004	20,716	41,288	17,626	33,190	4,551	815
Colorado	5,447	4,900	2,415	2,486	1,826	2,087	313	51
Connecticut	3,598	3,339	1,835	1,503	1,379	1,289	117	36
Delaware	51	49	18	31	16	30	0	—
District of Columbia	2,700	2,464	1,416	1,048	1,141	1,000	175	27
Florida	15,735	14,421	6,613	7,808	5,032	6,165	900	121
Georgia	7,341	6,072	3,164	2,908	2,387	2,360	720	68
Hawaii	131	125	50	74	44	50	0	1
Idaho	2,014	1,913	777	1,136	647	996	25	18
Illinois	44,065	38,170	14,165	24,005	10,330	20,086	3,885	566
Indiana	10,967	9,372	3,824	5,548	2,760	4,781	1,062	93
Iowa	3,650	3,322	1,499	1,823	1,072	1,645	247	34
Kansas	4,130	3,765	1,873	1,892	1,325	1,570	277	30
Kentucky	4,107	3,708	1,761	1,947	1,420	1,728	282	42
Louisiana	6,766	5,873	2,750	3,123	2,075	2,377	622	62
Maine	930	877	375	502	317	457	27	10
Maryland	4,205	3,684	1,622	2,062	1,410	1,866	346	45
Massachusetts	11,469	9,792	4,910	4,882	3,674	4,011	984	132
Michigan	17,271	15,660	5,799	9,860	4,116	8,363	1,044	186
Minnesota	10,439	8,779	3,612	5,167	2,586	4,536	1,109	98
Mississippi	2,668	2,502	1,146	1,356	855	1,109	89	26
Missouri	9,151	7,255	3,919	3,336	2,649	2,911	1,558	78
Montana	1,620	1,513	553	960	452	850	44	16
Nebraska	3,934	3,512	1,654	1,858	1,189	1,660	332	37
Nevada	1,178	1,141	476	665	392	520	0	12
New Hampshire	925	869	439	431	347	392	25	10
New Jersey	14,843	13,997	5,552	8,445	4,471	7,630	348	143
New Mexico	1,773	1,650	680	969	557	736	66	15
New York	66,257	55,503	25,175	30,328	16,877	23,055	4,435	822
North Carolina	8,545	7,544	3,471	4,073	2,724	3,442	508	91
North Dakota	1,192	1,112	449	663	390	632	42	12
Ohio	18,699	16,473	6,569	9,905	5,362	8,823	1,426	177
Oklahoma	7,053	6,457	2,978	3,478	2,225	2,746	449	53
Oregon	5,111	4,367	1,813	2,554	1,566	2,126	481	49
Pennsylvania	33,505	28,018	10,424	17,594	8,513	15,178	3,024	328
Rhode Island	2,435	2,192	687	1,505	571	1,386	160	25
South Carolina	2,306	2,063	1,284	779	1,086	681	165	22
South Dakota	1,561	1,502	512	990	437	885	13	16
Tennessee	8,125	7,153	3,082	4,071	2,291	3,376	622	74
Texas	32,343	28,772	14,360	14,412	10,720	10,819	2,587	314
Utah	1,506	1,408	588	820	466	667	51	13
Vermont	357	347	105	242	90	230	1	4
Virginia	8,254	7,545	2,864	4,681	2,409	4,145	359	88
Washington	8,847	7,329	2,998	4,330	2,540	3,641	1,117	96
West Virginia	3,080	2,743	1,062	1,681	823	1,565	238	25
Wisconsin	6,759	5,971	2,303	3,668	1,812	3,176	528	72
Wyoming	1,057	994	399	595	311	481	24	9
Virgin Islands	114	109	26	84	12	38	0	1
Puerto Rico	29	28	7	22	4	15	0	—
District of Columbia – all‡	3,916	3,586	2,069	1,517	1,674	1,460	234	39

* IPC deposits are those of individuals, partnerships, and corporations.
† Also 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–28

Capital accounts of National banks, by States, Dec. 31, 1974

[Dollar amounts in millions]

	Total capital accounts	Debentures	Preferred stock	Common stock	Surplus	Undivided profits	Capital reserves
United States	$35,830	$2,258	$13	$8,336	$14,067	$10,652	$503
Alabama	469	24	0	104	180	157	4
Alaska	57	1	0	18	26	12	1
Arizona	288	74	0	37	91	86	0
Arkansas	259	23	0	60	80	89	7
California	3,821	432	0	787	1,567	924	111
Colorado	409	30	0	91	148	139	1
Connecticut	255	12	0	62	127	54	—
Delaware	5	0	0	1	2	2	—
District of Columbia	231	1	1	45	100	84	1
Florida	1,282	40	1	336	521	365	19
Georgia	586	64	0	131	203	133	55
Hawaii	10	2	0	4	3	1	0
Idaho	134	8	0	35	61	31	0
Illinois	2,894	72	2	719	1,418	646	37
Indiana	781	4	0	163	332	272	8
Iowa	256	13	0	57	77	104	6
Kansas	367	18	0	86	129	130	2
Kentucky	287	6	0	65	111	100	5
Louisiana	496	18	2	96	212	164	5
Maine	77	1	0	23	25	28	1
Maryland	310	6	0	61	117	122	3
Massachusetts	914	44	0	171	412	285	2
Michigan	1,318	93	0	278	573	363	12
Minnesota	749	99	0	175	202	263	9
Mississippi	205	9	0	44	148	3	1
Missouri	667	29	5	150	225	256	1
Montana	114	10	0	40	40	24	1
Nebraska	294	22	—	66	86	117	3
Nevada	94	0	0	27	27	39	—
New Hampshire	95	1	0	15	47	32	1
New Jersey	1,162	65	—	290	448	344	15
New Mexico	137	13	0	39	49	34	3
New York	5,257	189	—	1,453	1,909	1,705	1
North Carolina	690	141	0	149	231	165	4
North Dakota	89	6	0	26	29	26	2
Ohio	1,542	36	0	338	706	459	2
Oklahoma	578	46	0	123	162	245	2
Oregon	403	101	0	94	99	109	0
Pennsylvania	2,641	238	2	496	1,133	717	56
Rhode Island	181	5	0	30	83	63	0
South Carolina	189	7	0	35	71	74	2
South Dakota	113	11	0	33	37	31	1
Tennessee	585	29	0	136	214	197	10
Texas	2,421	106	—	643	778	813	81
Utah	115	15	0	30	43	26	0
Vermont	29	—	—	7	9	12	—
Virginia	645	32	0	156	254	202	1
Washington	493	5	—	134	185	157	12
West Virginia	254	7	0	48	106	88	5
Wisconsin	487	44	0	120	199	118	5
Wyoming	84	7	0	8	30	38	2
Virgin Islands	8	0	0	—	4	4	—
Puerto Rico	2	0	0	1	1	—	0
District of Columbia – all*	349	13	1	58	134	141	1

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

NOTE: Data may not add to totals because of rounding. Dashes indicate amounts less than $500,000.

TABLE B–29

Loans of National banks, by States, Dec. 31, 1974

[Dollar amounts in millions]

	Loans	Loans secured by real estate	Loans to financial institutions	Loans to purchase or carry securities	Loans to farmers	Commercial and industrial loans	Personal loans to individuals	Other loans
United States	$297,852	$73,739	$27,505	$4,475	$9,120	$114,825	$59,451	$8,738
Alabama	3,341	650	128	34	67	1,112	1,200	150
Alaska	441	174	—	—	—	148	112	6
Arizona	3,005	981	157	13	255	813	738	47
Arkansas	1,751	467	30	57	98	502	572	26
California	44,116	12,788	4,507	350	1,424	16,718	7,102	1,229
Colorado	3,233	747	181	37	316	955	930	66
Connecticut	2,138	742	49	3	2	723	547	72
Delaware	33	17	0	0	1	3	11	—
District of Columbia	1,562	487	267	8	0	319	349	132
Florida	8,186	2,473	314	66	68	2,605	2,521	139
Georgia	4,637	1,018	258	44	37	1,646	1,480	154
Hawaii	87	46	—	0	—	32	9	—
Idaho	1,293	368	16	4	182	326	380	18
Illinois	28,865	3,871	5,245	754	711	13,705	3,401	1,177
Indiana	6,146	2,230	224	50	140	1,636	1,755	110
Iowa	1,936	509	27	44	364	524	442	26
Kansas	2,032	286	35	60	479	612	539	22
Kentucky	2,214	677	93	11	113	610	648	62
Louisiana	3,408	850	210	65	44	1,301	850	89
Maine	635	247	5	—	7	185	180	10
Maryland	2,727	1,081	154	23	25	669	715	60
Massachusetts	7,123	1,046	833	36	5	3,917	1,146	140
Michigan	10,934	4,252	888	128	80	2,868	2,196	522
Minnesota	6,186	1,575	573	179	312	2,292	1,176	80
Mississippi	1,601	401	71	24	50	458	527	70
Missouri	4,577	845	378	115	201	1,911	995	132
Montana	1,012	283	6	1	187	245	285	6
Nebraska	2,171	257	61	99	657	548	507	40
Nevada	755	340	14	3	13	169	211	4
New Hampshire	615	192	2	1	3	203	209	5
New Jersey	8,632	3,730	374	22	9	2,309	2,007	179
New Mexico	1,039	198	22	8	105	366	314	25
New York	43,386	7,036	6,624	1,004	192	22,890	4,428	1,211
North Carolina	5,352	875	235	39	44	2,274	1,787	98
North Dakota	738	213	1	1	144	212	160	6
Ohio	10,642	3,202	518	82	130	3,193	3,303	214
Oklahoma	3,490	709	188	103	433	1,194	766	96
Oregon	3,006	853	232	18	130	1,230	520	23
Pennsylvania	20,795	5,833	2,268	141	175	7,613	4,060	706
Rhode Island	1,797	759	116	2	1	589	263	68
South Carolina	1,304	297	9	7	16	435	500	39
South Dakota	1,004	243	5	1	301	236	211	6
Tennessee	4,758	1,203	231	45	77	1,701	1,424	77
Texas	16,826	2,709	1,032	660	912	7,101	3,474	939
Utah	970	359	36	4	39	278	232	21
Vermont	251	134	—	—	6	47	60	4
Virginia	5,386	1,636	185	16	97	1,577	1,661	213
Washington	5,280	1,457	471	36	229	1,968	1,042	76
West Virginia	1,519	544	25	5	11	313	601	19
Wisconsin	4,222	1,636	201	67	104	1,348	748	116
Wyoming	592	147	2	4	122	169	144	4
Virgin Islands	91	64	0	—	0	12	13	2
Puerto Rico	16	1	—	0	0	12	2	—
District of Columbia – all*	2,273	760	386	19	0	448	486	174

* 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–30

Outstanding balances, credit cards and related plans of National banks, Dec. 31, 1974

	Credit cards		Other related credit plans	
	Number of banks	Outstanding volume (dollars in thousands)	Number of banks	Outstanding volume (dollars in thousands)
United States*	861	$6,052,634	1,040	$1,397,922
Alabama	18	75,647	7	2,660
Arizona	2	91,245	2	20,628
Arkansas	6	23,050	6	560
California	25	1,281,463	30	207,286
Colorado	48	139,282	51	18,847
Connecticut	5	84,225	10	24,018
Delaware	0	0	0	0
District of Columbia*	1	68,863	8	30,343
Florida	64	179,207	50	63,970
Georgia	26	218,017	8	24,054
Idaho	3	25,622	2	9,389
Illinois	33	339,283	103	51,036
Indiana	58	102,647	17	13,730
Iowa	8	34,297	17	1,988
Kansas	5	45,157	16	1,787
Kentucky	33	49,571	5	3,754
Louisiana	6	57,236	9	8,368
Maine	15	13,298	11	4,684
Maryland	2	90,821	12	21,648
Massachusetts	40	110,378	43	108,233
Michigan	30	268,915	38	48,615
Minnesota	3	12,383	102	50,866
Mississippi	2	26,686	1	811
Missouri	9	184,362	25	13,781
Montana	6	2,966	15	1,344
Nebraska	5	99,458	18	3,106
Nevada	3	19,494	1	4,955
New Hampshire	21	14,166	13	2,804
New Jersey	20	78,396	51	70,657
New Mexico	5	20,663	4	2,060
New York	31	482,187	49	222,599
North Carolina	9	124,657	16	51,776
North Dakota	5	713	13	1,736
Ohio	105	323,707	52	35,077
Oklahoma	7	83,079	20	3,272
Oregon	3	90,001	0	0
Pennsylvania	17	224,674	38	186,487
Rhode Island	4	33,945	2	16,418
South Carolina	4	41,233	4	1,775
South Dakota	0	0	5	332
Tennessee	13	119,671	11	7,077
Texas	57	283,525	44	13,933
Utah	3	31,780	I	359
Vermont	4	2,436	1	15
Virginia	22	160,399	21	10,868
Washington	5	154,839	6	13,171
West Virginia	10	15,775	8	933
Wisconsin	47	105,309	57	13,471
Wyoming	10	1,543	16	2,109
Alaska	3	16,363	0	0
Hawaii	0	0	1	532
Virgin Islands	0	0	0	0
Puerto Rico	0	0	0	0

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

TABLE B–31

National banks engaged in direct lease financing, Dec. 31, 1974

	Total number of banks	*Number of banks engaged in direct lease financing*	*Amount of direct lease financing* (dollars in thousands)
United States	4,708	679	$2,414,038
Alabama	93	12	20,150
Alaska	5	2	1,908
Arizona	3	2	4,118
Arkansas	74	7	4,862
California	55	19	921,740
Colorado	127	30	19,470
Connecticut	24	3	15,471
Delaware	5	0	0
District of Columbia	13	3	2,462
Florida	282	43	15,996
Georgia	64	13	30,569
Hawaii	2	0	0
Idaho	6	2	7,398
Illinois	420	54	77,897
Indiana	121	21	113,494
Iowa	99	13	1,455
Kansas	171	21	2,934
Kentucky	80	9	38,812
Louisiana	52	8	26,237
Maine	20	0	0
Maryland	40	4	27,669
Massachusetts	78	8	74,022
Michigan	117	23	32,006
Minnesota	202	18	39,360
Mississippi	39	7	297
Missouri	110	25	39,364
Montana	55	12	1,047
Nebraska	121	12	22,839
Nevada	4	3	9,632
New Hampshire	47	2	5
New Jersey	122	9	74,288
New Mexico	34	2	58
New York	154	15	176,647
North Carolina	26	6	30,701
North Dakota	43	0	0
Ohio	217	39	81,726
Oklahoma	193	73	30,610
Oregon	8	3	19,279
Pennsylvania	250	16	200,966
Rhode Island	5	2	8,431
South Carolina	18	3	849
South Dakota	31	2	48
Tennessee	75	15	38,541
Texas	569	48	71,550
Utah	11	3	9,081
Vermont	17	2	219
Virginia	109	9	10,750
Washington	23	6	79,706
West Virginia	100	10	2,138
Wisconsin	128	23	25,042
Wyoming	44	17	2,194
Virgin Islands	1	0	0
Puerto Rico	1	0	0
District of Columbia – all*	16	4	14,290

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

TABLE B–32

Income and expenses of National banks, by States, year ended Dec. 31, 1974*

[Dollar amounts in thousands]

	United States	*Alabama*	*Alaska*	*Arizona*	*Arkansas*	*California*	*Colorado*	*Connecticut*
Number of banks	4708	93	5	3	74	55	127	24
Operating income:								
Interest and fees on loans	$28,418,563	$306,203	$41,582	$299,601	$150,886	$4,346,195	$330,525	$214,588
Income on Federal funds sold and securities purchased under agreements to resell	2,173,089	28,270	3,909	7,835	27,347	223,834	21,838	7,589
Interest and dividends on investments:								
U.S. Treasury securities	1,752,716	24,989	1,614	14,226	13,061	209,416	19,425	6,730
Obligations of other U.S. Government agencies and corporations	1,018,360	14,041	3,834	10,922	10,403	141,658	8,282	6,762
Obligations of States and political subdivisions	2,531,299	42,064	7,169	21,580	18,970	219,849	31,690	18,208
Other securities	258,901	1,864	763	305	775	41,638	1,299	2,736
Trust department income	853,728	8,577	662	7,406	2,567	99,097	15,739	15,861
Service charges on deposit accounts	827,191	14,914	3,466	11,648	7,511	144,599	16,668	6,310
Other service charges, collection and exchange charges, commissions, and fees	938,515	10,612	3,329	5,610	6,017	180,179	14,701	8,690
Other operating income	1,675,980	9,242	945	7,036	4,067	383,363	8,810	8,633
Total operating income	40,448,342	460,776	67,273	386,169	241,604	5,989,828	468,977	296,107
Operating expense:								
Salaries and wages of officers and employees	5,593,025	71,897	15,434	70,615	38,341	864,968	79,966	61,687
Pensions and other employee benefits	1,033,991	14,102	2,162	12,033	6,027	149,630	12,887	10,387
Interest on deposits	16,584,980	177,668	23,395	160,606	87,472	2,802,292	162,729	95,801
Expense of Federal funds purchased and securities sold under agreements to repurchase	4,277,220	23,536	2,352	44,433	21,713	518,992	38,141	24,513
Interest on borrowed money	519,256	5,032	46	1,068	745	68,516	2,665	4,021
Interest on capital notes and debentures	147,782	2,025	50	4,463	1,585	26,588	2,319	589
Occupancy expense of bank premises, net	1,146,564	11,767	2,544	15,633	8,095	192,390	12,949	14,270
Furniture and equipment, depreciation, rental costs, servicing, etc.	811,897	11,991	2,315	11,350	7,704	94,492	12,645	9,581
Provision for loan losses (or actual net loan losses)	1,391,805	12,787	1,102	9,843	4,389	215,218	15,478	9,154
Other operating expenses	3,734,922	52,123	6,774	33,303	27,142	448,893	69,139	32,594
Total operating expense	35,241,442	382,928	56,174	363,347	203,213	5,381,979	408,918	262,597
Income before income taxes and securities gains or losses	5,206,900	77,848	11,099	22,822	38,391	607,849	60,059	33,510
Applicable income taxes	1,122,623	16,832	1,929	− 493	8,553	192,356	12,173	8,667
Income before securities gains or losses	4,084,277	61,016	9,170	23,315	29,838	415,493	47,886	24,843
Net securities gains or losses (after tax effect)	− 42,420	− 43	− 181	− 305	− 129	− 3,376	− 71	− 100
Net income before extraordinary items	4,041,857	60,983	8,989	23,010	29,709	412,117	47,815	24,743
Extraordinary charges or credits	+ 2,758	+ 87	0	0	− 82	+ 621	+ 3,451	− 264
Minority interest in consolidated subsidiaries	− 141	0	0	0	0	0	0	0
Net income	4,044,474	61,060	8,989	23,010	29,627	412,738	51,266	24,479

Changes in capital accounts:								
Increases:								
Net income transferred to undivided profits	4,044,474	61,060	8,989	23,010	29,627	412,738	51,266	24,479
Capital stock, notes and debentures sold or issued including premium received	570,368	5,600	25	227	2,600	66,462	10,734	1,533
Addition to surplus, undivided profits and reserves incident to mergers and consolidations	117,912	1,214	0	0	76	3,516	1,165	0
Transfers from reserves on loans and securities	65,420	320	161	0	1,288	1,843	524	61
All other increases	229,833	14,884	51	0	2,945	10,224	2,373	1,278
Total increases	983,533	22,018	237	227	6,909	82,045	14,796	2,872
Decreases:								
Cash dividends declared:								
On common stock	1,670,232	22,148	1,089	11,016	6,717	202,841	17,928	13,260
On preferred stock	977	0	0	0	0	0	0	0
Capital stock, notes and debentures, retired including premium paid	87,768	0	20	146	129	4,404	683	7
Reduction in surplus, undivided profits and reserves incident to mergers and consolidations	32,298	1,902	0	0	7	9,117	0	0
Transfers to reserves on loans and securities	216,362	2,688	474	77	1,270	51,814	1,016	− 269
All other decreases	212,413	13,081	217	501	1,515	22,549	1,156	179
Total decreases	2,220,050	39,819	1,800	11,740	9,638	290,725	20,783	13,177
Net change in capital accounts	2,807,957	43,259	7,426	11,497	26,898	204,058	45,279	14,174
Capital accounts†	34,646,893	450,027	53,260	282,710	245,322	3,735,620	386,518	248,465
Ratios:								
Net income before dividends to capital accounts (percent)	11.67	13.57	16.88	8.14	12.08	11.05	13.26	9.85
Total operating expense to total operating revenue (percent)	87.13	83.11	83.50	94.09	84.11	89.85	87.19	88.68

See footnotes at end of table.

TABLE B-32—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1974*

[Dollar amounts in thousands]

	Delaware	*District of Columbia*	*Florida*	*Georgia*	*Hawaii*	*Idaho*	*Illinois*	*Indiana*
Number of banks	5	13	282	64	2	6	420	121
Operating income:								
Interest and fees on loans	$2,674	$144,877	$800,811	$517,572	$8,900	$115,827	$2,810,847	$550,228
Income on Federal funds sold and securities purchased under agreements to resell	424	17,361	102,933	47,585	302	8,512	150,384	69,407
Interest and dividends on investments:								
U.S. Treasury securities	483	13,175	62,084	12,448	926	8,014	169,299	53,127
Obligations of other U.S. Government agencies and corporations	174	2,866	46,078	5,385	826	2,948	140,755	28,137
Obligations of States and political subdivisions	94	11,538	129,275	33,346	261	11,507	210,293	61,731
Other securities	4	1,035	8,597	3,522	10	479	34,920	23,659
Trust department income	0	6,727	28,658	17,118	0	998	87,965	17,524
Service charges on deposit accounts	106	6,144	32,195	23,568	66	5,898	43,523	18,202
Other service charges, collection and exchange charges, commissions, and fees	60	2,527	30,932	18,177	391	3,673	60,304	23,308
Other operating income	46	4,061	25,793	32,272	128	848	113,784	16,972
Total operating income	4,065	210,311	1,267,356	710,993	11,810	158,704	3,822,074	862,295
Operating expense:								
Salaries and wages of officers and employees	749	40,433	186,468	121,467	2,661	27,569	371,473	118,098
Pensions and other employee benefits	140	7,067	30,483	22,144	352	4,807	68,364	19,961
Interest on deposits	1,470	66,540	512,969	191,771	5,171	68,701	1,722,441	338,327
Expense of Federal funds purchased and securities sold under agreements to repurchase	1	11,049	99,760	100,381	36	3,274	620,166	114,068
Interest on borrowed money	0	1,905	5,634	48,089	4	1,171	23,405	6,504
Interest on capital notes and debentures	0	85	2,675	3,988	75	500	5,217	308
Occupancy expense of bank premises, net	134	7,506	30,444	21,927	741	3,733	73,274	24,562
Furniture and equipment, depreciation, rental costs, servicing, etc.	157	4,925	28,044	19,193	328	4,000	55,135	20,560
Provision for loan losses (or actual net loan losses)	21	4,475	50,685	51,661	302	3,065	93,713	22,844
Other operating expenses	539	21,758	174,947	83,316	1,830	15,354	278,316	85,075
Total operating expense	3,211	165,743	1,122,109	663,937	11,500	132,174	3,311,504	750,307
Income before income taxes and securities gains or losses	854	44,568	145,247	47,056	310	26,530	510,570	111,988
Applicable income taxes	318	15,965	9,406	1,450	37	7,354	131,343	23,092
Income before securities gains or losses	536	28,603	135,841	45,606	273	19,176	379,227	88,896
Net securities gains or losses (after tax effect)	− 7	+ 70	− 1,191	− 546	+ 22	− 79	− 783	− 803
Net income before extraordinary items	529	28,673	134,650	45,060	295	19,097	378,444	88,093
Extraordinary charges or credits	0	+ 325	+ 69	+ 39	− 4	+ 43	+ 923	+ 135
Minority interest in consolidated subsidiaries	0	0	0	0	0	0	− 2	0
Net income	529	28,998	134,719	45,099	291	19,140	379,365	88,228

Changes in capital accounts:								
Increases:								
Net income transferred to undivided profits	529	28,998	134,719	45,099	291	19,140	379,365	88,228
Capital stock, notes and debentures sold or issued including premium received	0	2,252	65,435	10,031	1,572	3,812	23,094	1,780
Addition to surplus, undivided profits and reserves incident to mergers and consolidations	0	900	8,194	561	0	0	1,395	344
Transfers from reserves on loans and securities	0	202	4,562	922	0	0	12,071	2,375
All other increases	82	52	7,563	8,880	54	248	11,865	37,743
Total increases	82	3,406	85,754	20,394	1,626	4,060	48,425	42,242
Decreases:								
Cash dividends declared:								
On common stock	123	10,602	62,144	23,967	175	6,976	169,395	29,237
On preferred stock	0	356	0	0	0	0	88	0
Capital stock, notes and debentures, retired including premium paid	0	953	2,785	7,968	0	0	6,847	23
Reduction in surplus, undivided profits and reserves incident to mergers and consolidations	0	0	200	325	0	0	112	234
Transfers to reserves on loans and securities	18	1,808	4,416	2,035	235	1,445	39,970	3,354
All other decreases	97	356	3,978	3,881	0	110	7,415	1,944
Total decreases	238	14,075	73,523	38,176	410	8,531	223,827	34,792
Net change in capital accounts	373	18,329	146,950	27,317	1,507	14,669	203,963	95,678
Capital accounts†	4,600	222,595	1,211,903	575,319	8,588	127,042	2,802,509	727,598
Ratios:								
Net income before dividends to capital accounts (percent)	11.50	13.03	11.12	7.84	3.39	15.07	13.54	12.13
Total operating expense to total operating revenue (percent)	78.99	78.81	88.54	93.38	97.38	83.28	86.64	87.01

See footnotes at end of table.

TABLE B–32—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1974*

[Dollar amounts in thousands]

	Iowa	*Kansas*	*Kentucky*	*Louisiana*	*Maine*	*Maryland*	*Massachusetts*	*Michigan*
Number of banks	99	171	80	52	20	40	78	117
Operating income:								
Interest and fees on loans	$164,343	$179,377	$191,235	$316,773	$60,931	$252,104	$743,200	$1,001,290
Income on Federal funds sold and securities purchased under agreements to resell	28,698	34,545	27,211	55,962	2,718	19,993	43,763	65,114
Interest and dividends on investments:								
U.S. Treasury securities	17,802	25,847	22,908	40,469	2,611	15,569	37,830	74,016
Obligations of other U.S. Government agencies and corporations	10,862	12,804	7,953	14,640	1,181	6,060	14,948	27,270
Obligations of States and political subdivisions	18,516	23,998	22,416	39,495	6,830	22,454	54,835	98,002
Other securities	1,013	914	647	2,742	211	1,518	3,715	10,407
Trust department income	5,465	4,378	3,441	4,617	2,314	4,537	45,509	29,255
Service charges on deposit accounts	5,340	7,343	5,679	12,360	1,966	10,381	17,221	28,081
Other service charges, collection and exchange charges, commissions, and fees	7,818	10,032	5,993	13,307	2,121	6,604	33,299	22,255
Other operating income	2,618	3,645	8,754	11,009	903	5,335	59,732	23,257
Total operating income	262,475	302,883	296,237	511,374	81,786	344,555	1,054,052	1,378,947
Operating expense:								
Salaries and wages of officers and employees	37,252	45,230	44,657	63,417	15,534	59,976	166,097	198,146
Pensions and other employee benefits	5,904	7,537	7,313	10,754	3,155	9,948	33,591	35,853
Interest on deposits	101,888	113,849	104,822	202,786	29,391	108,452	367,093	635,863
Expense of Federal funds purchased and securities sold under agreements to repurchase	27,067	23,511	20,652	57,088	3,408	38,118	124,952	124,043
Interest on borrowed money	907	2,761	3,488	11,556	175	1,913	9,429	4,066
Interest on capital notes and debentures	900	1,288	417	1,582	96	289	3,226	6,121
Occupancy expense of bank premises, net	7,240	7,652	9,577	14,080	3,650	12,846	35,250	40,167
Furniture and equipment, depreciation, rental costs, servicing, etc.	9,185	8,310	8,198	14,080	2,534	8,502	20,957	28,759
Provision for loan losses (or actual net loan losses)	2,683	6,757	5,602	11,482	1,940	11,487	58,869	22,317
Other operating expenses	25,453	29,845	33,162	51,339	10,898	46,802	115,230	113,605
Total operating expense	218,479	246,740	237,888	438,164	70,781	298,333	934,694	1,208,940
Income before income taxes and securities gains or losses	43,996	56,143	58,349	73,210	11,005	46,222	119,358	170,007
Applicable income taxes	12,297	15,660	15,885	16,850	1,835	11,751	31,539	34,378
Income before securities gains or losses	31,699	40,483	42,464	56,360	9,170	34,471	87,819	135,629
Net securities gains or losses (after tax effect)	− 284	− 506	− 886	− 1,513	+ 108	− 492	− 3,038	− 2,201
Net income before extraordinary items	31,415	39,977	41,578	54,847	9,278	33,979	84,781	133,428
Extraordinary charges or credits	− 20	− 92	− 5	− 126	+ 99	+ 35	+ 102	+ 1,629
Minority interest in consolidated subsidiaries	− 11	0	0	0	0	0	0	− 6
Net income	31,384	39,885	41,573	54,721	9,377	34,014	84,883	135,051

Changes in capital accounts:								
Increases:								
Net income transferred to undivided profits	31,384	39,885	41,573	54,721	9,377	34,014	84,883	135,051
Capital stock, notes and debentures sold or issued including premium received	1,470	2,532	1,849	7,384	500	5,745	16,830	13,273
Addition to surplus, undivided profits and reserves incident to mergers and consolidations	207	1,041	102	135	700	2,666	2,850	3,830
Transfers from reserves on loans and securities	155	470	1,980	1,756	228	674	1,021	399
All other increases	1,504	1,888	1,992	1,648	228	1,190	6,127	4,911
Total increases	3,336	5,931	5,923	10,923	1,656	10,275	26,828	22,413
Decreases:								
Cash dividends declared:								
On common stock	11,032	11,583	8,929	15,925	4,537	14,466	42,476	55,719
On preferred stock	0	0	0	0	0	0	0	0
Capital stock, notes and debentures, retired including premium paid	6	371	53	308	0	233	10,044	2,624
Reduction in surplus, undivided profits and reserves incident to mergers and consolidations	2	50	0	0	8	0	1,385	279
Transfers to reserves on loans and securities	1,106	1,425	4,088	5,270	337	2,557	2,481	6,259
All other decreases	2,327	2,735	1,166	4,435	133	6,875	933	1,365
Total decreases	14,473	16,164	14,236	26,048	5,015	24,131	57,319	66,246
Net change in capital accounts	20,247	29,652	33,260	39,596	6,018	20,158	54,392	91,218
Capital accounts†	245,136	353,129	269,830	478,410	73,909	301,842	887,775	1,274,116
Ratios:								
Net income before dividends to capital accounts (percent)	12.80	11.29	15.41	11.44	12.69	11.27	9.56	10.60
Total operating expense to total operating revenue (percent)	83.24	81.46	80.30	85.68	86.54	86.59	88.68	87.67

See footnotes at end of table.

TABLE B-32—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1974*

[Dollar amounts in thousands]

	Minnesota	Mississippi	Missouri	Montana	Nebraska	Nevada	New Hampshire	New Jersey
Number of banks	202	39	110	55	121	4	47	122
Operating income:								
Interest and fees on loans	$567,688	$141,835	$440,955	$86,614	$202,897	$68,841	$58,322	$748,406
Income on Federal funds sold and securities purchased under agreements to resell	43,575	12,578	80,335	4,750	26,993	2,751	4,495	51,296
Interest and dividends on investments:								
U.S. Treasury securities	36,043	10,710	25,363	8,036	15,025	6,664	5,681	64,943
Obligations of other U.S. Government agencies and corporations	26,887	6,241	16,876	3,096	9,695	2,179	997	38,569
Obligations of States and political subdivisions	48,973	16,501	49,477	11,005	21,916	6,836	4,912	115,136
Other securities	2,558	1,031	1,254	339	867	380	152	19,158
Trust department income	19,865	2,155	20,504	804	6,871	1,963	1,655	22,383
Service charges on deposit accounts	14,189	7,835	7,978	3,574	5,588	4,824	3,147	27,662
Other service charges, collection and exchange charges, commissions, and fees	25,409	7,455	17,378	3,548	10,360	2,493	972	17,788
Other operating income	42,219	3,677	41,338	1,798	6,114	1,171	1,675	22,180
Total operating income	827,406	210,018	701,458	123,564	306,326	98,102	82,008	1,127,521
Operating expense:								
Salaries and wages of officers and employees	95,297	31,874	84,753	16,686	43,448	18,806	15,648	196,989
Pensions and other employee benefits	17,252	5,328	15,365	2,919	7,440	3,220	3,043	36,923
Interest on deposits	335,318	85,164	236,693	57,701	114,052	39,497	25,241	476,090
Expense of Federal funds purchased and securities sold under agreements to repurchase	122,509	11,503	145,345	4,151	26,582	29	2,795	41,750
Interest on borrowed money	22,768	392	3,394	475	4,054	113	366	7,465
Interest on capital notes and debentures	6,668	485	1,414	677	1,493	0	65	4,490
Occupancy expense of bank premises, net	15,543	5,768	14,129	2,950	8,766	4,074	3,882	45,742
Furniture and equipment, depreciation, rental costs, servicing, etc.	14,638	6,453	14,819	2,977	7,795	2,443	2,391	33,268
Provision for loan losses (or actual net loan losses)	15,076	7,909	21,954	2,637	7,804	2,070	1,833	24,481
Other operating expenses	69,868	24,685	70,666	14,102	31,318	9,971	13,314	118,915
Total operating expense	714,937	179,561	608,532	105,275	252,752	80,223	68,578	986,113
Income before income taxes and securities gains or losses	112,469	30,457	92,926	18,289	53,574	17,879	13,430	141,408
Applicable income taxes	32,286	6,285	18,701	3,543	12,575	5,258	3,967	10,535
Income before securities gains or losses	80,183	24,172	74,225	14,746	40,999	12,621	9,463	130,873
Net securities gains or losses (after tax effect)	− 806	+ 213	− 527	− 127	− 59	+ 50	− 346	− 206
Net income before extraordinary items	79,377	24,385	73,698	14,619	40,940	12,671	9,117	130,667
Extraordinary charges or credits	+ 261	+ 13	+ 90	+ 417	− 104	0	+ 212	− 84
Minority interest in consolidated subsidiaries	0	0	0	0	0	0	0	0
Net income	79,638	24,398	73,788	15,036	40,836	12,671	9,329	130,583

Changes in capital accounts:								
Increases:								
Net income transferred to undivided profits	79,638	24,398	73,788	15,036	40,836	12,671	9,329	130,583
Capital stock, notes and debentures sold or issued including premium received	8,280	3,120	7,446	1,215	98	0	993	14,896
Addition to surplus, undivided profits and reserves incident to mergers and consolidations	180	9,247	1,021	0	100	0	589	9,838
Transfers from reserves on loans and securities	871	229	620	510	481	0	90	3,535
All other increases	4,103	632	4,651	2,495	1,943	0	941	3,405
Total increases	13,434	13,228	13,738	4,220	2,622	0	2,613	31,674
Decreases:								
Cash dividends declared:								
On common stock	29,177	9,643	42,847	4,439	15,166	4,845	4,370	65,750
On preferred stock	0	0	289	0	6	0	0	3
Capital stock, notes and debentures, retired including premium paid	185	120	15	0	10	0	200	4,431
Reduction in surplus, undivided profits and reserves incident to mergers and consolidations	364	27	0	0	0	0	0	11,732
Transfers to reserves on loans and securities	5,531	114	2,366	1,061	641	8	540	4,600
All other decreases	1,807	338	1,610	328	1,531	0	811	2,204
Total decreases	37,064	10,242	47,127	5,828	17,354	4,853	5,921	88,720
Net change in capital accounts	56,008	27,384	40,399	13,428	26,104	7,818	6,021	73,537
Capital accounts†	720,889	196,554	646,350	100,895	282,486	89,830	93,245	1,129,992
Ratios:								
Net income before dividends to capital accounts (percent)	11.05	12.41	11.42	14.90	14.46	14.11	10.00	11.56
Total operating expense to total operating revenue (percent)	86.41	85.50	86.75	85.20	82.51	81.78	83.62	87.46

See footnotes at end of table.

TABLE B–32—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1974*

[Dollar amounts in thousands]

	New Mexico	*New York*	*North Carolina*	*North Dakota*	*Ohio*	*Oklahoma*	*Oregon*	*Pennsylvania*
Number of banks	34	154	26	43	217	193	8	250
Operating income:								
Interest and fees on loans	$97,747	$4,125,144	$549,658	$58,129	$975,896	$335,845	$278,568	$1,906,075
Income on Federal funds sold and securities purchased under agreements to resell	9,918	67,171	27,031	2,837	96,693	52,934	21,208	173,640
Interest and dividends on investments:								
U.S. Treasury securities	7,581	175,489	14,164	7,473	99,122	39,102	12,783	111,043
Obligations of other U.S. Government agencies and corporations	4,730	69,867	27,613	4,692	35,761	6,786	12,714	67,624
Obligations of States and political subdivisions	11,922	222,010	57,101	8,151	134,456	50,900	32,681	177,299
Other securities	260	32,132	1,970	206	11,642	2,184	464	16,210
Trust department income	1,525	111,289	18,420	1,347	31,472	8,089	8,053	69,979
Service charges on deposit accounts	4,836	69,117	19,401	2,183	35,720	12,856	16,876	25,471
Other service charges, collection and exchange charges, commissions, and fees	4,704	109,156	20,686	2,576	36,133	11,211	9,910	37,817
Other operating income	1,691	475,051	19,604	740	31,931	14,071	7,274	132,427
Total operating income	144,914	5,456,426	755,648	88,334	1,488,826	533,978	400,531	2,717,585
Operating expense:								
Salaries and wages of officers and employees	23,540	658,530	124,102	11,907	213,013	69,455	79,392	344,303
Pensions and other employee benefits	3,558	163,839	18,499	2,311	33,787	11,000	12,588	70,770
Interest on deposits	63,082	2,242,121	287,179	37,247	597,372	225,002	142,887	1,098,368
Expense of Federal funds purchased and securities sold under agreements to repurchase	6,128	564,831	84,162	3,362	132,332	50,374	29,178	307,598
Interest on borrowed money	367	86,447	8,461	919	7,192	3,554	2,494	100,773
Interest on capital notes and debentures	1,042	10,346	9,715	450	2,257	2,821	6,377	16,705
Occupancy expense of bank premises, net	3,645	171,032	24,564	2,055	40,413	10,753	14,739	75,863
Furniture and equipment, depreciation, rental costs, servicing, etc.	3,814	75,426	16,153	2,062	34,337	10,219	9,491	50,011
Provision for loan losses (or actual net loan losses)	4,950	323,535	19,964	921	40,137	16,747	7,421	75,349
Other operating expenses	15,250	419,421	75,432	8,609	160,004	52,873	32,158	214,712
Total operating expense	125,376	4,715,528	668,231	69,843	1,260,844	452,798	336,725	2,354,452
Income before income taxes and securities gains or losses	19,538	740,898	87,417	18,491	227,982	81,180	63,806	363,133
Applicable income taxes	3,571	137,711	15,559	5,086	42,309	12,014	17,060	58,040
Income before securities gains or losses	15,967	603,187	71,858	13,405	185,673	69,166	46,746	305,093
Net securities gains or losses (after tax effect)	– 57	– 1,901	– 3,462	– 123	– 3,706	– 1,211	– 604	– 5,262
Net income before extraordinary items	15,910	601,286	68,396	13,282	181,967	67,955	46,142	299,831
Extraordinary charges or credits	– 10	– 51	+ 63	+ 3	+ 357	+ 2,407	– 16	+ 612
Minority interest in consolidated subsidiaries	0	– 4	0	0	– 14	– 1	0	– 107
Net income	15,900	601,231	68,459	13,285	182,310	70,361	46,126	300,336

Changes in capital accounts:								
Increases:								
Net income transferred to undivided profits	15,900	601,231	68,459	13,285	182,310	70,361	46,126	300,336
Capital stock, notes and debentures sold or issued including premium received	300	24,101	43,093	1,775	6,073	14,169	557	61,022
Addition to surplus, undivided profits and reserves incident to mergers and consolidations	0	13,398	7,978	400	2,214	42	0	3,548
Transfers from reserves on loans and securities	0	8,356	190	81	2,198	276	0	3,371
All other increases	1,700	23,102	1,042	478	10,858	4,136	147	8,030
Total increases	2,000	68,957	52,303	2,734	21,343	18,623	704	75,971
Decreases:								
Cash dividends declared:								
On common stock	5,460	243,578	26,176	3,718	74,421	20,535	10,056	147,260
On preferred stock	0	5	0	0	0	0	0	98
Capital stock, notes and debentures, retired including premium paid	89	33,010	2,862	0	433	131	0	1,836
Reduction in surplus, undivided profits and reserves incident to mergers and consolidations	0	718	0	850	920	109	0	652
Transfers to reserves on loans and securities	946	5,759	4,109	744	5,298	2,219	1,100	11,490
All other decreases	1,561	55,530	1,012	565	2,821	4,029	14,007	8,845
Total decreases	8,056	338,600	34,159	5,877	83,893	27,023	25,163	170,181
Net change in capital accounts	9,844	331,588	86,603	10,142	119,760	61,961	21,667	206,126
Capital accounts†	132,564	5,254,131	650,218	84,453	1,482,327	551,562	389,457	2,492,900
Ratios:								
Net income before dividends to capital accounts (percent)	11.99	11.44	10.53	15.73	12.30	12.76	11.84	12.05
Total operating expense to total operating revenue (percent)	86.52	86.42	88.43	79.07	84.69	84.80	84.07	86.64

See footnotes at end of table.

TABLE B–32—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1974*

[Dollar amounts in thousands]

	Rhode Island	*South Carolina*	*South Dakota*	*Tennessee*	*Texas*	*Utah*	*Vermont*	*Virginia*
Number of banks	5	18	31	75	569	11	17	109
Operating income:								
Interest and fees on loans	$175,762	$133,092	$82,833	$476,607	$1,647,180	$93,941	$20,483	$531,908
Income on Federal funds sold and securities purchased under agreements to resell	4,555	16,152	3,035	33,720	254,258	7,368	1,688	26,402
Interest and dividends on investments:								
U.S. Treasury securities	4,908	7,660	6,849	30,652	110,962	5,576	1,228	27,041
Obligations of other U.S. Government agencies and corporations	6,037	4,754	4,502	21,115	64,664	1,526	432	18,100
Obligations of States and political subdivisions	9,344	12,009	10,924	44,048	220,313	6,854	2,273	50,698
Other securities	494	287	680	4,528	10,915	332	196	1,622
Trust department income	8,922	4,112	1,304	11,603	50,220	1,799	226	13,471
Service charges on deposit accounts	3,158	9,078	3,804	15,849	52,812	4,645	874	11,465
Other service charges, collection and exchange charges, commissions, and fees	4,358	3,601	3,527	17,745	53,198	5,436	298	15,948
Other operating income	8,526	5,037	860	21,964	54,081	706	326	10,800
Total operating income	226,064	195,782	118,318	677,831	2,518,603	128,183	28,024	707,455
Operating expense:								
Salaries and wages of officers and employees	27,904	44,853	15,251	99,111	305,243	20,150	5,140	103,656
Pensions and other employee benefits	6,752	7,876	3,090	15,976	51,804	3,061	920	18,598
Interest on deposits	102,764	47,116	57,515	273,870	968,176	52,641	12,764	291,980
Expense of Federal funds purchased and securities sold under agreements to repurchase	21,798	13,478	1,193	83,331	327,614	7,982	58	42,017
Interest on borrowed money	3,391	285	448	11,076	33,464	2,366	27	5,134
Interest on capital notes and debentures	313	774	834	1,420	6,851	1,285	34	2,240
Occupancy expense of bank premises, net	6,236	5,782	2,620	19,037	45,823	2,611	993	19,041
Furniture and equipment, depreciation, rental costs, servicing, etc.	2,988	7,098	2,950	21,891	49,328	3,335	827	15,616
Provision for loan losses (or actual net loan losses)	6,864	5,534	3,136	52,076	67,589	2,151	394	24,006
Other operating expenses	24,033	24,998	10,207	68,436	254,875	13,025	3,141	95,780
Total operating expense	203,043	157,794	97,244	646,224	2,110,767	108,607	24,298	618,068
Income before income taxes and securities gains or losses	23,021	37,988	21,074	31,607	407,836	19,576	3,726	89,387
Applicable income taxes	6,177	12,314	5,172	2,384	87,028	5,890	647	17,748
Income before securities gains or losses	16,844	25,674	15,902	29,223	320,808	13,686	3,079	71,639
Net securities gains or losses (after tax effect)	− 304	− 40	− 259	− 1,227	− 2,158	− 27	+ 13	− 2,697
Net income before extraordinary items	16,540	25,634	15,643	27,996	318,650	13,659	3,092	68,942
Extraordinary charges or credits	0	+ 38	+ 1	+ 285	+ 971	0	+ 26	− 21
Minority interest in consolidated subsidiaries	0	0	0	+ 11	− 7	0	0	0
Net income	16,540	25,672	15,644	28,292	319,614	13,659	3,118	68,921

Changes in capital accounts:								
Increases:								
Net income transferred to undivided profits	16,540	25,672	15,644	28,292	319,614	13,659	3,118	68,921
Capital stock, notes and debentures sold or issued including premium received	0	1,867	858	17,599	51,479	0	1,935	36,933
Addition to surplus, undivided profits and reserves incident to mergers and consolidations	0	3,284	594	1,322	14,415	5	1,824	6,840
Transfers from reserves on loans and securities	820	527	0	2,666	4,146	0	2	4,058
All other increases	429	77	579	5,679	22,369	44	353	10,491
Total increases	1,249	5,755	2,031	27,266	92,409	49	4,114	58,322
Decreases:								
Cash dividends declared:								
On common stock	7,984	8,309	5,175	21,332	87,232	6,370	1,211	33,212
On preferred stock	0	0	0	0	0	0	21	0
Capital stock, notes and debentures, retired including premium paid	0	0	40	65	6,239	0	45	105
Reduction in surplus, undivided profits and reserves incident to mergers and consolidations	0	1,000	0	125	1,217	0	749	155
Transfers to reserves on loans and securities	1,064	292	613	1,617	19,580	796	236	1,841
All other decreases	948	314	645	3,585	25,334	168	329	2,515
Total decreases	9,996	9,915	6,473	26,724	139,602	7,334	2,591	37,828
Net change in capital accounts	7,793	21,512	11,202	28,834	272,421	6,374	4,641	89,415
Capital accounts†	76,825	201,123	108,448	572,768	2,301,373	111,223	31,515	604,406
Ratios:								
Net income before dividends to capital accounts (percent)	9.35	12.76	14.43	4.94	13.89	12.28	9.89	11.40
Total operating expense to total operating revenue (percent)	89.82	80.60	82.19	95.34	83.81	84.73	86.70	87.36

See footnotes at end of table.

TABLE B-32—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1974*

[Dollar amounts in thousands]

	Washington	*West Virginia*	*Wisconsin*	*Wyoming*	*Puerto Rico*	*Virgin Islands*	*District of Columbia – all‡*
Number of banks	23	100	128	44	1	1	16
Operating income:							
Interest and fees on loans	$484,652	$120,542	$392,651	$55,055	$1,807	$8,861	$208,807
Income on Federal funds sold and securities purchased under agreements to resell	75,774	31,380	40,775	3,507	198	538	19,397
Interest and dividends on investments:							
U.S. Treasury securities	23,446	18,665	24,231	5,942	174	91	23,611
Obligations of other U.S. Government agencies and corporations	10,675	12,570	17,470	3,399	0	0	4,049
Obligations of States and political subdivisions	38,335	21,994	33,818	7,223	20	49	18,092
Other securities	1,523	912	2,976	352	493	11	1,482
Trust department income	13,973	2,881	9,792	636	0	0	11,712
Service charges on deposit accounts	28,238	2,345	7,982	2,319	91	85	8,754
Other service charges, collection and exchange charges, commissions, and fees	24,214	2,698	17,941	1,740	6	270	5,298
Other operating income	23,901	3,442	10,654	1,058	37	374	6,074
Total operating income	724,731	217,429	558,290	81,231	2,826	10,279	307,276
Operating expense:							
Salaries and wages of officers and employees	128,383	27,269	72,479	11,540	305	1,863	55,386
Pensions and other employee benefits	22,727	4,011	14,617	1,798	40	278	9,952
Interest on deposits	249,718	88,727	251,196	36,772	1,571	5,659	96,102
Expense of Federal funds purchased and securities sold under agreements to repurchase	111,810	24,494	67,383	2,047	0	132	17,833
Interest on borrowed money	5,717	305	3,787	919	3	0	3,142
Interest on capital notes and debentures	413	442	3,249	536	0	0	658
Occupancy expense of bank premises, net	25,056	4,627	17,999	1,826	102	462	11,714
Furniture and equipment, depreciation, rental costs, servicing, etc.	17,566	5,001	14,243	1,516	23	273	6,754
Provision for loan losses (or actual net loan losses)	15,286	4,777	19,086	1,738	124	382	5,865
Other operating expenses	73,548	22,679	45,888	8,509	454	614	30,553
Total operating expense	650,224	182,332	509,927	67,201	2,622	9,663	237,959
Income before income taxes and securities gains or losses	74,507	35,097	48,363	14,030	204	616	69,317
Applicable income taxes	13,170	5,555	9,471	3,033	98	259	25,451
Income before securities gains or losses	61,337	29,542	38,892	10,997	106	357	43,866
Net securities gains or losses (after tax effect)	– 126	+ 66	– 1,042	– 176	0	+ 25	+ 89
Net income before extraordinary items	61,211	29,608	37,850	10,821	106	382	43,955
Extraordinary charges or credits	– 11,659	– 103	+ 2,008	+ 38	+ 39	0	+ 325
Minority interest in consolidated subsidiaries	0	0	0	0	0	0	0
Net income	49,552	29,505	39,858	10,859	145	382	44,280

Changes in capital accounts:							
Increases:							
Net income transferred to undivided profits	49,552	29,505	39,858	10,859	145	382	44,280
Capital stock, notes and debentures sold or issued including premium received	598	10,047	16,189	985	0	0	2,252
Addition to surplus, undivided profits and reserves incident to mergers and consolidations	1,104	14	11,059	0	0	0	900
Transfers from reserves on loans and securities	516	622	70	154	0	19	202
All other increases	51	1,486	1,410	1,373	0	99	56
Total increases	2,269	12,169	28,728	2,512	0	118	3,410
Decreases:							
Cash dividends declared:							
On common stock	17,729	7,606	20,858	3,488	0	0	17,242
On preferred stock	1	0	0	0	0	0	356
Capital stock, notes and debentures, retired including premium paid	0	30	202	116	0	0	1,473
Reduction in surplus, undivided profits and reserves incident to mergers and consolidations	0	0	59	0	0	0	0
Transfers to reserves on loans and securities	5,593	1,419	2,201	710	0	0	1,972
All other decreases	896	1,615	1,008	1,075	29	5	356
Total decreases	24,219	10,670	24,328	5,389	29	5	21,399
Net change in capital accounts	27,602	31,004	44,258	7,982	116	495	26,291
Capital accounts†	477,485	238,402	469,554	79,642	2,007	8,045	336,034
Ratios:							
Net income before dividends to capital accounts (percent)	10.38	12.38	8.49	13.63	7.22	4.75	13.18
Total operating expense to total operating revenue (percent)	89.72	83.86	91.34	82.73	92.78	94.01	77.44

* 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 aggregate book value of debentures, preferred stock, common stock, surplus, undivided profits, and reserves. Excepting Puerto Rico, these are averages from the June and December call dates in the year indicated and the previous December call date.

‡ 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.

TABLE B–33

Income and expenses of National banks, by deposit size, year ended Dec. 31, 1974*

[Dollar amounts in thousands]

	Total	Banks operating full year with deposits in December 1974, 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	4708	74	360	743	1,666	888	490	369	118
Operating income:									
Interest and fees on loans	$28,418,563	$2,538	$54,816	$251,007	$1,296,464	$1,596,627	$1,795,940	$4,484,143	$18,937,028
Income on Federal funds sold and securities purchased under agreements to resell	2,173,089	2,111	18,425	55,003	185,185	166,104	163,730	442,797	1,139,734
Interest and dividends on investments:									
U.S. Treasury securities	1,752,716	1,307	14,756	49,202	197,123	181,618	173,953	344,415	790,342
Obligations of other U.S. Government agencies and corporations	1,018,360	384	7,443	30,292	122,731	117,897	121,344	202,127	416,142
Obligations of States and political subdivisions	2,531,299	78	4,170	30,455	192,529	241,996	258,937	542,039	1,261,095
Other securities	258,901	137	1,102	2,828	15,527	19,469	23,412	53,553	142,873
Trust department income	853,728	—	907	1,746	4,828	17,621	42,442	165,059	621,125
Service charges on deposit accounts	827,191	182	3,927	15,411	75,424	79,567	79,687	161,529	411,464
Other service charges, collection and exchange charges, commissions, and fees	938,515	89	2,303	7,402	36,137	43,110	49,731	180,052	619,691
Other operating income	1,675,980	204	1,359	4,828	24,954	30,284	34,871	126,533	1,452,947
Total operating income	40,448,342	7,030	109,208	448,174	2,150,902	2,494,293	2,744,047	6,702,247	25,792,441

Operating expense:									
Salaries and wages of officers and employees	5,593,025	2,294	24,949	83,595	352,844	392,382	432,658	1,053,775	3,250,528
Pensions and other employee benefits	1,033,991	238	2,949	11,373	55,604	65,658	74,398	186,908	636,863
Interest on deposits	16,584,980	1,270	35,179	171,385	909,736	1,094,369	1,222,181	2,737,496	10,413,364
Expense of Federal funds purchased and securities sold under agreements to repurchase	4,277,220	—	244	1,563	11,896	36,699	71,704	513,842	3,641,272
Interest on borrowed money	519,256	60	188	717	4,459	6,416	11,531	42,074	453,811
Interest on capital notes and debentures	147,782	—	56	387	3,719	6,045	9,331	27,058	101,186
Occupancy expense of bank premises, net	1,146,564	467	4,145	13,527	62,690	76,538	90,337	224,799	674,061
Furniture and equipment, depreciation, rental costs, servicing, etc.	811,897	300	3,421	11,106	51,896	61,306	68,807	186,667	428,394
Provision for loan losses (or actual net loan losses)	1,391,805	139	3,335	12,850	58,591	68,654	65,298	187,467	995,471
Other operating expenses	3,734,922	2,047	17,945	58,239	255,623	290,568	309,987	726,842	2,073,671
Total operating expense	35,241,442	6,815	92,411	364,742	1,767,058	2,098,635	2,356,232	5,886,928	22,668,621
Income before income taxes and securities gains or losses	5,206,900	215	16,797	83,432	383,844	395,658	387,815	815,319	3,123,820
Applicable income taxes	1,122,623	222	5,161	22,326	88,550	77,945	66,108	134,937	727,374
Income before securities gains or losses	4,084,277	− 7	11,636	61,106	295,294	317,713	321,707	680,382	2,396,446
Net securities gains or losses (after tax effect)	− 42,420	− 25	− 3	− 546	− 2,651	− 2,060	− 2,658	− 5,020	− 29,457
Net income before extraordinary items	4,041,857	− 32	11,633	60,560	292,643	315,653	319,049	675,362	2,366,989
Extraordinary charges or credits	+ 2,758	+ 26	+ 29	+ 199	+ 1,745	+ 710	+ 1,567	+ 3,226	− 4,744
Minority interest in consolidated subsidiaries	− 141	—	—	—	− 11	− 1	− 16	− 13	− 100
Net income	4,044,474	− 6	11,662	60,759	294,377	316,362	320,600	678,575	2,362,145
Cash dividends declared:									
On common stock	1,670,232	166	3,260	15,067	75,982	101,268	115,072	295,582	1,063,835
On preferred stock	977	—	—	—	11	103	25	481	357
Total cash dividends declared	1,671,209	166	3,260	15,067	75,993	101,371	115,097	296,063	1,064,192

* 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.

NOTE: Data may not add to totals because of rounding. Dashes indicate amounts less than $500.

TABLE B–34

Capital accounts, net income, and dividends of National banks, 1944–1974

[Dollar amounts in thousands]

Year (last call)	Number of banks	Capital stock (par value)*			Total capital accounts*	Net income before dividends	Cash dividends		Ratios (percent)			
		Preferred	Common	Total			On preferred stock	On common stock	Net income before dividends to total capital accounts	Cash dividends to net income before dividends	Cash dividends on preferred stock to preferred capital	Cash dividends to total equity capital†
1944	5,031	$110,597	$1,440,519	$1,551,116	$4,114,972	$411,844	$5,926	$139,012	10.01	35.04	4.79	3.53
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	4,013	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	4.19
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	4.22
1965	4,815	28,697	4,600,390	4,629,087	16,111,704	1,387,228	1,453	681,802	8.61	49.25	5.06	4.46
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	4.38
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	4.45
1968	4,716	57,704	5,503,820	5,561,524	20,585,402	1,931,556	4,344	892,934	9.38	46.45	7.53	4.65
1969	4,669	62,453	6,165,757	6,228,210	22,158,066	2,534,029	4,428	1,063,647	11.44	42.15	7.09	5.09
1970	4,621	62,572	6,326,508	6,389,080	24,080,719	2,829,334	4,677	1,273,039	11.75	45.16	7.46	5.57
1971	4,600	56,761	6,640,849	6,697,610	25,986,802	3,041,122	4,011	1,386,166	11.70	45.71	7.07	5.63
1972	4,614	42,627	7,132,092	7,174,719	28,714,775	3,307,906	2,703	1,307,628	11.52	39.61	6.34	4.87
1973	4,661	38,660	7,676,452	7,715,112	31,787,879	3,767,667	2,398	1,446,994	11.85	38.47	6.20	4.89
1974	4,708	26,705	8,178,696	8,205,401	34,646,893	4,044,474	977	1,670,232	11.67	41.32	3.66	5.16

* These are averages of data from the reports of condition of the previous December, and June and December of the respective years.
† Ratios for years 1963 through 1973 inclusive have been restated to reflect removal of capital notes and debentures.

NOTE: For earlier data, see *Annual Reports of the Comptroller of the Currency*, 1938, p. 115, and 1963, p. 306.

Table B–35

Loan losses and recoveries of National banks, 1945–1974

[Dollar amounts in thousands]

Year	Total loans, end of year, net	Net losses or recoveries (+)	Ratio of net losses or net recoveries (+) to loans	Year	Total loans, end of year, net	Net losses or recoveries (+)	Ratio of net losses or net recoveries (+) to loans
			Percent				Percent
1945	$13,948,042	+$7,740	+0.06	1961	$67,308,734	$112,412	0.17
1946	17,309,767	3,207	.02	1962	75,548,316	97,617	.13
1947	21,480,457	29,913	.14	1963	83,388,446	121,724	.15
1948	23,818,513	19,349	.08	1964	95,577,392	125,684	.13
1949	23,928,293	33,199	.14	1965	116,833,479	189,826	.16
1950	29,277,480	14,445	.05	1966	126,881,261	240,880	.19
1951	32,423,777	22,108	.07	1967	136,752,887	279,257	.20
1952	36,119,673	19,326	.05	1968	154,862,018	257,280	.17
1953	37,944,146	32,201	.08	1969	168,004,686	303,357	.18
1954	39,827,678	25,674	.06	1970	173,456,091	601,734	.35
1955	43,559,726	29,478	.07	1971	190,308,412	666,190	.35
1956	48,248,332	41,006	.08	1972	226,354,896	545,473	.24
1957	50,502,277	35,428	.07	1973	266,937,532	731,633	.27
1958	52,796,224	38,173	.07	1974	292,732,965	1,193,730	.41
1959	59,961,989	25,767	.04	Average for			
1960	63,693,668	130,177	.20	1945–74	92,326,239	198,617	.22

NOTE: For earlier data, including figures on gross losses and chargeoffs and gross recoveries, see *Annual Reports of the Comptroller of the Currency,* 1947, p. 100 and 1968, p. 233.

Table B–36

Securities losses and recoveries of National banks, 1945–1974

[Dollar amounts in thousands]

Year	Total securities, end of year, net	Losses and chargeoffs*	Ratio of net losses to securities	Year	Total securities, end of year, net	Losses and chargeoffs*	Ratio of net losses to securities
			Percent				Percent
1945	$55,611,609	$74,627	0.04	1961	$49,093,539	$51,236	0.08
1946	46,642,816	74,620	.09	1962	51,705,503	47,949	.08
1947	44,009,966	69,785	.10	1963	52,601,949	45,923	.07
1948	40,228,353	55,369	.07	1964	54,366,781	86,500	.15
1949	44,207,750	23,595	.04	1965	57,309,892	67,898	.11
1950	43,022,623	26,825	.04	1966	57,667,429	302,656	.52
1951	43,043,617	57,546	.12	1967	69,656,371	149,545	.21
1952	44,292,285	76,524	.15	1968	76,871,528	344,068	.44
1953	44,210,233	119,124	.25	1969	70,216,983	286,215	.41
1954	48,932,258	49,469	.08	1970	84,157,505	137,704	.16
1955	42,857,330	152,858	.32	1971	95,948,647	+189,347	+.20
1956	40,503,392	238,997	.56	1972	103,658,543	+94,506	+.09
1957	40,981,709	151,152	.35	1973	104,606,665	36,738	.04
1958	46,788,224	67,455	.12	1974	106,930,804	43,469	.04
1959	42,652,855	483,526	1.09	Average for			
1960	43,852,194	154,372	.30	1945–74	58,220,978	106,396	.18

* Excludes transfers to and from valuation reserves beginning in 1948.

NOTE: For earlier data, including figures on gross losses and chargeoffs and gross recoveries, see *Annual Reports of the Comptroller of the Currency,* 1947, p. 100 and 1968, p. 234.

Table B–37

Ratios of classified assets to total loans for National banks, deposit size category under $100 million

Classified assets as a percent of total loans	Latest examination in — 1968		1969		1970		1971		1972		1973		1974	
	Number of banks	Percent	Number of banks	Percent	Number of banks	Percent	Number of banks	Percent	Number of banks	Percent	Number of banks	Percent	Number of banks	Percent
0–.9	2,124	47.9	2,099	47.9	1,779	41.3	1,716	40.5	1,839	43.5	2,005	47.5	1,741	41.4
1–1.9	899	20.3	953	21.8	971	22.5	945	22.3	1,006	23.8	958	22.7	961	22.8
2–2.9	518	11.7	488	11.1	560	13.0	599	14.1	608	14.4	578	13.7	603	14.3
3–3.9	303	6.8	321	7.3	354	8.2	364	8.6	314	7.4	287	6.8	363	8.6
4–4.9	186	4.2	180	4.1	219	5.1	235	5.5	182	4.3	161	3.8	183	4.3
5–5.9	126	2.8	108	2.5	135	3.1	118	2.8	97	2.3	79	1.9	128	3.0
6–6.9	75	1.7	65	1.5	89	2.1	77	1.8	59	1.4	47	1.1	66	1.6
7–7.9	50	1.1	48	1.1	62	1.4	50	1.2	45	1.1	28	0.7	45	1.1
8.0 and over	151	3.4	118	2.7	143	3.3	138	3.3	80	1.9	73	1.7	118	2.8
Total	4,432	100.0	4,380	100.0	4,312	100.0	4,242	100.0	4,230	100.0	4,217	100.0	4,208	100.0

Table B–38

Ratios of classified assets to total loans for National banks, deposit size category $100 million and over

Classified assets as a percent of total loans	Latest examination in — 1968		1969		1970		1971		1972		1973		1974	
	Number of banks	Percent	Number of banks	Percent	Number of banks	Percent	Number of banks	Percent	Number of banks	Percent	Number of banks	Percent	Number of banks	Percent
0–.9	146	48.7	159	51.1	98	30.6	119	32.7	151	38.9	161	37.1	118	26.9
1–1.9	74	24.7	76	24.4	84	26.3	90	24.7	88	22.7	130	30.0	103	23.5
2–2.9	44	14.7	49	15.8	65	20.3	67	18.4	81	20.9	77	17.7	88	20.0
3–3.9	12	4.0	9	2.9	26	8.1	37	10.2	29	7.5	30	6.9	57	13.0
4–4.9	9	3.0	7	2.3	16	5.0	21	5.8	12	3.1	16	3.7	27	6.2
5–5.9	6	2.0	5	1.6	14	4.4	10	2.7	13	3.4	8	1.8	18	4.1
6–6.9	3	1.0	2	0.6	8	2.5	6	1.6	5	1.3	4	0.9	6	1.4
7–7.9	2	0.7	1	0.3	1	0.3	4	1.1	3	0.8	2	0.5	4	0.9
8.0 and over	4	1.3	3	1.0	8	2.5	10	2.7	6	1.5	6	1.4	18	4.1
Total	300	100.0	311	100.0	320	100.0	364	100.0	388	100.0	434	100.0	439	100.0

TABLE B–39

Assets and liabilities of National banks, date of last report of condition, 1950–1974

[Dollar amounts in thousands]

Year	Number of banks	Total assets*	Cash and due from banks	Total securities, net	Loans, 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	$43,022,623	$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	43,043,617	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	44,292,285	36,119,673	1,321,382	99,257,776	75,921	1,739,825	2,224,852	4,884,369
1953	4,864	110,116,699	26,545,518	44,210,233	37,944,146	1,416,802	100,947,233	14,851	1,754,099	2,301,757	5,107,759
1954	4,796	116,150,569	25,721,897	48,932,258	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	42,857,330	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	40,503,392	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	40,981,709	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	46,788,224	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	42,652,855	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	43,852,194	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	49,093,539	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	51,705,503	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	52,601,949	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	54,366,781	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	57,309,892	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	57,667,429	127,453,846	9,185,179	206,456,287	1,015,147	9,975,692	6,299,133	12,159,775
1967	4,758	263,374,709	46,633,658	69,656,371	136,752,887	10,331,793	231,374,420	296,821	11,973,852	6,602,519	13,127,097
1968	4,716	296,593,618	50,952,691	76,871,528	154,862,018	13,907,381	257,883,926	689,087	16,496,707	7,008,482	14,515,416
1969	4,669	310,263,170	54,727,953	70,030,342	168,004,686	17,500,189	256,426,791	2,283,717	28,284,638	7,347,948	15,906,249
1970	4,621	337,070,049	56,040,460	84,157,465	173,455,791	23,416,333	283,784,496	1,280,365	27,130,131	7,680,597	17,194,460
1971	4,600	372,538,487	59,200,995	95,948,647	190,308,412	27,080,433	314,211,616	866,103	30,387,265	8,277,752	18,794,699
1972	4,614	430,768,064	67,401,118	103,658,543	226,354,896	33,353,507	359,427,154	2,370,204	38,616,017	9,629,168	20,722,810
1973	4,661	484,887,096	70,723,613	104,606,665	266,937,532	42,619,286	395,880,964	3,721,870	52,149,689	10,140,173	22,994,400
1974	4,708	529,232,286	76,556,699	106,930,804	292,732,965	53,011,818	431,225,358	3,285,509	58,891,284	10,607,205	25,222,930

* After deduction of securities and loan reserves.
† Beginning in 1973, includes minority interest in consolidated subsidiaries.

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 *Annual Report of the Comptroller of the Currency*, 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-40

Foreign branches of National banks, by region and country, Dec. 31, 1974

Region and country	Number	Region and country	Number
Central America	48	Europe – Continued	
El Salvador	1	Monaco	1
Guatemala	3	Netherlands	6
Honduras	3	Northern Ireland	1
Mexico	5	Scotland	2
Nicaragua	4	Switzerland	6
Panama	32	Africa	5
South America	131	Kenya	2
Argentina	37	Liberia	2
Bolivia	3	Mauritius	1
Brazil	19	Middle East	17
Colombia	36	Bahrain	2
Ecuador	15	Israel	2
Guyana	1	Jordan	1
Paraguay	5	Lebanon	3
Peru	6	Qatar	1
Uruguay	5	Saudi Arabia	2
Venezuela	4	Trucial States	6
West Indies (Caribbean)	156	Asia and Pacific	110
Antigua	1	Brunei	3
Bahamas	64	Fiji Islands	5
Barbados	6	Hong Kong	24
British Virgin Islands	3	India	11
Cayman Islands	33	Indonesia	6
Dominican Republic	18	Japan	23
French West Indies	3	Korea	3
Grenada	1	Malaysia	5
Haiti	4	Pakistan	4
Jamaica	8	Philippines	4
Montserrat	1	Republic of China	4
Netherlands Antilles	4	Singapore	13
St. Lucia	1	Thailand	2
Trinidad and Tobago	6	Vietnam	3
West Indies Federation of States	3	U.S. overseas areas and trust territories	53
Europe	129	American Samoa	1
Austria	1	Canal Zone (Panama)	2
Belgium	6	Caroline Islands	1
England	33	Guam	7
France	13	Marianas Islands	1
Germany	24	Marshall Islands	1
Greece	18	Puerto Rico	22
Ireland	4	Virgin Islands	18
Italy	8	Total	649
Luxembourg	6		

Table B–41

Total assets of foreign branches of National banks, year-end 1953–1974*

[Dollar amounts in thousands]

1953	$1,682,919	1964	$3,319,879
1954	1,556,326	1965	7,241,068
1955	1,116,003	1966	9,364,278
1956	1,301,883	1967	11,856,316
1957	1,342,616	1968	16,021,617
1958	1,405,020	1969	28,217,139
1959	1,543,985	1970	38,877,627
1960	1,628,510	1971	50,550,727
1961	1,780,926	1972	54,720,405
1962	2,008,478	1973	83,304,441
1963	2,678,717	1974	99,810,999

* Includes military facilities operated abroad by National banks from 1966 through 1971.

Table B–42

Foreign branches of National banks, 1960–1974

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	1968	355	95.0
1961	102	75.6	1969	428	93.0
1962	111	76.6	1970	497	92.7
1963	124	77.5	1971	528	91.5
1964	138	76.7	1972	566	90.2
1965	196	93.5	1973	621	89.5
1966	230	94.3	1974	649	89.4
1967	278	95.5			

Table B–43

Assets and liabilities of foreign branches of National banks, Dec. 31, 1974: consolidated statement

[Dollar amounts in thousands]

Assets	
Cash and cash items in process of collection	$453,251
Demand balances with other banks	2,335,036
Time balances with other banks	32,778,114
Securities	1,106,170
Loans, discounts and overdrafts, etc.	42,383,397
Customers' liability on acceptances outstanding	3,735,743
Customers' liability on deferred payment letters of credit	70,607
Premises, furniture and fixtures	241,447
Accruals—interest earned, foreign exchange profits, etc.	2,098,678
Due from other foreign branches of this bank	10,514,795
Due from head office and its domestic branches	3,378,116
Other assets	715,645
Total assets	$99,810,999

Liabilities	
Demand deposits	$7,479,349
Time deposits	71,319,752
Liabilities for borrowed money	2,019,570
Acceptances executed	3,773,765
Deferred payment letters of credit outstanding	56,917
Reserve for interest, taxes and other accrued expenses	2,130,848
Other liabilities	488,743
Due to other foreign branches of this bank	9,922,867
Due to head office and its domestic branches	2,619,188
Total liabilities	$99,810,999
Memoranda	
Letters of credit outstanding	$4,086,326
Future contracts to buy foreign exchange and bullion	$41,564,993
Future contracts to sell foreign exchange and bullion	$50,601,286

TABLE B–44

Trust assets and income of National banks, by States, calendar 1974*

[Dollar amounts in millions]

	Number of banks	Employee benefit accounts†	Other trust accounts‡	Total trust accounts	Agency accounts§	Total trust and agency accounts	Trust department income (Dollar amounts in thousands)
United States‖	1,795	$57,253	$84,653	$141,906	$40,919	$182,824	$858,713
Alabama	31	364	1,062	1,426	221	1,647	8,577
Alaska	4	40	46	86	47	133	662
Arizona	2	245	718	963	79	1,042	7,406
Arkansas	37	75	300	375	53	429	2,567
California	13	7,139	8,522	15,661	1,971	17,632	99,097
Colorado	32	711	1,322	2,033	376	2,409	15,739
Connecticut	9	483	1,572	2,055	795	2,850	15,861
Delaware	0	0	0	0	0	0	0
District of Columbia‖	6	443	1,209	1,652	1,296	2,948	11,712
Florida	98	358	3,845	4,203	727	4,929	28,658
Georgia	31	756	1,147	1,903	1,387	3,290	17,118
Hawaii	0	0	0	0	0	0	0
Idaho	3	63	128	192	16	208	998
Illinois	177	6,215	6,403	12,617	4,126	16,743	87,965
Indiana	98	593	2,425	3,017	1,097	4,114	17,524
Iowa	53	156	628	783	378	1,162	5,465
Kansas	55	131	597	728	322	1,050	4,378
Kentucky	53	76	421	497	110	606	3,441
Louisiana	23	278	341	619	119	738	4,617
Maine	16	42	226	268	118	386	2,314
Maryland	11	148	638	786	176	962	4,537
Massachusetts	56	3,303	3,383	6,686	1,066	7,752	45,509
Michigan	42	4,773	2,631	7,404	1,977	9,381	29,255
Minnesota	23	1,253	1,702	2,955	658	3,614	19,865
Mississippi	23	70	245	315	14	330	2,155
Missouri	42	961	2,544	3,505	1,428	4,933	20,504
Montana	15	15	87	103	19	122	804
Nebraska	22	237	653	890	321	1,211	6,871
Nevada	3	24	325	348	25	374	1,963
New Hampshire	22	12	223	235	90	326	1,655
New Jersey	66	373	1,736	2,110	862	2,972	22,383
New Mexico	19	34	229	264	36	300	1,525
New York	76	14,203	8,705	22,908	6,950	29,858	111,289
North Carolina	15	1,172	1,732	2,905	665	3,569	18,420
North Dakota	12	42	145	187	73	260	1,347
Ohio	67	2,121	4,934	7,055	1,713	8,768	31,472
Oklahoma	46	629	1,003	1,632	573	2,205	8,089
Oregon	2	296	662	958	319	1,277	8,053
Pennsylvania	113	4,830	8,139	12,970	6,176	19,145	69,979
Rhode Island	4	352	1,032	1,384	270	1,654	8,922
South Carolina	7	145	408	553	133	686	4,112
South Dakota	11	33	127	160	50	210	1,304
Tennessee	30	334	1,432	1,766	545	2,311	11,603
Texas	157	2,434	5,399	7,833	2,000	9,833	50,220
Utah	2	107	200	307	20	327	1,799
Vermont	7	2	22	24	4	27	226
Virginia	51	313	1,272	1,586	744	2,330	13,471
Washington	10	477	1,598	2,076	296	2,372	13,973
West Virginia	37	42	450	492	65	556	2,881
Wisconsin	46	341	1,993	2,334	394	2,727	9,792
Wyoming	17	7	89	97	19	115	636
Puerto Rico	0	0	0	0	0	0	0
Virgin Islands	0	0	0	0	0	0	0

* As of December 31, 1974.

† Employee benefit accounts include all accounts for which 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, for 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 for which the bank acts as registrar of stock and bonds, assignee, receiver, safekeeping agent, custodian, escrow agent, or similar capacities.

§ Includes both managing agency and advisory agency accounts.

‖ 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.

APPENDIX C

Addresses and Selected Congressional Testimony

Addresses and Selected Congressional Testimony

Date and Topic	*Page*
Feb. 5, 1974, Remarks of James E. Smith, Comptroller of the Currency, before the American Bankers Association National Trust Conference, San Francisco, Calif.	253
May 8, 1974, Testimony by James E. Smith, Comptroller of the Currency, before the Subcommittee on Securities of the Senate Committee on Banking, Housing, and Urban Affairs, Washington, D.C.	256
May 8, 1974, Testimony by James E. Smith, Comptroller of the Currency, before the Subcommittee on Securities of the Senate Committee on Banking, Housing, and Urban Affairs, Washington, D.C.	258
June 27, 1974, Statement of James E. Smith, Comptroller of the Currency, before the Subcommittee on Budgeting, Management, and Expenditures and the Subcommittee on Inter-Governmental Relations of the Senate Committee on Government Operations, Washington, D.C.	260
July 31, 1974, Testimony by James E. Smith, Comptroller of the Currency, before the Subcommittee on Financial Institutions of the Senate Committee on Banking, Housing, and Urban Affairs, Washington, D.C.	262
Aug. 13, 1974, Testimony of James E. Smith, Comptroller of the Currency, before the Subcommittee on Securities of the Senate Committee on Banking, Housing, and Urban Affairs, Washington, D.C.	263
Nov. 11, 1974, Remarks of James E. Smith, Comptroller of the Currency, before the Robert Morris Associates Fall Business Conference Session, Atlanta, Ga.	264
Dec. 11, 1974, Testimony by James E. Smith, Comptroller of the Currency, before the Subcommittee on Bank Supervision and Insurance of the House Banking and Currency Committee, Washington, D.C.	268
Apr. 9, 1974, Remarks of Robert A. Mullin, Deputy Comptroller of the Currency, before the Bankers Association for Foreign Trade, San Diego, Calif.	274
May 13, 1974, and May 23, 1974, Remarks of David C. Motter, Deputy Comptroller of the Currency (Economics), before the Dun & Bradstreet Seminar for Bank Executives, Chicago, Ill., and New York, N.Y.	275
Aug. 16, 1974, Remarks of Justin T. Watson, First Deputy Comptroller of the Currency, at the Graduation Ceremonies of the School of Banking of the University of Florida, Gainesville, Fla.	279
Sept. 12, 1974, Remarks of Justin T. Watson, First Deputy Comptroller of the Currency, before the Alabama Bankers Association, Gulf Shores, Ala.	283
Oct. 24, 1974, Remarks of Justin T. Watson, First Deputy Comptroller of the Currency, before a Symposium of the World Trade Institute, New York, N.Y.	287
Nov. 8, 1974, Remarks of Justin T. Watson, First Deputy Comptroller of the Currency, before the First Gold, Silver, and Foreign Exchange Seminar, Amsterdam, Netherlands	289
Nov. 9, 1974, Remarks of David H. Jones, Special Assistant to the Comptroller (Strategic Policy Planning), before the Annual Homecoming Luncheon of the University of Texas at El Paso College of Business Administration, El Paso, Tex.	296

Remarks of James E. Smith, Comptroller of the Currency, Before the American Bankers Association National Trust Conference, San Francisco, Calif., Feb. 5, 1974

The leading public policy issue relating to the operation of trust departments by commercial banks concerns that conjunction itself. Vocal critics of bank trust operations have generated a rising chorus of demands that trust activity be divested completely from the commercial banking industry. That is not a new challenge, certainly, but it must be viewed by us from the new perspectives that have been created by a public that has become much more analytical in its approach to our institutions. It is no longer an academic exercise; it is a serious threat. Therefore, we must face this issue squarely.

We begin with the observation that the relationship between banks and their trust departments is one which has endured for many generations. It should be severed only if there develop demonstrated abuses which can't be dealt with otherwise. The disadvantages to the public resulting from separation are many. Let me touch upon some of these.

The first relates to the number of sources of trust services available to the public. At this time, commercial banks represent the most important corporate fiduciary. There are some 3,800 banks with trust powers. Were public policy to require commercial banks to leave the trust field, the number of corporate fiduciaries would decline drastically as that policy was effected. The trust business would then be handled entirely by individuals and by non-bank corporate fiduciaries.

The inherent problems associated with individuals acting in a fiduciary capacity are well known. No individual enjoys the perpetual life of a corporation. No individual can possibly possess the comprehensive investing and management skills available in a large trust department. Individuals are not subject to any counterpart of bank trust department regulation. As to non-bank corporate fiduciaries, it appears not unlikely that, over time, with the disappearance of banks from the fiduciary area, the total number of corporate fiduciaries offering trust services would decline substantially. It is unrealistic to assume that one independent trust company would replace each bank department which is divested. An aggregation or conglomeration of several such units is much more apt to result because of capital requirements and the economies of scale that are inherent in the investment function of trust departments. Thus we see that the public would suffer a decline in the number of alternative sources of trust services, a probable decline in the average quality of services available, and a probable decline in competition in the offering of trust services.

The second major disadvantage for the public in the separation of trust operations from commercial banks relates to capitalization. Currently, total bank capital of about $50 billion is available as a protection or cushion for trust beneficiaries. Non-bank corporate fiduciaries have a much smaller ratio of capital to the total trust assets managed. However a spinoff of trust operations from commercial banks were to be handled, there does not appear to be a conceivable way, let alone a practical way, of maintaining a capital cushion of the same magnitude now enjoyed by trust accounts.

The third disadvantage to the public is a non-quantifiable one. It relates to the utility, that is, the degree of satisfaction, enjoyed by an individual establishing a trust when he is able, if he wishes, to utilize the services of one of many of well established commercial banks that enjoy a reputation for stability, continuity, and financial expertise. To remove the option of establishing a trust under the aegis of one of those institutions would appear to create a disutility that many critics of bank trust operations fail completely to take into consideration.

On the other side of the coin, I think a bank benefits from having a trust department in a non-material but very real manner. The trust department, with its strict adherence to sound fiduciary principles constitutes the pulse beat of conscience for a bank. By its very existence within the corporate structure of a bank, it radiates responsibility—a standard of duty for the entire operation to follow. That pulse beat hopefully resonates even through the "Chinese Wall" which now must exist between commercial and trust departments.

I must point out here that I also do not find any compelling merit in the suggestions that trust departments should be spun off as affiliates in a bank holding company. The change effected by a spinoff to an affiliate would be slight indeed—only cosmetic at best. That is not to say that I object to spinoff of a trust department if a bank finds valid business reasons for such corporate restructuring; that is a matter of the bank's management judgment. But do not expect that such a separation will answer the call for divestiture.

Let me emphasize that our Office is aware of the necessity of vigilant regulation of trust departments of National banks, so that we *are able* to give appropriate and soundly based rebuttals to the arguments of bank trust critics. It is also incumbent upon all of you, as trust officers, and upon us, as regulatory officials, to provide greater publicity concerning the comprehensiveness of bank regulatory procedures in the trust area. Too often we hear statements —and occasionally they even emanate from Congress—that would lead the listener to believe that trust departments are totally unregulated. You obviously know better, but we must strive to make the public aware of the situation. We need to point out, over and over again if necessary, the advantages that we see for the public in the continued operation of trust departments by commercial banks. At the same time we must recognize that if banks are to continue to have trust departments, several principles must be observed, some old, some new. Let me first deal with the old.

It is no surprise to us that there are conflicts of interest between a bank's commercial operations and its trust department. It is a fact of life with which you have lived for years. In the process, banks have acquired a very real awareness of the precautions which must be taken so as to prevent the conflict from prejudicing the interests of the trust department customers, the commercial customers, the public, or the bank. Thus, it is not news to a banker that the business of the bank cannot be mixed with that of the trust department—that one cannot be used to serve the other to the disadvantage of the first.

In addition, the monitoring of those conflicts of interest has been the primary target of trust department supervision by the banking agencies. It has been what the trust department examiner looks for. That is the primary concern of the regulations concerning trust departments. While those things are old hat to you and me, they are not always appreciated by the outsider.

Yet, we cannot remain static in our mutual awareness of the problems which the conflicts of interest between a bank and its trust department pose. That is because we do not live in a static society or economy. As various types of trust activity expand, as new adaptations of traditional trust services are adopted, as banks themselves similarly adapt to the emerging developments and financial needs of our nation, it is inevitable that there will result the need to apply established fiduciary and regulatory principles in new contexts. You, as bankers, have been doing that, as have we regulators. One example is our increased awareness of the problems inherent in the selection of brokers; another is the need to insulate trust investment decisions from non-public information possessed by the commercial side. Banks have established policies and procedures to deal with those matters, and we have made them a subject of scrutiny in examinations. We are now considering the adoption of amendments to Regulation 9 and to our instructions to examiners which will further strengthen our inquiry here, and perhaps add some clarity to the legal framework in the process.

Those amendments would deny trust department investment decision-makers access to commercial credit files. Also, the changes would articulate the necessity that trust department investment decisions cannot be based upon non-public information obtained, even by accident, from any source. Examiners would make specific checks to verify that those limitations are observed.

However, it is now apparent that we are in an era when the adaptation of preexisting regulatory principles and procedures is not sufficient. New principles and procedures are required in some areas. That, I think, results primarily from the fact that there have occurred some striking changes in the character of the American public. They no longer accept things on faith, but demand to be informed—to make their own judgments. And, as much as possible, it is necessary, therefore, that they be informed as to the operation of bank trust departments, and the extent of the relationships with the bank's commercial customers. Disclosure of the stock holdings—indeed, of all the assets held—in trust departments is essential to enable banks to continue to hold the confidence of the public. Knowing what assets an institution possesses and what it has done with those assets by way of purchases and sales may well counter much of the criticism that has been made of bank trust departments. Few actual abuses of the bank-trust department relationship have occurred; most of the criticism is based upon supposition, upon conjecture—in a word, upon ignorance. Dispelling that ignorance, even if it doesn't end the criticism, may make it more constructive and lessen the opportunities for other interests to play upon it for their own selfish objectives. I note that Jay Hambleton and I are in agreement here.

With those ends in mind, this Office is considering the issuance of regulations requiring National banks to disclose their asset holdings, and their transactions in securities to this Office and to the public. I hope that we may be able to publish those proposals for comment in the near future. We would hope to be able to develop regulations which would apply to all National banks of a significant size—say with trust assets of over $100 million; and all transactions over a certain aggregate amount—possibly $500,000 which have occurred in a quarter would be disclosed. We shall also seek a uniformity of regulation among the three banking agencies. They now have a uniform annual report. The proposed reports could be adopted in lieu of the present reports for banks above the requisite size, for example. According to our figures, if the $100 million cutoff is used, it would affect some 200 National banks and 100 State banks. I am satisfied that we have the statutory authority to require reports of that nature. I would hope that any legislation which might be considered in that area would be drafted so as not to restrict the flexibility of present authority; it is very important that we be in a position to respond to changing circumstances. It may be that there is no need for a statutory requirement. Possibly the appropriate regulatory agencies, including the SEC, might cause the institutions under their jurisdiction in this matter to report the information necessary for each agency to carry out its functions, and make that information available to each other, and to the public. Thus, I hope the SEC, and all other affected regulatory bodies, will view the proposal with favor. We will work with them to meet any problems they might have with our proposals. Knowing the character and ability of the Commissioners and the staff of the SEC as I do, I am optimistic that we can achieve a mutually satisfactory result to the benefit of all concerned, including the public.

There are other areas of reform which we must recognize. It comes as no surprise to trustmen that the bottom line of most trust operations appears in red. Fee schedules often appear designed only to cover expenses, and even then liberal exceptions are made when a community need or a commercial customer is to be served—particularly the latter. Neither is it surprising, as has been recently reported, that some bank critics have concluded that, because bank fiduciary operations are not profitable, corners have been cut in the services provided in order to effect economies. I feel that banks have left themselves open to that criticism. That, I understand, is one basis of the reported conclusion of Ralph Nader's Center for Corporate Responsibility in its study of the trust operation of First National City Bank, that banks, in general, do not provide individual service, as they claim, but use the assembly line approach. No sophisticated trustman would deny that uniform agreements are promoted and collective investment funds are utilized in our banks. However, the use of those tools is easily defended, and cannot fairly be characterized as "assembly line." Economies of scale may be a more descriptive and more realistic definition.

Not only have most trust departments been unprofitable in the past, but management in a number of banks seems to be content to let them remain so in the future. The sinister conclusion might be drawn that banks are willing to operate an apparently unprofitable trust department because their greatest rewards exist in undisclosed form. What were acceptable practices in the past may be viewed with the suspicion that they are lurking evils. Indeed, the very fact that banks hold a vast amount of stocks of certain corporations is being questioned this very day before a subcommittee of the United States Senate. In previous hearings before this same subcommittee, it was suggested that banks were wrecking the stock market and might even be guilty of manipulation of the market—the reward there being the concentration of economic power that banks control through their trust departments. Others have pointed an accusing finger at banks for abuses in the authorized practice of maintaining uninvested trust cash balances in the bank's commercial department. The claim is made that these balances are excessive, resulting in unjustified profits for the bank. That claim is given more creditability, in the eyes of the public, by statements of trust officers that their department would only be profitable if credit is given for trust balances. Checking for excessive trust cash balances has been given high priority by our trust examiners for many years. It has been our experience that there are very few abuses in that area in National banks. In recent years, trust balances have been significantly reduced through the use of short-term collective investment funds and variable amount notes which provide for investment of cash for periods as short as one day. But the questions will continue to arise as long as trust departments are not profitable on the basis of fee income.

The continuation of an unprofitable trust department is subject to even more legitimate criticism, I believe. Probably most damning is the attitude toward the department that this naturally tends to create on the part of a bank's management. New resources, both human and material, may appear better allocated to the profit centers. The result will be a decline in the efficiency of the department and of the quality of its product, which only tends to heighten its unprofitability. The personnel of the trust department may be less apt to be promoted within the bank—their motivation suffers, and once again the quality of their product.

If necessary to provide a reasonable margin of profit, banks should give serious consideration to revising their fee schedules to reflect the true value of the services which they are providing. Furthermore, the established fee schedule should be followed even if the prospective customer has a substantial commercial relationship with the bank. I suggest that if the separate identities of commercial and trust departments are not observed by bank managements in the pricing of their products, they are permitting a group of potentially damaging conflicts of interest to continue—conflicts which we may no longer be able to tolerate. This may be viewed as an extension of the Chinese Wall; I feel it is necessary if banks' managements are to make a serious commitment to their continuation of the trust business.

Just as we tend to blunt the instrument with which we write, so also can we dull and blur the true meanings of our most familiar words with constant repetition. Reflect, if you will, on what the words "fiduciary" and "trust" really mean.

If "duty" is the most sublime word in the English language—and many have lived and died in that belief—then the assumption of a fiduciary duty must be the highest calling to which a conscientious banker can respond.

If "trust" is that degree of earned respect and confidence without which no bank can adequately serve its customers, then no effort should be spared to keep it inviolate.

If periodic disclosure of aggregate holdings and transactions made in bank trust departments can strengthen public confidence in the soundness of a system working for the general good, we should welcome it.

I have full confidence in the high ethical standards that characterize bank trust activities. Given a fuller understanding, I am sure that the public will share that confidence. I count on the banking industry for full cooperation to that end.

Testimony by James E. Smith, Comptroller of the Currency, Before the Subcommittee on Securities of the Senate Committee on Banking, Housing, and Urban Affairs, Washington, D.C., May 8, 1974

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today to support S. 1933, which would permit National banks to underwrite and deal in revenue bonds.

I am the latest in a line of Comptrollers of the Currency who have come to the Congress to urge that National banks be at last permitted to serve the public interest by underwriting and dealing in non-general obligation securities issued by State and local governments. My distinguished predecessors, in testimony before committees of previous Congresses, have perceived and articulated the tremendous public needs of State and local governments, and the unutilized resources of National banks which could be employed in meeting these needs. In 1965, then Comptroller Saxon told the House Banking Committee: "We must help our cities develop the transportation, housing and other facilities which they need." Now, 9 years later, the urban and State problems are even greater, and National banks are still hobbled by archaic underwriting and dealing restrictions. Now is the time for Congress to show the American public that those problems are being addressed in Washington.

S. 1933 is an excellent vehicle for action in this area. It would amend the National Banking Act to permit National banks to underwrite and deal in all types of revenue bonds, except special assessment obligations and industrial revenue bonds, while imposing certain conditions to assure prudence. Briefly, those limitations would require that:

1. Banks underwrite and deal only in those revenue bonds which are eligible for purchase by National banks;
2. Bank investment in revenue bonds of any one obligor in all of its accounts be limited to 10 percent of the bank's capital and surplus;
3. A bank acting as an underwriter or dealer not sell revenue bonds to any of its trust accounts unless lawfully directed by court order;
4. No member of an underwriting syndicate sell bonds to the trust department of any other bank which is a member of the syndicate until the syndicate has closed;
5. Sales of revenue bonds by a bank to its depositors, borrowers or correspondent banks be accompanied by a statement disclosing the fact that the bank is acting as an underwriter or dealer; and
6. Banks not transfer revenue bonds which they purchased as an underwriter to their investment

account during the underwriting period, with certain exceptions.

In addition, the bill would require the Secretary of the Treasury to submit an annual report to the Congress showing the extent to which the business of underwriting and dealing in State and local obligations is being carried on by commercial banks as compared with other institutions in order to determine the effect of the enabling amendment on the institutional distribution of this business.

Revenue bonds have for many years been important in financing vital public projects. They gain public support by making those who benefit from a specific project pay for it. Also, communities faced with a statutory debt limit may find revenue bonds the only means of raising the money to provide needed facilities and services. It is highly significant that from a negligible amount of revenue bonds issued during the 1930's, the amount of revenue bonds issued in 1973 was $10,632,000,000, 44.5 percent of all municipal bond sales for that year.

While popular, revenue bonds have suffered the disadvantage of not being eligible for underwriting by commercial banks. Studies have shown that the average number of bids for revenue bonds has been below those for general obligation bonds. Consequently, net interest costs on revenue issues has been greater than that on general obligations. The end result has been that the taxpayer paid more than he should have. Our studies show that significant interest savings would accrue to the public if, in accordance with our free enterprise philosophy and practical business experience, commercial banks were allowed to compete in the revenue bond underwriting field.

In brief, I believe that National banks should serve the public interest and, whenever possible, use their resources to respond to public needs. If S. 1933 is enacted, commercial bank entry will increase competition in the bidding for, and distribution of, revenue bonds. That will broaden and strengthen the market for revenue bonds by improving their marketability and character as liquid investments suitable for bank portfolios and fiduciaries generally. State and local governments should be able to make needed public improvements more readily, and at a smaller cost to the taxpayer.

Despite those obvious advantages, those who have a privileged competitive position under the status quo oppose S. 1933. Let me examine briefly their arguments.

The first argument relates to the Congressional policy of separating commercial banking from investment banking. While Congress did act in the extraordinary circumstances of the early 1930's to make such a separation in the Glass-Steagall Act, it reaffirmed the earlier authority in the McFadden Act of 1927 to permit National banks to underwrite general obligations of States and their subdivisions. Throughout the Depression and until the present time, that authority has remained as a recognition that debt obligations of State and local governments have a special status. In 1968, Congress even broadened the authority to include revenue bonds issued by State and local governments for housing, university, or dormitory purposes. The extension of underwriting and dealing authority to all revenue bonds would simply be a logical and belated acknowledgement that modern financing techniques of State and local governments fall into the same category of special and privileged securities as more traditional methods.

In this connection, Congress has frequently recognized the desirability of permitting commercial banks to underwrite and deal in securities which it authorizes and considers socially worthy. Examples are obligations of the Federal National Mortgage Association, the Government National Mortgage Association, and even the Inter-American Development Bank and the Asian Development Bank. The public needs of our own citizens should certainly be accorded at least as favorable a Congressional preference.

Another argument against S. 1933 is that the underwriting of revenue bonds entails too much risk for commercial banks. The conditions in the bill which I have previously discussed make clear to me that the financial condition of National banks will not be adversely affected by the granting of this authority. Specifically, a bank would be limited to holding at one time in all its accounts the securities of any one issuer only in an amount up to 10 percent of the bank's capital and surplus. In addition, the bank could only underwrite and deal in securities of at least as high quality as those which it is now permitted to hold in its investment portfolio.

It is interesting to note that the default record for revenue bonds and the ratings they receive from bond rating services compare very favorably with general obligation bonds. In fact, some general obligation bonds are definitely riskier than many revenue bonds. I think it is time to change the situation in which National banks may underwrite the less desirable general obligation bonds while being prohibited from underwriting the better revenue bonds.

Another argument against the authority concerns possible conflicts of interest. There are those who raise the sinister specter of bankers selling undesirable revenue bonds they have underwritten to unsuspecting depositors and correspondents or putting them in trust accounts.

S. 1933 provides, by its conditions, safeguards against such abuses. Under the bill, a bank acting as an underwriter or dealer may not sell revenue bonds to any of its trust accounts unless lawfully directed by court order. No member of an underwriting syndicate may sell bonds to the trust department of another bank which is a member of the syndicate until the syndicate has closed. Furthermore, sales of revenue bonds by a bank to its depositors, borrowers or correspondent banks must be accompanied by a statement disclosing the fact that the bank is acting as an underwriter or dealer. Thus, the customers are on notice and can take appropriate action to protect their interests.

It is unrealistic to say that a bank would jeopardize its customer relations in order to sell bonds. After all, this is but a small portion of a bank's business. A more likely result is that increased knowledge concerning the revenue bond issue would permit banks to give more accurate and useful investment advice. At any rate, a bank would not keep a correspondent very long by palming off inferior securities on it.

Finally, the experience of my Office in regard to National banks that underwrite other government obligations is that conflict of interest does not seem to be a problem. I do not think the underwriting of revenue bonds will create a sudden dilemma in this respect.

The Senate has previously recognized the wisdom of permitting commercial banks to underwrite and deal in revenue bonds. In 1967, a bill similar to S. 1933 was passed by the Senate. At that time, the Senate Banking Committee considered in detail the benefits to local governments which would result from bank competition in revenue bond underwriting. I think it would be appropriate to quote the well-considered conclusions of the Committee:

> In addition to a higher incidence of negotiated sales, revenue bonds also enjoy fewer bids, even when they are issued through competitive bidding. . . .
>
> The number of bidders is extremely important to a hard-pressed municipality since the figures show the interest paid is inversely related to the number of bidders. In other words, the greater the number of bidders the lower the rate of interest which the city will have to pay on its bonds. (S. Rept. No. 713, 90th Cong.)

S. 1933 is good for the American people, good for the local governments and good for the National banks. I hope that I will be the last Comptroller of the Currency to come to the Congress to urge passage of a revenue bond underwriting bill.

Testimony by James E. Smith, Comptroller of the Currency, Before the Subcommittee on Securities of the Senate Committee on Banking, Housing, and Urban Affairs, Washington, D.C., May 8, 1974

S. 2474 is designed to establish a system of Federal supervision of parties trading in the municipal securities market. That market has, in the main, performed its debt financing function for State and local governments and other public agencies over the years with commendable efficiency and integrity. That has occurred in a setting largely free from Federal supervision, although the anti-fraud provisions of the securities laws have been applicable. However, there have been a number of isolated cases of abuses in recent years which we believe may justify consideration of adoption of some degree of Federal regulation and enforcement supervision of certain aspects of the municipal securities business.

This Office has been working with the Securities and Exchange Commission in an attempt to arrive at a legislative approach which both our agencies would be able to support. Although we have not at this point reached such an agreement, I am optimistic that it is still within the bounds of possibility that we do so. For that reason, I shall confine my testimony to a few general observations covering the subject of S. 2474.

We do not believe that the evidence at hand respecting abusive practices supports such a sweeping and undefined regulatory power as S. 2474 would establish. It should be noted that nearly all of the abuses of which we are aware have been subject to the SEC anti-fraud powers. We believe that the historic concept of this nation, of a government of limited powers, imposes a heavy obligation on those of us in the regulatory agencies to spell out with reasonable clarity the business practices or activities which justifiably should be regulated to protect legitimate public interests. The carte blanche delegation of regulatory powers which S. 2474 would entail seems to us contrary to the fundamental philosophies of our government and in excess of what the situation requires.

S. 2474 contemplates the creation of another self-regulatory agency with rule-making and enforcement powers, similar to the National Association of Securities Dealers. For the reasons I have just stated, we do not believe that the establishment of another such self-regulatory body is warranted. While the establishment of a rule-making board composed of segments of the municipal securities industry plus representatives of the public interest may be of benefit, existing enforcement mechanisms contain the potential to carry out the rules and policies which legislation in this area would provide for. The NASD and/or the SEC could perform that enforcement function for non-bank dealers. The banking agencies are ready, willing, and able to perform a similar function for bank municipal bond dealers. Such a solution was wisely adopted by the Committee on the regulation of stock transfer agencies and depositories in S. 2058, which passed the Senate. That is a more desirable solution on enforcement, we believe, because it makes allowance for the preservation of bank soundness while still accomplishing the purposes of the bill. In addition, utilization of those existing enforcement mechanisms will avoid the increased expense and bureaucracy which the creation of a full-blown self-regulatory body would entail.

After all, it is the result which is important. Rather than a simplistic identicalness of enforcement mechanisms which makes no allowance for bank solvency, we believe that investor protection can best be achieved through a coordinated enforcement endeavor, with the banking agencies expressly having the first opportunity to correct an abuse, and the SEC having a residual authority which it should exercise only after consultation with the appropriate banking agency. In addition, it would appear that the banking agencies should have the right to request that the Commission take action against a non-bank municipal securities dealer.

The enforcement provisions of legislation in this field should make those principles explicit. At the same time, they should make clear that the banking agencies can use their present powers, including Section 8 of the Federal Deposit Insurance Act, to enforce the requirements of the legislation, and any rules promulgated thereunder.

Similar comments might be made with respect to inspections of bank municipal securities dealers. Inspections for information purposes, such as S. 2058 contemplates, should be differentiated from those for enforcement. As to the former, we recommend that authority be made subject to similar constraints as S. 2058 contains, basically that the Commission coordinate its inspections with the examinations of the appropriate banking agency. As to the latter, the same safeguards as we have recommended for enforcement actions should apply.

We also believe that the principles of limited governmental interference with legitimate business practices which we mentioned a moment ago dictate that the powers of any agency which is given the authority to issue rules and regulations governing municipal securities dealers should be carefully circumscribed and defined. It would appear desirable that it be required that all government agencies involved in the regulatory process be consulted at some stage in the establishment of such rules. We have included in an appendix to this statement a list of the powers which we believe should be the limit of authority given the rule-makers under this legislation. Those subjects are reasonably related, we believe, to the undesirable practices which have been observed in the industry. We believe it far better for the agencies involved to return to Congress for additional powers if experience develops that those given are insufficient. We have no doubt that this body would respond promptly and responsibly to such a request.

We also have a number of suggestions on technical points. Those points are also contained in the appendix to this statement.

APPENDIX

List of Subjects of Authority for Rulemakers

1. Fraudulent, manipulative or deceptive practices
2. Suitability
3. Markups
4. Excessive transactions
5. Trading by members of syndicates
6. Authorization and acceptance of accounts
7. Approval and review of transactions
8. Voluntary arbitration procedures
9. Accounts, correspondence, memoranda, papers, books, records and other data which must be maintained.
10. Procedures for periodic inspections

Section 2(23).

Section 2(25). Add "subsidiary" before "department" wherever it appears. This is consistent with the treatment accorded bank operating subsidiaries in S. 2058 and recognizes that such entities are subject to many of the same considerations as apply to parent banks.

Section 2(24). Preserve "actively." Delete "including any employee of such dealer. The Commission may by rules and regulations classify, for the purposes of any portion of this title, persons, including employees, controlled by a municipal securities dealer."

The requirement that a person within this definition must be "actively engaged" in dealer activities is desirable—any broadening of this group to persons "directly or indirectly" engaged in these activities is too broad, especially when viewed in the context of a large bank affiliated with a bank holding company. It would impose unnecessary burdens upon persons and entities whose functions are largely unrelated to a bank's conduct of municipal bond dealer operations.

Section 7. Revise to read: "The Commission and the bank regulatory agencies shall include in their annual reports to Congress a summary of their regulatory activities with respect to municipal securities dealers." We see no reason for singling out banks for special treatment, and believe that such reports regarding banks could best be made by the appropriate banking agency. It is possible that such reports could be potentially damaging to existing banks; the banking agency could best apprise Congress of the sensitivity of such information and in appropriate cases make recommendations for its safeguarding.

Statement of James E. Smith, Comptroller of The Currency, Before the Subcommittee on Budgeting, Management, and Expenditures and the Subcommittee on Inter-Governmental Relations of the Senate Committee on Government Operations, Washington, D.C., June 27, 1974

"Disclosure of Corporate Ownership"

We appreciate having the opportunity to testify here today. The area of your inquiry is a very vital one; one in which our Office has for years been concerned. It has been a matter of some surprise to us in the past few years to observe that much of the public discussion of bank trust departments and their supervision has not taken cognizance of the role of the bank regulators in this area, both present and potential. So it is that we welcome this invitation here this morning, hopefully, to add some perspective to this subject.

Some background of the activities of the Office of the Comptroller of the Currency might be useful. This Office has the primary regulatory authority over the National banks of this country. However, until 1962, that authority was shared with the Federal Reserve Board with respect to the trust departments of National banks. National banks had to obtain the approval of the Federal Reserve before they could establish such a department, and to conform to the Federal Reserve's rules, then Regulation F, in the operation of that department. At the same time, they were examined and otherwise supervised by this Office.

In 1962, Congress corrected that anomaly and transferred the licensing and regulation-making authority over National bank trust departments to this Office. In the same act, the regulation-making authority over common trust funds of all banks and pooled pension and profit sharing trusts of National banks was also placed in the Comptroller.

The trust departments of all National banks have been regularly examined by this Office since the mid-1930's. In addition to the examinations which we conduct at least three times each 2 years of the National banks' commercial operations, a specialized examination is conducted annually of their trust departments. Those examinations are performed by trust specialists. Neither the examinations of the banks nor of the trust departments are rigidly compartmentalized, so that examiners of either function may and do obtain the necessary information through reference to the records found in either section of the bank.

In the course of their examination of a bank's trust department, our representatives scrutinize very carefully the investments of the trust portfolios. They look for conflicts of interest, self dealing, or other violations of the law of trusts, as well as applicable State and Federal laws. In the performance of that examination they, as a matter of course, ascertain which securities are owned by each account and who the beneficial owners of those securities are. The fact that the trustee bank holds entrusted securities in the name of a nominee does not conceal the beneficial ownership of each trust asset. Violations of law, regulation or sound fiduciary principles discovered by the examiner are criticized in the report of examination. Such criticisms are followed up by this Office until satisfactory correction is made. In addition, all trust holdings of stock of the trustee bank and affiliated companies are reported to this Office in the report of examination. Thus, over the years there has been no lack of knowledge on the part of this Office as to what was held by National bank trust departments, or identity of the beneficiaries of each account being administered.

What I have discussed thus far indicates that the report of examination deals with specific criticisms and with trust holdings of securities of the bank and its affiliates. Where additional information has been needed, it has been obtained by requiring the filing of other reports. Thus, National banks have, since the 1930's, been required to file annual reports with this Office, setting forth the amounts of trust department assets held by category—stocks, bonds, real estate, etc. In 1963, this Office amended that system of reports to require market value figures, rather than the often inaccurate book values which had prevailed theretofore. The other banking agencies followed our lead in this revision a couple of years later, and it was this method of reporting which was adopted by Chairman Patman's Subcommittee in its report on commercial banks and their trust activities, published in 1968.

Since 1963, this Office has also required all banks operating common trust funds and National banks operating pooled trusts for the collective investment of pension and profit sharing funds to file their annual reports for such funds with us, and to make them available upon request to anyone. Previously, under the regulations of the Federal Reserve Board, banks were prohibited from disseminating information regarding common trust funds. The 1963 amendments of this Office required the disclosure by National banks of the assets held in all collective funds. As you know, those funds are used by banks collectively to invest the assets of separate trusts. As such, the funds represent the largest asset pools within banks and, thus, are the most relevant sources of information for one who is interested in ascertaining what the investment policies and holdings of given banks may be. At the same time the reports do not reflect the individual accounts which are invested in the collective funds or their beneficiaries, thus their disclosure does not interfere with the confidentiality of individual holdings.

In an effort to provide further information on bank fund holdings, this Office, in 1965, initiated an annual questionnaire to all banks operating common trust funds. That questionnaire elicits information as to common fund holdings as of a given date, thus furnishing a basis of comparison for such holdings. Those data have been assembled annually in tabular form and made available to the public by this Office, occasionally accompanied by analyses of their investment composition and performance as against other types of funds, prepared by members of our Department of Economics.

In April of this year, this Office published for comment proposed regulations requiring National banks to make disclosures of trust department holdings of individual securities. Under those proposals, National banks having trust assets of $100 million or more would be required to file this additional report with this Office. Holdings in excess of 10,000 shares of any one company will be reported. This report would require disclosure of the degree of investment responsibility and voting power over the shares held. In addition, the proposed rules would require National banks to file reports quarterly on all transactions which have occurred during that period which are in excess of 10,000 shares of $500,000 in value.

That additional reporting system, we believe, is desirable in view of the increased awareness and interest of the public in this subject. As I stated in announcing those proposals in February of this year:

> They no longer accept things on faith, but demand to be informed—to make their own judgments. And, as much as possible, it is necessary, therefore, that they be informed as to the operation of bank trust departments, and the extent of the relationships with the bank's commercial customers. Disclosure of the stock holdings—indeed, of all the assets held—in trust departments is essential to enable banks to continue to hold the confidence of the public. Knowing what assets an institution possesses and what it has done with those assets by way of purchases and sales may well counter much of the criticism that has been made of bank trust departments. Few actual abuses of the bank-trust department relationship have occurred; most of the criticism is based upon supposition, upon conjecture—in a word, upon ignorance. Dispelling that ignorance, even if it doesn't end the criticism, may make it more constructive and lessen the opportunities for other interests to play upon it for their own selfish objectives.

It is our understanding that the other banking agencies are preparing similar reporting requirements. At present, 224 National banks would be covered by the proposal. If the Federal Reserve were to adopt a similar requirement, 80 State member banks would be affected. If the FDIC were to do likewise, another 39 State banks would be subject to the rules. Our Office plans to make the information contained in the reports available to other government agencies, and the public. The period for comment on the proposed rules has just expired, and we are in the process of analyzing the comments we have received. We hope to be able to make the regulations final in the near future and to receive the first annual report of holdings as of December 31, 1974, along with the initial quarterly report of transactions, covering the last quarter of this year.

We believe that between the requirements of disclosure which we are going to impose, and the supervision of trust departments which we are performing through the examination function, the necessary protection to the public can be achieved with the minimum interference with business, while similarly keeping the expansion of the federal bureaucracy under restraint.

Our philosophy throughout the period which I have just reviewed, has been one of requiring increased disclosure by bank trust departments. We have endeavored to provide the maximum of meaningful disclosure while imposing a minimum of burdensome reporting requirements, and also avoiding any unwarranted governmental intrusion into the privacy of individual estates. We have not, and we do not intend, to require public disclosure of the holdings of individual accounts, or of the persons holding beneficial interests in them. Frankly, we can see no justification for proceeding so far into the private financial affairs of individuals. Adequate authority exists for the respective agencies of government to obtain such information where it is relevant for legitimate government purposes.

Testimony by James E. Smith, Comptroller of the Currency, Before the Subcommittee on Financial Institutions of the Senate Committee on Banking, Housing, and Urban Affairs, Washington, D.C., July 31, 1974

It is a pleasure to appear today in support of S. 3817, a bill to amend the National Bank Act and certain other acts to permit federally insured financial institutions to charge 5 percent above the Federal Reserve discount rate on loans to corporate borrowers.

As the regulator of National banks, our Office is well aware of the reasons for this bill. In a number of states, usury laws limiting the amount of interest that National banks may charge on loans apply to corporate loans as well as to personal, consumer loans. In Tennessee, Arkansas, and Montana, for example, the maximum loan contract rate for corporations is 10 percent, a figure below the prime rate and the Federal funds rate. The inevitable result of that condition is the lack of funds available for the normal and productive conduct of the banking business as it relates to the corporate sector. Let me give you some examples.

A National bank in Tennessee has had a restrictive policy on loans for the past 4 months. Its senior loan officer has told us that $22 million of creditworthy loans had to be refused. Although the stringent money market conditions have been partially responsible, the rate limit factor has been present in every case. The bank estimates that around 50 percent of those loan applications would have been approved if the bank had the ability to price the loan terms competitively.

Examining the situation on a case-by-case basis, another National bank in Tennessee had to turn down an otherwise creditworthy loan of about $1 million to a new company in the furniture manufacturing field. That new operation would have added new jobs to the Tennessee economy but has not been able to commence operations because of the lending restrictions in Tennessee.

The same bank had another application for a $400,000 loan from a coal company for the purchase of coal mining equipment. Despite the offer of personal endorsements on the loan and good equipment collateral, the loan was turned down because of the credit restrictions in Tennessee. Certainly that loss to the energy resources of the country is a very undesirable consequence of the special problems National banks face in states which extend usury laws to corporate borrowers.

In addition to those instances I have seen copies of letters from businessmen in the affected states that reflect their deep concern about the restriction of available funds. A food company executive says: "Our business is hurt by this restriction." A small businessman cites the possibility that his company might "run short in relation to current payables, payroll, capital expenditures and expansion." Yet another letter, this one from a shopping center development company executive, states:

> Because of the 10 percent usury law, we are being slowed up and find it very difficult to continue to develop in our State. Most of the other areas we are operating in are not handicapped by this law.

In the vital area of health products, officials of a company supplying drug prescription products states: "Our ability to meet these needs is being seriously impaired due to the critical shortage of corporate money in Tennessee."

Of course, those examples illustrate the more fundamental question of usury laws and their social utility. Usury laws have always been presented by their proponents as offering protection against unreasonably high or unfair rates of interest. As long as the legal rate ceiling is above the going market rates, it is obvious that the law has no effect. During those periods the existence of usury statutes is widely ignored.

When the level of interest rates moves upward, and the going market rates for particular types of loans would, in the absence of restrictions, exceed the legal maximum, the funds funnelled by lending institutions to those types of loans dwindles over time and eventually disappears. While banks certainly attempt to meet the needs of their long-time customers, they are not charitable institutions. Therefore, they cannot indefinitely channel funds to uses yielding rates of return well below rates available on alternative uses or at rates below the bank's marginal cost for funds. It is cold comfort to a prospective borrower to be aware that he is "protected" from "usurious" rates of interest when no funds are available to him at the legal rates.

While the most desirable solution to this problem would be remedial action at the State level, we must confront the reality that in some affected states there is scant chance of such action, at least in the near term. In a State such as Tennessee, where the rate limit is a constitutional provision, the elaborate machinery simply cannot be cranked up in time to solve the very immediate dilemma. That, of course, mandates Federal attention to an economic problem which is regional in scope and National in effect.

There is adequate precedent for Federal action in this area. In 1933, the National Bank Act (12 U.S.C. 85) was amended to permit National banks to charge 1 percent above the discount rate on 90-day commercial paper in effect at the local Federal Reserve Bank. Senator Glass, who introduced the amendment, perceived that when such a rate exceeded the State interest rate ceilings, National banks had to be the instrumentalities to permit businesses to borrow money, or face possible collapse.

Although the Federal Reserve discount rate no longer reflects market rates and the 5 percent above discount rate provision is a necessary amendment, I think that precedent has some value in itself. It has been suggested that the Congress select an index, such as the 90-day Treasury bill rate, that would be more responsive to market conditions. As the need is for immediate remedial action, the most effective procedure would be a modification of the existing law, referring to the discount rate, in the manner of the bill introduced by Senator Brock. In this connection, the 5 percent leeway will give a sufficient margin of return to reopen the channels of credit to many deserving corporate borrowers in states such as Arkansas, Montana, and Tennessee.

I am pleased to note that S. 3817 extends the coverage of the proposed amendment to all federally insured banks and savings and loan associations. This is in line with a recommendation transmitted to Senator Brock by our Office.

National banks in those states need the additional authority granted in S. 3817 in order to serve adequately the financial needs of businesses, on which payrolls and economic development depend. Swift passage of the bill would be a service to the public in those states.

Testimony by James E. Smith, Comptroller of the Currency, before the Subcommittee on Securities of the Senate Committee on Banking, Housing, and Urban Affairs, Washington, D.C., Aug. 13, 1974

We are pleased to testify here this morning on S. 2234 and S. 2683. While they have individual variations, they also have in common certain features upon which my comments today will primarily focus.

These bills would establish a comprehensive system of disclosure of securities held by institutional investors. Also required would be the reporting of securities transactions by those investors. These reports would be filed with the Securities and Exchange Commission.

We believe that the objectives sought to be accomplished by the bills have desirable aspects. The need for public disclosure of what is held by institutions, and what they are doing with those holdings, has been shown. The Comptroller's Office has recognized this by imposing additional disclosure requirements upon National bank trust departments which by the end of the year will be providing much of the information called for by these bills.

Both bills, however, would impose disclosure requirements which go beyond what appears to be justifiable for regulatory objectives. In the process they would impose unjustified cost and administrative burdens upon banks.

We do not believe reports of bank holdings of securities need be made more frequently than once a year. Neither do we believe that reports of debt securities are necessary. There would also be added cost to banks in providing such reports on a more frequent and comprehensive basis.

If the purpose of the legislation is only to enable all agencies of government and the public to be informed of the power wielded by institutions, and the effect their securities transactions have on the market, that can be accomplished by requiring annual reports of equity holdings, and quarterly reports of transactions in those securities. The information which an annual report reveals, supplemented by information revealed in quarterly reports of transactions, will provide a reasonably accurate source of information on the potential influence which a single or any several institutions might have over particular companies or industries. Reports of trading in debt securities are not very necessary or helpful to these purposes.

On the other hand, if increased disclosure is also desired to enable persons to measure the performance of institutions, it is not accomplished by requiring banks to give quarterly reports of securities held in all types of accounts. The total securities holdings in a bank trust department will be a reflection of the varying restrictions which a myriad of governing instruments impose both on retention of assets received with various estates, and on the permissible range of investments to be made by the bank. That can be no basis for any intelligent or accurate measurement of performance. The best, perhaps the only, reliable basis for measuring bank performance is the thorough analysis of asset composition of bank collective investment fund portfolios. Current regulations already require the annual disclosure of the holdings of those funds, plus all transactions which have occurred in that period. Another possible index of performance would be the holdings of individual pension funds. That information would not be brought forth by the reports required by these bills. It is, of course, already available in the reports required under the Welfare and Pension Plans Disclosure Act, as amended. In any event, we believe that the foregoing shows that quarterly reporting of holdings of *all* securities held by banks cannot be justified by the performance data which those reports would yield.

As indicated previously, the Office of the Comptroller has imposed on National banks a system of disclosure which is consistent with the foregoing principles. It requires what is needed for all legitimate needs, and no more. It can be effectuated within a reasonable period. Best of all, it is flexible. It can be readily amended to provide any additional disclosure which the Congress believes appropriate. It coincides with the existing bank supervisory framework, and will cover the bulk of the bank institutional investors. The information will be available to the SEC and all other agencies, as well as Congress and the public.

Given this set of circumstances, we respectfully ask this Subcommittee to consider carefully whether legislation placing an across-the-board reporting requirement with the SEC is warranted. We suggest that consideration be given instead to the enactment of authority in the SEC to compel the production of reports from any institution which is not already providing reports which conform to certain set standards—which standards we hope would be along the lines of our present reporting system. We submit that that would satisfy the essential public concerns, while at the same time avoiding an unnecessary expansion of the Federal bureaucracy through a duplication of regulatory efforts.

Remarks of James E. Smith, Comptroller of the Currency, Before the Robert Morris Associates Fall Business Conference Session, Atlanta, Ga., Nov. 11, 1974

Although the title of my address appears in your program as "Famous Banking Wrecks", it should be more discreetly and appropriately described as "The Advancing Art of Bank Regulation" or "Some Lessons from Recent Bank Failures". As a compromise I am entitling this speech "Address by James E. Smith".

Actually, I am not here today simply to rehash some old war stories for the sake of their entertainment and dramatic value, to which it would take a Shakespeare to do full justice, but rather to extract the lessons from recent bank problems for instruction in desirable directions for regulation in the future. Some of those lessons have already found form in new regulations, and others are now being evaluated with better informational and analytical tools. These matters are of substantial import to our industry, and it is appropriate that I bring them to the attention of those bank officials most directly affecting the safety and soundness of our banking system in their daily decisions—the men who determine the nature of the loan portfolios of our banks.

Let me start out with a couple of lessons that we learned in the failure of United States National Bank of San Diego. This was a case, as you know, of a total corruption of sound and honest credit administration principles that ultimately brought about the bankruptcy of a major institution and economic injury to many innocent people, though thankfully to no depositors.

Upon being sworn in as the 23rd Comptroller of the Currency in the summer of 1973, I immediately joined my new colleagues in the salvage effort being directed toward USNB, an effort which culminated in the failure and sale of that bank to Crocker National in October of the same year. Our post-mortem analysis certified that which we already knew; that USNB was the victim of what I have characterized on more than one occasion as "self-dealing lending run riot."

The interrelationship between C. Arnholt Smith, USNB, Westgate California Corporation, British Columbia Investment Company, and other affiliated interests has been detailed previously in major news publications. Moreover, I believe that between Frank Wille and me, the USNB story has been recounted at least once during the past year to every individual even remotely connected with the banking industry.

I will try to hold repetition to a minimum but, in order to give you some perspective on the scope of the self-dealing involved, let me throw out a few numbers. Our examination of USNB, completed in March 1973, showed credit extensions of about $340 million to affiliated interests of Arnholt Smith, roughly 38 percent of the loans of the bank. An additional $42 million had been indirectly channeled to associated companies through standby letters of credit. We were clearly not dealing with a small time operation.

Within the realm of failed banks, self-dealing is not an uncommon causal factor. In fact, 11 of the 31 bank failures since 1968 may be primarily attributed to insider transactions and that same factor was significantly present in 16 others. The FDIC reports that 75 percent of the banks appearing on the "Serious-Problem-Potential Pay-out" list and 54 percent of those listed as "Serious Problems" involve excessive insider dealing.

Almost a year ago I testified on the USNB receivership before the House Subcommittee on Bank Supervision and Insurance. At the conclusion of that testimony, I indicated that we had tentatively identified some potential problem areas which would be reviewed with the goal in mind of developing regulations to curtail future USNB-type abuses.

The first regulatory response directly associated with USNB's impact came last August when the three Federal regulatory agencies adopted rules making the single borrower lending limit and the restrictions on lending to affiliates applicable to standby letters of credit. There is a statutory limit of 10 percent of capital funds allowed for the extensions of credit to any one borrower. The effect of the new regulation will be to require the aggregation of direct loans and standby letters of credit when extended for the benefit of the same borrower.

The rationale of that rule is that under a standby letter of credit the bank is undertaking a legally enforceable commitment that resources will be available to support a particular borrower if funds are subsequently needed and the concept of concentration of risk is every bit as present in this device as it is in a straight loan. From the standpoint of administering the law aimed at preventing undue concentration of risk by a bank as to any one borrower, the greatly increased use of standby letters of credit in recent years has made it imperative that the loan limit be applied to those instruments. We will also now be in a better position under that regulation to prevent imprudent use of the standby facility, such as occurred in the United States National Bank case, for the benefit of the controlling interests.

The other major regulatory development thus far to have been spun-out of the USNB case is the regulation we have proposed to require the identification of officer and director business interests so that bank examiners can properly review the appropriateness of extensions of credit to affiliated interests of those individuals. That was a major element in the USNB problem. Arnholt Smith was able through numerous business entities in which he had undisclosed interests to subvert bank loans to his own use, greatly in excess of the legal maximum to one party. The core of that problem was that the examiners had no records within the bank to turn to that would identify all of the various business interests of Smith so that they could properly police the loan limit. The new regulation, which I am publishing in final form this week with an effective date of January 31, 1975, will substantially reduce the likelihood of massive self-dealing occurring again in a National bank.

The new regulation will provide that directors and principal officers of National banks will be required to keep on file *at the bank*, for review by our examiners, by the bank's board of directors, management, and appropriate lending officers, auditors, and attorneys, a statement identifying any business enterprise in which the reporting officer or director, his spouse, or his minor children have an interest, and any relationship such an enterprise might have with the bank. In order to assure completeness and truthfulness in answers, the statements filed are made subject to the penalty provisions of the Federal criminal statutes. With that comprehensive treatment of the business interests of bank officers and directors in hand, bank examiners will be able to identify all credit relationships of the bank to affiliated interests of those officials, and determine whether such relationships are within the statutory limits in amount and whether they are fair from the standpoint of the bank.

One of the primary benefits of that regulation will be that, from the standpoint of a responsible bank president or credit officer, there will be a strong regulatory policy behind that regulation for him to rely upon in requiring that any extensions of credit to officers and directors and their affiliated interests must meet the toughest standards applicable to any non-affiliated customer. The bank's best interests, not those of the officer or director seeking the loan, will be the criterion in such loans.

The types of business interests to be covered by that regulation include the ownership of stock, or other legal or beneficial interest in a business enterprise, which amounts to 10 percent or more of the outstanding equity interests in the enterprise or any class of stock therein. Included also will be any indebtedness owed to another enterprise in the amount of $100,000 or more, and certain holdings of indebtedness of other enterprises. Additionally, all instances of an authority in a director or officer to direct the management or the policies of another enterprise, whether through the ownership of securities, by contract, by intercompany relationships, or otherwise, will be reported. Any positions in an enterprise, including those of employment, trusteeship, beneficiary, or partnership, will be reported. For the purposes of determining the "interests and positions" in an enterprise, a director or officer's immediate family's interests or positions will be included, the family being defined as his spouse and minor children.

Our expectation is that the new regulation should prevent much of the abusive self-dealing practices in the relatively small portion of the National Banking System where they exist. The banking industry will do credit to itself in the eyes of the regulators, the Congress, and the banking public by affirmatively implementing both the letter and the spirit of the regulation.

Out of our general experiences with troubled banks in recent years we are also moving in several other areas where problems for banks can appear. One of our recent efforts to strengthen regulatory oversight capabilities in the bank lending area includes a past-due loan report series. Soon all National banks will be submitting to us, on a regular basis, a summary of their past-due loans as a porportion of their total loans. We plan to require submission of those reports every 2 months, with the report date falling on the last business day of the cycle's second month. The first such date is the last business day of November, with submission due on December 10. Data on four loan categories, including real estate, commercial and industrial, personal, and "all other", are required.

We believe that the report will furnish our Office with a useful regulatory tool. Our Regional Administrators will receive a copy of those reports and thus will be able to follow loan delinquencies for each individual bank on a more frequent basis than our present examination cycle allows. We will subject the data to intensive computer analysis. The results will allow us to distinguish regional differences, size-of-bank differences, and differences by type of loan. Over time we will be able to make valuable year-to-year comparisons. We plan to return to every National bank a summary of the results so that the individual bank can comparatively place itself within the spectrum of banks of its own size and region, and generally structure its loan and past-due policies from a more informed position. I think that the ultimate result of this better information will be a lower proportion of past-due to total loans, which naturally improves the safety of the system, and will probably improve bank profitability as well.

From the 200 largest National banks, we have also requested a new report, entitled the "Maturity Schedule of Assets and Liabilities", to be completed as of the last business day of October 1974 and due by November 15, and thereafter every three months.

We have felt for some time that the "Bank Liquidity Analysis" (BLA) form, which every National bank has been submitting with the Report of Condition since December 1966, has imperfectly measured the liquidity of the larger National banks. Perhaps the principal weakness of the BLA form is that it does not measure access to market funds possessed by those banks. We give less credence to another criticism of it from bankers, that it does not take into account the liquidity entailed in a loan runoff. It is our observation that an ongoing bank that plans to be a continuing institution can not rely upon its ability to cut back the extension of loans, and that such new extensions typically match or more than match funds received in the runoff.

Ideally, in any attempt to analyze the matching of maturities of assets and liabilities, one would want access to a maturity breakdown for all those assets and liabilities for which the maturity concept has meaning. In our discussions with the banking industry during the spring and summer, however, it became apparent that at this time we could not secure comprehensive maturity data on loan portfolios from even the larger National banks. Consequently, our initial Maturity Schedule does not require loan maturity data. I have urged the larger National banks, however, to pursue the task of computerizing loan records as rapidly as possible. We believe that for both our purposes and the purposes of bank management, such information is invaluable.

We are aware of the argument that loan maturity data would tend to overstate liquidity, because there are often unwritten commitments to rollover C&I loans. We recognize the existence of such commitments. However, we also tend toward the view that the contractual terms of a loan agreement provide the best base from which to begin the process of estimating the effective maturities of loan portfolios, an element which will be important to a fully satisfactory data base.

With the data we develop from the Maturity Schedule, we will be able to run analytical programs on individual banks and on the aggregate. We believe that can provide us with a comprehensive picture of the true liquidity situation of each bank and of the industry as a whole. Projections might be able to be made of what the impact on each bank might be of changes in certain major variable factors such as interest rates, aggregate deposits in the system, increases in loan demand, and so forth. Significant findings will be made available to the individual bank and/or to the industry as a whole, as may be appropriate.

The end result of the Maturity Schedule project should be a much better informed banking system where banks can properly plan future actions with an understanding of what changes in their true liquidity situation may develop as a result. At some point it may be possible to carry this system on an individual bank basis to the smaller banks as well, although they will also benefit with the initial program in knowing more about the general liquidity situation in their industry.

Another current endeavor of our Office relates to our examination treatment of loans to large national corporations in which two or more banks provide the loan proceeds. Our Office has arrived at the fairly logical conclusion that we cannot justify divergent treatment of the same loan among participating banks. To achieve uniform treatment calls for new procedures.

We have taken steps to set up a procedure under which a team of senior examiners from various regions will go to the "lead" banks for all loans totaling $20 million or more in which two or more banks are participating. The examiner team will decide upon the appropriate classification of the national credit during the visit to the lead bank. That will continue to be the sole classification in all participating banks until the next examination of the credit in the lead banks. Additional reviews of such credits may be made on an unscheduled basis when there are significant developments that have affected, or would be likely to affect, the quality of the credit.

Each of our Regional Administrators will receive a copy of the classifications of national credits and we also plan to furnish a copy to the Conference of State Bank Supervisors (CSBS). We have worked closely with the Conference and with the American Bankers Association in developing the nuts and bolts of this program.

According to our latest information, it appears likely that CSBS will begin a similar program. If that is the case, CSBS will furnish us those classifications made for national credits in which State banks take the lead position. Not only will this program eliminate the obvious inequities of divergent classifications, but will also improve the efficiency of our examination procedure. We are instituting a similar program to secure uniform classification of foreign credits in our examination of the international operations of National banks.

Despite our regulatory activities in the lending area, we all know that the real responsibility for maintaining high loan policy standards and, among other things, thwarting self-dealing, rests with individual banks. The fundamental element of a bank's efforts to assure quality in its loans is a written loan policy. Unfortunately not every bank has a good policy or, for that matter, any formal policy at all and even some who have good written loan policies do not observe them. From time to time, our Office gets inquiries on how to formulate or strengthen a loan policy and we generally recommend a nine point program which is not far different from that proposed in a number of banking publications.

One point which we emphasize in our recommendations and one which becomes increasingly important in today's economy concerns loan review. The importance of periodic loan review and of increasing the frequency of that review when economic conditions dictate cannot be stressed too much. Our examination records show that many of today's criticized loans result from failure to establish a firm loan review procedure.

We are seeing a good example of the importance of loan policy and loan review in the construction and the housing industries. The energy crisis, rising building material costs, high interest rates, and general inflationary pressures have caused some builders to default on their loans. While banks should continue to support the mortgage market to the maximum extent feasible, they also need to be wary of acting too casually in this area, particularly in the construction field.

I am speaking specifically of so-called "front-end loans" or "front money loans". As you know, that type of loan is short-term, unsecured, and typically used to cover such preliminary building costs as architect fees, feasibility studies, or picking up land options. It is also the mechanism that provides the builder with the front money equity which is required by the financial institution providing the construction loan. Thus, the promoter of a construction project may reach the construction loan stage without involving any of his own funds. When the project shows signs of weakness and either construction loan funds or sales funds do not show up, the front-end lender may be left with little or no prospect of repayment.

The bank with a solid written loan policy that is enforced would probably be insistent on obtaining a better secured position with respect to such loans to begin with, and probably in a systematic loan review procedure would have identified the developing problem in that area in time to retrench such lending activities. But, as I said earlier, some banks do not apply a rigorous written loan policy or review procedure and are learning the costs of that lack of proper internal control the hard way. The lesson for all of us in the front-end loan experience is that the developing and maintaining of a firm written loan policy and loan review procedure is an essential factor in the maintenance of high quality assets in our system.

This has been a brief review of some of the new regulations, new information systems, and improved concepts that we will be using in the future to help assure that banks maintain asset quality in the National Banking System. The primary motivation for high quality in our system, however, must come from bankers themselves. Regulators can only facilitate and encourage careful and reasoned credit extension, they cannot make the actual credit judgments for a bank. Our regulations can help focus proper attention on systems and procedures, but they cannot substitute for good judgment and good faith on the part of the Nation's bankers. My experience with bankers has shown me that these virtues are vastly predominant, and that this Nation can continue to rely upon the banking system to perform its essential economic functions in a sound, efficient, and fair manner.

Testimony by James E. Smith, Comptroller of the Currency, before the Subcommittee on Bank Supervision and Insurance of the House Banking and Currency Committee, Washington, D.C., Dec. 11, 1974

"United States National Bank Insolvency"

On October 18, 1973, I declared United States National Bank of San Diego, Calif., to be insolvent and appointed the Federal Deposit Insurance Corporation as receiver. In testimony before this Subcommittee on November 27, 1973, FDIC Chairman Wille and I recounted the events leading up to this action, and described the overnight transaction by which Crocker National Bank took over certain of the assets and most of the liabilities of USNB, thus preventing any loss to depositors.

I stated then that the Comptroller's Office still was studying the causes of the failure and the means of diminishing the chances of a recurrence of similar problems at another bank. In the course of that evaluation, my staff and I reviewed the examination reports of USNB for the last 15 years. Additionally, two seasoned National bank examiners reviewed the loan slips relating to credits of C. Arnholt Smith, Westgate California Corporation, British Columbia Investment Company, Hollis Roberts, and any related companies or individuals which were prepared during the examinations of USNB commenced on August 11, 1969, April 15, 1970, December 11, 1970, and September 10, 1971. We investigated any suggested possibilities of malfeasance on the part of employees of the Comptroller's Office. On the basis of that review I offer to the Subcommittee the following comments and recommendations.

First, there is no basis to conclude that there was malfeasance on the part of any person in the Comptroller's Office. There is no basis for newspaper speculation that examiners were bought off or that various reports prepared by examiners at USNB were stopped at the regional level.

We reviewed the records of the bank looking for evidence of gifts or loans to our examiners. We made inquiries of each senior officer of USNB and interviewed at length the bank's vice president for public relations, Mr. Lipton. All information we developed was made available to the Department of Justice, which is conducting its own investigation. As a result of the investigations, we discovered that some Comptroller of the Currency employees received from the bank a baseball ticket to the San Diego Padres, a half-dozen cans of tuna fish at Christmas, a lunch or dinner, or a Magic Kingdom discount card to Disneyland. Mr. Lipton apparently was an insistent gift giver, and some of our employees may not have reacted to his insistence as well as they should have. I find no evidence, however, that any gift other than of nominal value was ever given, and no evidence that the judgment of any examiner ever was influenced. In short, there is no evidence that any employee of the Comptroller's Office was bought off. If anyone has such evidence, I wish he would make it available to me so that I may evaluate it and take remedial action and, if warranted, refer the facts to the Justice Department.

Similarly, there is no evidence that reports were stopped at the regional office. Various newspaper stories have suggested that, somehow, our then Regional Administrator, Mr. A. E. Larsen, failed to call to the attention of the Washington Office serious problems reported to him about USNB. I know of no foundation for that charge. All important information concerning USNB promptly was sent to the Comptroller's Washington Office, particularly during the critical years of 1962, 1972, and 1973. Indeed, I should point out that the June 1973 complaint filed against Westgate California Corporation and Mr. C. Arnholt Smith by the Securities and Exchange Commission and the July 1974 indictment against Mr. Smith both are largely based on information originally supplied by the Comptroller's Office.

Second, the self-dealing loans which led to the downfall of USNB were not unusual for that bank. It should be remembered in this connection that C. Arnholt Smith acquired control of this bank in the early 1930's, when its deposits were approximately $1.8 million. During his 40 years of leadership, the bank grew to the 86th largest bank in the United States with over $1 billion in deposits. The Comptroller's Office thus was dealing with a banker with a proven track record.

Part of that track record included a continuing substantial volume of loans from the bank to Westgate California Corporation and other entities associated with Mr. Smith. Mr. Smith and his related companies also had substantial borrowing relationships with other banks. Our examination reports for 1958–1963 and 1968–1973 show a pattern of heavy loans to Westgate which frequently were criticized by the examiner as being in excess of the bank's legal lending limit under 12 U.S.C. 84. Whenever such a violation was found, USNB immediately cured it by selling some of the loans to other banks. A recurring problem also existed concerning inadequate credit files on some of these loans. The following chart, compiled from the Comptroller's examination reports, shows for each of the dates on which the bank was examined during the years 1958–1973, the deposits on those dates, the total loans, and the total loans involving Smith-related companies.

TABLE A

Date of Exam	*Deposits*	*Total Loans*	*Total Smith-Related Loans*
Jan. 1958	97.0	41.3	8.9
Dec. 1958	103.3	42.1	3.7
Apr. 1959	122.7	56.0	8.0
Dec. 1959	130.7	66.7	[a]
Sept. 1960	137.0	71.8	[b]
May 1961	131.4	73.9	13.0
Dec. 1961	153.6	80.3	13.5
Sept. 1962	179.9	98.1	20.0
Feb. 1963	192.9	113.0	17.0
Sept. 1963	212.3	114.8	[c]
Apr. 1964	224.4	122.0	[d]
Nov. 1964	223.9	141.8	[d]
June 1965	238.2	150.4	[d]
Feb. 1966	267.3	187.0	[d]
July 1967	354.2	225.0	[d]
Feb. 1968	366.2	223.7	[d]
Oct. 1968	406.4	265.9	60.0
Sept. 1969	409.1	288.7	55.5
Apr. 1970	437.0	299.4	57.1
Dec. 1970	480.9	332.8	74.1[f]
Sept. 1971	600.0	363.2	69.0[f]
June 1972	779.9	431.1	254.0[g]
Jan. 1973	896.7	539.2	340.0[g]

[a] Not reported. $12 million in Smith-related loans participated by USNB to other banks.

[b] No numbers given. Examiner described USNB as having "usual quantity" of Smith-related loans.

[c] Not reported. $11.1 million in loans to Westgate California Corporation and Southern Mortgage Company has been sold to other banks. Mr. Smith listed borrowings from other banks of $2 million.

[d] No mention of loans to Mr. Smith or any of his interests.

[e] Not reported. Loans by USNB to Westgate California Corporation and related interests were $10.2 million. Mr. Smith listed borrowings of $7 million from other banks.

[f] Excludes letters of credit.

[g] Includes extension of credit to British Columbia Investment Company. Includes letters of credit.

Overline loans and incomplete credit files are frequently encountered by National bank examiners. Those problems usually are written up by the examiner, corrected by the bank, and not repeated. The unusual part of the picture at USNB was the recurring nature of the violations. In general, those recurring violations did not cause too much alarm because the Smith-related loans, both at USNB and at other banks, had not resulted in losses, and the companies which were using the funds seemed prosperous.

Third, the Office did become alarmed about some of the problems discovered during an examination of the bank begun on September 11, 1962. Loans whose creditworthiness was criticized by the examiner rose to $9.6 million, or 72 percent of the bank's capital. Of that $9.6 million, $3.2 million were in loans to Westgate California Corporation. Loans to Smith-related interests totalled $20 million, or 152 percent of the bank's capital, and $13.6 million of those loans were found to be in violation of the statutory limits on loans by a National bank to its affiliates. The affiliate relationship existed because of Westgate's ownership of 50.53 percent of the bank's outstanding shares. Section 23A of the Federal Reserve Act limits aggregate affiliate loans to 20 percent of a bank's capital stock and surplus, and requires all such loans to be secured fully. The loans to Mr. Smith's enterprises exceeded that 20 percent figure and were not secured in the manner required by the statute. In addition, a number of irregularities were discovered in the treatment on the books of the bank and of borrowers concerning loans from the bank to Smith-related companies. Those irregularities were the subject of a draft report of possible criminal violations written by the examiner and forwarded by Regional Administrator Larsen to the Washington Office for disposition. Apparently because of substantial doubts among Washington staff members as to whether the facts amounted to criminal conduct, the report was not forwarded to the Criminal Division of Justice.

Deputy Comptroller Justin Watson met with Mr. Smith in San Diego in December of 1962 to discuss the bank's condition. Mr. Smith reported that 42,696 of the USNB shares held by Westgate had been transferred to Mr. Smith, thus apparently ending the affiliate relationship between the bank and Westgate. A $10 million reduction had been achieved in the Smith-related loans since the starting date of the September examination. The Deputy Comptroller and Mr. Smith agreed, *inter alia*, that Mr. Smith would supply the Comptroller's Office with a list of all companies in which he and his family were interested; that all loans to Smith-related companies would have the prior approval of the bank's board, either on an individual or a line of credit basis; that the books of the bank and of the borrowing corporation should at all times show the true use of proceeds for any loan involving a Smith-related company; and that any unsecured loan to a Smith-related company would be supported by an audited financial statement. Those agreements were confirmed by a letter to Mr. Smith from Comptroller Saxon dated December 11, 1962, and that letter was read to and discussed by the bank's board of directors on December 20, 1962.

In the next few years, the loans to Smith-related companies diminished to the point that they were not even mentioned in the bank examination reports. Additionally, Mr. Smith began to relax his domination of the bank, and turn the management of its affairs over to younger officers, including his son. Mr. Smith's son died in 1965 and Mr. Smith again took over full time active control of the bank. No significant amount of loans to Smith-related companies appeared, however, until 1968.

Fourth, in 1967 construction was begun by Westgate California Corporation on two hotels adjoining the bank in downtown San Diego. Additionally, Smith-related companies began to make heavy investments in real estate. Those projects created a need for cash. It has been learned since the bank was closed, for example, that Westgate California Corporation's borrowings from its subsidiaries and its investment in the two hotel properties both totalled about $50 million. In other words, Westgate drained about $50 million from its operating companies to finance its real estate investments. The ultimate supplier of those funds was USNB, although the USNB records did not always accurately reflect that ultimate use of the proceeds of the loans. Those big investments in non-income producing real estate may have been a large contributing factor to the inability of the Smith-related companies to meet their maturing debts, and that inability in turn resulted in the rollover of loans; that is, repaying a loan to one of the Smith-related companies when it became due at the bank with funds borrowed by another company in an amount sufficient to cover the original principal plus interest. Such transactions always were disguised so that the true purpose of the loan and the use of its proceeds were not reflected on the bank's books.

Fifth, the previously mentioned review of the examination reports and underlying work papers for that period, 1969, 1970, and 1971, shows that our examination team was not as thorough as it should have been in evaluating the loans to Smith-related companies. Information from Westgate's public financial statements does not seem to have been used to any great extent in judging loans at USNB. Records of loan performance, *i.e.*, current payments of interest and principal, were relied upon to evaluate a loan as sound, in spite of the absence of complete financial data.

Without going into detail of individual credits, the credits found by the review examiners to have insufficient supporting credit information on the August 11, 1969 examination totalled about $56 million, or 22 percent of total loans. The review examiners classified an additional $17 million of loans as substandard.

In the April 15, 1970 examination, the two review examiners listed an additional $70 million of credits which lacked supporting credit information, or 28 percent of total loans. That examination was the first instance in which the review examiners noted letters of credit to Smith. Also, the review examiners classified as substandard an additional $16 million of loans. Classified loans on that examination, as listed by the review examiners, were 75 percent of gross capital funds, as compared to a 37 percent ratio in the original report.

As regards the December 11, 1970 examination, the review examiners again noted that the examiners failed to list many loans which lacked supporting credit information. Additionally, the review examiners increased the substandard classification by $73 million. Consequently, classified loans to gross capital funds were estimated at 190 percent, rather than the report figure of 20 percent.

In the last report reviewed, September 10, 1971, the review examiners listed an additional $133 million which lacked supporting credit information. They classified an additional $214 million in loans as substandard. Classified loans to gross capital funds were estimated to be 486 percent, instead of the original report figure of 25 percent.

I would like to say in defense of those who performed earlier examinations that the classification of credits is not an exact science, and each examiner's judgment of a particular credit might be different. In addition, the two examiners who performed this task of reclassifying USNB's credits had the hindsight benefit of knowing the fate of the bank.

A major factor in the substantial increase in classified loans for the review examiners was their classification of loans which lacked adequate credit information. In fairness to the examiners who conducted the original examinations of USNB, it should be noted that Office policy concerning classification of loans solely because of a lack of credit information has been somewhat equivocal. Some discretion must be left to the examiner not to classify loans which are obviously good because of supporting collateral or otherwise, even though the loans may lack complete credit information. During the past 7 months I have participated in staff conferences in most of the 14 regions of the Comptroller's Office and at each such conference I have emphasized the importance of a National bank maintaining adequate credit files on its loans.

Sixth, the report of September 1971 contained some items which, with 20/20 hindsight, should have been a red flag to the Comptroller's Office. Direct loans to interests of the Smith family totalled $62 million. Loans secured by stock or debentures of Westgate California Corporation totalled $7 million. Ninety-five million dollars in letters of credit had been issued by USNB to support Smith-related enterprises. Loans requiring unusual attention, although not classified substandard from a credit standpoint, increased from $9 million to $19 million, with approximately $8 million of that total in loans to Smith-related enterprises. Eighty-nine million dollars in Smith-related loans were found to be supported by inadequate credit data. Mr. Smith had promised correction of many of the problems, and there seemed no reason to disagree with the examiner's statement that the Smith family for many years had used the bank as a vehicle to expand the family's financial empire, but that no loss had been incurred by the bank because of those activities.

Similarly, the Comptroller's Office may not have acted as vigorously as it should in following up on the June 1972 report of Examiner Martin. The steps taken are outlined at pp. 41–42 of the printed record of this Subcommittee's November 27, 1973, hearings. Here again, the Comptroller's Office can be criticized in relying too heavily on the past record of performance by Mr. Smith at USNB and for not digging hard enough to get the facts and making an independent judgment based on those facts.

Seventh, to some extent our examiners and the entire Office seemed to have been deceived by outright fraud. Examiner Martin traced, often through a half-dozen or more accounts, the ultimate use of the proceeds of many loans. Such tracing is not a routine part of the examination procedure. The tracing of those funds showed that they frequently were used for purposes other than those stated on the bank's records. Whether or not any violations of the Federal criminal laws were committed has yet to be determined, but it seems clear that the bank records were kept in a way deliberately designed to mislead our examiners, and the examiners in fact were mislead.

Eighth, as the Subcommittee knows, C. Arnholt Smith was indicted in June 1974 for alleged actions involving USNB. That indictment resulted from criminal referrals made by our Office in the fall of 1972 and spring of 1973. The indictment is 44 pages long and contains 25 counts. I would like to submit a copy for the record. We have cooperated fully with the Department of Justice in its investigation and preparation of this matter and several examiners, including Mr. Martin, have been made available to the U.S. Attorney's Office. We also have made available to the U.S. Attorney's staff all records of our Office relating to USNB.

Ninth, I understand from Chairman St. Germain's letter that the Subcommittee is interested in my view of the similarities or differences between the record failure of Franklin National Bank and the 1973 failure of USNB. There are two superficial similarities. First, each bank was much larger than the previous experience of any Federal banking agency with a bank which became insolvent. Second, cooperation among the banking agencies enabled a takeover procedure in each case which completely protected all depositors, and held to a minimum disruption of the financial markets. Otherwise, the two situations are dissimilar. The failure of USNB resulted from massive fraud. At Franklin, while there were some fraudulent transactions in the bank's foreign currency operations, fraud was not the principal cause of the bank's downfall. Franklin National Bank was caught in a liquidity bind resulting from a downturn in the economy coupled with incredibly poor management. Franklin was a peculiar situation in that it is only the second National bank within the memory of the present staff of the Comptroller's Office to fail as a result of something other than fraud.

Finally, the Comptroller's Office is taking several steps which should diminish the possibility of a recurrence of the events leading to the downfall of USNB.

1. On November 21, 1974, I issued regulations requiring that each director and principal officer of a National bank keep on file at the bank, for review by bank lending officers and our examiners, a current statement of the business ventures with which he is associated either as an officer or director or in significant ownership capacity, and of the relationships between those enterprises and the bank. Those regulations had been published in proposed form on June 20, 1974. The Comptroller's legal staff believes that the filing of false information or deliberate omissions on that statement would violate existing felony statutes. Thus, National bank examiners should be provided with a reliable source of information as to loans and other financial transactions between the National bank and its directors and principal officers. That information was not readily available at USNB and was ascertained in some instances only by the tedious tracing of loan proceeds through many checking accounts. I would like now to submit for the record a copy of those regulations together with the accompanying statement as sent to the *Federal Register* for publication.

2. Our examiners have been instructed to prepare at each examination a schedule of violations of law, such as the statutory lending limitation (12 U.S.C. 84) or the limitation on loans to affiliates (12 U.S.C. 371c), for comparison to previous examinations whether or not these violations are cured during the examination. Recurrent violations will become the subject of cease and desist proceedings by the Comptroller's Office.

3. A regulation including letters of credit within obligations subject to the lending limits of 12 U.S.C. 84 was published in the *Federal Register* on August 9, 1974. That regulation had been in the drafting stage prior to the closing of USNB, but had been delayed due to the problems of achieving uniform treatment of State and National banks. The final regulation was published in similar form by the Federal Reserve and the FDIC this past summer. The misuse of letters of credit at USNB was thoroughly explored at this Subcommittee's hearing of November 27, 1973. That regulation, if in effect during the last 4 years, might have eliminated one way in which the Smith-related companies obtained funds from USNB. I would like to submit for the record a copy of this regulation as published in the *Federal Register*.

4. Our examiners have been reminded of the importance of satisfactory credit information about borrowers being retained in the bank files. The lack of such information was chronic at USNB. I personally have mentioned this subject at many staff conferences throughout the country. Large commercial loans of the sort involved at USNB should be supported by audited financial statements for the last 3 years, including profit and loss figures, and by information about the officers and owners of the company. When a borrower is a public company, its public filings with the SEC for the last 3 years should be retained in the bank's loan files and reviewed by our examiners. Those procedures are not new, but they are being reemphasized.

5. The Comptroller's Office has taken a number of steps to improve coordination within the Office when a situation appears to call for special oversight of a particular bank. Systems have been devised to speed up communication and to assure that the Comptroller and his top staff work with the examiners and the regional staff to develop and present to each bank an appropriate program to deal with that bank's problems.

6. In response to requests from members of the House Banking and Currency Committee my immediate predecessor as Comptroller, Mr. Camp, twice recommended amendments to the Financial Institutions Supervisory Act of 1966. Mr. Camp's proposals included:

(a) Under the present statute an officer or director may not be removed from a National bank for repeated violations of law unless personal dishonesty and damage to the bank or another institution are provable. Under that statute, the repeated violations of the statutes regarding lending limits and loans to affiliates by Mr. C. Arnholt Smith would not of themselves have been grounds for removal. Not until fraud was discovered in the June 1972 examination could any action appropriately have been commenced against Mr. Smith. Even then, there is some doubt as to whether such a removal action would have been successful. Mr. Camp thus recommended, and I support the recommendation, that the Financial Institutions Supervisory Act, 12 U.S.C. 1818, be amended to eliminate the need for showing personal dishonesty and loss or damage as predicates for removal from a National bank of an officer or director who has violated a statute.

(b) Under the present Act, unless a person has been convicted or indicted for a felony involving breach of trust, we may prevent his participation in the affairs of a National bank only after a cumbersome certification procedure involving the Federal Reserve Board. The Board of Governors, on receiving such a certification, must meet with the Comptroller and determine whether it wishes to serve a notice of charges and conduct a hearing. Mr. Camp suggested eliminating that cumbersome procedure by giving to the Comptroller's Office the same removal powers vested in the Federal Reserve, as to officers of State member banks, and in the FDIC, as to officers of State nonmember banks.

However, I do not believe that the solution is to vest full removal power in the Comptroller as suggested by Mr. Camp. I believe that may be too much authority to be placed in any one individual. I do think, however, that the statute should be amended to give the Comptroller authority to issue a formal notice starting the removal proceedings, which will then be adjudicated before the Board. I recommend that the prosecutorial function now vested in the Board be given to the Comptroller, and that the Federal Reserve Board be left solely with the adjudicatory function. The Comptroller, since he will in effect be a prosecutor, should not sit as a member of the Board to judge the case. The power to initiate such a proceeding, without waiting for action by the Board, will in itself be a useful regulatory tool. Consideration is also warranted as to whether the Comptroller should be given the power to suspend someone in an appropriate situation pending adjudication by the Board.

7. The definition of affiliate contained in Section 2a of the Banking Act of 1933, 12 U.S.C. 221a should be broadened so that an affiliate relationship could be established by showing actual control of the bank, without the need to find 50 percent control of the bank's shares. That amendment would prevent evasion of the intention of the affiliate statute by juggling the number of shares around while retaining effective control in some other manner. Once an entity is determined to be an affiliate, its loans must be fully collateralled by marketable securities, and the total loans to all affiliates of any one bank cannot exceed 20 percent of that bank's capital and surplus. Had this proposed amendment to Section 2a been in effect, the situation at USNB could not have developed in the way that it did.

8. I understand from staff discussions that the Subcommittee is particularly interested in the number of times the Comptroller has exercised his power under the cease and desist procedures of the Financial Institutions Supervisory Act of 1966. That Act, of course, was not available when the Comptroller's Office encountered difficulties with USNB in 1962. It was available and was used in 1973.

My predecessor Mr. Camp started an Enforcement and Compliance Division in the Law Department of the Comptroller's Office. In one form or another that Division has used the enforcement powers of the 1966 Act in each of the past 3 years as indicated below:

1971—3
1972—5
1973—9
1974—15 to date

9. Some courts have held that an officer making a loan for his own benefit and concealing that fact from the board of directors does not constitute a false statement on the books and records of the bank even though the loan is really only a sham transaction. Likewise some courts have held that where the debtors turned over the proceeds of loans to a bank official for his own personal use, that would not constitute a misapplication of funds of the bank unless the debtor was fictitious, financially irresponsible, or assured by the bank official that he would not be looked to for repayment. Title 18, sections 656 and 1005 should be amended to make clear that those interpretations are erroneous.

10. The Comptroller's Office is undertaking a complete review of the manner in which it exercises its statutory functions. Fifteen different formal bids were submitted to the Office by management consulting firms and others for conducting that review. We selected the firm of Haskins and Sells to undertake the study. They are being assisted by the firm of Carter H. Golembe Associates, Inc., and by Dr. Jack Guttentag and Dr. Samuel Sapienza who are associated with the Wharton Graduate School, University of Pennsylvania.

The Haskins and Sells study has been divided into several phases and will be completed by June of next year. The study has been in progress for approximately 5½ months. The Washington Office has been canvassed, approximately half of the regional offices have been studied in depth, a survey questionnaire has been mailed to the chief executive officers of all 4,600 National banks, and a survey questionnaire is prepared for mailing to all 2,000 National bank examiners. In addition, interviews with other regulators, members of Congress, and representatives of industry are in progress.

This will be a sweeping review of all aspects of the agency. Special emphasis will be placed upon the examination process, examination techniques, and the organizational structure of the Office. In addition, the study will deal with the evaluation of the banking industry in the years ahead, all support functions in the Office, recruiting and training operations, and automation improvements. The Haskins and Sells recommendations are expected to include goals for improved performance and guidelines for achieving them.

There is no procedure, or group of procedures, which could completely eliminate the chances of a bank becoming insolvent because of self-dealing by the bank's management. Banks are run by human beings who may be clever and deceitful enough to defeat the restraints built into any system. The Comptroller's Office is run by human beings who may be deceived and who occasionally may make mistakes in judgment. Nevertheless, it is hoped that the new procedures and actions outlined here will do much to eliminate the possible recurrence of a situation such as that that caused the downfall of USNB.

Remarks of Robert A. Mullin, Deputy Comptroller of the Currency, before the Bankers Association for Foreign Trade, San Diego, Calif., Apr. 9, 1974

"Country Credit Exposure"

You may be assured that I do not disagree with the remarks of the other members of this panel. The fact that they have independent methods of evaluating the degree of country risks deemed appropriate for their banks confirms my faith in an independent banking system, with a minimum of governmental controls.

Bank supervision, international in scope, is the business of the Comptroller of the Currency, and as required by the laws of this country, bank supervision includes regular examinations of our privately owned, National banks.

Our examinations do include an evaluation of the country risks taken by each National bank, and we also consider a number of other related factors. The foremost of those factors is the overall soundness and solvency of the bank and the bank's ability to serve its community.

Liquidity is a major factor we consider in determining the solvency of a bank. Country credits are a major factor in determining a bank's liquidity. The liquidity of country credits or in any bank asset depends largely on two basic factors: When will the asset be paid and/or when can the asset be sold.

A country credit with a 4-year grace period followed by semiannual payments for 6 years and ending, hopefully, with a balloon payment, has no liquidity in its first 4 years and, indeed, can be considered as a fixed asset except for its marketability.

When I first commenced examining banks, more than 26 years ago, our three adverse classifications of bank assets bore the Roman numerals of II, III, and IV and represented the captions Slow, Doubtful, and Loss. The caption of "Substandard" has replaced number II, but the element of slow, that is, lack of liquidity, is still included in an examiner's decision to classify a country credit as "Substandard."

You may have noted that we have been tolerant of country credits lacking liquidity only by their terms. If you have no concentration of such credits in your portfolio or by obligors they are usually free of criticism. However, such credits are highly vulnerable to adverse criticism, either as Other Loans Especially Mentioned or as Substandard, in periods of tight money when their marketability declines or when current information indicates the borrower may be unable to service the debt as agreed. I find current estimates of an obligor's inability to service his future debts as previously agreed, to be the principal cause of examiners' criticism of country credits. The examiner is, in effect, saying this asset appears to lack liquidity and the bank's solvency is jeopardized to that extent.

I seldom, if ever, except in the case of Cuba, see country credits classified as "Doubtful" or "Loss" assets. Except for those, the examiner is not contending that the bank will experience a loss, he is contending the asset lacks liquidity.

In today's banking, when we see your substantial liability totals in accounts captioned "Fed Funds Purchased," "Eurodollar Placements," "Security Repos," "Finance Acceptances," and "Stand-by Letters of Credit," you may be assured that we will take a serious look at the liquidity factors involved in country credits. Unlike countries, banks can disappear when they become insolvent.

We often include, as country credits, those loans to separate entities which are in reality a part of a government's operations or are dependent upon the resources of that government for the servicing of their debts. Under those circumstances, the examiner may list all of those credits of one country, not as assets subject to criticism, but as a concentration of credit. To qualify for such a listing, the total of such credits must be 20 percent or more of the bank's gross capital funds.

The examiner may also combine such credits and consider them to be in violation of the law, 12 U.S.C. 84, if they are dependent upon the government for their payment, or if they are for the general use of the government, or if the government is also borrowing. The examiners will use discretion in making such listings and they will be guided by factors which could affect the soundness and solvency of the bank.

We will expect your lending officers to know their borrowers, their country credits, and, I do not mean that we will simply expect to find some financial data on file. I will expect your lending officers to have been in the country and to intimately know its characteristics.

I also expect my examiners to be knowledgeable in that field. This month, I have some 40 examiners in Europe, Latin America, and the Far East. That is part of a crew of some 150 men and women examiners who have their official passports and are subject to foreign examination assignments. I am also, since the first of this year, making the direct assignments for the examinations of the international departments of our 100 largest banks. The examiners on those examinations may come from your head office city or they may come from New York, San Francisco, Chicago, or elsewhere, but they will be capable and they will render a separate report on your bank's international activities.

We are also conducting quarterly seminars for our international examiners and some of you have assisted on this project by providing speakers on the subject of country credits.

Our examiners must render a service to National banks. We have no funds allocated by Congress; we cannot ask you for sterile reserves to invest and we have not included your foreign office assets in your examination fee. Our progress in attempting to keep pace with your rapidly expanding activities is due largely to your assistance and cooperation and I am most appreciative.

Remarks of David C. Motter, Deputy Comptroller of the Currency (Economics), Before the Dun & Bradstreet Seminar for Bank Executives, Chicago, Ill., May 13, 1974, and New York, N.Y., May 23, 1974

"Bank Capital Adequacy"

The rather nebulous nature of the topic before us today offers a mixed blessing to both panelists and members of the audience. Presumably, no one here seriously expects this discussion to lay the capital adequacy issue to rest. Therefore, no one has great hopes and expectations for the results. On the negative side, it is somewhat frustrating for all concerned to have to wrestle with a problem, which, although perhaps soluble, promises to remain with us for the indefinite future.

As an economist, there is a special frustration in this topic, we like to think that economic analysis can usually provide solutions to problems in the economic sphere. But the notion of "adequacy" itself is not an economic or market concept *per se;* it is, rather, a loose regulatory construction that sometimes appears to mean all things to all people.

There are several reasons why bank capital questions are receiving so much attention today. First, a number of far-reaching changes have been and are occurring in the banking industry. A sharp expansion in the product and service mix of banking organizations has taken place. That expansion has been facilitated by the rapid growth of bank holding companies. The bulk of bank assets have moved under holding company umbrellas thus creating a new picture which still holds many uncertainties for both the industry and its regulators. The expansion of foreign banking activity by U.S. banks has proceeded rapidly, again generating new relationships whose full ramifications will not soon be known. The liability structure of the larger U.S. banks has been altered dramatically. Non-deposit short-term liabilities have grown in importance, while money market CD's have become a key element in liability management. Those changes have led to expressions of concern about the adequacy of banking's capital cushion. Whatever else may be said, it seems clear that each of the indicated changes—international expansion, broadening of product-service mix, creation of the holding company overlay, and increasing reliance on short-term money market sources of funds—has reinforced the importance of the capital structure of banks.

Another reason for the increased attention being given to bank capital is the recognition that the expected continued growth of commercial banking will generate a need for a substantial inflow of new capital over the next few years. One authority estimates that the industry will need to double its existing capital of over $60 billion during the next 6 years. Only about half of that increase, it is estimated, will be available from retained earnings. If that prediction is borne out, the industry would have to tap the capital market for over $5 billion per year for each of the next 6 years, about twice the amount raised in 1972, the record calendar year to date. Doubt that the banking industry can successfully raise amounts of that magnitude has heightened the interest in the concept of capital adequacy.

A third factor, and the proximate one, that has focussed attention on capital adequacy is the overlapping jurisdiction among the banking agencies. Many National banks, and most of the larger ones, are now subsidiaries of bank holding companies. Bank holding companies, of course, are under the direct jurisdiction of the Federal Reserve. Instances have occurred in which approval by the Fed of holding company acquisitions has been made contingent upon the raising of more equity capital by one or more subsidiary banks. Quite understandably, in its role as the regulator of bank holding companies, the Federal Reserve has taken a strong interest in the capital structure of both holding companies and subsidiary banks. In our Office, we look with favor upon the affiliation of a National bank with a parent holding company only when the net effect is to strengthen the position of the bank. We would not favor, and indeed would attempt to disallow, any affiliation in which it appears that the relationship with the parent holding company would weaken the position of the bank. We also believe that in all those instances in which the holding company is fully identified in the public mind with the bank, and that same identification exists for other subsidiaries of the holding company, that there is no realistic way to avoid bank association with any difficulties experienced by the affiliates. In other words, since banking is built upon public confidence, it is unrealistic to assume that a bank could stand idly by and allow the insolvency of a related affiliate. In consequence, we are aware that a realistic assessment of bank capital needs within a holding company structure must take account of that entire structure.

In his November address, the Comptroller took note of the difficulties experienced by National banks when they wind up in the middle in an argument between regulatory authorities. The Comptroller offered a proposal that the Federal Reserve accept our position on the capital adequacy of National banks as a "rebuttable presumption." In other words, the Federal Reserve would accept our assessment except in those cases where it had what it considered to be good reason to differ. In the latter cases, interagency discussion would ensue with the purpose of attaining a regulatory agreement.

In response to that initiative by the Comptroller, discussions at the staff level have been initiated between the Federal Reserve Board and our Office. Interchanges of relevant documents have occurred, and it is expected that the discussions will continue for some time. It is too early to indicate any resolution.

With that introduction, let us look briefly at what the functions of bank capital are. In line with the traditional stance of bank regulators, it seems appropriate to call for capital as depositor protection. Such protection serves best when it allows a bank to absorb unexpected losses, and thus continue as a strong viable institution. A solid capital cushion allows bank regulators to sleep better at night.

Coming close to the heart of any controversy concerning capital adequacy is another function of capital that has been advanced; that of a brake on undue or unwise bank growth stretching beyond the capabilities of management. That role may occur as a result of a conscious decision by bank officials, or it may stem from a regulatory directive. The former has been termed "conscious moderation of growth," the latter has been referred to many ways, often unprintable.

One way to get a handle on the slippery concept of "adequacy" may be to look at certain historical relationships between losses and capital. Brent Leavitt, whose name is not unknown to many bankers who have recently given more than passing attention to bank capital, has noted that in 1934, the worst year for loan losses in the Great Depression, losses were equal to about 8 percent of total capital. In 1971, the aftermath of Penn Central led to loan losses equalling 2 percent of total equity capital. The 1971 losses exceeded those of any other year since 1939.

At first glance, that relationship appears to demonstrate the "adequacy" of bank capital in some sense. However, we have already noted several banking developments of recent years that have added new and uncertain dimensions to the "adequacy" concept. Those developments have occurred while the capital ratios of the banking industry have fallen sharply.

The decline of those ratios is not new. Comptroller of the Currency John Skelton Williams in 1914 suggested a statutory limit for deposits of eight times capital. At that time, the average for the National Banking System was 4.2 times capital. At a recent date, the aggregate figure for the system was 11.3 times capital.

After some recovery during World War II and the next 15 years, a sharp decline in capital ratios has taken place since 1960. Assets have tripled while the growth of capital has been only half as great. Total capital as a percent of total assets has fallen from about 9 percent to about 7 percent, and the decline for the largest banks has been even larger. It is probable that the juxtaposition of falling capital ratios and developments generating new demands of unknown dimensions on capital structure would have focussed a good deal of attention on bank capital even in the absence of overlapping regulatory jurisdictions.

In effect, the question for the banking industry and for bank regulators is this: Is there some minimum capital ratio below which the banking system is endangered? I do not pretend to have the answer to that question. Those who claim to have the answer usually maintain that the existing capital ratios represent rock bottom from the standpoint of banking solvency, and that from here on out, banks should be forced to add to capital in the same proportion that they add to total footings. That approach would necessitate spelling out *minimum* capital ratios. By the nature of things, those minima would have to be set at some sort of average level for the banking system today. One can easily see that if a minimum were announced at the *average* level of capital ratios for the industry, there would be a tendency for the management of all banks with ratios above the average to gravitate toward the minimum. That is the strongest single argument, I believe, for avoiding a hard and fast regulatory position tied to a particular ratio.

Studies that have attempted to isolate the relationship between capital ratios and bank failure have not found a significant correlation. The difficulty in making such studies is that a given capital structure, as stated on the balance sheet, assumes that assets are worth their book value. An apparently strong capital structure can be wiped out by loan chargeoffs. The tautology that all insolvent banks have negative capital doesn't shed much light on the basic issue.

The question of the status of capital notes and debentures arises in most discussions of capital adequacy. You are aware that there are some differences among the agencies as to the proper role of capital notes and debentures. Our Office encouraged the issuance of notes by a ruling in the early 60's that removed the stigma from them. We applied a rule-of-thumb that total capital notes and debentures could not exceed 50 percent of total equity capital. In point of fact, few banks have come close to that rule-of-thumb limit. For the National Banking System as a whole, capital notes and debentures make up about 7 percent of total capital. Our Office carefully reviews every application to issue notes, requiring evidence that the fixed charges can be met without weakening the bank.

It is our view that the availability of note issuance provides a needed flexibility to bank management. In some market situations, it would be highly disadvantageous for banks to endeavor to sell equity capital. The basic premise behind our ruling on capital notes was that they provide depositor protection. We do not claim that they can fully serve the function of equity capital; it is obvious that notes cannot provide a cushion to cover losses as long as the issuing bank is a going institution.

A subsidiary issue in connection with capital notes relates to interbank transactions, *i.e.*, the sale of the notes of one bank to a second bank. Our Office prefers to hold such transactions to a minimum. Our basic reason for that position is that such transactions do not result in any net inflow of capital funds into the banking industry. In consequence, to the extent that such transactions become widespread, there is, in effect, a watering-down of capital requirements. We do not favor totally disallowing the use of interbank transactions, however, as, on occasion, that avenue can provide room to maneuver for the bank and for the bank regulator.

Mr. George Vojta of Citibank has articulated in its most complete form a view of bank capital adequacy that I will call the market test approach. It rests on the basic premise, as I see it, that banks and bank holding companies must continuously subject themselves to a capital market test. Banking organizations must at all times compete for scarce capital with firms from every other industry in the economy. It is held that, if "unrealistic" and "artificial" requirements for additional capital are imposed by bank regulators, above and beyond those the market would require, banking organizations will be unable to compete effectively for capital funds. The rate of return on capital is the key factor in determining whether or not a firm can continue to "go to the well." Unrealistically large capital bases will lead to lower net yields on capital for a given level of net income.

I must say, in all candor, that we have a considerable empathy for that "market view" of capital adequacy. We are aware that it would be unwise, from the standpoint of bank soundness and solvency, to force unrealistically high levels of capital upon banks, even were the market willing to make available such funds. It would lead to mounting pressures for ever higher rates of return on earning assets.

Further, our Office has been in the forefront in the movement, during the past 12 years, to increase the responsiveness of bank organizations to the emerging financial needs of businesses and individuals. As banking organizations have expanded their product and service mix, they have improved their performance from the standpoint of the public, *i.e.*, users of financial services and products. That expansion has cut two ways in terms of the impact on capital requirements. To the extent that bank managers foresaw correctly an emerging need for certain financial services, such foresight was likely to be rewarded with a good rate of return. Since even the best managers are not omnisicient, however, on occasion there was a negative impact on earnings from new operations with an accompanying capital drain. Even those operations that prove to be quite successful over the years, *e.g.*, credit cards, often generate substantial losses during the early operations.

A forward looking regulator tries to encourage the institutions under his jurisdiction to be responsive and innovative. He recognizes the need for an adequate capital cushion to provide the necessary depositor protection as entry into new areas occurs. Yet there must also be recognition that imposition of unrealistically high capital requirements may, over time, be counter-productive.

The "market test" approach to capital adequacy assumes a considerable degree of knowledge on the part of the investors in our capital markets. How good is the information held by, or available to, investors concerning banks?

We believe that during the past 10 years, there have been significant improvements in the quality of information available to the public, both for depositors and investors. The annual reports to shareholders are more comprehensive and more meaningful than before. For banks with a relatively large number of shareholders, and for registered bank holding companies, additional reports are made available during the year. Beginning in 1972, the three Federal banking agencies began to make available upon request the statistical reports of income of commercial banks. In addition, for the first time the supporting schedules on the back side of the Report of Condition were made available. One may now request, and receive, from our Office, the statistical reports of income for 1971, 1972, and 1973 for any National bank. The supporting schedules for the Report of Condition for National banks are being made available upon request from 1960 forward.

In general, then, despite some admitted gaps and imperfections, prospective investors can secure reasonably good income and expense and balance sheet data for commercial banks. From those figures, rates of return on capital and rates of growth may be computed and compared.

It is clear that the regulatory agencies have an additional type of information concerning individual commercial banks that is not available at this time to the general public. I refer to the quality of assets, as determined in the bank examination process. In that connection, I would like simply to advance two points today, neither of which has moved very far as yet, as grist for the mill.

First, as most of you have noted from the Comptroller's speech on capital adequacy given in San Francisco in November, one of the exercises we have been carrying forward in the Office concerns the possibility of requiring higher capital ratios for banks with relatively poorer asset quality and allowing somewhat lower ratios for banks with higher quality assets. ("Higher/lower" adjectives would apply to the basic ratios between total capital and total assets. The adjectives are, of course, just reversed where the reference is to "asset to capital" ratios.)

We have computed, for example, frequency distributions that show how many National banks would be required to add to their capital structure if banks with the highest quality of assets were allowed to reach, say, a ratio of total loans to total capital of 8.5, while those banks with the poorest quality of assets would be allowed to reach, say, a ratio of only 6.5. We find, of course, that some banks, were these standards to be applied, would need to add to their total capital, while many banks would not.

Second, a valid question may be asked concerning whether the market should have additional information concerning the asset quality of banks. A large proportion of bank assets are in loans of various types, and loan quality varies substantially. Aside from chargeoff records after the fact, investors do not have a basis for comparing asset quality among banks. No one is seriously considering taking the step of nailing examination reports to the front door of banks, as has been facetiously suggested. However, it is conceivable that some additional information on asset quality could be made available. The purpose, of course, would be to bring some market pressure to bear upon banking institutions to maintain high quality loan portfolios.

It is likely that our Office will carry out further computations relating to capital of National banks. We like to think that the more information we have, the more informed our judgment can be. However, such computations do not signal a departure from our basic Office position that in the final analysis, a reasoned and informed regulatory judgment must be made. We do not think that a purely mechanistic formula can ever be developed that will remove the necessity of such informed judgments. You are aware of the eight factors relating to capital adequacy which were inserted in the *Comptroller's Manual* in the early 1960's. Though these were deleted from a later edition, the current Comptroller emphasized in his San Francisco remarks that the factors still remained paramount in our Office consideration of capital adequacy. The eight factors are as follows:

1. The quality of management;
2. The liquidity of assets;
3. The history of earnings and of the retention thereof;
4. The quality and character of ownership;
5. The burden of meeting occupancy expenses;
6. The potential volatility of deposit structure;
7. The quality of operating procedures; and
8. The bank's capacity to meet present and future financial needs of its trade area, considering the competition it faces.

You will note that the "quality of management" is listed as the first and foremost factor. In a very real sense, we believe our concern needs to be even more with "managerial adequacy" than with capital adequacy. We would like better touchstones against which to measure the quality of management. We are directing serious efforts toward this end within our Office. It is also certain that the contractor engaged to carry out a complete evaluation of our Office will devote a good deal of effort to the goal of securing better measures of managerial adequacy.

There are some obvious criteria. In large part, these duplicate the market tests that are applied as banks seek additional capital funds. Certainly, the historical record of earnings, the rates of return on capital, the rates of overall growth, and the record of expansion into new and promising areas of financial service are all relevant. Again, the factor of asset quality is crucially important, and we are able to make some continuing judgment on that score. However, I think it is fair to state that, just as is the case with capital adequacy, we shall never be willing to live with a completely mechanistic formula in measuring managerial adequacy. At the margin, the element of reasoned judgment must take over.

Remarks of Justin T. Watson, First Deputy Comptroller of the Currency, at the Graduation Ceremonies of the School of Banking of the University of Florida, Gainesville, Fla., Aug. 16, 1974

"Bank Capital and Liquidity"

Today perhaps the two most discussed topics relating to banking are bank capital and liquidity. Those topics come to the forefront when there is an erosion of public confidence. Bank stocks have fallen off sharply. The stability of our Nation's financial system, even the international financial system, has suffered severe shocks in the past few years. It started about 4 years ago with the Penn Central bankruptcy. That was followed by Equity Funding, the failure of the United States National Bank of San Diego, the Beverly Hills Bancorporation and the problem with its commercial paper, and now "serious trouble" in the Franklin National Bank of New York. In the international area, a prominent German bank recently failed. Other West European banks have suffered sizable losses in foreign exchange, and it is common knowledge that many of the so-called fringe banks in London are in trouble and, at the urging of the Bank of England, are being supported by the London clearing banks.

I suppose the prime function of bank capital is to radiate confidence in the banking system. One banker said, "Capital begets courage, courage begets credit, and credit overcomes depression." Another banker said, "To move against the ebbtide of depression takes courage; it also takes capital."

The commercial banking system relies on confidence for its continued successful operation to a greater extent than any other business. Adequate bank capital contributes to that confidence by placing a bank in position to absorb normal, and even unusual, losses as they occur. Adequate capital also gives confidence to the regulatory authorities as they have a comfortable feeling that the banking system will be able to absorb losses without impairing its capability to serve the credit needs of the economy.

The problem is determining what is adequate capital. There can be no precise answer since we do not know what losses a bank will encounter in the future. A mathematical formula can be devised to obtain an answer but it has to be based on a set of hypothetical assumptions and can only be as valid as the assumptions.

In much of the study devoted to capital adequacy, great emphasis has been placed upon various capital ratios. If those ratios show declining trends, it is often hurriedly concluded that bank capital is less than adequate and the strength of the commercial banking system is deteriorating. That is faulty reasoning. Perhaps an example can best illustrate. In 1893, the ratio of capital to assets was 30 percent. In 1945, the ratio was only 6 percent. Based on those ratios, the commercial banking system would seem to have been much stronger in 1893 than in 1945. Yet, there were 491 bank failures in 1893 and only one in 1945.

Nevertheless, one should recognize there has been a historical decline in capital ratios. In 1875, the ratio of capital to total assets was 36 percent. In

1973, it fell to less than 7 percent. Today, the capital to assets ratio of the 10 largest banks in the Nation is 5 percent. That means capital is leveraged 20 to 1.

Among the 30 largest banks in the Nation, the best capitalized bank has double the capital per asset dollar of the thinnest capitalized institution. While one should not make a fetish out of ratios, nevertheless, there appears to be a need for some guidelines so that everybody is playing in the same ballpark.

Prior to World War II, the measurement of capital adequacy was the capital to deposit ratio. If deposits did not exceed 10 times capital funds, the regulatory authorities felt the bank was adequately capitalized. One regulator stated it was immoral for a bank to go over the one-to-10 ratio. In fact, former Comptroller John Skelton Williams considered issuing a regulation which would prohibit a National bank from accepting deposits if its ratio was over one-to-8. While the capital to deposit ratio had some validity, it gave no weight to the quality of assets or the capability of bank management.

During and after World War II, the capital to deposit ratio got considerably out of line, principally due to large deposit increases which were invested primarily in government bonds as loan demands at that time were not particularly heavy. A new, arbitrary formula known as the risk assets ratio was devised by the agencies. Cash and Governments, which were considered riskless assets, were deducted from total assets, and capital was related to the remainder, all of which were considered risk assets. If a bank had more than $6 in risk assets for every dollar of capital, management could expect to be hearing from the regulatory agencies. Later, the formula was refined and the same standards maintained.

Other formulas were also devised. One of the more prominent ones was the so-called A B C formula. That was an allocation of capital against assets. It was arbitrarily concluded that bank assets have varying degrees of risk. Those assets were lined up and a certain percentage of capital was allocated against them. The allocated capital was then totaled, and if the bank's existing capital structure was less than the total of the allocated capital, the difference was the amount that the bank was considered undercapitalized.

In 1962, the Comptroller's Office abandoned the risk asset ratio and determined capital adequacy on such factors as asset quality, liquidity, management, etc. We are currently using that subjective test.

There are other theories on capital adequacy. Perhaps the most prominent one now being discussed is the study made by George Vojta of the Citibank on capital adequacy. Basically, Vojta's theory is that current earnings should be two times the average annual loss over the past 5-year period, and, that capital funds should be at least 20 times the average annual loss over the past 5 years.

That formula does not provide for catastrophic losses. As Vojta emphasizes, if such losses occur, it is the responsibility of the Federal Reserve to support the banking system.

Another theory is that capital should be sufficient to cover the three following conditions:

- Absorb losses on the sale of unpledged liquid assets to meet approximately 20 percent of the unsecured deposits and short-term liabilities;
- To cover substandard and doubtful assets by 20 and 50 percent, respectively;
- To cover all fixed assets on the books.

The problem of capital adequacy became more pronounced with the amendments to the Bank Holding Company Act several years ago. In many cases, the Comptroller felt a National bank which was a subsidiary of a bank holding company was adequately capitalized. However, when the holding company made application to the Federal Reserve for permission to make a non-bank acquisition, in many cases the Federal Reserve felt the bank was undercapitalized and required an injection of additional capital funds as a condition for approval of the acquisition. That left the bank squarely in the middle as here was one regulatory agency advising the bank it was adequately capitalized and another regulatory agency saying it was undercapitalized.

At the suggestion of the Comptroller, discussions have been held between the Comptroller's Office and the Federal Reserve regarding capital guidelines. The fundamental disagreement between the two offices is the matter of subordinated capital debentures. The Board in Washington is presently using a ratio of equity capital to total liabilities. Subordinated capital debentures are included in liabilities and, therefore, a bank that has issued such obligations is penalized. The Comptroller's Office maintains that subordinated capital debentures are a part of capital as they afford depositor protection. For example, in the United States National Bank of San Diego failure, the subordinated debentures remained in the receivership while all the deposit liabilities were assumed by the Crocker National Bank.

I believe the Federal Reserve had been under the impression that the Comptroller's Office was approving subordinated capital debentures without much of an investigation. However, the Comptroller's Office has been quite meticulous in reviewing capital note agreements to make certain that such things as acceleration do not come into play at the drop of a hat. I hope we have reassured the Fed.

Also, the Federal Reserve dislikes short maturities apparently feeling that a 7- to 10-year obligation is nothing more than a time certificate of deposit. In order to reach an agreement, the Comptroller's Office has proposed more stringent standards. For example, we indicated a willingness to lengthen maturities out to a minimum of 20 to 25 years with a sinking fund coming into play during the latter life of the obligations. Also, we would probably be receptive to requiring that subordinated debentures be convertible. In retrospect, I believe it would have been wise had we made the convertibility feature mandatory 10 years ago on the theory that we would only approve subordinated capital debentures for an institution we felt was viable. If the institution continued to operate successfully, the attractiveness of the convertibility feature would have come into play and those subordinated debentures would then move down into the equity capital base.

The Comptroller's Office does not want to be wedded to any inflexible mathematical computations. We believe management is the key to a well run institution. Therefore, we believe a well-managed bank, free of asset problems, is entitled to operate on a higher leveraged capital base than one which has asset problems. Some of you may be aware of the rating system which is used by the Federal Reserve and this Office. Generally speaking, banks rated "A" have classified assets not exceeding 20 percent of capital funds, "B" 20 to 40 percent, "C" 40 to 80 percent, and "D" over 80 percent. We proposed to the Federal Reserve that "A" banks' loan portfolios not exceed 8½ to 9 times capital funds; "B" banks, 7½ to 8½; "C" banks, 6½ to 7½; and "D" banks, no higher than 6½ times. The Federal Reserve thought that proposition had merit but preferred a ratio of capital to total assets with allowances being given for highly liquid unpledged assets. We cannot disagree with that suggestion and we are hopeful that some guidelines can be worked out which will be beneficial for the industry. We would hope those guidelines are not rigid but flexible.

Even if suitable guidelines can be developed, the present climate for raising capital is bleak. It is virtually impossible to sell common stock today because of investor disenchantment with the market generally. Most banks' price-earnings ratios have fallen considerably in the past year. Capital debentures are not attractive because of high interest rates. However, an interesting source of capital has recently come to light, and its immediate acceptance by the investment community seems to assure it a prominent place in the market of finance. It is the floating or variable interest rate note.

Citicorporation was the first to enter those uncharted waters. It announced a $250 million dollar issue but, when prospects for success were so overwhelming, the offer was increased to $850 million. Several other bank holding companies have followed suit, and Standard Oil of Indiana has recently announced plans to market a similar issue.

Floating or variable interest rate notes are not attractive to banks because present regulations require a minimum maturity or redemption period of at least 7 years. However, it seems feasible to explore the suitability of that instrument's use by banks on a subordinated basis. It seems to me that it would be quite attractive to certain investors who are interested in safety and are satisfied with a rate slightly higher than the market rate for a prime security such as Treasury bills. If the average investor is willing to forego the protection offered by Federal Deposit Insurance, and it seems many of them at the present time are, perhaps that could be a new source of capital for banks.

If that type of instrument catches on, and it seems that it will, serious imbalances in the banking system could occur. Funds could flow from the smaller banks to the large holding companies if the saver believed it was imprudent to keep his funds in time or savings accounts. Floating notes appear to appeal to savers with balances in the $5 to 25 thousand range, probably the most desirable and profitable of all retail time accounts. Non-holding company banks could very well be left with an ever-increasing volume of small, low profit savings accounts. Bank liquidity already stretched could come under further strain as the competitive advantages passed to the holding companies. One shudders to think what could happen if large corporations make a massive move into the market with floating rate notes. So, therefore, I believe serious exploration should be given to the matter, in order that banks, particularly the small and medium-sized ones can remain competitive. Some people may claim that those instruments could be a step towards indexing the economy and bowing to inflation. However, that is already happening now that many labor contracts have cost of living escalation clauses.

Regulation Q is the culprit causing disintermediation by the small saver. The overwhelming success of the recent offering of the "Nifty Nines" by the U.S. Treasury indicates that the small saver is no longer satisfied with the artificial ceilings imposed by that regulation. The artificial ceilings on interest that banks could pay on time deposits was one of the more important causes of the credit crunches of 1966 and 1969. The shift of funds from financial institutions into direct investments in both those years strained the liquidity of the banking system. We are witnessing that again today. It seems patently unfair that ceilings be imposed on the small saver while rates on prime loans, Federal funds, and CD's over $100,000 can go through the roof. Even though those loan rates today are hitting their historical highs, they would be even higher were it not for the fact that the small saver has been subsidizing them by foregoing a fair return on his funds. Some people can justify low rates as a way to preserve an adequate supply of mortgage money. Interest ceilings are not attracting funds for the mortgage market. Those ceilings that were designed to provide mortgage money are the very instruments that are drying up the pool. Clearly, the ceilings are not accomplishing the only purpose that can justify them.

Consumer activists are running around the country literally trying to tear down banks and business. Those activists have, for the most part, maintained complete silence on the loss of purchasing power experienced by the small saver who, by the way, also is a consumer. It seems to me that those activists define a consumer as a borrower and a saver as a capitalist.

Now I'll get back to the second part of my topic, bank liquidity. In many respects, bank liquidity is more important than capital adequacy. Bank regulatory agencies cannot pay cash letters. Furthermore, there is some flexibility in asset evaluation and the regulatory agencies can stretch a little in a touch and go situation.

The Comptroller's Office has been carefully following the liquidity positions of National banks for over 10 years. We have devised a liquidity formula which, although not perfect, had worked reasonably well until the Nation's larger banks began extensive money market operations. The present liquidity formula appears adequate for non-money market banks. Its reliability diminishes when used for money market banks. A bank can acquire short-term liabilities and place $1 in liquid assets for every $5 or $6 it places in long-term assets and retain what appears to be on the surface a reasonable liquidity ratio. In fact, there was an article recently published entitled, "Let the Comptroller's formula work for you," and the article advocated precisely that. Perhaps there has been some abuse, but that is a rather futile way to windowdress liquidity.

Bank liquidity has been significantly reduced over the past several years. For example, we have seen situations where the net borrowed Federal funds position, securities sold under agreements to repurchase, and due to banks—time, primarily foreign, represent as much as 40 percent of total balance sheet footings. If negotiable CD's and CD's over $100,000 are added to the above figures, the percentage shoots up to 50 and 60 percent.

Another disturbing observation is the habitual heavy use of Federal funds by certain banks. We recently reviewed a selected group of 30 banks which have been heavy in a net borrowed Federal funds position. Their Federal funds borrowed positions as of March 31, 1974 ranged from a low of 63 percent to a high of 482 percent of capital funds, including loan loss reserve. It also ranged from 3 to 22.8 percent of total balance sheet footings. For the period ending March 31, 1974, the 331 large Federal Reserve reporting banks had 106 percent of their capital funds and loan loss reserves in a net borrowed Federal funds position.

We also analyzed the 30 largest National banks on a little different basis to determine what percent of short-term liabilities were being used to support a loan portfolio. We took total deposits and deducted secured deposit liabilities, due to banks—time, and CD's over $100,000 to arrive at an adjusted deposit figure. In some cases, loans to adjusted deposits ran as high as 150 percent.

From that analysis, it appears quite obvious that many banks are borrowing short and lending long. Their ability to maintain liquidity depends upon the buying of funds and that depends upon market confidence. If confidence is lost, a bank has a liquidity problem of almost unmanageable proportions. Therefore, I cannot overemphasize the need to match asset maturities and liability maturities in such a manner that assets can be liquidated, if necessary, at a minimum loss.

At the present time, this Office is devising a more sophisticated liquidity analysis for money market banks. Basically, it will match asset and liability maturities. Of significance, it will not consider the general loan portfolio as a source of liquidity. Our experience has taught us that over-reliance on the loan portfolio for liquidity is a fatal mistake. In a critical situation, loan liquidation never comes up to expectations. That is even more so today, when many banks have strayed from sound credit standards and many industries which, a few years ago, appeared to be acceptable credit risks are now experiencing financial difficulties. Those credit problems are also compounded in some cases by sizable market depreciation in the investment portfolio. When interest rates ease, banks seem to stretch their investment maturity positions. They then become locked in when the credit crunch comes and liquidity in the portfolio evaporates.

I think the time is ripe for bank management to review capital and liquidity positions. Efforts should be made to upgrade loan portfolios. Speculative loans should be shut off and those on the books should be weeded out. A heavy loan portfolio should be offset by unpledged high-grade short-term securities. I think we are in an era where the banking business will face its severest test since the 30's. It behooves us to reassess our operations and then ask ourselves, "Do we feel comfortable?"

REMARKS OF JUSTIN T. WATSON, FIRST DEPUTY COMPTROLLER OF THE CURRENCY, BEFORE THE ALABAMA BANKERS ASSOCIATION, GULF SHORES, ALA., SEPT. 12, 1974

"Changes in National Bank Examinations"

Our country, its society, and the economy are always on the move. The business of banking has not taken a back seat and, in fact, it has been at the forefront and provided leadership in our changing times. New banking services, new ideas, and new methods are constantly being offered to the public. Competition triggers such action. The Office of the Comptroller of the Currency is giving a great deal of attention to the environment in which National banks operate so that we will be abreast, if not ahead, of changes in order for us to function in a constructive manner.

By way of background, let me say that when the government feels it necessary to have administrative regulation for an industry, as it has for banking for more than a century, it almost always does so by assigning such responsibility to a particular agency or group of agencies. The purpose of regulation by independent agencies such as we have in banking is to insure that the performance of that industry is consistent with the National interest and the individual needs of the public. Surveillance may be directed mainly toward the prevention of abuses which, in banking, will injure the public through bank failures. Regulation, however, may go beyond monitoring and may establish minimum standards for performance.

The reason for the use of independent regulatory agencies is that the necessary degree of regulation involves close supervision of the management of the industry. Standards of performance are too complex and too changeable to be prescribed by statute. Considerable judgment is required in the assessment of performance. The strength of the independent regulatory agency is the combination of the executive, legislative, and judicial powers it holds. Its actions and decisions are usually not subject to review by another office or agency in the executive branch of government.

The Comptroller's Office was the first independent regulatory agency established by the Congress; the first Federal agency to which the Congress made a broad delegation of executive, legislative and judicial powers; and the first on which it conferred an independent status within the executive branch.

Examinations and special reports are used as a regulatory tool by the Comptroller's Office and, I am sure, by all bank regulators. The severity and scope of an examination may vary depending upon the condition of the bank in relation to the economy. However, there is usually no disagreement between bankers and the regulatory authority about its ultimate objective, sound and safe banks.

Managing liabilities is a highly important banking function. It relates to the source of funds for meeting loan requests and commitments, and depositor demands. Often today, liability management means to locate, accept, and purchase additional liabilities to meet those requests and demands. The manner in which that is accomplished ties to the liquidity, and perhaps the solvency, of the individual bank, if not the banking system.

Successful liability management in the sense that it is generally referred to in banking today, demands full recognition that certain basic rules must not be violated. That is, we should recognize the difference between daily excess cash on deposit and hot money in search of a home at the highest price. Second, restrictions are necessary on the maturities of assets which are to offset hot money purchased. That, I feel, is a pressing issue in view of the proportions of large CD's, Federal funds, securities sold subject to repurchase, and other forms of day-to-day and short-term borrowing, including foreign transactions. The latter have been used freely in some liability management concepts and in the quest for a better bottom line. Further, in that regard, we cannot overlook loan commitments, letters of credit, and ineligible acceptances. With respect to the nature of commitments to lend, you may recall that the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency, on April 6, 1973, addressed letters to the chief executive officer of any bank with deposits exceeding $100 million, asking for careful judgment on the appropriateness of the bank's credit risks and the source of funds for the take-down, based on a consideration of economic conditions.

In summary, dangers associated with the practice of liability management are borrowing short to lend long, excessive interest rate competition, and reverse fund flows resulting from confidence crises or for other reasons. I hasten to add that the risk of borrowing short to lend long is not uncommon to banking, in a sense it is what banking is all about. But the assumption of such risks, while necessary in banking, must be kept within reasonable limits. The practice of liability management, as it has evolved, has permitted the creation of a large volume of interest sensitive and potentially confidence sensitive short-term liabilities. In addition, a fundamental theory of traditional banking states that risk assumption in assets will vary in proportion to cost of liabilities to carry those assets. The fundamentals should not be forgotten.

Our new "Maturity Schedule of Assets and Liabilities", which at outset will be requested from only the 200 largest National banks, is the outgrowth of the considerable attention in our Office recently to our need for more comprehensive liquidity data. That schedule has been discussed with officers from a number of banks, and the BAI has also been most helpful and constructive to us in our deliberations.

Another area that we are looking into is the matter of the loan evaluation on large national credits which are held by two or more banks under a master loan agreement. We are of the strong opinion that identical loans to national concerns by banks in various parts of the country should be treated uniformly by our examiners. That has not always been the case, and it has created problems for bank management where a line is classified at their bank, but has been passed elsewhere. We know bankers exchange such information. Also, lack of uniformity has created some problems with the Internal Revenue Service in their acceptance of loss classifications in National banks. Accordingly, the Comptroller's Office is taking steps to initiate a program whereby a team, probably three, of select examiners from various regions will visit lead banks for the purpose of classifying or passing lines of credit totaling $20 million or more, in which participations have been sold to various banks throughout the country.

That classification would then apply to all National banks sharing in the credit until the next review at the lead bank. Interim reviews would not occur unless there were significant changes in the credit. Each participating bank, Regional Administrator of National Banks, and the Conference of State Bank Supervisors would receive a copy of the classification. Incidentally, the American Bankers Association and the Conference of State Bank Supervisors have worked closely with us in formulating this program and it appears likely that the Conference of State Bank Supervisors will initiate a similar arrangement. When that happens, classifications arrived at in State banks that are lead banks will be made available to us. We believe this program will eliminate the existing inconsistencies and, more important, will lead to a more thorough and more constructive evaluation of the particular credits under consideration. In the long run there should be a time savings because it will not be necessary to repeat a thorough evaluation of each and every one of the participating banks. In our examination of foreign departments, we have already initiated a similar program concerning the treatment of country credits.

Our Office is establishing a Consumer Affairs Division to work in a broad area affecting consumerism as it relates to banking. Those areas of concern include the refusal to grant credit on the basis of sex or race, violations by banks of various statutes designed to protect consumers' interests, improvement of banking public relations in helping individual borrowers understand extensions of credit and encouragment to banks to establish systems to answer customers' questions about credit. We also want banks to educate their officers and employees about consumer laws and regulations so that they do not give the public erroneous, or unlawful, information. It is probably relatively rare that a bank deliberately attempts to take advantage of a customer, but it is not rare for a bank or loan officer to act in ignorance of pertinent laws. The examining function of the Comptroller's Office must be prepared to anticipate such problems. The Division will be prepared to advise the Comptroller on policy matters, for example, the repossession procedures of banks.

The Division's director, who has experience in bank examination, will be responsible for implementing the program and will be assisted by a staff consisting of consumer affairs specialists and National bank examiners who are knowledgeable about consumer banking. Because of their familiarity with the examination process, those examiners should be able to develop examination procedures dealing with consumer affairs and statutes and to coordinate the necessary training of regional staff and field examiners. Legal counsel will also be available to the staff in order to keep abreast of various Federal and State consumer protection laws and to give advice on the Division's response to specific complaints.

The purpose of establishing a consumer affairs division stems from the commitment by the Comptroller's Office to uniformly enforce both Federal and State consumer protection laws as they relate to National banks. That commitment extends beyond answering Congressional criticism of our past endeavors and should also consist of more than courteous cooperation with various State enforcement agencies. National banks must understand that it is our policy to enforce those laws and to encourage their cooperation in executing the spirit of the law. A worthwhile result will be increased confidence in the banking system and the Office of the Comptroller.

Earlier I mentioned that the banking industry is experiencing rapid and profound changes. The barriers to statewide and even nationwide banking are falling. Commercial banks are becoming financial conglomerates, and are spreading out both geographically and in terms of services provided to their customers. Tremendous asset growth, centralization or decentralization of various banking functions, greater sophistication in asset and liability management and the development of new and specialized services are part of the challenge before the Office of the Comptroller of the Currency and the individual National bank examiner. Accordingly, a thorough and all-encompassing review of the Office and bank examination practices and procedures is underway by Haskins and Sells. That project is our effort to ensure that the services provided by our Office are relevant to today's needs. The Office must be capable of not only participating in, but leading the rapid evolution of dramatic change which the banking industry is currently undergoing. The project will help to determine and improve the quantity and the quality of services provided to the public and to the National banks. The major objective is to attain the highest possible level of professionalism and expertise in the Office of the Comptroller of the Currency.

The evaluation will be a review of the objectives, scope, and resulting examination report of the work done by the examiners, with the idea of determining whether the objectives of the Office are properly stated in view of the Comptroller's responsibilities as established by law. The study will review the impact of expanded computer capabilities on the total operation of the Office. We will try to determine what National bankers would like from the Comptroller's Office that they do not get at present. We want to establish a comprehensive early warning system so that we will be able to act instead of reacting. The study is scheduled to be completed during the summer of 1975.

Perhaps some of the more significant changes to take place in banking over the past 10 to 15 years have been in the area of automation. As a result, we have had to change some of our examination procedures and that has affected banks, their operating policies and procedures, their internal audit programs, and their reporting.

The most obvious change in examination was the initiation of the EDP examination back in 1967–68. We now have select examiners, trained in data processing, located in all regions. Their responsibility is the annual examination of data processing operations in banks, bank service corporations, and private companies performing automated services for banks. As a result, banks have had new standards and procedures for EDP operation, auditing and output.

Before the days of automation, when our field representatives went into a bank to conduct an examination they were instructed to take control of various ledgers (demand, savings, installment, etc.) and run up the individual ledger sheets on an adding machine to prove totals to the bank's general ledger controls. Then came automation. Suddenly, we found ourselves unable to make an independent proof of automated applications. Instead, we accepted printed trial balance reports generated by a computer. In our original procedure that would be analogous to asking the bank's various posting clerks to run up individual ledger sheets on an adding machine after posting and then to present the tape to us as a trial balance. In other words, as we accept computer output not produced under our control, the integrity of the information declines. Often the format of data contained on computer output is not easy to follow and transcribing to work papers is difficult and time consuming.

With that in mind, our Office is currently testing an automated retrieval system to be used in conjunction with commercial and trust examinations. Basically, the system will give us the capability to extract selected data from individual bank magnetic files and print reports designed to our specifications. Not only will that restore data integrity to former levels but it should also improve examiner efficiency and effectiveness by:

- Standardizing the output an examiner must use;
- Eliminating much of the laborious and time consuming task of transcribing data from the bank's output media to work papers;
- Performing some analysis on the data which would aid the examiner in his evaluation of the condition of the bank;
- Assisting the training of new examiners by making output reports consistent and identical no matter what bank is being examined.

Let me hasten to add that such a retrieval system is by no means a reality. We are only in the testing stages of a pilot program. If the results of our tests indicate that the automated retrieval examination system is unworkable, we will have to explore alternative methods. The biggest problem we foresee is operational. It is very difficult to develop a retrieval system with enough flexibility to be used in the wide variety of computer system environments existing in the country's 4,700 National banks.

Another area relating to data processing is our minimum standards of output. Those standards simply outline the information our Office deems necessary to effectively examine and regulate the bank. In most instances the bank should already have all of that data and more, so there should be little effect on banks. The minimum standards of output are being revised and will soon be reissued. Any new requirements we come up with would certainly directly affect only new systems under development.

During the examination a great deal of time is spent on the loan portfolio. Many banks have, or are in the process of, automating commercial loans. The computer output that replaces the manually posted liability ledger has not always proven adequate for our needs, or even for the bank's needs. The history of the loan and any indirect liability are often missing or are very difficult to get. Therefore, in many parts of the country, our examiners have taken the initiative and have discussed our data requirements with the systems design people to make sure those requirements are incorporated into systems before they become fixed. In the past those efforts have not always proven successful, but our Office's emphasis on cooperation and involvement will continue.

In many instances the banks have actually developed specialized reports for examiners, including automated line sheets. Some of the very large banks have what is referred to as the "examiner's package" which kicks out pre-defined reports specifically for use by the examiner. A request to have the package run may be made directly or through the audit department. We recognize that increased complexity of bank operations, tightly scheduled computer usage, and delayed posting, make it imperative that our Office request only reports that are needed.

Another significant change in recent years has been the closer look at bank audit departments, their levels of competence, and the completeness of the internal audit program. To a large extent, that is a result of the EDP examination. Initial reviews found audit department quality poor and audit coverage inadequate. Traditional audit techniques were found to be ineffective in an automated environment. We feel our EDP examination has highlighted the audit weakness, not only to the Comptroller, but also to the bank and particularly to the bank auditor.

The tremendous increase in volume and the advent of computerized bookkeeping has made the proof and balancing of trial balance totals to the bank's general ledger increasingly complex and difficult to accomplish. That is particularly true for such applications as demand deposits and credit card operations. Perhaps our examiners have not kept pace with developments and, therefore, find it increasingly difficult to understand the entire operation, the handling of unposted and rejected items, and the final settlement to preestablished totals. We hope to improve that phase of the examination through better training of new examining personnel and closer supervision by the examiner-in-charge. The curriculum of our new assistant examiner's school will have a large section on the settlement of automated applications.

With the widespread use of computer output microfilm, our Office for the first time is confronted with the problems of examining an application without the benefit of printed hard copy output. Up to this point we have always insisted on hard copy output. How much longer can we insist on printed hard copy? The rising cost of printing and other complications may force us to reconsider and accept other forms of output. That may require new methods of examination.

The last matter I would like to comment upon is our concern over self-dealing. The experience of the Comptroller's Office indicates that unsafe and unsound banking practices are frequently associated with self-dealing by the bank's managing officials. Thus, the identification and scrutiny of self-dealing transactions is important both to the bank and to the Comptroller's Office. One of the most common manifestations of self-dealing is the extension of credit on an unsound basis. Other examples include various types of contracts negotiated between the bank and a business enterprise of a bank official on other than an "at arms length" basis which sometimes benefit those individuals improperly on their interests, to the detriment of the bank.

This past summer we solicited in the *Federal Register*, comments concerning a proposed regulation to deal with that problem. Many constructive suggestions were received and the regulation in its final form will be published before year-end. The purpose of the regulation, which will require principal officers and directors of National banks to keep on file with the bank a report relating to their business interests, is to establish an informational base upon which bank management and the Comptroller's Office may more accurately assess the extent to which and manner that a National bank may be engaging in transactions with its own directors and senior officers.

I believe that sums up the major changes in the Comptroller's Office recently. We hope these changes will be constructive, not only for ourselves, but the National Banking System as well.

Remarks of Justin T. Watson, First Deputy Comptroller of the Currency, Before a Symposium of the World Trade Institute, New York, N.Y., Oct. 24, 1974

"Identifying Legitimate Off-Shore Investors"

I am honored to participate in this symposium and to be among such distinguished guests. The topic suggested to me is, "Identifying Legitimate Off-Shore Investors." In view of the rather narrow range of that topic, I thought perhaps that I would first endeavor to introduce you to the Office of the Comptroller of the Currency and comment briefly on the bank regulatory setup in the United States.

The Office of the Comptroller of the Currency is the oldest regulatory agency in the United States Government. It was organized in 1863. The Comptroller of the Currency is a one-man bank regulator who is appointed by the President and confirmed by the Senate for a 5-year term. All other regulatory agencies are boards or commissions of from 3 to 7 members. The Comptroller is also a director of the Federal Deposit Insurance Corporation.

The primary responsibility of the Comptroller's Office is the supervision of the National Banking System. That is done through the examination process. The purposes of bank examinations are to determine solvency of the particular institution under examination and to ascertain whether it is operating within the framework of applicable banking laws. The existing law requires that the Comptroller examine each National bank four times every 2 years, however, he may waive one examination during this period. The Comptroller also has the authority to examine any National bank as frequently as he deems advisable. A report of examination is prepared by the field examiner in charge and a copy is submitted to the Comptroller and one to the bank.

The Office of the Comptroller of the Currency has several divisions. They are examining, legal, economic, organization, and administrative. We have are approximately 2,550 employees. The examining division is by far the largest, with over 2,000 people in the field in addition to Washington personnel. The examining division is in a constant state of travel, moving from one National bank to another conducting field examinations. The principal function of the examining process is the evaluation of bank assets for collectibility. The examiner has the authority to chargeoff assets which he believes are uncollectable. Those chargeoffs diminish capital funds and if they exceed a bank's capital structure the Comptroller has no choice but to put the bank into receivership or attempt to merge it with a stronger institution.

Other functions of the Comptroller's Office are the chartering of new National banks, granting permission to existing National banks to branch within the geographic limitations imposed by State law, and permitting mergers to take place where the resulting bank will be a National bank.

There are approximately 4,650 National banks. Those banks have approximately 15,000 domestic branches and 600 foreign branches. Total resources in the National Banking System are $490 billion, outstanding loans $272 billion, deposits $395 billion, and capital funds $38 billion. Last year National banks had net income of $3.8 billion. Although National banks represent approximately one-third of banking institutions in the United States, they hold approximately 60 percent of the Nation's banking resources.

There are approximately 13,500 commercial banks operating in the United States; 9,000 are State-chartered banks which are under the supervision of the 50 State banking authorities. Those that are members of the Federal Reserve System are also supervised by the Federal Reserve. State-chartered, federally insured banks that are not members of the Federal Reserve System are also supervised by the Federal Deposit Insurance Corporation. All National banks are required by law to be members of the Federal Reserve System. That membership is optional for State banks, and only approximately 1,000 are members. Those members are, however, generally the larger State-chartered institutions.

The banking industry has expanded rapidly in the past 15 years. New banking services have been initiated and competition has become much more fierce. The scramble for deposits and non-deposit funds has continued at an accelerated pace. Funds to meet loan demands have out-stripped the normal deposit growth and that has created an active and aggressive money market and the development of new money market instruments.

Along with that development came the money brokerage business. That business not only deals with the brokerage of negotiable certificates of deposit, security repurchase transactions, and Federal funds, but also with deposit placements. Most such operations are conducted on a highly ethical basis, however, as in any field of endeavor, unethical operators creep into the picture. With most banks aggressively seeking additional loanable and investable funds, they can become victims of unethical operators, commonly known as confidence men.

Banks have always been plagued with external and internal crimes. In the days gone by, it seemed the classic crimes were bank robberies and embezzlements. However, in the 60's, confidence men were able to get into the banks through fraudulent loan schemes. That continues; however banks are much more vigilant. In the late 60's, groups of banks sprang up in the Channel and Guernsey Islands and in some of the Carribbean Islands. Those banks were nominally capitalized and solicited funds in the United States offering high interest rates. Most of the depositors' funds were placed in insider loans and the banks subsequently failed with the American investors losing sizable amounts of money. Several banks in the United States were also victims of those institutions. In some cases banks made loans against their worthless certificates of deposit, granted immediate credit on drafts drawn upon those institutions, and, in some cases, even made direct deposit placements. The Comptroller's Office endeavored to warn National banks when that situation came to our attention. The classic case of fraud was perhaps the Bank of Sark, which operated on the Isle of Guernsey in a rented, one-room, third floor office staffed by an ex-barmaid. In another case, a bank was operated out of a gasoline station in Nassau, Bahamas.

In April 1972, a new scheme came to the attention of the Comptroller's Office through inquiries by a number of financial institutions in Florida and Ohio. We learned that individuals were approaching banks and indicating to them that they represented foreign interests, primarily from the Middle East, who desired to place millions of dollars with them for a long period of time at rates very favorable to the banks. The typical offer was that many millions of dollars would be delivered to a bank in exchange for a 20-year maturity certificate of deposit at a rate approximately 4 percent below the market. The interest would be compounded over a 20-year period. None of the depositors' names were revealed to the banks. When interest rates fell in the United States those propositions slowed down; however, they picked up again at the beginning of 1974. Mysterious money brokers began making the rounds of U.S. banks offering to deposit millions of dollars of Middle East wealth at terms that seemed too good to be true.

Although most banks were wary, some were sufficiently enticed that they began negotiating with those brokers. Thus far, we know of no banks receiving deposits under that scheme. We did closely follow one transaction in which a bank agreed to accept such deposits, but to date, the funds have not arrived. We fear the letter could be used to swindle another financial institution. We believe the real aim of the suspected confidence men is to get a bank letter signed by the chief executive officer agreeing to accept a huge deposit. That letter, perhaps altered, could then be used as a reference to get a loan somewhere else or as an inducement to get another bank to pay a finder's fee in advance for promised big deposits that would never materialize.

One banker reported he was approached by a man offering $20 million to be deposited in the form of a certificate of deposit with a 20-year maturity at a rate approximately 4 points below the current market rate. He practically lived at the bank for 3 months. Details of the proposed transaction kept changing, telexes flew back and forth between Switzerland and the United States. Finally, everything was agreed upon; however, the funds failed to show up. The man the bank had been dealing with went to Switzerland and only postcards have been arriving since.

Another banker informed this Office that his bank was offered a multi-million dollar deposit in exchange for certificates of deposit by a money broker. The banker indicated interest. The money broker said he knew of $300 million in foreign funds which certain unnamed depositors wanted to place in American banks for a long period of time. Names of the prospective certificate holders were indefinite; however, two organizations were mentioned which have international business interests. The banker subsequently informed the broker he was not interested in the proposition due to lack of information as to the source of funds and the principals involved. He also questioned why the large money center banks were not approached and why an investor would want to freeze funds for 15 years or more at fixed low interest rates. He also was unable to obtain any information on the financial responsibility of the broker.

Overall, approximately 100 National banks reported to us that they had been approached with virtually identical propositions. To the best of our knowledge no bank has received funds through such an arrangement, and none have lost funds through the payment of advanced brokerage fees. Thus, we have no basis on which to report those transactions to the Department of Justice.

In addition to approaches to commercial banks, solicitations have also been made to corporations operating in this country. Basically, a money broker offers to lend a company several millions of dollars again at a rate approximately 4 percent below the current prime. A fiduciary bank will supposedly handle the loan for the unnamed lender and confirmation will come within 15 days. All the corporation has to do is produce a letterhead application agreeing to the loan and a separate letterhead agreeing to the payment of 4 to 5 points to the money broker. Here again we have no knowledge of funds actually being delivered to make the loan and, we believe in some cases the corporation paid the points and thus was bilked.

We have endeavored to obtain information on several of the firms and individuals to determine their types of business, methods of operation, and business connections. One firm operating in Georgia was not listed as a Georgia corporation or as a foreign corporation authorized to do business in Georgia. The Securities Division of the Secretary of State of the State of Georgia did not list the firm as a broker in securities. Local banks had no credit information on the firm and the firm did not have a listed telephone number in the Atlanta, Ga. telephone directory. Although the firm's letterhead contained an address, the management of the building where the firm was supposedly located stated that no such tenant existed. They also reported they had received numerous inquiries about the firm.

Another broker whom we checked had a very checkered career. He was promoting stock of the company and managed to unload that stock on various insurance companies over which he and some other disreputable associates had working control. He was also involved with an infamous land swindler who was under indictment.

There is an old principle in banking which states, "know your customer." That is applicable not only to borrowing customers but depositing customers as well. Dealing with strangers can be hazardous and identifying legitimate domestic and off-shore investors is of the utmost importance. Fortunately, the American banking system has a very good record in that respect.

Remarks of Justin T. Watson, First Deputy Comptroller of the Currency, before the First Gold, Silver, and Foreign Exchange Seminar, Amsterdam, Netherlands, Nov. 8, 1974

"How Inflation is Affecting and
Will Affect American Banking"

I am honored to participate in this Seminar and to be among such distinguished guests. My subject is "How Inflation is Affecting and Will Affect American Banking." Inflation is the most important thing on the minds of the American public today. Although the inflation rate is higher in many other countries, the American economic and financial community agree that the continuation of the present high rate of inflation in the United States will wreak havoc on the country.

The U.S. economy has been in an inflationary spiral for the past 40 years. At times the rate has been negligible, but during the past few years it has been accelerating to reach the present level of about 12 percent.

During the Great Depression of the 30's, which was accompanied by 8,800 bank failures, the price level in the United States dropped dramatically. The Roosevelt Administration undertook a set of economic policies designed to maintain and even to increase existing price levels. Certain legislation such as the National Recovery Act and the Fair Trade Act was passed. That was nothing more than legalized price fixing in an attempt to eliminate price competition and was ultimately ruled unconstitutional.

After the Depression and through the early 60's the American banking system operated in an ultraconservative manner. President Kennedy came into office in early 1961 at a time the economy of the Nation was almost at a standstill. He was persuaded that a slowing rate of economic growth was in the large part a consequence of unduly restrictive monetary policy. For the previous 10 years, the money supply had been increasing at an annual rate of 2.1 percent, which was less than many economists and bankers thought necessary to support a real growth of the economy on the order of 4 percent a year. President Kennedy expressed the view that a tight monetary policy could not be allowed to induce a recession and a marked change in monetary policy ensued. From 1961 to 1967, a period of sustained high performance by the economy, the money supply increased at a rate of 3.3 percent per annum, well above the average rate of increase in the 50's.

President Kennedy appointed James J. Saxon as Comptroller of the Currency. A cordial, vigorous extrovert, Saxon brought many changes in bank regulation to the Office of the Comptroller of the Currency. Those changes were followed by many of the State banking authorities. Mr. Saxon encouraged vigorous bank expansion, more liberal powers, and innovative ideas to make the banking industry not only more competitive but to serve the public interest as well. With dramatic changes in mind, Saxon requested each National bank to give its judgment concerning needed changes in the laws, policies, and regulations affecting operations. At the same time, he appointed a committee of 24 bankers and lawyers to review the National bank responses and to report their conclusions and recommendations. The committee published a document entitled, "National Banks and the Future." In general, the committee recommended many changes that would broaden the lending and investing powers of National banks and that would enable many of them to expand the scope of their activities.

From 1962 to date, the banking system of the United States has experienced unprecedented expansion. Annual Federal expenditures during that period have increased from $100 billion to $300 billion. Government deficits and rapid credit expansion are the two principal causes for inflation in the United States.

The Federal Reserve System has been applying monetary brakes on the economy. That has resulted in high interest rates but has had little effect on dampening the ardor of bank borrowers. In fact, soaring interest rates have placed an additional burden upon the United States banking system. For all practical purposes the equity market in the U.S. is closed. The long-term bond markets are very thin. The commercial paper market has become very restrictive with only the largest high-grade corporations able to use that avenue of finance. The banking system has been accommodating those borrowers who, under ordinary conditions, would be going to the marketplace.

The economic psychology of the average American individual and the business community seems to be, "it is cheaper to buy today than to buy tomorrow, and what is borrowed today can be paid back tomorrow in depreciated currency." That attitude has placed increasingly heavy demands upon the credit facilities of U.S. banks.

The rate of savings in the United States has slowed down. Many depositors are drawing down deposit funds to place them in U.S. Government bonds or money market instruments where the rates are substantially more attractive.

Loan demand has far outstripped deposit growth in the past decade. That has resulted in a new technique called "Liability Management." That is simply buying money on a short-term basis by selling large certificates of deposit, obtaining time deposits from other banks, buying Federal funds, and selling securities under agreements to repurchase. Those transactions are engaged in to support and expand loan portfolios. We have seen cases where such items make up as much as 50 to 60 percent of a bank's balance sheet footings. It is, in essence, borrowing short and lending long. The ability to continue that practice depends on market confidence. If confidence is lost, a bank has a liquidity problem of unmanageable proportions.

Inflation and high interest rates have resulted in distortions in credit markets. Housing is a classic example. Banks have diverted funds from the housing market because more attractive rates could be found elsewhere. Thrift institutions which are limited in interest payment to depositors have also experienced deposit run-offs. That has resulted in a substantial decrease in home building. Home building is highly sensitive to money market developments. Soaring interest rates and reduced availability of mortgage credit have greatly aggravated the poor condition of that industry which is already suffering from sharply higher land and construction costs and from the erosion of the consumer's purchasing power.

A few benchmark indicators of the level of inflation in the United States may be useful. Between 1971 and 1972, consumer prices in the United States rose 3.3 percent, a level which we regarded as uncomfortable at the time because consumer prices had risen about 1.6 percent a year from 1960 to 1965. Now, an annual rate of growth for prices of 3.3 percent would be considered a desirable and difficult goal to achieve.

Between 1972 and 1973, price increases accelerated to a rate of 6.2 percent. In 1973, from January to December, prices rose about 8.5 percent. That price acceleration has continued, with the consumer price index up 8 percent between January and August of 1974.

If the rate of inflation continues at the pace of

TABLE 1

Rate of Change of Prices and Money Supply as Compared to Federal Budget Surplus or Deficit, Selected Postwar Years

Year	Percent change, year to year in consumer prices	Percent change in the money supply[1]	Surplus or deficit in Federal Gov't budget (National Income Accounts) as a percent of G.N.P.
1944	1.7	—	—
1945	2.3	—	—
1946	8.5	—	—
1947	14.4	—	—
1948	7.8	−1.0	3.3
1949	−1.0	−0.3	−0.9
1950	1.0	4.5	3.2
1951	7.9	5.6	1.9
1952	2.2	3.8	−1.1
1953	0.8	1.1	−1.9
1954	0.5	2.7	−1.6
1955	−0.4	2.2	1.0
1956	1.5	1.3	1.4
1957	3.6	−0.7	0.5
1958	2.7	3.8	−2.3
1959	0.8	1.6	−0.2
1960	1.6	0.6	0.7
1961	1.0	3.1	−0.7
1962	1.1	1.5	−0.7
1963	1.2	3.7	0.1
1964	1.3	4.6	−0.5
1965	1.7	4.6	0.2
1966	2.9	2.4	0.0
1967	2.9	6.6	−1.6
1968	4.2	7.8	−0.8
1969	5.4	3.5	0.9
1970	5.9	6.0	−1.2
1971	4.3	6.3	−2.1
1972	3.3	8.7	−1.4
1973	6.2	5.7	0.0

Dashes indicate information not available.

[1] Money supply is defined here as private demand deposits plus all currency outside the Treasury, the Federal Reserve Banks, and the vaults of all commercial banks.

SOURCE: *Economic Report of the President*, Feb. 1974, pages 249, 300, 310, and 328.

TABLE 2

Percent Change in Consumer Price Index for Selected Countries, 1963–1974

Year	United States	United Kingdom	France	Germany	Italy	Netherlands
1963	1.2	1.9	4.8	3.0	7.4	3.8
1964	1.3	3.2	3.4	2.3	6.0	5.5
1965	1.7	4.8	2.5	3.4	4.5	5.2
1966	2.9	3.9	2.7	3.5	2.4	5.8
1967	2.9	2.5	2.6	1.4	3.2	3.2
1968	4.2	4.7	4.6	1.5	1.3	3.6
1969	5.4	5.4	6.4	2.7	2.6	7.5
1970	5.9	6.4	5.3	3.7	5.0	4.4
1971	4.3	9.4	5.5	5.2	4.8	7.6
1972	3.3	7.1	5.9	5.7	5.7	7.8
1973	6.2	9.2	7.3	6.9	10.8	8.0
1974[1]	12.4	21.6	16.8	7.0	21.4	10.8

[1] 1974 figures are based on trends in price index from December 1973 to June 1974.

SOURCE: *Economic Report of the President*, Feb. 1974, page 359. *International Financial Statistics*, Oct. 1974, pages 140–141, 146–147, 202–203, 264–265, 368–369, and 374–375.

recent months, the United States will experience a gain of better than 12 percent for the year, the first time the United States will have experienced such a rate of price increases since 1947. The shock and dismay we in the United States presently feel concerning rapid price increases arises from our history of rather modest inflation, even during the turbulent times of World War II.

By way of comparison with the experience of other countries, United States prices rose approximately 6 percent between January and July of 1974. During the same period, Canada experienced a gain of 7 percent, the United Kingdom an increase of 9 percent, West Germany 3 percent, France 7 percent, Japan 10 percent, and Italy 12 percent. As you can immediately see, the German experience is considerably better than that of the United States, but, some other European countries are experiencing rates of inflation even more troublesome than that felt in the United States. Expressed as an annual rate, some European countries will see price increases near 20 percent this year, and others will have figures closer to 6 percent.

Naturally, we know not all countries calculate their consumer price indices exactly the same way, and differences in gathering and tabulating data require us to be careful in making international comparisons. However, there are enough similarities to allow us to look at changes in consumer price indices in various countries as indicators of the order of magnitude of price changes, even if we may have some doubt about the accuracy of close comparisons.

I might mention parenthetically that, as I was gathering my remarks for this speech, the increase in United States consumer prices for September was reported, and it provided no reason for comfort about the immediate future. If prices continue to rise at the rate recorded between August and September, the increase for the year would exceed 14 percent, and gains in wholesale prices earlier in 1974 lead me to believe that it will be very difficult to bring down the rate of increase in consumer prices in the immediate future.

As it happens, the increase in U.S. consumer prices that began in 1973 coincided with a number of international events which have tended to confuse the issue of what has caused the inflation. Historically, some countries have experienced sluggish business conditions with the result that some countries had high prices while those in others were at normal levels. During the latter part of 1973 and early 1974 a coincident peak of prices in many countries of the world occurred, making it difficult for any country to vent some of its surplus demand on products imported at reasonable cost from other countries. More recently, of course, the paths of economic activity in various nations of the world have diverged, with some nations slipping toward recession—often deliberately induced, as in the case of the United States—and others experiencing fairly strong economic impetus. It is reasonable to expect that rarely in the future will the world's economies tend to coincide in phases of the business cycle, just as they have rarely coincided in the past.

The problem of the demand for raw materials and its contribution to inflation, however, is more serious. Certain nations are working on the assumption that the demand for their products will continue at roughly the same levels with little regard to the price, a situation economists describe as inelastic demand for products. Technical substitution of one product for another, such as petroleum, is difficult in the short run but, over a period of years, the demand for products can change dramatically. Once changed, the demand cannot then be quickly reoriented.

Petroleum prices have been raised by formation of a cartel, but the prices of other raw materials have risen also, and not because of cartels. Raw materials are limited in quantity, and the natural approach is to first obtain those easiest to obtain. As a result, many raw materials have become more expensive to obtain as world demand for them has gradually increased, and producers have been forced to dig deeper or to incur other higher costs.

Given the changes in the international situation, and their disruptive nature on the U.S. economy, it is not surprising that there is some confusion about the source of inflation and prospects for methods of controlling it. A spate of articles in the popular press have again and again hit the same general theme. They tell us that inflation is very complex, that present inflation is being caused by other nations, that the old laws of economics must be thrown out, and that no one understands how to stop the current rise in prices.

No one denies that international influences have caused some dramatic price rises, especially in energy sources, but it is very difficult to explain widespread inflation in those terms. It appears that the traditional factors influencing the economy were largely to blame for inflation in the U.S., and that we must look to those same factors for help in slowing the rate of increase of consumer prices. That means the traditional tools of fiscal and monetary policy have been used, and will continue to be used to fight inflation. In the current economic situation of rising unemployment, the question really is not whether traditional tools can be used, but whether sufficient courage can be summoned to continue the fight against inflation.

As an example of the domestic source of our inflation, the growth of the U.S. money supply was approximately 3.6 percent between 1962 and 1966, and during that period prices advanced very modestly, averaging a yearly rate of 1.6 percent. Between 1966 and 1971, the money supply grew more rapidly. The rate of growth was approximately 6.0 percent and, from the end of 1971 to the present, the money supply has grown at a rate of 7.4 percent. Periods of rapid growth in the money supply have coincided with high rates of inflation.

It is, of course, possible to pin down the relationship between the rate of change of prices and the rate of change in the money supply in terms of statistical techniques, and to build mathematical models of the U.S. economy with which one can estimate the impact of changes in money growth upon changes in total output of the economy. Although that might be suitable for a scholarly discussion of inflation, I want to focus more on the effect inflation has on commercial banks.

I think a simple juxtapositioning of data for the money supply and for the rate of change of prices is highly suggestive. Money growth has been rapid when price rises have been rapid, and money growth has been slow when price rises have been slow. The old thesis that inflation results from too much money chasing too few goods cannot easily be dismissed.

Given that changes in the money supply and changes in the rate of growth of prices have tended to be in the same direction and of the same general order of magnitude, we still do not have an answer to why the money supply rose. If we look behind the numbers, we will quickly see that changes in the monetary base in the past 5 years have been caused largely by changes in the volume of the Federal debt purchased by the Federal Reserve System. It would have been possible for the Federal Reserve System to purchase less Federal debt during that period, but that would have automatically caused higher interest rates on Federal debt obligations.

During some of the time the Federal debt was expanding, sluggish business conditions existed or were in the offing, and the Federal Reserve System may have felt higher interest rates would not be appropriate in those circumstances. Whatever the thinking at the time, increases in the Federal debt apparently were important in increasing the monetary base which, in turn, provided bank reserves. Banks used those reserves to create bank deposits.

Given the root causes of inflation, the solution also appears to be relatively straightfoward. Restrictive monetary and fiscal policies will have to be continued to cure inflation. That will result in unemployment and loss of real productive output which could otherwise have been enjoyed by U.S. citizens.

Both the existence of inflation and the subsequent solution to the problem of inflation impact heavily upon commercial banks. Banks are the fulcrum through which monetary policy operates, and they bear some of the brunt of restrictive fiscal policies. There are two effects on banks, the direct and the indirect. The indirect is felt through the customers.

One of the most obvious effects of inflation on banks is that, as with other businesses, their operating costs rise. On the surface, that might not appear to be much of a problem. Non-financial firms may pass along their increased costs to customers, and banks, it might seem, do the same thing. Unfortunately, banks do not have a standard price for their services and, in particular, they do not have a price which the public is accustomed to seeing rise periodically. Bank salaries rise permanently in inflationary times, but the increases in bank interest rates are temporary. As banks' costs rise, with the sure prospect that the interest rates they charge will sooner or later decline, they must become more efficient in their procedures in order to survive. The alternative is to raise fees or other charges.

Productivity has been increased in a number of ways. New techniques for obtaining funds, such as the use of negotiable certificates of deposit, capital notes, and floating rate notes have been used. Electronic data processing equipment has been brought to bear on increasing paper flow loads, reducing the ratio of employees to checks cleared and credits processed compared to those of earlier periods. And, finally, some banks have examined their internal structure and found that they could reduce their operating staffs significantly in a further attempt to achieve economies of operation.

But how far can such policies go? Can a new financing instrument be devised to make the negotiable certificate of deposit seem old fashioned? Can electronic funds transfer procedures achieve great additional economies? Can banks further reduce staff? At what cost? There is widespread suspicion that bank liquidity is now stretched very thin and that additional lessening of liquidity or taking on additional risk would not be a sound idea.

A second direct effect of inflation upon commercial banks is that associated with tight money and restrictive fiscal measures. Tight money is accomplished in large measure by Federal Reserve sales of short-term U.S. Government securities. The result is usually a yield curve for U.S. Government securities sloping downward to the right, and that configuration poses problems for commercial banks. Banks normally obtain their funds in the relatively short-term market, and lend for a longer term. If the yield curve slopes upward to the right, rather than downward, banks obtain their short-term funds at interest costs lower than those at which they lend. But in tight money conditions, the yield spread between short- and long-term securities is reduced, thus eating into bank profits. Thus, the cure for inflation affects banks just as inflation itself affects them.

A third problem of inflation for commercial banks is that earnings are difficult to achieve and, at the same time, liquidity is being drawn down to its lowest level and liabilities are at a high level. Assets have been sold to meet strong credit demands and liabilities have been increased to obtain funds. Since a large volume of liabilities have been incurred, a bank's ability to acquire others, primarily by issuing negotiable certificates of deposit, by purchasing unsecured overnight Federal funds, or by other methods, may be limited. Therefore, liquidity in the form of a bank's ability to incur short-term money market obligations is circumscribed during a time when the bank has most likely used a large portion of its traditional asset liquidity. Difficulty in issuing short-term money market liabilities is compounded if events occur to shake the public's confidence in the banking industry. Prior to the difficulties of the Franklin National Bank in New York, as an example, regional banks outside major money market cities were paying a premium of 5 to 15 basis points on their large certificates of deposit, compared to major money center banks. Subsequent to the Franklin problems, regional banks were paying 25 to 50 basis points higher than money center banks. That added premium reflected skittishness in the market for short-term funds. The danger for banks is that it may become impossible for a bank to roll over maturing liabilities in such circumstances, thus forcing the bank heavily into the central bank with all the attendant bad publicity that might result if it became public knowledge, which it surely would.

And a fourth difficulty for banks during periods of inflation is that the incentive for families and individuals to save is eroded when prices are rising. People can clearly see they are better off spending now and avoiding future price increases rather than saving their money. The attendant slower growth of deposits serves to reduce the rate of growth of low cost bank liabilities. Fortunately, the rate of growth of prices in the United States has not been so rapid as to seriously undermine the will to save, but historical experience with very high rates of inflation, in the United States and in Europe, illustrates vividly what a flight from currency can entail.

In addition to the direct effects banks experience when prices rise, they also are exposed to indirect effects through a deterioration in the quality of their customers. Inflation makes long-term financing more expensive and, usually, depresses the stock market. Firms, therefore, find their ability to raise capital is impaired or, simply, that the cost of capital is much higher. Marginal investment projects no longer are profitable and high quality management is required to cope with the stresses of inflation. Most firms face the knotty problem of trying to maintain enough working capital when sales rise rapidly. Inability to do that, or to forecast needs accurately from a cash budget, is a major cause of failure.

Secondly, various management weaknesses are most obvious during inflationary stress periods. Sales are rising, working capital is being stretched, long-term financing is difficult, and firms find themselves relying on banks for long-term growth capital. Investment decisions are complex, employee turnover accelerates, and productivity usually declines as manufacturing concerns approach maximum capacity output. Even conventional accounting practices are thrown into doubt when inflation materially distorts the level of prices during the period of a year. There are important differences in the effect upon profits of FIFO or LIFO inventory valuation methods, for example. These factors become important in managing a firm because the true course of events may be obscured, leading the managers of the firm to make inappropriate decisions. Inflation is the direct culprit in some cases, and, in others, it is the economic environment that fosters inflation.

There is a distinct difference between moderate rates of inflation, and by that I mean rates of price increase not exceeding 3 percent a year, and rapid price rises of the type recently experienced in many countries. When prices rise moderately, consumers feel the effect of rising prices, but not so drastically that they find it necessary to curtail certain purchases in order to concentrate on necessities like food and shelter.

With price increases running at an annual rate of better than 10 percent, however, the real income of a number of families is so seriously eroded that they must shift their consumption patterns to concentrate on necessities. The result is a shift in market share for manufacturers of non-necessity products, a slowdown in the rate of sales growth, and possibly even a decline in sales.

Firms experiencing declining market shares pose a special problem for banks lending to them. Prior to the period of rapid inflation, banks may have judged a particular firm's credit standing to be quite good but, if that firm produces a luxury product, its financial strength could be sapped quickly.

Inflation occurs during periods of strong demand for products and services, and the government responds by employing a number of techniques designed to restrain the exuberant pace of business. Those various techniques do not have an equal restraint on all sectors of the economy. Different sized firms are affected differently by restraining techniques. The businesses most affected feel unduly aggrieved, and make their feelings known to their legislators. The result is a groundswell of sentiment for a system to restrain the pace of business, with some industries coming under greater restraint than at present and others coming under less.

Since the results desired by some people have not been forthcoming from the free operation of the economy, the suggested solution is often to interfere with the operation of the economy through either controls or new techniques designed to achieve the desired goals. In general, two techniques have been designed to produce results that some critics of the present system feel would be more in line with the needs of the U.S. economy.

The first involves credit allocation directly by quotas or other allocations of the percentage of total credit extended by lenders. A system of direct credit allocation would, for example, require lenders to supply manufacturers with a given percentage of total credit extended, and no more. Another fixed percentage would be allocated to new residential construction loans, and another to loans to wholesalers and retailers in clothing items, and yet another to wholesalers and retailers in sporting goods and recreational equipment. The problems of administering such a system are vast, and the difficulty of arriving at the proper percentage allocations for each category are even more difficult.

A different approach, more based on market forces than is the direct allocation approach, is the use of reserve requirements for commercial banks based upon their assets rather than upon deposits, as is now the case. If reserve requirements were set at high levels for types of assets deemed less desirable, loans for foreign travel, as an example, might be discouraged, but banks could continue making such loans if they felt it was necessary.

The use of asset reserve requirements has been suggested by Dr. Andrew Brimmer who, until recently, was a member of the Board of Governors of the Federal Reserve System. Typically, the relatively small flow of credit to the residential construction industry and to smaller businesses during times of credit stringency have been stimuli which have brought forth calls for steps to direct the flow of credit. Dr. Brimmer's suggestion arose from just such problems.

With inflation raising the cost of all housing, the allocation of credit to areas other than residential housing during boom periods causes a double set of problems. During the boom, the housing industry and individual buyers are inconvenienced but, in addition, the stock of housing does not grow as rapidly as it would if builders were operating at full speed, which results in spiralling housing prices for some years after the boom period. In the past, builders have often overbuilt in the race to catch up, which produces a large inventory of unsold housing and low construction rates until that excessive inventory is worked off. Naturally, the allocation of credit receives blame for that problem, too. The argument is that the overbuilding would never have occurred if the pace of housing had not been slowed in the first place.

No matter how we examine the relationship between inflation and the position of commercial banks, we conclude with the view that inflation weakens the banking system, just as it weakens a nation. The crucial problem facing many of us in the near future is determining the extent to which we are willing to accept the temporary difficulties of unemployment in order to effect a long-run cure to the cancer of inflation.

The question is whether the citizens of the United States have the will to bear hardships to conquer inflation. Various special interest groups advocate that other groups shoulder the burden.

Our propensity to accept some inflation each year is another problem. The magic figure used to be 3 percent. A banker whom I greatly respected, the late George Gund of the Cleveland Trust Company, once said to me sarcastically, "If an annual inflation rate of 3 percent is considered good, 6 percent is twice as good." Unfortunately, it doesn't work that way, and there doesn't seem to be any quick answer to solving the inflation problem, just the classic solution, high unemployment and numerous business failures.

REMARKS OF DAVID H. JONES, SPECIAL ASSISTANT TO THE COMPTROLLER (STRATEGIC POLICY PLANNING), BEFORE THE ANNUAL HOMECOMING LUNCHEON OF THE UNIVERSITY OF TEXAS AT EL PASO COLLEGE OF BUSINESS ADMINISTRATION, EL PASO, TEX., NOV. 9, 1974

I appreciate the opportunity to share some thoughts with you today about the challenge for the Comptroller of the Currency in the years ahead. Considering the current economic climate, it is especially timely that we step back and take a look at recent trends in the banking industry and the way these developments have affected the Office of the Comptroller of the Currency.

Before taking up specific issues, however, it might be helpful to review briefly the role of the Comptroller of the Currency in our regulatory system.

The Office of the Comptroller of the Currency was created by Congress in 1863 as an integral part of the National Banking System. The Office of the Comptroller of the Currency is dedicated to assuring the solvency and liquidity of National banks.

The Comptroller, as the Administrator of National Banks, is responsible for the execution of laws relating to National banks and promulgates rules and regulations governing the operations of some 4,600 National banks. Approval of the Comptroller is required for the organization of new National banks, conversions of State-chartered banks into National banks, consolidations or mergers of banks where the surviving institution is a National bank, and the establishment of branches by National banks.

The Office of the Comptroller exercises general supervision over the operations of National banks, including trust activities and international operations. Each bank is examined periodically through a nationwide staff of approximately 1,850 bank examiners, under the immediate supervision of 14 Regional Administrators.

Those examinations serve to assist the Comptroller in appraising the financial condition of the banks, the soundness of their operations, the quality of their management, and their compliance with laws, rules, and regulations.

Commercial banking has been undergoing dramatic change over the past decade. During the period 1960–73, the U.S. commercial banking system, nearly 14,000 banks, more than tripled in size, with assets jumping from $256 billion, in 1960, to $837 billion, in 1973. The most significant growth came in loans, which grew at a compound annual rate of 11.2 percent. In 1960, loans represented 47 percent of bank assets and, in 1973, accounted for 59 percent of assets.

Accompanying that rapid growth in assets was a significant change in the way banks were acquiring funds. Confronted with sluggish growth in demand deposits, a 5.9 percent annual rate for the period 1960–73, and constrained by the interest rate ceilings on savings deposits set by Regulation Q, banks increasingly turned elsewhere for additional sources of funds to meet the burgeoning credit demands. That can be seen in the more intensive use of large negotiable certificates of deposits (CD's) and also in the development of new sources of purchased funds, such as Federal funds, Eurodollar borrowings, bank-related commercial paper, and so on.

In 1960, for example, banks held $156 billion in demand deposits, no CD's, and only $73 billion in time and savings deposits. But, at the end of 1973, banks held $309 billion in demand deposits, $64 billion in large negotiable CD's, and $308 billion in time and savings deposits other than large CD's. In other words, demand deposits just about doubled during that period while the more costly time deposits and CD's increased fivefold. Moreover, during that same period, borrowings as a percentage of total liabilities, reserves, and capital increased from less than 3 percent to more than 10 percent, while debt capital rose from virtually nothing to 0.5 percent.

In other words, during the late 60's and early 70's, the emphasis in banking shifted from the management of assets to the management of liabilities. Banks changed from concentration on the composition of their assets to assembling outside sources of funds, that is, borrowing funds as needed to meet the demand for loans from present customers, to accomodate new borrowers, or to adjust to reserve drains. Asset management on the other hand, involves adjusting liquid assets in response to changes in the volume of deposits or loan demand.

While the emphasis in banking was shifting to the management of liabilities, the basic structure of the banking industry was being significantly altered. In the 3 years after Congress, in 1970, passed major amendments to the Bank Holding Company Act of 1956, permitting multi-bank holding companies to enter bank-related businesses, bank holding companies have gone outside the banking industry and acquired or started such financially related businesses as mortgage companies, commercial and consumer finance companies, factoring companies, small loan companies, and so on.

Leasing, for example, is an activity in which bank-related companies have become a significant force. As of August of last year, bank holding companies and their related leasing operations accounted for over $4 billion, or nearly 20 percent, of the $20.5 billion of equipment put on lease by the top 25 industry participants.

Looking at other bank-related activities of holding companies, we see that six of the largest mortgage banking firms were affiliated with bank holding company groups as of June 1973. Those mortgage firms serviced $10.23 billion, or 53.6 percent, of the $19 billion serviced by the top 10 companies.

Bank affiliated finance companies accounted for $3.2 billion, or about 5 percent, of the consumer finance receivables of the top 150 finance companies.

Moreover, total bank holding company involvement in leasing, mortgage banking, and consumer financing is considerably understated by those figures as many subsidiary banks continue to be very active themselves in those businesses.

The expansion of new banking subsidiaries also has been pronounced, and today more than 65 percent of the deposits held by commercial banks are controlled by holding companies. Truly, bank holding companies have become the dominant force in the banking industry.

A third significant trend that should be mentioned is the movement toward international banking. Recent figures show that 98 U.S. commercial banks have 652 branches in other countries. At the end of 1973, those foreign branches of U.S. banks had $125 billion in assets. Moreover, American banks now face a challenge in the form of mounting foreign competition. Competition for U.S. banks is not only mounting in overseas markets but is becoming increasingly visible here in the United States. At the end of 1973, there were about 60 foreign banks in the United States, with $38 billion in assets. There are 430 foreign-controlled banks, agencies, branches, and representative offices in the United States, up from 171 in 1966. Total assets of agencies and branches of foreign banks operating in the United States have increased 600 percent since 1965.

There are presently no Federal limitations or approvals required for foreign banks to expand in the U.S. Foreign banking activities are presently largely a matter of State action. Within the United States, foreign banks may establish branches or subsidiaries in more than one State, depending upon State law.

As I mentioned earlier, the Comptroller exercises direct on-the-spot supervision of National banks through a nationwide staff of National bank examiners. At least three times in every 2 years, examiners visit each National bank and subject it to a thorough analysis. The essence of a bank examination is the appraisal of the bank's assets and its management, the varification of its liabilities and a determination of its adherance to the law and to sound banking principles. The object of every bank examination is the appraisal of the soundness of management and of the bank's solvency and liquidity positions.

In the past, when banks mainly took in deposits of and made loans to businesses and individuals within their own communities that task was not so difficult. But with banks now extending substantial amounts of credit through subsidiaries engaged in mortgage banking, factoring, consumer finance, leasing, and other specialized activities, with banks having branches all over the world, and with banks practicing liability management, the magnitude of the task takes on a different light.

For example, what is meant by sound management practices? How do you measure the quality of the management of a bank having non-bank subsidaries and overseas branches? What are the liquidity requirements of banks practicing liability management? Banks practicing liability management generally assume that additional funds can always be acquired in the markets whenever there is a need for them. However, recent experience has shown that those funds can be quite volatile, especially short-term funds, and therefore may result in banks incurring temporary liquidity problems.

How should bank holding companies be supervised? Should bank-related subsidiaries be as closely controlled as banks on the basis that, if a subsidiary failed, it might precipitate unfavorable action on the bank? What should be the role of the Comptroller in regulating bank holding companies?

Who should charter and supervise the U.S. branches of foreign banks? Who should supervise the foreign branches of U.S. banks?

Those are but a few of the multitude of questions that the recent sweeping developments have posed for the Office of the Comptroller of the Currency. Clearly, the barriers to statewide and even nationwide banking are falling. Banks are becoming financial conglomerates, and are spreading out both geographically and in terms of services provided to their customers. Tremendous asset growth, widespread structural changes, new banking legislation, centralization or decentralization of banking functions, greater sophistication in asset and liability management, and the development of new and specialized services have all resulted in a new and complex challenge for the Office of the Comptroller of the Currency and for the individual National bank examiner.

To ensure that the Office of the Comptroller of the Currency is capable of not only participating in, but also leading the rapid evolution the banking industry is currently undergoing, the Comptroller has engaged the nationally known firm of Haskins and Sells to conduct a comprehensive review of the Office of the Comptroller, its policies, management practices, and the statutory and regulatory framework within which it operates. It is expected that this major undertaking will be completed late next summer.

The Comptroller has also recently established a new National Office unit to track new and significant developments in the larger National banks. That new unit, which I have the responsibility of staffing and directing, will consist of specialists covering all facets of domestic and international banking. By monitoring closely developments in the "leading edge" banks, the unit should function effectively as an "early warning system" for highlighting potential problem banks. It should also serve as a valuable resource for the bank examiners.

In closing, I would like to point out that we are now witnessing the emergence of a totally new financial environment, the electronic funds transfer system (EFTS) environment. In this EFTS environment, local orientation will no longer assure insulation from a fiercely competitive financial market. With a fully operational EFT System, no part of the country will be less accessible than any other part.

Consider, for example, the place of business experiment in Lincoln, Nebr. The Transmatic Money Service of First Federal Savings and Loan Association was initiated in January 1974. That plan makes it possible for shoppers to receive cash or make deposits through point-of-sale terminals in two local supermarkets. There is no service charge for either customer or supermarket, and the money in the accounts earns interest from the time of deposit to the time of withdrawal. The initial customer acceptance for the first two units has been overwhelming. First Federal's customers enthusiastically accepted the convenience of being able to make deposits or withdrawals at their local supermarket anytime the store was open.

The Exchange, in Bellevue, Wash., is the Nation's first unmanned remote 24-hour financial services facility to be shared by mutual savings banks and savings and loan associations. By using the service, customers can make deposits or withdrawals, transfer funds from one account to another, pre-authorize payments to utilities, and cash checks.

Banks, too, have the organization and the know-how to provide such services. In fact, technological developments in the electronic funds transfer system (EFTS) area have been so rapid in recent years that the capability exists to create and operate more systems than have actually been put in place to date. However, from now on, advances will be largely determined by the regulatory and statutory framework and by cost considerations.

The Comptroller of the Currency has stated his policy position in that area many times: The public must be allowed to gain the full benefits available from all technological advances. Where that is not possible because of existing statutory or regulatory restrictions, the Comptroller favors making the requisite changes.

That the Comptroller is anxious to assume a leadership role in directing the rapid evolution the banking industry is currently undergoing was demonstrated recently when the Comptroller announced that his Office would soon issue a ruling to permit statewide, and in some cases interstate, collection and disbursement of deposits by National banks through remote automated teller machines.

In the final analysis, the will to compete will set apart those financial institutions who successfully make the transition to this new banking environment. The challenge to the Comptroller, indeed to all financial regulators, is to apply sufficient regulatory constraints for ensuring sound financial policies and practices without inhibiting those competitive forces that are so necessary for providing the public the best possible financial services at reasonable costs.

APPENDIX D

Selected Correspondence and Rulings of the Comptroller of the Currency

Selected Rulings and Correspondence of the Comptroller of the Currency

Date and Topic	*Page*
June 10, 1974, Correspondence on Automatic Investment Services	301
June 28, 1974, Correspondence on Standby Letters of Credit	311
Dec. 12, 1974, Ruling on Customer-Bank Communications Terminals	316

Automatic Investment Services

June 10, 1974

This is in reference to your letter of August 15, 1973, and to the succeeding correspondence and meetings between us on the subject of the Automatic Investment Service (AIS) being offered by some National banks.

In February 1973, counsel for Security Pacific National Bank (Security Pacific) requested the views of this Office whether a proposed AIS would be consistent with the National banking laws and particularly with Sections 16 and 21 of the Glass-Steagall Act, 12 U.S.C. Sections 24 and 378, as amended (G-S Act).

Description of AIS

The proposed AIS offers checking account customers of the bank the opportunity to purchase any of an initial list of 25 common stocks, by an automatic monthly charge, within a range of $20 to 500, to their checking accounts. The participant chooses his stock or stocks from a list of the 25 largest corporations listed in Standard and Poor's 425 Industrial Index as determined by the market value of outstanding stock. The bank makes the deductions, effects purchases for the customer's account through a broker, keeps the stock in safekeeping, and provides monthly statements. The bank does not participate in the selection of the stocks to be included in the list (except insofar as the initial selection of the Standard and Poor's Index was made by the bank) and does not give investment advice to the participants. The participant is advised to make an independent investigation of the merits and suitability of the available stocks.

The bank charges a per transaction fee of 5 percent of the amount invested in each stock, but this fee is limited to $2.00 ($3.00 under some plans). In addition, each participant pays his pro rata share of the brokerage commissions. Participants have full rights as shareholders and receive shareholder material directly from the company.

Those electing to purchase stock have their monthly deductions pooled with money of all others acquiring the same stock under the service. Periodically, but not less frequently than once every month, the bank establishes a cut-off date and promptly thereafter acquires shares of each of the common stocks with all funds available, after deducting the service charge. The funds include any dividends that have been received by the bank on full and fractional shares that it, or its nominee, is holding in safekeeping for users of AIS. The time between any cut-off date and the subsequent completion by the bank of the acquisition of shares of common stock with funds obtained prior to the cut-off date is referred to as an "acquisition interval." Such acquisition interval shall not exceed 30 days. The price per share (including fractional shares) charged each person who acquires shares of a stock during any particular acquisition interval is the average price (including brokerage costs) paid by the bank for all shares of that stock purchased by it under the service during that acquisition interval. All the shares acquired under the service are held in the bank's name, or in the name of its nominee, but the bank will deliver, upon request, certificates representing whole shares to the owner. There is no charge for delivery of certificates evidencing ownership of 100 shares or more. For certificates in the amount of 99 or fewer shares there is a charge of $4 per certificate where the delivery is other than in connection with termination of an account.

A participant may terminate the service at any time either completely or as to one or more stocks. The bank will deliver certificates representing the full shares owned and cash for fractional shares or will sell the full shares if so requested.

Pertinent Statutes

The provisions of the banking laws applicable to the proposed AIS appear in Title 12 of the United States Code as portions of sections 24 and 378. The pertinent portion of Section 24 reads as follows:

> The business of dealing in securities and stock by the association shall be limited to purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of, customers and in no case for its own account, and the association shall not underwrite any issue of securities or stock.

Section 378 prohibits persons engaging in the business of issuing, underwriting, selling or distributing securities from engaging in the business of receiving demand or time deposits and provides criminal penalties for the violation of any of its provisions. It contains a proviso, however, which states that its provisions shall not prohibit National banks or other banks, financial institutions, or private bankers "from dealing in, underwriting, purchasing, and selling investment securities to the extent permitted to National banking associations by the provisions of Section 24 of this title . . ."

The Comptroller reviewed the provisions of the proposed service in the light of the pertinent provisions of sections 24 and 378 and concluded in a letter dated February 27, 1973 that: (1) the AIS involves only purchases for the account of customers and not for the bank's own account; (2) the bank in creating and managing the AIS is not engaged in the business of issuing, underwriting, selling, or distributing securities; and (3) the operation of AIS by the bank is consistent with the provisions of sections 24 and 378 of Title 12 of the United States Code.

Investment Company Institute Request for Reconsideration

On August 15, 1973, counsel for Investment Company Institute (ICI), a national association of the mutual fund industry, requested that the Comptroller reconsider the position taken in the letter of February 27, 1973, and issue a revised opinion or ruling concluding that the operation by a National bank of an AIS which includes a stock purchase plan is prohibited by sections 24 and 378 of Title 12 of the United States Code. That request was accompanied by a supporting memorandum which mentioned that two banks were operating AIS.

Copies of the request of ICI and of the memorandum were sent by the Comptroller's Office to counsel for the two banks and to counsel for Investment Data Company which had developed the AIS under consideration. Counsel were invited to submit to the Comptroller their comments on the request for reconsideration and to send a copy of any such comments to counsel for ICI. The latter was advised of the invitation.

On October 12, 1973, memoranda in support of the opinion of the Comptroller were received from counsel for the two banks. On October 29, 1973, a reply memorandum was submitted by counsel for ICI. On November 20, a supplemental memorandum responding to certain contentions made in the reply memorandum was submitted by counsel for the banks.

Meanwhile the President of the New York Stock Exchange expressed, in a letter of September 7, 1973, the concern of the Exchange with the activities of National banks which were selling stocks listed on the Exchange under AIS. The President of the Exchange requested that the Comptroller's opinion be reviewed in light of the practices which have developed since it was issued. He was advised that attorneys for ICI had made a similar request supported by a legal memorandum and he was invited to submit any legal briefs or other material he might care to submit in support of his position.

On February 22, 1974, the President of the New York Stock Exchange requested that the Comptroller defer announcing an opinion or ruling until the Exchange had an opportunity to submit additional material. The Comptroller acceded to this request stating in his reply and a press release that he would delay the issuance of his response to ICI until April and requested that the Exchange's material be submitted by March 22. On March 22, 1974, the President of the Exchange submitted a legal memorandum in support of a request that the Comptroller rule that the operation of an AIS by a National bank is unlawful.

Legislative History

Banking Act of 1927

Prior to the enactment of the McFadden Act (1927), 44 Stat. 1226, National banks engaged in the investment securities business under their incidental corporate powers to conduct the banking business. Congress, in enacting the McFadden Act, chose to recognize, confirm and regulate an existing banking service or business instead of granting a new power. 69th Cong. 1st Sess. No. 83, January 12, 1926, pp. 2, 3, 4; No. 473, March 25, 1966, pp. 6, 7.

Section 2(b) of the McFadden Act amended the law relating to the corporate powers of National banks by adding at the end of paragraph Seventh of R.S. 5136, 12 U.S.C. 24 in part as follows:

> That the business of buying and selling investment securities shall hereafter be limited to buying and selling without recourse marketable obligations . . . commonly known as investment securities under such further definition of the term "investment securities" as may by regulation be prescribed by the Comptroller of the Currency, . . .

Section 2(b) also established a limitation on holdings of the securities of any one obligor of not to exceed 25 percent of the capital and surplus of the bank. That limitation was not to apply however to obligations of the United States, general obligations of any State or of any political subdivision thereof.

Banking Act of 1933

Section 16 of the G-S Act (1933), 48 Stat. 184, again amended the law relating to the corporate powers of National banks by adding as the second sentence of paragraph Seventh the following:

> The business of dealing in investment securities by the association shall be limited to purchasing and selling such securities without recourse, solely upon the order, and for the account of, customers and in no case for its own account, and the association shall not underwrite any issue of securities.

Section 16 also authorized a National bank to purchase investment securities but not shares of stock for its own account subject to certain limitations and restrictions and ended by providing in pertinent part as follows:

> The limitations and restrictions herein contained as to dealing in, underwriting the purchasing for its own account, investment securities shall not apply to obligations of the United States or general obligations of a state or of any political subdivision thereof. . . .

The legislative reports accompanying the G-S Act have the following comment on the language which later became Section 16.

> National banks are to be permitted to purchase and sell investment securities for their customers to the same extent as heretofore, but hereafter they are to be authorized to purchase and sell such securities for their own account only under such limitations and restrictions as the Comptroller of the Currency may prescribe, subject to certain definite maximum limits as to amount.

72nd Cong. 1st Sess., Senate Report No. 585, April 22, 1932, p. 15; 73rd Cong. 1st Sess., Senate Report No. 77, May 15, 1933, p. 16; 73rd Cong. 1st Sess., House Report No. 150, May 19, 1933, p. 3.

Section 16 divided the securities business which banks are authorized to transact into three categories:

(1) Agency—in which the bank may purchase and sell securities, but only as an agent for the account of a customer;

(2) Investment portfolio—in which the bank may purchase for its own account defined investment securities subject to limitations and restrictions; and

(3) Unlimited and unrestricted—in which the bank may deal in, underwrite and purchase for its own account obligations of the United States and the general obligations of states and municipalities.

Each of these categories, carefully defined in the corporate powers section of the banking law, are by that very fact part of the business of banking which banks may promote and carry on for the purpose of making a profit.

In the agency category the authority of a bank to deal in securities is limited to transactions for customers and not for the account of the bank. As a result, the bank will be unable to make an inventory profit or to suffer an inventory loss on such transactions. Its profit, if any, must come from charges for services performed.

In the other two categories inventory profits and losses are possible but the classes of securities which may be involved are restricted and some of them are subject to other limitations. The reform intended was to reduce the risk that inventory losses in speculative securities might jeopardize the stability of banks and the banking system. The existence of these categories indicates, however, that Congress, in Glass-Steagall, left to banks a definite authority to participate in the securities business.

Section 21(a) of the G-S Act, 48 Stat. 189; 12 U.S.C. 378 made it unlawful for:

> . . . any person, firm, corporation, association, business trust, or other similar organization, engaged in the business of issuing, underwriting, selling, or distributing, at wholesale or retail, or through syndicate participation, stocks, bonds, debentures, notes, or other securities, to engage at the same time to any extent whatever in the business of receiving deposits subject to check or to repayment upon presentation of a passbook, certificate of deposit, or other evidence of debt, or upon request of the depositor. . . .

Banking Act of 1935

Section 303(a) of the Banking Act of 1935, 49 Stat. 707 added the following proviso at the end of paragraph (1) of subsection (a) of Section 21 of the G-S Act:

> Provided, That the provisions of this paragraph shall not prohibit National banks or State banks or trust companies (whether or not members of the Federal Reserve System) or other financial institutions or private bankers from dealing in, underwriting, purchasing, and sell-

ing investment securities to the extent permitted to National banking associations by the provisions of section 5136 of the Revised Statutes, as amended (U.S.C., Title 12, Sec. 24).

The proviso was added to make it clear that Section 21(a) (1) does not prohibit banks, bankers or financial institutions from engaging in securities activities to the limited extent permitted to National banks under section 5136 of the Revised Statutes. 74th Cong., 1st Sess., H. Rept. No. 742, April 19, 1935, p. 16; S. Rept. No. 10007, May 13, 1935, p. 15.

Section 308(a) of the Banking Act of 1935, 49 Stat. 709, amended the second sentence of paragraph Seventh, R.S. 5136, 12 U.S.C. 24, to read as follows:

> The business of dealing in securities and stock by the association shall be limited to purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of, customer, and in no case for its own account, and the association shall not underwrite any issue of securities or stock.

The purpose of the amendment was to make clear that National banks and other member banks may purchase and sell stock for the accounts of their customers but not for their own accounts. 74th Cong., 1st Sess., H. Rept. No. 742, p. 18.

The Early Comptroller's Opinions

The Comptroller in a published Interpretive Ruling in 1936, took the position that a bank could not make a profit on its agency business. Since the Act only empowered the Comptroller to make rules concerning the purchase of securities for its own account and not for the account of others, that ruling (like this letter) constituted only an administrative interpretation of statute, and not a legislative regulation.

The Office continued to advise National banks to provide agency services at cost until 1948. Paragraph 220 of the *Digest of Opinions* issued that year, after reciting the previous rule that the service must be confined to acting as "accommodation agent for the convenience of customers," stated that "accordingly compensation must not *substantially* exceed the aggregate cost of handling of such transactions. . . ." [emphasis supplied.]

In 1953, the Citizens and Southern National Bank of South Carolina wrote the Comptroller and asked whether it could enter into an arrangement with a local stockbroker whereby an individual could arrange to have a set amount taken out of his account once each month and paid to the stockbroker 2 days later for the purchase of whole shares to be selected by the broker.

The Comptroller replied that there was no objection to the proposed plan, provided that the bank's compensation did not exceed its cost.

That evidently remained the Office position until 1957 when the "no-profit" condition was dropped. Paragraph 220A of the August 1957 edition of the *Digest of Opinions* read as follows:

> 220A. BUYING AND SELLING SECURITIES ON BEHALF OF CUSTOMERS
>
> Although R.S. 5136 prohibits National banks from dealing in securities (except so-called "exempt" securities) for their own account, it permits them to purchase and sell securities (including stock) for the account of their customers. However, the activities of the bank in this capacity are confined to those of an accommodation agent for the convenience of customers.
>
> In view of the express authorization in R.S. 5136 to purchase and sell securities and stock for the account of customers, a National bank may receive compensation upon the performance of such a service. However, since the bank is acting as an accommodation agent for customers, it may not retain commissions, discounts, or rebates obtained from brokers or dealers unless authorized to do so by the customers for whom it acts as agent.
>
> The transactions permitted by this sentence of R.S. 5136 do not include (a) acting as agent to sell securities which are obligations of the bank's customers, (b) employing solicitors to purchase or sell securities for the bank's customers, or (c) performing services as an active middleman in bringing together borrower or issuer, and lender or purchaser, for a fee or commission. Performance of such functions would amount to engaging in the brokerage or investment banking business, which are beyond the permissible scope of limited accommodation services.
>
> A National bank may not purchase securities for a customer unless payment therefore has been received by the bank, or the customer has credits or collateral with the bank sufficient to cover the transaction and the bank is definitely authorized to charge the cost against such credits or collateral. In other words, the bank must not assume any risk in such transactions.
>
> When it purchases or sells securities on behalf of its customer, a National bank should

disclose that it is acting as agent and not as principal. Services in this field must be limited to actual customers of the bank— that is, the customer relationship must exist independently of the particular securities transaction.

In 1961 the *Digest of Opinions* was replaced by the Interpretive Rulings section of the *Comptroller's Manual for National Banks*. The *Manual* contained no ruling and continues to contain no ruling on the subject of former paragraph 220A.

The original "no-profit" position apparently stemmed from certain statements made by the Comptroller to Congress in 1934 and 1935 in support of a request for a clarifying amendment to Section 16. Section 16, as first passed in 1933, permitted National banks to purchase and sell "investment securities" for their customers without making clear that this included stocks as well as the debt securities which were permissible "investment securities" for the banks' own portfolios. The Comptroller, in asking for the clarifying amendment, stated:

> Section 307(a), which is also new, in part, makes it clear that Section 16 of the Banking Act of 1933 was not intended to prohibit National banks or member banks from buying or selling stocks solely for the account of their customers and as an accommodation thereto and not for their own account.
>
> This is extremely important, particularly in communities remote from financial centers, and since there is involved no investment by the bank of its own funds, no objection can be seen thereto. The amendment further limits National banks in purchasing investment securities for their own account. . . .

Hearings on H.R. 5357 Before the House Committee on Banking and Currency, 74th Cong., 1st Sess. 663 (1935).

The requested amendment was made in 1935 and expressly authorized agency dealings in stocks as well as bonds. The pertinent amendment reads as follows, with deleted material in square brackets and added material underscored:

> The business of dealing in [investment] securities and stock by the association shall be limited to purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of, customers, and in no case for its own account, and the association shall not underwrite any issue of securities or stock: *Provided*, That the association may purchase for its own account investment securities under such limitations and restrictions as the Comptroller of the Currency may by regulation prescribe. . . .

H.R. Rept. No. 742, 74th Cong., 1st Sess. 65 (1935).

The sole purpose of the amendment was described in a single sentence in the House Report accompanying the bill which so amended Section 16 in 1935:

> SECTION 307(b). PURCHASE OF STOCK FOR ACCOUNT OF CUSTOMERS
>
> Section 307(b) would amend section 5136 of the Revised Statutes so as to make it clear that National banks and other member banks may purchase and sell stocks for the account of their customers but not for their own accounts.

H.R. Rept. No. 742, 74th Cong., 1st Sess. 18 (1935).

In its Annual Report covering the year 1935, the Federal Reserve Board's entire comment on the amending legislation reads as follows:

> Purchase of stocks for account of customers. It was made clear, in conformity with previous rulings of the Comptroller of the Currency and the Board, that National and other member banks may purchase and sell stocks for the account of their customers but not for their own accounts.

1935 *Annual Report of the Board of Governors of the Federal Reserve System* 56 (1936).

The Office position from 1936 to 1957 was that it was inconsistent with the idea of an "accommodation" service for a bank to make a profit on such service. Those old rulings did not reveal the rationale for concluding that a bank service, expressly authorized by Congress, could not be marketed in the usual fashion. That view, like many others expressed by bank regulators, in the immediate post-Depression decades, was designed to be ultra-conservative and to confine banks as narrowly as possible in their activities. However, in that regard, the Office apparently went further in the direction of conservatism than did the Congress, since neither the word nor the idea of the "accommodation" limitation appears in the statute or in any committee or floor comments. Even if we assume that the Congress, in responding to the 1934 and 1935 Comptroller recommendations using the word "accommodation," adopted the concept, nowhere in either the Comptroller's recommendations or in the Committee reports is there any indication that "accommodation" meant "no profit" or "at cost." That idea came later probably as part of the tendency of the Comptroller's Office in those years to limit various bank activities by restricting advertising or charges.

By August 1957, enough water had apparently flowed over the dam to permit a Deputy Comptroller to advise a banker as follows:

> Mr. Duane R. Zimmerman
> Assistant Cashier
> The First National Bank
> Mainelander, Wisconsin
>
> Dear Mr. Zimmerman:
>
> This is to advise in reply to your letter of August 1, 1957, concerning service charges for the purchase or sale of stocks and bonds for the account of customers, that adoption of the proposed schedule of charges for such services, as outlined in your letter, is a matter for determination by the Board of Directors of your bank.
>
> Very truly yours,
> L. A. Jennings
> Deputy Comptroller of the Currency.

A pertinent inquiry in determining whether Congress envisioned the imposition of charges by banks in performing agency transactions is whether such charges were imposed prior to 1933, inasmuch as Section 16 was intended to preserve the practice "as heretofore." Cases cited by bank counsel and the records of the Office indicate that such charges were commonplace before the Act and continued to be made thereafter. An SEC study in 1963 described the practice as follows:

> Also participating in the third market as intermediaries for public customers are commercial banks representing individuals with whom the bank enjoys only an agency relationship. A NYSE transaction study in 1955 reported 20.4 percent of commercial bank share volume on the Exchange was of this type. A leading market maker, doing a considerable volume of business with commercial banks, expressed the opinion to the study that approximately the same portion of bank volume on the third market today consists of this type of transactions.
>
> The banks appear to charge from $5.00 per transaction to, in some cases, the full NYSE minimum commission charge *plus* a small transaction charge. The Special Study made no exhaustive study of the matter and obtained details on such charges from only a few banks. It found that one large metropolitan bank charges its custodial and investment advisory accounts on each security transaction, wherever executed, an activity fee of $2.50, and on each over-the-counter principal transaction, including third market transactions, an additional special charge equal to the NYSE minimum commission. This bank states it trades on the third market only when it can secure a price equal to the last sale on the NYSE.

Report of Special Study of Securities Markets of the Securities and Exchange Commission, H.R. Doc. No. 95, Pt. 2, 88th Cong., 1st Sess., 884–885 (1963).

The "New Security" Argument

The Exchange (but not ICI) makes the argument that AIS somehow involves the bank in the issuance of a separate "security" distinct from the underlying stock. The argument is that during the "acquisition interval" the purchaser has an undivided interest in the pooled purchase funds and an interest in an undetermined number of shares of a specific stock to be purchased. Those "interests" are said to constitute a "security" which the bank is merchandising, contrary to the provisions of Section 21 of the G-S Act, 12 U.S.C. Section 378, as interpreted by the Supreme Court in *ICI* v. *Camp*, 401 U.S. 617 (1971).

We cannot agree that *ICI* v. *Camp* covers the facts in this case. There are more differences than similarities between the two fact patterns.

In *Camp* the customer bought a "unit of participation" which represented a proportionate interest in a collective group of assets (the Fund). The Fund was registered as an investment company under the Investment Company Act of 1940, and the units of participation were registered as securities pursuant to the Securities Act of 1933. The Fund was supervised by a 5-member committee elected annually by the participants pursuant to the Investment Company Act of 1940. The actual custody and investment of fund assets were carried out by the bank as investment advisor pursuant to an agreement with the Fund.

The court found that that structure was similar to a mutual fund and that therefore the "units of participation" were legally similar to "securities" which a bank could not market without violating section 21 of the G-S act.

None of the characteristics of the Fund in *Camp* are present in AIS. There is no separate fund or entity which requires registration under the Investment Company Act of 1940. Since there is no separate "fund," there can be no separate "security" being issued by the "fund." There is no management committee because there is nothing to manage. There is no investment advisory arrangements or fees for the same reason. There are no separate "securities" to register under the 1933 Act. These conclusions have been tacitly confirmed by the SEC staff since they have issued "no-action" letters with respect to AIS and similar plans.

The only "securities" involved in AIS are the shares of the 25 issuers. Those shares are purchased by the bank as agent pursuant to the permission granted in Section 16 of the G-S Act and are not sold or underwritten in violation of Section 21 of the G-S Act.

The Exchange argues that the customer's interest in the uninvested funds during the "acquisition interval" constitutes a separate "security" and that the customer's interest in fractions of shares credited to his account may constitute a "separate security."

We think these are strained constructions of the applicable acts. The customers' interests in uninvested cash and fractional shares are mere book entries, incidental to the main agency transactions. Our view is evidently shared by others in the securities business, since the New York Stock Exchange's own Monthly Investment Plan, Merrill Lynch's Shareholder Plan, and Putnam's VIP Plan all credit fractional shares to participants' accounts, without being considered as mutual funds.

Opinion

The words of the statute, taken in their ordinary meaning, clearly permit member banks to purchase and sell stock as agent for customers. We do not think it makes any difference whether the customer accumulates the money to make a purchase outside the bank or within the bank pursuant to an AIS. The principle of the AIS is not new. Many banks in years past have entered into arrangements with customers or brokers whereby the customer would make systematic payments toward stock purchases. The essentially new thing about AIS is the use of a computer to keep track of the customer's account.

The ICI brief recognizes that Section 16 permits agency transactions, but maintains strongly that the permission covers only customer-initiated transactions carried out by the bank at its cost or below. ICI strongly contends that Congress did not intend for banks to promote agency services with the hope of making a profit. According to the volume of sales reported in response to the Patman questionnaire, it appears unlikely that any bank to date has in fact made any profit on its AIS. However, our February 1973 opinion was not limited to at-cost service, and the discussion herein assumes that the banks hope and intend to ultimately make a profit on AIS.

There is no doubt that the earlier position of this Office supported the view of ICI. Those opinions covered the period from 1935 through 1957 and are discussed in detail above. Those opinions understandably reflected the great caution of banking regulations in the years immediately following the 1931–2 debacle. By 1957, the Office had recognized that fundamental changes in the economic and regulatory structure had made it safe for banks to expand somewhat the scope of their activities. In 1974 there can be no doubt that banks can and should offer many new valuable financial services to the public, without jeopardizing the safety of depositors.

There is no doubt that a National bank, like any business corporation, is authorized by law to make a profit on any part of its authorized business.

The ICI objects to the advertising of AIS and argues that it is inconsistent with the concept of an "accommodation" service stressed by the Office in the pre-1957 opinions. As stated above, the "accommodation" concept is not contained in the statute and we now believe the pre-1957 Office opinions to be erroneous.

Secondly, there is no necessary inconsistency between a service being at the same time an "accommodation" for customers and a service of potential profit for the provider. Various service industries commonly advertise the extent to which they go to "accommodate" their customers, with no connotation of profitless activity.

Finally, the U.S. Supreme Court has held that a National bank may advertise any service it may legally provide, even in the face of a State statute which apparently prohibited State-chartered banks from advertising such service. *Franklin National Bank of New York*, 347 U.S. 373 (1954).

Policy Considerations

Potential Abuses

The ICI and New York Stock Exchange suggest a number of potential abuses which they believe could arise out of the operation by banks of AIS. The questions asked by Chairman Patman in his February 1, 1974 letter also suggest such possibilities. Since our opinion is that Section 16 on its face clearly and unambiguously permits AIS service, such considerations are matters more relevant to future supervisory vigilance than to the statutory interpretation which is the subject of this letter. Since it is argued, however, that some of these potential abuses may have been in the minds of the framers of the G-S Act, we have considered each suggested problem.

A. Impairment of bank's ability to give disinterested investment advice.

ICI argues that:

> A bank which is aggressively promoting a stock-buying service can hardly be expected to render disinterested investment advice to potential purchasers of corporate stocks, particularly when the bank will profit by inducing such a customer to participate in the bank's plan.

That contention does not withstand analysis. One of the salient features of the AIS is that the bank expressly disclaims any responsibility for the purchaser's investment decisions. In fact, the SEC staff, as a condition to issuing a "no action" letter to Security Pacific required that the brochure make clear that the bank was making no recommendations as to the suitabilty of any investment. It is true that the customer must choose from the 25 largest corporations by market value of outstanding stock listed in Standard and Poor's 425 Industrial Index, but that general guidance could hardly be argued to constitute "investment advice" as that term is generally used. The use of the Standard and Poor's Index certainly provides as much assurance against partiality as one could reasonably expect. The fact that the bank does not purport to give any investment advice to the AIS customer is carefully made express in the promotional literature as well as the contracts.

Contrary to the ICI "disinterested advice" contention, one of the strongest points in favor of AIS, is that it provides a convenient means within reach of the many bank customers who cannot afford individual trust department or brokerage services to participate in equity investment with a minimum of risk of loss due to agent insolvency.

B. Bank will be tempted to make unsound loans to companies on the AIS list.

The ICI, in its brief, argues that the AIS should be prohibited because banks would be tempted to make unsound loans to companies on the AIS list. We do not find this persuasive for the following reasons:

First, the periodic examination process is sufficient to detect such a pattern of lending and to prevent its recurrence.

Second, the argument proves too much since its acceptence would proscribe commercial side lending to any corporation, recommended for investment purposes, by the trust department. While a few have recommended such complete divorcement, the weight of regulatory opinion is that the probability of abuse can be obviated by the examination process and enforcement of existing trust law. In this regard the Office has recently published for comment a proposed regulation which would establish policies to prevent improper use of insider information to affect investment decisions. *Federal Register,* April 24, 1974.

Third, there would not be any reason for a bank to unduly favor an issuer on the AIS list since the bank undertakes no responsibility for the performance of AIS stocks and cannot be blamed or credited for such performance.

C. Bank competition from AIS will harm or destroy non-bank dealers.

The principal purpose of the G-S Act was to protect the solvency of banks. See *Russell* v. *Continental Illinois Bank and Trust Co.,* 479 F.2d 131, 133–134 (7th Cir. 1973), *cert. denied,* 42 U.S.L.W. 3306 (U.S. Nov. 20, 1973). It was not to protect securities dealers from competition.

Even if that were a valid consideration, there is no reason to belive that non-bank dealers cannot compete with banks in offering AIS plans. In fact similar plans are now being offered by some member brokers of the New York Stock Exchange under its monthly investment plan, F. L. Putman & Co. under the name "Voluntary Investment Plan" ("VIP") and by another brokerage house under the name "Personalized Investment Plan" ("PIP"). See CCH Fed. Sec. L. Rep. 1972–1973, Dec. No. 78, 850.

AIS appears to be an imaginative way to enable persons with modest incomes to systematically invest in stocks. Because of the rigidities of their fee structure and for other reasons, small purchasers have been discouraged from using stock brokers, despite tremendous promotional efforts.

We believe that it is definitely in the public interest for banks to attempt to tap new markets for capital securities. In the long run, banks and nonbank dealers alike will benefit by the broadening of markets. The AIS customer is not likely to be taken from the odd-lot whole share customers of the regular broker. If anything, the movement is likely to be the other way. The participant whose interest in the market is awakened by AIS, is more likely to graduate to whole shares and the prestige of having his own "stockbroker."

D. The operation of AIS raises potential conflicts of interest, most significantly between the bank and its AIS investors.

The New York Stock Exchange emphasizes this contention and Chairman Patman's questions also are directed at this possibility.

The Exchange argues that the bank may overly extend the time between deposit and purchase, in order to get the benefit of the "float." However, an examination of the AIS plan documents reveals that this "acquisition interval" cannot exceed 30 days and is fully disclosed to the customer. The operation of the "acquisition interval" is described above. The procedure set forth appears adequate to protect against abuse of the "float." There will also be the safeguard of the regular trust examiner's inspection. Possible abuse of "float" is a standard item on examiners' check lists and AIS presents no unique problems in this regard.

Another alleged conflict concerns the timing of buy and sell orders between AIS and other trusts administered by the bank. What if AIS customers are buying stocks which the bank as trustee is selling?

The problem is not in any way unique to AIS. Any agent, whether bank or broker, constantly handles buy and sell orders for different principals, sometimes simultaneously. The position of the AIS bank is very similar to that of a broker who also acts as investment advisor to a mutual fund. The broker may be advising the fund to sell stock, while at the same time executing orders from customers to buy stock. As long as no party is acting on inside information, not publicly available, the situation does not violate any rules.

Of course there cannot be any transactions directly between the AIS and trust accounts in the bank, and the answers to the Patman questionnaire indicate that no AIS bank permits this.

E. AIS customers will not enjoy the protection of SIPC.

The Exchange contention that lack of coverage under the Securities Investor Protection Act of 1970 (SIPC) will disadvantage AIS customers is without merit. The actuarial risk of loss through agent insolvency is greater where the agent is a non-bank than where it is a bank. Assuming that the Exchange reference is to the comparative legal position of claimants against an insolvent agent, the bank customer probably fares better. The $50,000 SIPC protection is broken down to $20,000 of protection for cash and up to $30,000 additional for securities in the custody of the broker. The AIS customer will have his uninvested cash in a deposit account covered by FDIC insurance to $20,000. Legislation is now pending which would increase such coverage. His invested money will be represented by identifiable shares which as trust assets will definitely not be part of the estate of the insolvent bank. Banks are not permitted to pledge or otherwise use customer securities in any way, as are broker-dealers in some circumstances. There is therefore little likelihood of conflicting claims against such assets in case of bank insolvency, whereas customers' securities have been lost or contested in broker insolvencies.

F. The AIS investors are deprived of safeguards provided to other investors by the Federal securities laws.

The contention has been made strongly by the securities industry that AIS customers are denied the benefit of many important statutory protections because banks are exempt from certain laws applicable to non-bank brokers.

We conclude that, based on past experience, the risk of loss to customers due to agent dishonesty or insolvency is probably greater where the agent is a non-bank than where the agent is a bank, despite the fact that banks are exempt from some SEC regulation. The ICI and Securities and Exchange contention overlooks the fact that banks are subject to their own body of law and regulation, different but certainly no less strict than broker regulation. Every National bank, by law (12 U.S.C. Section 481) is subject to exhaustive examination twice in each calendar year (unless one examination in a 2 year period is waived by the Comptroller). In addition the trust department is subject to a separate examination once a year.

Every National bank must make at least four reports of condition to the Comptroller disclosing in detail its resources and liabilities, and such other reports as the Comptroller shall request. 12 U.S.C. sections 161 and 164.

Funds deducted from checking accounts and awaiting investment under AIS are deposited in special accounts which are eligible for FDIC insurance protection. 12 U.S.C. Section 1813 (1), (3), and (m).

Securities held for AIS customers are segregated, do not constitute assets of the bank, and will not be subject to any prior claims in case of bankruptcy. Banks are also required to take specific security precautions with respect to cash and securities, including securities devices, procedures, and reports to the Comptroller with respect thereto. 12 U.S.C. sections 1881–1884; 12 C.F.R. Part 21.

Whenever the appropriate Federal banking agency is of the opinion that an insured bank has or is about to engage in an unsafe or unsound practice in conducting the business of such bank or is violating or has violated an applicable law, rule, or regulation, such bank, subject to certain procedural requirements, may be terminated as an FDIC insured bank, a cease-and-desist order may issue, and/or appropriate directors or officers involved may be suspended or removed. 12 U.S.C. Section 1818; 12 C.F.R. Section 19.1, *et seq.*

The ICI and Exchange briefs are not very specific or persuasive on what securities law safeguards the AIS customer will lack. Mentioned are:

(1) The lack of a "know your customer" or "suitability" requirement.

We are not convinced that those requirements are very meaningful in actual broker practice. In any event the imposition of such tests is not appropriate to the AIS situation where the agent expressly and clearly disavows any role in the customer's selection process.

(2) Disclosure requirements of the 1933 and 1934 Acts.

The Exchange brief does not spell out what protections of those Acts are denied AIS customers. The AIS customer is in the same position with regard to these statutes, as he would be if he were dealing with a broker. The registration, reporting, proxy and prospectus requirements of both acts apply fully to the *issuers* of the securities the AIS customer selects and he will have as much access to such information as a purchaser from a broker. In addition, the important antifraud provisions of those laws apply to banks as well as non-banks.

This Office recently published a proposed set of regulations which will require National banks with major trust business to disclose their holdings and significant transactions in trust assets. Those same regulations will prohibit the use of non-public information in making trust department decisions. *Federal Register*, April 24, 1974. Contrary to the Exchange argument, the pending regulations will provide National bank AIS investors with disclosures about their fiduciary not generally available to broker-dealer customers.

We believe that AIS could, if accepted by the public, constitute a significant improvement in the capital marketing mechanism of this country. It provides a means by which the small investor can obtain maximum benefit from the economies of automation. It is appropriate that banks should provide this service since it is merely an extension of the traditional agency services provided for well-to-do investors. It will undoubtedly appeal to many people who have never invested in stock before and, thus to the extent it is successful, provide new sources of capital which are badly needed.

The expansion of AIS will be a procompetitive force in a business which has been criticized for unduly rigid pricing patterns and restrictions to entry. We believe such competition will be constructive and not destructive of non-bank competitors. There is no obstacle to brokers offering AIS and in fact the first plans were offered by brokers. It is very possible that in years to come the brokers will find that the entry of banks into AIS broadened interest in the securities market to the great advantage of all competitive suppliers in it. That has been the result in some other fields which banks have entered in recent years such as equipment leasing.

We do not believe that the mere possibility that conflicts of interest or other suggested abuses might occur provides a sufficient regulatory reason to abort in its infancy a legal activity with as much promise for public benefit as AIS. The mere potential for conflicts of interest exists in banking just as it does in virtually every business endeavor. It is no more reasonable to assume that banks will violate the laws, regulations and policies which govern their conduct than it is to assume that brokerage houses will do so. There are numerous opportunities for conflicts of interest to arise in such brokerage firms where research, underwriting, and merchandizing often occur "under one roof" and, in smaller houses, even under the supervision of one person.

While such potential conflicts of interest deserve examination, unless there is actual or immediate threatened abuse, regulatory prohibitions are not justified. We are not unmindful of the potential for abuse, but until such time as abuse develops, we should not strain the meaning of 12 U.S.C. Section 24 to stifle banks' competition in the free market for the patronage of American investors.

The clear wording of the G-S Act permits banks to offer the Automated Investment Service to their customers. There is nothing in the Act which implies that banks cannot commercially promote any service which they may lawfully provide. The interests of the public will be served better by having this service available than not, and there is no reason to believe that the securities industry will be damaged thereby. It appears more likely that the development of AIS will make significant positive contributions to the capital markets and to the securities business generally. For those reasons, we affirm the conclusions contained in our February 27, 1973, letter to Security Pacific National Bank.

Standby Letters of Credit

June 28, 1974

Hon. Edward Brooke
U.S. Senate, Washington, D.C.

This is in reference to your letter of March 14, 1974, containing comments on our pending rulemaking in connection with standby letters of credit issued by banks. The pending rules would require banks to treat such standby or guaranty letters of credit the same as conventional loans for the purpose of statutory lending limits and would also require that the bank exercise the same degree of prudence in the granting of such credits as in the case of a direct loan. Neither our proposed rule nor similar ones published simultaneously by the other banking agencies questioned the legality of standby letters. This Office had previously recognized the validity of standby letters of credit issued by National banks and its position is set forth in published Interpretive Rulings, 12 C.F.R. 7.7016 and 7.7420.

Attached to your letter of March 14, 1974, was an unsigned memorandum of law questioning the power of banks to issue standby letters of credit. In view of the contrary position heretofore taken by this Office, we asked Mr. Henry Harfield of New York City, who is an acknowledged expert in the field of letters of credit, to comment upon the memorandum of law attached to your March 14 letter. Mr. Harfield's comments, attached hereto, confirm the conclusions of our Law Department that guaranty letters of credit are legal obligations in all respects. We agree with the conclusions contained in the Harfield letter and, in particular, feel that recent Federal appellate court decisions such as *Barclays Bank* v. *Mercantile National Bank,* 481 F.2d 1224 (5th Cir. 1973) and *Wichita Eagle & Beacon Pub. Co.* v. *Pacific National Bank,* 493 F.2d 1285 (9th Cir. 1974), represent the modern trend of the courts to recognize the power of National banks to guarantee the obligations of customers in the ordinary course of business.

ATTACHMENT

Letter to Robert Bloom from Henry Harfield

June 14, 1974

This responds to your letter of May 2, 1974, requesting my comments on the points of law discussed in Senator Brooke's letter to you dated March 14, 1974, and the unsigned memorandum of law appended thereto.

For the reasons set forth hereafter, I disagree with the proposition that standby letters of credit are unlawful; I am in agreement with the proposition that the issuance and management of such commitments should be regulated in the interest of prudent banking and the exercise of sound credit judgment; I disagree with the suggestion that imposition of reserve requirements is an appropriate regulatory tool for that purpose.

Introduction. I think it is essential to preface my comments with some observations that are necessary to identify the subject matter of the discussion. Senator Brooke focuses on a particular kind of "standby letter of credit" described in his letter, that is used to improve the marketability of commercial paper by guaranteeing that the maker will discharge at maturity the obligation evidenced by the paper. This, of course, is but one of a wide range of arrangements by which a bank undertakes to make a payment for account of its customer in connection with a transaction not involving a purchase of merchandise or other tangible goods. Designation of such arrangements as "standby letters of credit" in contradistinction to "traditional commercial letters of credit" creates a dichotomy that is neither desirable nor accurate. There is a polar contrast between the standby letter of credit arrangement described by Senator Brooke and what he characterizes as a traditional commercial letter of credit to facilitate the purchase and sale of goods in domestic and international trade; but there is a wide range of economically important transactions that lie in the intervening latitudes.

While the memorandum of law that accompanied Senator Brooke's letter argues in legalistic terms, the Senator's letter appears to address itself to the substance and function of transactions rather than to their form. If we view the subject in this sensible light, it should be apparent that the line of demarcation between "standby" and "traditional commercial" letters of credit should be drawn between a letter of credit used as a payment mechanism and a letter of credit used as a financing mechanism.

The *traditional commercial letter of credit,* as described by Senator Brooke, is essentially a payment mechanism. The letter of credit is ancillary to a commercial contract or similar arrangement between the bank's customer and the beneficiary of the letter of credit, and the expectation is that the bank's customer will be ready, able, and willing to make whatever payment is contemplated by that contract.

The bank's function is to make the payment on behalf of its customer. In most instances, the bank uses the customer's money to make the payment, that is to say, it charges the amount paid to the beneficiary against a credit balance maintained with it by its customer; alternatively, it is reimbursed by its customer simultaneously with the payment made under the credit. An arrangement of this character is not a financing transaction because the customer is at no time indebted to the bank.

A *standby letter of credit*, as described by Senator Brooke, on the other hand, is clearly a financing mechanism rather than a payment mechanism. Such credits, *i.e.*, those used to guarantee commercial paper, are, *ab initio*, integral parts of a financing transaction. The sole purpose of issuing the credit is to assist the bank's customer in borrowing money, and as the sole condition upon which the bank must pay under the credit is the customer's default in repaying borrowed money, it is evident that the net effect is to substitute the bank for the holder of the commercial paper as a creditor of the bank's customer.

It may be, of course, that the traditional commercial letter of credit transaction, which is a payment mechanism rather than a financing mechanism, may result in a loan by the bank to its customer if banker and customer have agreed that reimbursement under the credit is to be delayed for a particular time, in which case the letter of credit transaction will embody some of the elements of a term loan commitment. It is also possible that a credit conceived and structured as a payment mechanism will become a financing mechanism through the unforeseen inability of the customer to reimburse the bank simultaneously with payment under the credit. It is for those reasons, I would suppose, that the Comptroller cautioned National banks, in his Interpretive Ruling No. 7.1160, that the making and management of irrevocable letters of credit, of whatever character, requires the exercise of prudent banking judgment to prevent the creation of loans in excess of the limit on loans that may be made to any one customer.

What does seem abundantly evident, however, is that the so-called traditional commercial letter of credit ranges over a far broader spectrum than letters of credit that relate to a contract for the purchase and sale of goods or merchandise. In a modern economy, commerce is no longer confined to mercantile trade; any transfer of value in the form of property or property rights, tangible or intangible, or of services, is a commercial transaction and a letter of credit that facilitates such a transaction is a commercial letter of credit.

The standby letter of credit, then, whose legality you have asked me to review, should properly be characterized as a letter of credit incidental to a financial transaction designed to assure that borrowed money will be repaid, rather than to assure payment for goods, services, or other values. It is in that sense that I shall use the term "standby letter of credit" hereafter.

Standby Letters of Credit are Lawful. In my opinion, issuance and performance of such letters of credit is an essential part of the business of banking and is lawful for National banks.

The fact that such instruments are intended to and do serve the purpose of guaranties is completely immaterial. Every letter of credit, including those that facilitate a sale of goods or merchandise, has the attributes of a guaranty and some of the earliest forms of commercial letters of credit in use in the United States were explicitly characterized as guaranties. *See e.g., Omaha National* v. *First National of St. Paul*, 59 Ill. 428 (1871).

The result achieved by an instrument should not affect the legal character of the instrument itself, particularly where, as here, the result is perfectly lawful. In other words, a contract of guaranty, unlike a contract in restraint of trade, is itself entirely lawful. The question relates to the corporate power to make a lawful contract. The legal validity of a standby letter of credit, then, should be tested by determination of whether the transaction is a part of the business of banking or is an unauthorized excursion into, *e.g.*, the business of suretyship. That determination should be informed by inspection of the obligation that a bank has undertaken.

A letter of credit engages the direct and primary liability of the bank, whereas the liability imposed by a guaranty or surety bond is secondary. *Border Nat. Bank* v. *American Nat. Bank*, 282 F.23 (5th Cir. 1922). *Associacion de Azucareros* v. *U.S. Nat'l Bank*, 423 F.2d 638, 641 (9th Cir. 1970).

This distinction is more than formal. A bank's liability under a letter of credit is dependent upon performance of the terms and conditions stated in the letter of credit, without reference to any other contract, agreement, or arrangement. Liability under a guaranty or surety bond, on the other hand, is dependent upon a determination as to whether an extraneous contract, agreement, or arrangement has been performed in accordance with its own terms. *American Steel Co.* v. *Irving Nat'l Bank*, 266 F. 41 (2nd Cir. 1920), *cert. denied* 258 U.S. 617 (1922).

O'Meara v. *Nat. Park Bank*, 239 N.Y. 386 (1925). *See, also*, cases collected in Harfield, *Bank Credits and Acceptances*, 5th Ed. at page 72, Note 2 (Ronald Press, New York, 1974).

A letter of credit, then, whether it be incidental to a commercial transaction or a financial transaction, is a lawful exercise of a National bank's power to conduct the business of banking. As was said by Mr. Justice Cardozo in *Block* v. *Pennsylvania Exchange Bank*, ". . . whatever is an appropriate and usual incident to this situation or exchange of credits, instead of being foreign to the functions and activities of banking, is in truth of their very essence. It is the end for which a bank exists." (253 N.Y. 227, 231 [1930])

Accordingly, it seems to me that the cases cited in the memorandum of law accompanying Senator Brooke's letter are quite beside the point. The issue, as suggested by Senator Brooke, should be resolved in the light of "the economic realities of the transaction." This necessitates, as I have suggested previously, ascertainment of the bank's actual obligation, as determined by the form of its undertaking, in respect of each transaction or category of transaction. That inquiry, into modern banking practice and modern usage of bank credit, is not advanced by citation of decisions, handed down half a century ago, on the issue of whether banks can, in effect, engage in the business of suretyship.

Recent decisions, as well as the current interpretations by the Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System, clearly establish that the issuance of standby letters of credit is a lawful and wholesome banking function.

Barclays v. *Mercantile Nat'l Bank*, 481 F.2d 1224 (5th Cir. 1973), is probably the most instructive case, inasmuch as the precise issue under consideration here was clearly presented and fully briefed before the Fifth Circuit Court of Appeals. The extensive, well-reasoned and thoroughly documented opinion of Judge Ingraham should be read in full. Mercantile National Bank, which had confirmed a non-bank letter of credit issued in favor of Barclays, in support of a loan from Barclays to the account party, argued that its engagement to Barclays pursuant to its confirmation was a guarantee and, therefore, void as an *ultra vires* act. The court rejected that argument and held Mercantile liable to Barclays as a confirming bank. The opinion stressed the propriety of using letters of credit to support transactions in intangibles. (*See* 481 F.2d at 1231–1232, 1239–1240)

Similarly, the United States District Court for the Northern District of California, in *Wichita Eagle & Beacon Pub. Co.* v. *Pacific Nat'l Bank*, 343 F. Supp. 332, 338 (N.D. Cal. 1971), upheld the validity of the use of a letter of credit in lieu of a performance bond with the following cogent comments:

> Contrary to the Bank's implication, the letter of credit has long been a flexible device utilized by the commercial community to meet its needs in a wide variety of situations . . .
>
> * * *
>
> One of the reasons behind the growth and spread of the letter of credit as a commercial tool has been the willingness of the courts to align case law with progressive and current commercial practice. The very type of letter of credit being questioned here by the Bank as a radical departure from traditional usage is but another example of the commercial community pouring old wines into new flasks.

On appeal, the Court of Appeals for the Ninth Circuit repeated and emphasized Judge Levin's finding with respect to development of the letter of credit:

> . . . we recognize that the commercial use of letters of credit has expanded far beyond the international sales context in which it originally developed. (14 UCC Rep. at 157)

Of more significance to the present inquiry, however, is the fact that the Court of Appeals, holding that the particular instrument was a guaranty rather than a letter of credit, enforced the guaranty. The Per Curiam opinion stated:

> The instrument involved here strays too far from the basic purpose of letters of credit, namely, providing a means of assuring payment cheaply by eliminating the need for the issuer to police the underlying contract. Harfield, The Increasing Use of Domestic Letters of Credit, 4 UCCLJ 251, 257 (1972); Ward & Harfield, Bank Credits and Acceptances 46, 136–38 (1958). The instrument neither evidences an intent that payment be made merely on presentation on [of] a draft nor specifies the documents required for termination or payment. To the contrary, it requires the actual existence in fact of most of the conditions specified: for termination or reduction, that the city have refused a building permit; for payment, that the lessee have failed to perform the terms of the lease

and have failed to correct that default, in addition to an affidavit of notice.

* * *

> It would hamper rather than advance the extension of the letter of credit concept to new situations if an instrument such as this were held to be a letter of credit. (14 UCC Rep. at 158)

Nevertheless, and notwithstanding that "the instrument is an ordinary guaranty contract" (14 UCC Rep. at 157) issued by a National bank, the Court sustained its validity and enforced its terms.

Without attempting to catalog all decisions on point, I note also that the respective courts in *Victory Carriers Inc.* v. *United States,* 467 F.2d 1334 (Ct. Cl. 1972), approved the use of a letter of credit in place of a performance bond and in *Fidelity Bank* v. *Lutheran Mutual Life Ins. Co.,* 465 F.2d 211 (10th Cir. 1972), approved the use of a letter of credit to assure compliance by a borrower with the terms and conditions of a loan commitment. *See, also,* Comptroller of the Currency Interpretive Ruling No. 7.7420, 12 C.F.R. §7.7420; Fed. Res. Board Doc. 73-12664, 38 Fed. Reg. 1665 (1973)

By way of summary, and in view of my position that the memorandum of law attached to Senator Brooke's letter attempts to support a proposition long rejected as outmoded by banks, bank customers, regulatory agencies and the courts, I ask your indulgence in a return to very basic principles. The business of banking reduces to the provision of financial support for the transactions of others. The fact that the National Bank Act (12 U.S.C. §24, Seventh) is properly viewed as a grant to National banks of the power to carry on all activities incidental to the business of banking is no longer open to question. In testing the legitimacy of a bank engagement in this functional context, no reason in logic or in law presents itself for a distinction in legal characterization or regulatory treatment between letters of credit issued by banks to support transactions in tangibles and letters of credit issued to support transactions in intangibles.

My conclusion, which stands in respectful but complete disagreement with that of Senator Brooke, is that issuance of standby letters of credit to finance transactions in intangibles is clearly a permissible and wholesome activity of National banks.

<u>Regulation to Insure Soundness is Appropriate.</u> No argument is needed, however, in support of the proposition that legality provides no absolute assurance of prudence. There can be no doubt that the improvident use of a letter of credit may result in a loss to the issuing or confirming bank. *See*: Harfield, *The Increasing Domestic Use of the Letter of Credit,* 4 Uniform Commercial Code L.J. 251 (1972); Harfield, *The Sensible Use of Acceptances and Letters of Credit,* 56 Journal of Commercial Bank Lending, 25 (No. 3 of November 1973).

Indeed, the fact situations in the decisions previously cited, sustaining the legality of standby letters of credit, furnish illustrations of extensions of credit that, in the ultimate event, proved to be less than models of prudent banking.

The consequent losses may be attributed to imperfect credit judgment on the part of the issuing bank, or from a misapprehension by the issuing bank of the legal effect of a letter of credit, or, most likely, from both. The mischief, however, lies not in the use of the letter of credit device, but rather in the failure of bankers who use it to exercise sound judgment. While I am unable to support my conclusion with statistical evidence, I have no doubt that the losses resulting from improvident use of letters of credit are insignificant in comparison with the losses consequent upon inability of a borrower to repay a conventional loan.

Any attempt to regulate the issuance of standby letters of credit, therefore, is, in effect, a further effort to regulate the lending activities of banks. The key is to recognize that a standby letter of credit is ancillary to a loan rather than to a commercial transaction. *See*: Harfield, *The Sensible Use of Acceptances and Letters of Credit, op. cit., supra.*

It would, therefore, seem entirely appropriate to treat a standby letter of credit (as restrictively defined above) from the date of its irrevocable issuance, as equivalent for lending limit purposes to a loan of money to the account party.

Similarly, and as a logical corollary of the proposition just stated, it would seem to me that in the examination function such extensions of credit should be reviewed by the examining agency in the same manner as actual loans, for the purpose of classification or criticism.

In imposing such limitations, however, it is of the utmost importance to preserve the essential distinction between a letter of credit as a financing device and a letter of credit as a payment mechanism. If the standby letter of credit is defined so as to include commercial functions performed by the payment mechanism kind of credit, the consequence will be to impede legitimate activities by imposing an undue burden on the necessities of modern commerce.

Imposition of Reserve Requirements is an Inappropriate Form of Regulation. Finally, it seems to me that the imposition of reserve requirements on letters of credit, whether standby or commercial, would have most unfortunate consequences and cannot be justified. Application of marginal reserve requirements serves two purposes: (1) assurance of the availability of cash to meet, partially at least, an obligation undertaken by the bank and (2) implementation to some extent of monetary policy. In both roles, reserves have been used with respect to bank liabilities rather than with respect to bank assets; that is to say, reserves are carried against deposits but not against loans. Accordingly, they provide some assurance to depositors that their deposits will be repaid; they affect the rate of interest that the bank can afford to pay on the deposit; and they affect the price and therefore the availability of credit that is extended by the bank out of the funds it receives as deposits.

So far as the safety factor is concerned, there appears to be no good reason to protect the beneficiary of a letter of credit, whether standby or commercial, by requiring the issuing bank to maintain marginal reserves against the liability that it has undertaken under the credit, nor is it entirely clear that such reserves would be allocated to the beneficiary.

From the point of view of monetary policy, there appears to be no valid reason why marginal reserves should be required to be maintained against a particular kind of loan. To do so would significantly increase the cost of the letter of credit facility to the bank customer, but there would be no corresponding benefit to the bank. The bank does not receive the face amount of the standby credit at the time of issuance, as it does in the case of a certificate of deposit, so that a reserve requirement would simply mean that the bank would be obliged to immobilize some portion of its own funds at the time the letter of credit was issued; yet those funds, being the bank's own money, would not be in the nature of collateral, and could not be used to assist in the discharge by the bank's customer of the liability the customer had incurred under the letter of credit agreement to reimburse the bank for payments made under the letter of credit. There seems no reason, in short, to confuse marginal reserves against deposits with bad debt reserves, nor to impose different reserve requirements depending on whether the loan is of money or of credit.

Further, it seems at least argueable that the added cost will not discourage the use of this form of financing, but rather will stimulate its use in high risk situations at the same time that it deprives small and medium-size enterprises from the choice they now have to shop for their credit requirements either within the banking system or in unregulated money markets.

In *Barclays Bank* v. *Mercantile National Bank*, *supra*, Judge Ingraham said (481 F.2d at 1232):

> We have just this type of situation, a new and different use of a letter of credit, before us in the instant case. Rather than using some other financing tool the parties involved in the real estate venture here chose the letter of credit as a device for securing $350,000 in working capital for Bay Holding Company. Reasoning by analogy, we believe that if a bank becomes directly liable under §5-107(2) by confirming a credit issued by another bank, then a bank which confirms a non-bank credit is also directly liable on that credit under the same section. . . . This conclusion [supporting the validity of what was attacked as a guaranty] affords a liberal construction to the Code, and *it will facilitate the continued and expanding use of the letter of credit as a financing tool in the hands of the business planner.* (emphasis supplied)

The short of the matter is that the business of banking includes the function of making loans (whether the loans be of the bank's money or its credit) and the function of making payments by order and for account of its customer (whether the funds used for such payment reduce a deposit obligation owed by the bank to the customer or create or increase a debt running from the customer to the bank). A standby letter of credit, which contemplates or is an integral part of a borrowing by the customer, is lawful; a commitment, for account of a customer, to repay money borrowed by him is no less lawful than a commitment, for account of a customer, to pay for merchandise he has ordered. Under present law applicable to National banks, the loan of money is subject to a quantitative limitation at the time it is made, but a commitment is not subject to such limitation unless and until it results in a loan. In the case of a standby credit, which is an integral part of a present borrowing by the customer, and where it is reasonable to suppose that performance of the bank's commitment will substitute the bank for the original lender as a creditor of the customer, prudence suggests that if the letter of credit is irrevocable, for control purposes its amount should be treated, *ab initio*, as if it were a borrowing by the customer. Where the letter of credit, however characterized, is a payment mechanism rather than a financing mechanism, it should not be so restricted. In short, lending limitations should be applicable only to loan transactions and not to payment mechanisms. By the same token, other forms of restriction, such as reserve requirements, should be applied consistently if they are applied at all; assets (such as loans) should not be confused with liabilities (such as deposits or other commitments to pay). Finally, official zeal to curb abuses and correct abnormalities should not deteriorate into action that adversely affects the ability of the banking system to perform normal functions and to serve the needs of a modern economy.

Customer-Bank Communication Terminal Ruling

December 12, 1974

Title 12—Banks and Banking
CHAPTER I—COMPTROLLER OF THE CURRENCY
DEPARTMENT OF THE TREASURY
PART 7—INTERPRETIVE RULINGS
Customer-Bank Communication Terminals

National bankers, associations of bankers, or bank regulatory officials from 14 different states have approached the Comptroller's Office concerning the use by National banks of mechanisms which allow bank customers electronically to initiate from locations remote from the bank certain limited banking transactions. The questions raised present difficult issues concerning the interpretation of Federal law, the interaction of Federal law with diverse State laws, the competitive balance both within the banking industry and between banks and other financial institutions, and the future development of electronic services which will benefit the banking public and alter traditional banking methods.

For the reasons set forth below, the Comptroller has determined, both as a matter of law and as a matter of sound public policy, that such off premises customer-bank communication terminals (CBCT's) may be operated by National banks without regard to the restrictions contained in Federal law regulating branch banks. An interpretive ruling is being issued herewith expressing that conclusion. The Comptroller also has determined, however, that certain monitoring procedures and cautions should be implemented concerning the use of CBCT's in an attempt to help assure the orderly development of the Nation's banking system.

A number of different types of CBCT's now are available or can be expected to develop in the near future. No attempt is made here to catalog every possible type of terminal. In general, these terminals permit an existing bank customer to initiate transactions resulting in a cash withdrawal from his account, a crediting of funds to his account, a transfer between his checking and savings accounts, and payment transfers from his account into accounts maintained by other bank customers.

Both manned and unmanned CBCT's are now in use. The CBCT typically involves: (a) a card issued to and carried by the customer which is inserted into the machine; and (b) a keyboard by which the customer or operator of the CBCT can insert information as to the transaction the customer wishes to accomplish. The customer's card sometimes contains information as to what transactions are authorized for that particular customer, and some CBCT's are capable of updating that information at the completion of the transaction. The CBCT may be self-contained, or it may be connected by wire (on-line) to a bank's central computer at a remote location. Information which is not transmitted instantaneously to the central computer is recorded within the CBCT by tape or other means, and the tape is periodically removed and taken to the bank for processing. All transactions conducted at a CBCT are subject to verification either by on-line communication with the bank's computer or by later examination by the bank of the tape and funds collected from the CBCT.

Unmanned CBCT's may be under control either of the bank or of a third party. When a third party is involved, however, his functions usually are related to ownership, maintenance, and servicing of the CBCT's. He is not directly involved financially in the transaction between the customer and the bank.

Manned CBCT's now in use always involve a third party in addition to the bank and its customer. In a typical operation, the CBCT would be located in a supermarket and manned by an employee of the store. Transactions which involve receipt of funds or cash withdrawals are verified by the employee, and are debited or credited to an account maintained by the supermarket at the same bank. Thus the bank customer is giving funds to or receiving funds from the supermarket, and the supermarket is a financial, as well as an operational, intermediary between the customer and the bank.

Certain devices are permissible and may be used by National banks without regard to the interpretive ruling issued herewith, such as a device or teller's window which is a part of a bank's main office or of an authorized branch. See, *e.g.*, *Dunn* v. *First National Bank of Cartersville*, 345 F. Supp. 853 (N.D. Ga. 1972); *Driscoll* v. *Northwestern National Bank*, 484 F.2d 173 (8th Cir. 1963), *reversing* 349 F. Supp. 245 (D. Minn. 1972). This ruling also does not deal with the use of any device whose sole function is to verify a customer's credit standing for purposes of authorizing a credit card transaction or guaranteeing payment of a check.

Branch banks were an uncommon phenomenon when the National Currency Act of 1863 and its replacement and revision, the National Bank Act of 1864, were passed. Those acts thus contained no provision dealing with branch banks. Section 8 of the National Bank Act of 1864 required the "usual business" of a National bank to be transacted ". . . at an office or banking house located in the place specified in its organization certificate." 13 Stat. 102.[1] As early as 1871, the Supreme Court interpreted that statute to permit a National bank's cashier to certify checks elsewhere than at the banking house, explaining:

> The provision of the Act of Congress as to the place of business of the banks created under it must be construed reasonably. The business of every bank, away from its office—frequently large and important—is unavoidably done at the proper place by the cashier in person, or by correspondents or other agents.

Merchants Bank v. *State Bank*, 10 Wall. 604, 651 (1871); see also *Bank of Augusta* v. *Earle*, 13 Pet. 519 (1839).

In 1911, Attorney General Wickersham recognized a "wide difference" between "the right to establish branch banks at which a general banking business is carried on," and "the mere appointment of agents to receive and collect money and forward it to the bank." 29 Ops. Atty. Gen. 81, 90. The Attorney General further noted (*Id.* at 88):

> [A] branch bank requires, in effect, a division of the capital, the working force is organized, and the business conducted as if it were a separate organization, and it competes in all branches of the banking business with other banks in that locality the same as if it were an independent institution.

In the ensuing decade, State laws permitting branch banking gave State banks such a competitive advantage that they threatened, in some states, to eclipse the National Banking System altogether. In an attempt to meet that competitive threat, the Comptroller authorized National banks to establish so-called "teller windows," relying upon a 1923 opinion of Attorney General Dougherty that the absence of authority for National bank branching did not prevent National banks from opening additional offices "for the transaction of business of a routine character" such as "the receipt of deposits and the cashing of checks for their customers." 34 Ops. Atty. Gen. 1. A year later, the Supreme Court held that the 1923 opinion of the Attorney General authorizing teller windows had gone too far in seeking to expand the off-premises functions that National banks might perform in the absence of an express branching power, but the Court specifically endorsed the 1911 opinion of Attorney General Wickersham. *First National Bank in St. Louis* v. *Missouri*, 263 U.S. 640.

A month after the Supreme Court decision in the *St. Louis* case, Rep. McFadden introduced a bill to authorize branches for National banks. One of the principal purposes of the McFadden Act was to clarify the doubts cast upon the operation by National banks of tellers' windows as a result of the Supreme Court opinion. Indeed, one opponent of the bill objected to the speed with which "the Comptroller's Office had the case on appeal ready for Congress." 67 Cong. Rec. 2842 (1926) (Rep. Nelson). It seems clear that Congress intended to define those tellers' windows as branches, and to authorize them within the applicable branching limitations.

Rep. McFadden's bill became the McFadden Act of 1927, 44 Stat. 1228. The Act permitted a National bank, with the approval of the Comptroller, to establish and operate new branches within the limits of the city, town, or village in which the bank is situated, if such establishment and operation were permitted by State law to State banks. The Act further defined "branch" as follows:

> 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.

The McFadden Act also imposed for the first time a limit on the branching ability of some State-chartered banks. State banks which were members of the Federal Reserve System were permitted to retain and operate existing branches, but were for-

[1] This provision of Section 8 later became Section 5190 of the Revised Statutes and, as amended, is now found at 12 U.S.C. Section 81.

bidden to establish any new branches ". . . beyond the limits of the city, town, or village in which the parent bank is situated." According to Rep. McFadden, this Act established competitive equality "among all member banks of the Federal Reserve System." 68 Cong. Rec. 5815 (1927).[2]

The branch definition of the McFadden Act never has been amended and is found at 12 U.S.C. Section 36(f). The only major change since the McFadden Act in the branching powers of National banks was accomplished by the Banking Act of 1933, 48 Stat. 189, which permitted a National bank to establish and operate branches at any point within the State in which the bank was situated, if such establishment and operation were authorized to State banks and subject to the restrictions as to location imposed by State law upon State banks. That statute also established minimum capital requirements for branches of National banks. The Banking Act of 1933 also permitted "outside" branches to be established by State member banks.

The Supreme Court in *First National Bank in Plant City* v. *Dickinson*, 396 U.S. 122, 133 (1969), rejected the contention that "State law definitions of what constitute 'branch banking' must control the content of the federal definition of Section 36(f)." Courts both before[3] and after[4] the *Plant City* decision have recognized that "what constitutes a branch of a National bank . . . is to be determined by application of the standards prescribed by 12 U.S.C. Section 36(f)." *North Davis Bank* v. *National Bank of Layton*, 457 F.2d 820, 822 (10th Cir. 1972). The Comptroller agrees that State law cannot affect the definition of terms used in that Federal statute, and that a resolution of whether a CBCT is a branch for purposes of Federal law should be the same, for example, in California, which permits statewide branch banking, as in Texas, whose constitution prohibits branching.

The underlying structure of the National Bank Act shows the necessity of that result. The National Bank Act of 1864, 13 Stat. 99, substantially amended and replaced the National Currency Act of 1863, 12 Stat. 655. The paramount intention of both of those statutes was to ". . . give every possible support to the public credit . . ." by a uniform currency ". . . furnished by National associations, organized under a general act of Congress. . . ." Abraham Lincoln, Special Message on Financing the War, *Senate Journal*, pp. 121–122 (37th Cong., 3rd Sess., Jan. 17, 1863). The first Comptroller of the Currency, Hugh McCulloch, in submitting his detailed recommendations for the amendment of the National Currency Act of 1863, pointed out that the National Banking System was expected in the seaboard areas ". . . to supersede the system of banking in these states by attracting to it the capital of existing [*i.e.*, State] banks." *Annual Report of the Comptroller of the Currency*, p. 10 (Nov. 28, 1863). Secretary of the Treasury Chase emphasized at page 19 of his 1863 annual report that the recommended changes in the National Banking System would ". . . induce the conversion, at the earliest practicable period, of the bank corporations of the states into National banking associations. . . ." Consistent with that intention, Congress gave special competitive advantages to National banks over State banks in order to induce the State banks either to convert into National associations or go out of business altogether. When the State banking system did not disappear as expected, Congress in 1865 enacted a 10 percent tax on State bank notes, 13 Stat. 469, which was expected to eliminate the State banking system. Sections 7 and 14 of the 1865 Act specifically provided for the conversion of State-chartered banks into National banking associations. The 1865 statute largely achieved the desired result: in one year the number of State-chartered banks dropped from 1,089 to 349 while the number of National banks rose from 467 to 1,294.

Thus there is no general purpose in the National Bank Act to defer to State statutes regulating State-chartered banks, and it is against this background that Chief Justice Burger's admonition in *Plant City*, *supra*, 396 U.S. at 133–134 must be read:

> Admittedly, State law comes into play in deciding how, where, and when branch banks may be operated, *Walker Bank*, *supra*, for in Section 36(c) Congress entrusted to the States the regulation of branching as Congress then conceived it. But to allow the States to define the content of the term "branch" would make them the sole judges of their own powers. Congress did not intend such an improbable result as appears from the inclusion in Section 36 of a general definition of "branch."

In other words, the "branch" definition of Section 36(f) cannot be varied by State law, but instead constitutes in itself the test to be applied in the first instance to determine the extent to which State law

[2] Even the limited competitive equality spoken of by Rep. McFadden was not completely achieved because of the grandfather rights given to State member banks on branches outside their home town or city and because of minimum population restrictions applicable to branches of National banks but not to branches of State member banks.

[3] *Camden Trust Co.* v. *Gidney*, 301 F.2d 521 (D.C. Cir.), *cert. denied*, 369 U.S. 886 (1962).

[4] See, *e.g.*, *The Ramapo Bank* v. *Camp*, 425 F.2d 333, 346 (3d Cir. 1970).

is to be permitted to operate upon National banks in contravention of the National Bank Act's general supremacy over State law. See, *e.g.*, *Tiffany* v. *National Bank of Missouri*, 18 Wall. 409 (1874); *Easton* v. *Iowa*, 188 U.S. 220 (1903).

This construction of 12 U.S.C. Section 36(f) accords with the settled principle that words in a Federal statute should be given a Federal and nationwide meaning. *New York* v. *Feiring*, 313 U.S. 283, 285 (1941). That principle is particularly applicable where a Federal statute delimits the extent to which a Federal instrumentality is subject to State law. See, *e.g.*, *First Agricultural National Bank* v. *State Tax Commission*, 392 U.S. 339, 347 (1968). The need to give a Federal content to words used in a Federal statute is not diminished because the statute might have been enacted to allow National banks to compete with the State banks on equal terms. *Federal Deposit Insurance Corp.* v. *Tremaine*, 133 F.2d 827 (2d Cir. 1943).

Thus the Comptroller is called upon to construe the branch definition of the McFadden Act as a matter of Federal law and to apply that construction in a consitent manner to CBCT's throughout the United States.

The principal statutory question is whether a CBCT is a "branch bank, branch office, branch agency, additional office, or . . . branch place of business" within the meaning of the McFadden Act. A branch bank commonly is thought of as a building containing teller's windows, desks and chairs, customer counters, and bank personnel with whom the banking public may transact a full range of banking services. A CBCT obviously is not an "office," and only a very few of the kinds of transactions normally associated with a banking office or place of business can be initiated at a CBCT. A CBCT customer cannot, for example, open an account with the bank, apply for a loan, purchase savings bonds, obtain money orders, cashiers checks, or travellers checks, maintain a safe deposit box, cash travellers checks, exchange currency, or engage in any of a large number of other common retail banking transactions. Indeed, only an existing customer of the bank may use a CBCT.[5] The CBCT therefore is more closely analogous to a mail box or a telephone through which a customer may communicate with his bank to accomplish certain routine transactions. The Comptroller thus believes that a CBCT would not be a branch bank, branch office, branch agency, additional office, or branch place of business within the common understanding of those terms, and thus looks to the legislative history for guidance as to whether those terms should be given other than their ordinary meaning.

As already noted, one of the principal Congressional concerns was the tellers' windows then being operated by National banks. There was no consistent Congressional understanding, however, of the exact nature of those tellers' windows or of what other places of business should or should not be classified as branches. That confusion was summarized by Rep. Stevenson, who pointed out that many members of Congress objected to the McFadden Act because its authorization of only "inside" branches for National and State member banks effectively would prohibit the development of statewide branching. He noted an alliance of those who "do not want any limitation placed on the power of the states to grant branches anywhere and everywhere" with a:

> . . . small but very respectable element who are so adverse to branch banking or branch offices or branch anything that they would protest against the National bank teller carrying change across the street to a one-legged widow selling peanuts to a paralyzed cripple on the corner. (67 Cong. Rec. 2837 [1926].)

Some legislators viewed branches in functional rather than physical terms. See, *e.g.*, 67 Cong. Rec. 3248 (1926) (Rep. Cannon), 67 Cong. Rec. 2855 (1926) (Rep. Kurtz), and 68 Cong. Rec. 5816 (1927) (Rep. McFadden). The strongest indication, however, is that legislators viewed both tellers' windows and branches as having certain physical and personnel aspects. Rep. Celler described the tellers' windows as, "large monumental establishments, large buildings costing fortunes to build" which were physically "separate establishments" and "in effect branches." 67 Cong. Rec. 2860 (1926). Rep. LaGuardia in comparing tellers windows to branches said:

> year after year teller windows are increased in the cities. They are *not* teller windows in any sense of the word. They are complete banking establishments . . ., monumental buildings, with a vice president in charge, with complete banking departments which are instituted under the guise of teller windows. (67 Cong. Rec. 3230 [1926].)

CBCT's do not have those physical and personnel characteristics and apparently would not fall within the most widely accepted Congressional understanding of the terms "branch bank, branch office, branch

[5] See the discussion of this customer limitation in *Independent Bankers of Oregon* v. *Camp*, 357 F. Supp. 1352, 1355 (D. Ore. 1973), *remanded* 9th Cir. Nos. 73-2398 and 73-2399 (Dec. 4, 1973).

agency, additional office, or . . . branch place of business." CBCT's would seem closer to the routine off-premises activities approved by the Supreme Court in *Merchants Bank* v. *State Bank, supra,* and by Attorney General Wickersham in 1911 than they would to the tellers' windows which Congress intended by the McFadden Act to authorize.[6]

Additionally, the legislative history of the McFadden Act shows a Congressional intention to permit competition and to promote public service. Rep. McFadden stated that :

> . . . the main purpose of the bill is to remove certain outstanding handicaps from National banks which now stand in the way of carrying on a full fledged and efficient modern banking business. (66 Cong. Rec. 2830 [1926].)

He also stated that "there is another factor involved besides the question of meeting the competition of [State] banks and that is the question of service." 66 Cong. Rec. 1778 (1925). Rep. Watkins explained his vote in favor of the bill as follows:

> I am persuaded to vote for this measure for the reason that crowded conditions, traffic regulations, lack of parking facilities in our cities necessitate some change in banking facilities to suit the convenience of the complex and crowded business world. Banks, bankers, and customers in large cities are in a situation similar to telephone, electric light and gas companies, or the post office, all of which have branches for the customers' convenience. Economy in time, energy, and many other factors demand that the old order give away to a modern and sensible plan. Party traditions and prejudices should not fetter or bind us to the detriment of our country or the service of our constituents. (66 Cong. Rec. 1775 [1925].)

The current CBCT's are merely the forerunner of an expected family of customer operated electronic terminals which will change the face of the banking industry. A few banks already offer a service which permits a customer to activate the bank's computer directly from the customer's telephone and thus to initiate various banking transactions. Technology already exists through which a terminal located in a retail establishment could be used to transfer automatically to the retailer's account funds by which a customer would pay the retailer for goods and services. Defining such electronic communication devices as branches and applying to them the severe geographic and capital restrictions contained in the McFadden Act would stifle the development of modern banking and of a newly evolving payments system. That result would be an inappropriate use of a statute one of whose principal purposes was to expand banking powers to provide the public with better service.

The Comptroller believes, moreover, that a contrary interpretation of the McFadden Act would establish an undesirable competitive inequality in some states between National and State-chartered banks. In the State of Washington, for example, traditional branches may be established only within the same county as the bank's main office, or elsewhere within the State by merger. CBCT's may be established by State banks, however, anywhere within the State. Thus, if a CBCT were a branch within the meaning of the McFadden Act, the result in the State of Washington would be that National banks could not establish traditional branches statewide, although State-chartered banks could. This result seems out of harmony with the intention of the McFadden Act.

The Supreme Court in *Plant City, supra,* stated that:

> . . . it is relevant in construing "branch" to consider, not merely the contractual rights and liabilities created by the transaction, but all those aspects of the transaction that might give the [National] bank an advantage in its competition for customers. (396 U.S. at 136–137)

That statement was made in the context of a opinion which had reviewed the legislative histor of the McFadden Act, and determined that the Ac dealt with competition between State-chartered an National banks. 396 U.S. at 130–134; see also *Firs National Bank of Logan* v. *Walker Bank & Trust Co.* 385 U.S. 252 (1966). The Court in *Plant City*, afte considering both the contractual rights and liabilitie and the competitive aspects determined that "a sys tematic attempt to secure for National banks branch ing privileges which Florida denies to competing stat banks" was involved in the operation of an armore car service and a receptacle which were advertise as a "mobile drive-in" providing "Full Service Bank ing at your doorstep," and that that operation cor stituted branch banking.

Consideration, as hereafter set forth, of the com petitive aspects referred to by the Court in *Pla City* does not require CBCT's to be viewed a

[6] Other activities National banks routinely conduct off premises include new business solicitation, loan closing, sale of money orders and travellers checks, banking by mail, credit card services, various correspondent services, and data processing. Some banks maintain their trust departments in buildings separate from the main bank.

branches. Additionally, an analysis of the contractual rights and liabilities under which a CBCT is operated shows that, even if a CBCT is considered to be a branch office, branch agency, or branch place of business, it is not receiving deposits, paying checks, or making loans within the meaning of 12 U.S.C. Section 36(f). Such an analysis is made in an appendix hereto, which represents the views of the Comptroller should those questions be raised. The contractual rights and liabilities reviewed in this analysis arise from the usual operating procedures of a CBCT, and have significant purposes other than structuring the technical and legal aspects of the transaction to avoid the branch banking statutes. *Compare Plant City, supra*, 396 U.S. at 126, 136–137.

State reaction to CBCT's has been varied and conflicting. At least three states, Oregon, Washington, and Massachusetts, authorize some sort of CBCT by specific legislation which does not treat those facilities as branches. Indeed, the legislation in the State of Washington, which was signed on April 30, 1974, authorizes the establishment of "satellite facilities" anywhere within the State, and specifically provides "that such a facility shall not be construed to be the establishment of a branch." Branch banking in the State of Washington, as already noted, is limited for the most part to a bank's home county.

The Attorneys General of Texas, Kansas, and Florida have authorized the use of CBCT's in some circumstances, although branch banking is prohibited in each of those states. The Attorney General of Illinois, another State which prohibits branch banking, however, has determined that the same off-premises activities permitted in Texas and Florida would constitute illegal branch banking if performed in Illinois. The Attorney General in Nebraska, another non-branching State, has ruled that a CBCT is a branch, but his opinion has been reversed by a State court.

The competitive picture is greatly influenced by recent regulations of the Federal Home Loan Bank Board permitting the establishment by federally-chartered savings and loan associations of remote service units. See 39 F.R. 23991 (June 28, 1974). Similar regulations have been issued for credit unions by the National Credit Union Administration. 39 F.R. 30107 (Aug. 21, 1974). In some states, such as Nebraska, savings and loan association have been quick to take advantage of the regulations, and the banking industry should be permitted to meet that competition. While it sometimes is difficult for agencies acting under statutes passed by three different Congresses to fathom any clear overall Congressional intent, no reason suggests itself why Congress would desire the McFadden Act to be interpreted to impair the health of the National Banking System through the loss of customers who are now discovering the convenience of remote CBCT's offered by credit unions and savings and loan associations.

It is expected that the interpretive ruling issued herewith may give National banks an advantage vis-a-vis State banks in some states, but not in other states. Where competitive differences do occur, they will be of the sort normally associated with the dual banking systems. State banks, for example, may elect not to join the Federal Reserve System and thereby frequently are permitted (depending upon State law) to keep reserves in interest bearing notes or in correspondent accounts at other banks, thus substantially reducing the costs of maintaining reserve accounts. State banks also sometimes are given higher lending limits or broader discretion in making loans. In other non-branching areas, National banks enjoy competitive advantages. Those differences are inherent in a dual banking system which is fundamentally inconsistent with complete equality between State-chartered banks and National banks. *Cf. First National Bank of Fairbanks* v. *Camp*, 465 F.2d 586, 596 (D.C. Cir.), *cert. denied*, 409 U.S. 1124 (1972). As the Supreme Court noted in *Walker Bank, supra*, the principle of competitive equality applied only insofar as branch banking is concerned. 385 U.S. at 261. Nevertheless, the Comptroller will urge temporary limits, as explained below, in an attempt to minimize any competitive imbalances which might result from this ruling.

Thus consideration of the competitive aspects as required by *Plant City* shows that the use of CBCT's will not be part of a systematic attempt to gain a competitive advantage for National banks, but instead is a necessary step to enable National banks to meet existing and potential competition from Federal savings and loan associations and from State-chartered institutions. The use of CBCT's by National banks also is required to bring to banking customers the benefits of existing electronic communication technology.

The Comptroller is faced with a difficut task of applying a 50 year-old statute to an industry undergoing a great change as a result of modern electronic technology. Persuasive legal arguments can be made in support of either interpretation of the statute.[7]

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[7] Indeed a previous Comptroller apparently interpreted the statute differently in at least one instance where he was focusing primarily on the competitive aspects of a particular application. See *Independent Bankers of Oregon, supra.*

The Comptroller believes, however, that the sound development of the country's banking system and the underlying legislative purpose of the McFadden Act are better served by concluding that CBCT's should not be defined as branches. He thus has stated that conclusion in an interpretive ruling which is published herewith.[8]

It should be noted that a National bank clearly is authorized to operate a CBCT, even though a CBCT is not a branch. Sections 17 and 18 of the National Bank Act contemplate that a National bank shall engage in "the business of banking" and Section 8 of that Act authorizes a National bank to exercise all such incidental powers as shall be necessary to carry on the business of banking. See 12 U.S.C. sections 26, 27, and 24 Seventh.

The business of banking changes with the times. In an early case, the Supreme Court upheld the authority of a National bank to certify a check because the practice of certifying checks had "grown out of the business needs of the country." *Merchants Bank* v. *State Bank*, 77 U.S. 604, 648 (1871). A more recent construction of those statutes by the Supreme Court upheld a National bank's power to advertise as being "one of the most usual and useful weapons" in "modern competition for business." *Franklin National Bank* v. *New York*, 347 U.S. 373, 377 (1954). A number of other Supreme Court cases during the last century have construed the statutes in a similar flexible and reasonable fashion.

A CBCT basically is a means of a bank customer transmitting his requests or instructions to a bank, and receiving responses thereto. Communications between a bank and its customer concerning disposition of the customer's account are a part of the banking business. So long as the conduct of that business does not constitute branching, it may be done away from the banking house (*Merchants Bank* v. *State Bank, supra*), and is not subject to regulation by State law (*Franklin National Bank* v. *New York, supra*).

Even though a CBCT is not a branch, the Comptroller possesses regulatory authority which can be exercised to limit CBCT's to insure the sound development of the banking system. This regulatory authority should be used sparingly, however, because:

> . . . regulation has too often resulted in protection of the *status quo*. * * * Industries have been more progressive when the agencies have endeavored to confine regulation to a necessary minimum and have otherwise fostered competition.

Annual Report of the Council of Economic Advisors, 106–107 (1970). Particularly in this new area where technology and consumer response are changing rapidly, the Comptroller believes that sellers and users of these services should be given the widest latitude in determining how, when, and where CBCT's can be used efficiently.

Nevertheless, a change from traditional banking, in which geography is of supreme importance, to electronic banking in which time and distance become irrelevant, will involve competitive adjustments for many banks. The Comptroller thus is adopting the following policies.

First, any National bank wishing to establish a CBCT may not do so without giving 30 days prior written notice to the Comptroller containing the information specified in the interpretive ruling. That will enable the Comptroller to monitor the development of CBCT's and to halt or alter their establishment if such action appears appropriate. Authority for that reporting requirement is found in 12 U.S.C. Section 161.

Second, each National bank should consider the impact that operation of CBCT's will have upon competing financial institutions. The Comptroller urges National banks prior to July 1, 1975, not to establish a CBCT in any State in which State law would prohibit a State-chartered bank from establishing a similar facility. That urging is at the request of the Conference of State Bank Supervisors and is designed to give the legislatures of such states an opportunity to consider whether they wish to place their State-chartered banks on an equal competitive footing with National banks and with savings and loan associations. That urging also is consistent with the philosophy of the pending legislation arising from the report of the President's Commission on Financial Structure and Regulation that changes in the financial structure apply similarly to competing institutions. During May 1975, the Comptroller will examine the then existing situation to determine whether equitable considerations indicate further policy statements in this regard.

Third, some State laws concerning CBCT's require that those devices be shared by other financial institutions. The Comptroller is not adopting any similar requirement. In this regard, the antitrust laws of the United States are applicable to the operation of CBCT's. As the Department of Justice noted

[8] For the reasons expressed herein the Comptroller believes that branch definition of 26 D.C. Code sections 26-103(b), which is identical to that of the McFadden Act, should be interpreted to exclude a CBCT.

in a May 1974 statement to the Board of Governors of the Federal Reserve System:

> The question of compulsory access to any EFT [electronic funds transfer] system will turn on fact questions—and the terms of any access will have to be tailored to the particular facts. At the outset compulsory access would not be required unless the particular facility is found to be "essential" in the sense that exclusion would impose a significant handicap.

Just as exclusion from a CBCT system sometimes might raise questions under the antitrust laws, the sharing by two or more competitors of a CBCT system also could raise legal difficulties if, for example, the result of that sharing was to discourage competition and innovation between two competitors each of whom independently was capable of establishing its own system. Thus the Comptroller's ruling permits, but does not require, banks to share CBCT's with other financial institutions, and National banks and their counsel are advised to consider the antitrust laws when questions arise concerning the sharing of those facilities.

The Administrative Procedure Act does not require notice and solicitation of comments in connection with interpretive rules. 5 U.S.C. Section 553(b). Many interested persons have made their views informally known to the Comptroller even without a formal solicitation of comments, and those views have been considered. The Administrative Procedure Act also permits interpretive rules to become effective immediately. 5 U.S.C. Section 553(d). Since the interpretive ruling issued herewith will not restrict any activities now being carried out by any bank, and since the Comptroller believes that substantial public benefit will result from this ruling, no reason exists to delay its effectiveness. Therefore, effective immediately upon publication, the existing 12 C.F.R. Section 7.7491, "Deposit Machines" is rescinded, and the new Section 7.7491, "Customer-Bank Communication Terminals," accompanying this statement is adopted.

Part 7 of 12 C.F.R. Chapter I is amended by revising Section 7.7491 to read as follows:

7.7491 Customer-Bank Communication Terminals

A National bank may make available for use by its customers one or more electronic devices or machines through which the customer may communicate to the bank a request to withdraw money either from his account or from a previously authorized line of credit, or an instruction to receive or transfer funds for the customer's benefit. The device may receive or dispense cash in accordance with such a request or instruction, subject to verification by the bank. Such devices may be unmanned or manned by a *bona fide* third party under contract to the bank. The bank for a reasonable period of time may provide one of its employees to instruct and assist customers in the operation of the device. Any transactions initiated by such a device shall be subject to verification by the bank either by direct wire transmission or otherwise.

Use of such devices at locations other than the main office or a branch office of the bank does not constitute branch banking. A bank may provide insurance protection under its bonding program for transactions involving such devices.

The establishment and use of these devices is subject to the following limitations:

(a) Written notice must be given to the Comptroller's Office and to the office of the appropriate Regional Administrator 30 days before any such device is put into operation. Such notice shall describe with regard to the device or machine:

(1) the location;

(2) a general description of the area where located (*e.g.*, shopping center, gasoline station, supermarket) and the manner of installation (*e.g.*, free standing, exterior wall, separate interior booth);

(3) the manner of operation, including whether the device is on-line;

(4) the kinds of transactions which will be performed;

(5) whether the device will be manned, and, if so, by whose employee;

(6) whether the device will be shared, and, if so, under what terms and with what other institutions and their location;

(7) the manufacturer and, if owned, the purchase price or, if leased, the lease payments and the name of the lessor;

(8) the distance from the nearest banking office and from the nearest similar device of the reporting bank; and

(9) the distance from the nearest banking office and nearest similar device of another commercial bank, which will not share the facility, and the name of such other bank or banks.

(b) National banks are urged prior to July 1, 1975, not to establish a CBCT in any State in which State law would prohibit a State-chartered bank from establishing a similar facility.

(c) To the extent consistent with the antitrust laws, National banks are permitted, but not required, to share such devices with one or more other financial institutions.

Effective date: This section becomes effective upon publication in the *Federal Register*.

APPENDIX

Communications between customers and their banks through CBCT's involve instructions to consummate the following kinds of transactions: Cash withdrawals from demand accounts, savings accounts and credit card accounts; deposit to demand accounts or to savings accounts; transfers from demand to savings, or from savings to demand, or from credit card to demand; payment deduct from demand or from savings. Consummation of these transactions by the bank for the customer is contingent upon certain conditions being satisfied before contractual rights and obligations attach and "deposits are received, or checks paid, or money lent." Those conditions arise in an electronic banking situation because the CBCT's involved are not sophisticated enough to carry out the procedures, such as authentication and verification, necessary to assure safe and sound banking and prevent losses to customers and banks.

Unmanned Automated Terminals

When an unmanned automated terminal is operated off-line, *i.e.*, not connected by wire to the bank's computer, a deposit transaction is not consummated until the bank actually is notified of the customer's instructions, and the amount of funds necessary to implement the instruction are received and verified. That notification, receipt, and verification takes place at the bank after collection from the CBCT of the funds left there and of a tape or other medium upon which all instructions have been recorded. The bank cannot give credit for those funds prior to receipt and verification any more than it could give credit for items sent by mail to the bank and not yet received. Those funds do not become deposits for any purpose, including the application of 12 U.S.C. Section 36(f), until received and accepted at the chartered banking premises. See, *e.g.*, *Bernstein* v. *Northwestern National Bank*, 157 Pa. Super. 73, 41 A.2d 440; *In re Farmers State Bank of Amhearst*, 67 S.D. 51, 58–59, 289 N.W. 75, 78–79.

Funds left at an unmanned CBCT which is connected by wire to the bank's computer and operated on-line similarly do not become deposits until received and verified at the bank. The customer's instructions to receive the deposit are instantaneously communicated to the bank, just as if the customer had called the bank by telephone to request that the bank receive funds for his account. No unmanned CBCT now in use, however, is able to verify the funds received, and it would be unsafe and unsound practice for the bank to give immediate unconditional credit to a customer based solely upon information supplied by the customer without verification. Thus the customer's offer to create a deposit relationship is not accepted, and the contractual debtor-creditor deposit relationship does not arise, until the funds are received, counted, and accepted at the bank.

Cash withdrawals from unmanned CBCT's are accomplished by the customer requesting the bank through the CBCT to deliver to the customer a prepackaged bundle of currency in a standard amount, such as $25 or $50. A cash withdrawal from a deposit account using an unmanned CBCT does not constitute paying a check. First, if the withdrawal is from a savings account, no check can be involved because savings deposits by definition are not subject to withdrawals by check. Second, whatever the nature of the deposit account, the CBCT is activated by a card or similar device and no check is involved. The required form of a check is specified in Section 3-104 of the Uniform Commercial Code. Nothing resembling a check is used in withdrawals using an unmanned CBCT. Third, all withdrawals are subject to verification. If the CBCT is on-line, the verification takes place instantaneously at the bank. See, *e.g.*, Kan. Atty. Gen. Op. No. 74-196 (June 12, 1974). If the CBCT is off-line, the transaction is verified at the bank when the tape or other record is retrieved from the CBCT. If the withdrawal was not in accordance with the agreement between the bank and its customer for any reason, such as a lack of sufficient funds in the customer's account, then no authorized withdrawal has taken place and the customer is liable to the bank for the funds he improperly obtained.

Similarly, a cash withdrawal from an open-end credit account, such as a credit card or approved overdraft account, does not constitute making a loan at the CBCT. Such withdrawals are from an already approved line of credit, and are subject to verification that the withdrawal is within the approved line. With most unmanned CBCT's this verification takes place at the bank, either immediately with an on-line CBCT, or later with an off-line CBCT.[1] In those circumstances the revolving credit agreement may be viewed as an original contract which establishes the loan relationship between the customer and bank. Each request by the customer for a cash advance must be verified and accepted by the bank. The transaction thus is consummated, and the loan made, when the bank verifies at its office that the credit agreement conditions are satisfied. That conclusion of ordinary contract law is supported by the truth-in-lending regulations of the Federal Reserve Board, which provide with regard to consumer loans:

> A transaction shall be considered consummated at the time a contractual relationship is created between the creditor and a customer irrespective of the time of performance of either party. (12 C.F.R. Section 226.2 [cc].)

The time of consummation of a cash withdrawal transaction under the revolving credit agreement here involved is when that transaction is verified at the bank. Thus no loan is made at the CBCT.

It should be noted again that the legal structure of those transactions is not tailored to fit the branch banking law, but arises from the nature of an unmanned CBCT. The bank, by contract with its customers, will treat all CBCT transactions in the manner here described, whether the CBCT is located in the bank lobby or in a shopping center miles away.

Manned CBCT's

A manned CBCT consists of a terminal connected by wire (on-line) to the bank's computer together with an operator. The operator is the employee of a third party, such as a supermarket, who also is financially involved in the transaction. A bank customer presents to the operator information necessary to implement the desired transaction. The transaction instructions and information are communicated electronically to the bank, which, through transfers between the customer's and the establishment's accounts at the bank, consummates the desired transaction.

As with on-line unmanned CBCT's all transactions are verified instantaneously at the bank and, insofar as the bank is concerned, consummated at the bank. The reasoning stated above for unmanned CBCT's is equally applicable here. Additionally, the bank customer is dealing directly not with the bank, but with a third party, as the following discussion illustrates.

A customer, for example, might give to an establishment which operates a CBCT a check of which the customer is a payee, such as a payroll check from the customer's employer, and request the establishment to return less in cash than the face amount of a check and transfer the remaining amount from the establishment's bank account to the customer's account, thereby effecting a deposit in the customer's account of a portion of the check. The establishment might be agreeable to doing this, not only because it accommodates the customer, but also because it reduces the amount of cash the establishment must keep on hand to cash customers' checks.

The bank's computer is used to assure the customer that the establishment has adequate funds to transfer to the customer's account and to assure the establishment that the customer is presenting a valid bank card for identification purposes. The computer, acting on the basis of bank records and instructions programmed by bank personnel, identifies the customer's card as a valid card, accepts information as to the amount of the transfer between accounts, effects the transaction immediately or prepares it for later posting in accordance with the bank's procedures, and confirms the transaction to the customer and the establishment. The cash received by the customer is from the establishment, not from the bank, and all transactions involving the bank occurred at the bank's own computer.

By arrangement between the parties, the bank also may assume certain risks, for example that the establishment may accept the check from the customer without fear of dishonor. That is a credit risk of the sort ordinarily taken by a bank. The assumption of that risk usually is subject to compliance with various procedures established by the bank, including the possibility of charging the face amount of a check so processed back to the customer's account. The establishment is not an agent of the bank because it is acting as it does for its own business purposes, and accordingly is a *bona fide* third party. Transactions involving cash withdrawals from a customer's account would follow essentially the same process, including a transfer between the customer's and the establishment's accounts.

With regard to such manned CBCT's it seems

[1] When the customer's card itself contains information about his borrowing limit which is updated at an off-line unmanned CBCT when cash is withdrawn, it might be argued that the verification takes place at the CBCT. Even in this situation, however, the transaction is subject to verification to prevent such occurrences as an unauthorized transaction resulting from an improperly altered authorization card.

clear that the banking aspects of the transactions initiated by a customer are consummated at the bank, and not at the location of the CBCT. As with unmanned CBCT's the transactions are structured to fit the operational capabilities of the CBCT and the bank's computer and to comply with prudent banking practices. It could not be said that these contractual and operational arrangements have no significant purpose other than to remove the possibility that the monies received will become "deposits" within the meaning of the branch banking law. See *Walker Bank*, *supra*, 396 U.S. at 136. Additionally, the customer's direct transactions are not with the bank at all, but with a *bona fide* third party.

INDEX

Accommodation services, 304, 305–306, 307
Adequacy of bank capital, 275–279, 279–281
Administration of Comptroller's Office, 23–25
Administrative Procedure Act, 323
Administration's proposals for financial reform, 17, 322
Administrative enforcement authority, 15, 272–273, 310
Affiliates:
  definition broadened, 273
  lending to, 265, 269–270
Assets of the Comptroller's Office, 30
Assets of National banks:
  of acquiring and acquired banks, 1960–1974, 202
  by deposit size, 1973 and 1974, 216
  of foreign branches, 1953–1974, 249
  of foreign branches, Dec. 31, 1974, 249
  at last report of condition, 1950–1974, 247
  in 1973 and 1974, 2
  by States, June 30, 1974, 219
  by States, Dec. 31, 1974, 222
  of trust accounts, 250
Audits of trust departments, 19
Automated retrieval system in examination, 285–286
Automated teller machines, 16–17, 316–326
Automatic investment services:
  and competition, 308, 310
  Comptroller's Office position on, 302, 304–306, 310–311
  conflicts of interest in, 308, 309, 310
  legislative history of, 302–304
  operation of, 301
  safety of, 309–310
  as a separate security, 306–307
  statutes pertinent to, 301–302
Automation, 16–17, 285–286, 293, 316–326

Balances per credit plan, 226
Bank audit department, 286
Bank capital:
  adequacy of, 275–279, 279–281
  and asset quality, 278
  and bank failures, 277, 279
  functions of, 276, 279
  market for, 277, 281, 294
  and trust departments, 253
  and quality of management, 279, 281, 294
Bank chartering (*See* Charters and chartering)
Bank crimes, 15, 271, 288–289
Bank examination:
  of audit department, 286
  changes in, 13, 285–286
  and country credit risks, 274–275, 284
  consumer affairs and, 284–285
  of electronic data processing operations, 285–286
  instructions for, 272
Bank examination—Continued
  of international activities, 14, 21, 274–275
  legal requirement for, 13, 287, 297
  and loan participations, 267
  purpose of, 13, 287, 296, 297
  reevaluation of, 13, 273, 274, 285–286, 298
  summary of 1974 activities in, 13–14
  training for, 13–14, 22, 24, 275
  of trust departments, 19, 260, 309
  of United States National Bank of San Diego, 268–271
Bank holding companies, 15–16, 275, 276, 280–281, 296–297
Banking offices, by States, Dec. 31, 1974, 6
Bank Liquidity Analysis form, 27, 266
Bank management, quality of, 271–272, 279, 281, 294
Bank mergers (*See* Mergers)
Bank regulation:
  agency overlap in, 15–16, 275–276, 280–281
  and asset quality, 268
  background of, 260–261, 287–288, 309–310
  and bank capital, 276–277, 278–279, 280–281
  future direction for, 264, 265–266
  and lending policy, 265, 282
  and liquidity, 254–255, 260–262, 309
  and standby letters of credit, 314–316
Banks and banking:
  and automation, 16–17, 285–286, 293
  automatic investment services of, 301
  bond underwriting by, 256–258
  business interests of officers and directors of, 16, 265–266, 272, 287
  changes in, 275, 283, 285, 288, 290, 293, 296–297, 307
  confidence schemes and, 288–289
  failures of, 264–265, 271–272, 279
  importance of loan policy for, 267, 268
  influence of inflation on, 293–295
  litigation on, 15
  liquidity, 266–267, 274, 281–283, 283, 284, 293, 294
  securities dealings of, 301–304, 306
Bank of Sark, 288
Bond underwriting, 256–258
Branches of National banks:
  in calendar 1974, 10
  closed in 1974, 214–215
  de novo, 10, 11, 12
  entering the system in calendar 1974, 202–213
  foreign, 248, 249
  opened in 1974, 10, 12
  by States, Dec. 31, 1974, 6
Branching law, 16–17, 316, 317–322
Brimmer, Andrew, 295
Broker selection by bank trust departments, 254
Business interests of officers and directors, 16, 265–266, 272, 287

Camp, William B., 272, 273
Capital accounts of National banks:
  by deposit size, 1973 and 1974, 216
  from 1944 to 1974, 244
  in 1973 and 1974, 2
  by States, June 30, 1974, 221
  by States, Dec. 31, 1974, 224
Capital adequacy, 275–279, 279–281
Capital notes, 277
Capital ratios, 276–277, 279–280
Capitalization and trust departments, 253
Cash machines, 16–17, 316–326
Causes of bank failures, 265
Causes of present inflation, 292, 293
Cease and desist powers, 15, 273, 310
Ceiling rates, 262, 281–282, 296
Certification to prevent serving in a National bank, 273
Changes in bank examination, 13, 285–286
Changes in Comptroller's financial position, 32
Changes in the structure of the National Banking System, 5, 179, 180
Charters and chartering:
  applications pursuant to corporate reorganizations, 8, 183
  applications by States, 7, 181–182
  and conversion by State banks, 9, 192
  issued in 1974, by States, 7, 184–186
  issued pursuant to corporate reorganizations, 8, 187–191, 193–194
  litigation on, 15
Civil Rights Act, 16
Classification of loans, 270, 284
Classified assets to total loans, 246
Closings of branches in 1974, 214–215
Commercial banking system in the United States, 287–288, 290, 296
Commercial letters of credit, 311–312
Common trust funds, 260, 261
Common trust fund survey, 27–28, 261
Comptroller of the Currency:
  addresses and testimony of, 253–256, 256–258, 258–260, 260–264, 264–268, 268–274
  administration of Office, 23–25
  cease and desist powers of, 15, 273, 310
  changes in Office financial position, 32
  Comptrollers, listed, 177
  Deputy Comptrollers, listed, 178
  financial operations of the Office, 29–34
  history of powers, 260, 286, 296
  interpretation of laws and regulations by, 16–17, 311, 312, 316–326
  and letters of credit, 311,312
  litigation by, 15
  liquidity formula used by, 282
  Office activities, 13–28
  reevaluation of Office operations, 13, 273–274, 285, 298
  Regional Administrators, listed, 178
  and regulations issued in 1974, 16
  relocation and consolidation of National Office, 23, 24, 29
  selected correspondence of 1974, 301–311, 311–316
  selected rulings of 1974, 16–17, 316–326
  summary suspension authority, 15, 272–273, 310
  and trust powers, 260
  and United States National Bank of San Diego, 268, 269
Comptroller's equity, 29, 30, 31
Concentration of credit, 274–275
Condition of the National Banking System, 1
Condition report dates, 217–218
Confidence schemes, 288–289
Conflicts of interest, 254–255, 257–258, 308, 309, 310
Consolidations:
  of National banks, 195
  of National and State banks, 198
  (*See also* Mergers)
Consumer Affairs Division, 27, 284–285
Consumer prices, 291, 292, 293
Conversions:
  of National into State, 196
  of State into National, 9, 192
Convertibility feature of debentures, 281
Corporate lending, 262
Corporate reorganizations:
  charter applications pursuant to, 183
  charters issued pursuant to, 187–191, 193–194
  mergers pursuant to, 12, 39–41, 114–169, 187–191
Correspondence of the Comptroller's Office, selected, 301–311, 311–316
Country credit exposure, 21, 274–275, 284
Credit allocation, 295
Credit balances, Dec. 31, 1974, 226
Credit classification, 267, 274
Credit information in lending, 21, 268, 270–271, 272
Criteria for determining adequacy of management, 279
Currency and Foreign Transactions Reporting Act, 15
Customer-bank communications terminals (CBCT's):
  as branches, 319–322
  and competition, 320, 321, 322
  description of, 316, 320, 322, 324–326
  limitations on, 323–324
  manned, 316, 325–326
  ruling on, 16–17, 316–326
  sharing of, 322–323
  unmanned, 316, 324–325

Dates of reports of condition, 1914–1974, 217–218
Debentures, 277, 280–281
Definitions:
  of affiliate, 273
  of branch, 317–318
  of customer-bank communications terminal, 316
  of types of letters of credit, 311–312
De novo branches of National banks:
  applications for, calendar 1974, 10
  in 1974, 11
Deputy Comptroller, address by, 274–275
Deputy Comptroller (Economics), address by, 275–279
Deputy Comptrollers, listed, 178
Direct lease financing of National banks, 227
Disclosure:
  of assets in collective funds, 261, 310
  of business interests of officers and directors, 16, 265–266, 27
  of corporate ownership, 261
  of income and expense and balance sheet data, 278
  proposed, 255
  and securities, 15–16, 255, 261, 263–264
  of standby letters of credit, 17
  by trust departments, 19, 255, 256, 261–262, 310
Discrimination in lending, 16
Dividends of National banks, 4, 244

Early warning system, 285, 298
Economics Department, 27–28, 261
Economies of scale, trust departments', 255
Economy of the United States, 289–290, 292
Electronic data processing, 14, 293
Electronic funds transfer systems, 298
Employee Retirement Income Security Act, 19
Enforcement and Compliance Section of Comptroller's Office, 273
Equal Credit Opportunity Act, 27
Equity, Comptroller's, 29, 30, 31
Equity market, 290
Evaluating country risks, 274–275
Examination of banks (*See* Bank examination)
"Examiners' package", 286
Excessive loans, 269
Expenses of the Comptroller's Office, 31
Expenses of National banks:
  changes in, 3
  by deposit size, 242–243
  in 1973 and 1974, 4
  by States, 228–241

Failures of banks, 264–265, 271–272
Fair Credit Billing Act, 27
Fair Housing Lending Practices Pilot Project, 16, 25
Federal budget, 291
Federal funds use by banks, 282
Federal Trade Commission Improvement Act, 27
Fees for trust department services, 255–256
Fiduciary activities (*See* Trust departments)
Financial Institutions Supervisory Act, 15, 273
Financial operations of the Comptroller's Office, 29–34
First Deputy Comptroller, addresses by, 279–283, 283–287, 287–289, 289–295
Fiscal Management Division, 23–24
Floating interest rate notes, 19, 281
Flood Disaster Protection Act, 16
Flood insurance, 16
Foreign banks in the United States, 297
Foreign branches of National banks:
  assets of, 249
  assets and liabilities of, 249
  number of, 1960–1974, 249
  opened and closed in 1974, 21
  by region and country, 248
Foreign exchange reports, 22
Formula for determining bank liquidity, 282
Franklin National Bank, 271, 279, 294
Front-end loans, 267–268
Functions of bank capital, 276, 279

Glass-Steagall Act, 15–16, 257, 303–304, 306, 308, 310
Gold sales by National banks, 16
Guaranty letters of credit, 311

Harfield, Henry, 311
History of bank capital ratios, 276–277, 279–280
Housing and inflation, 295

Income of National banks:
  changes in, 3
  by deposit size, 242–243
  from 1944 to 1974, 244
Income of National banks—Continued
  in 1973 and 1974, 4
  by States, 228, 241
  of trust accounts, 250
Individuals as fiduciaries, 253
Ineligible acceptances, 17
Inflation:
  effect on banks of, 293–295
  internationally, 292
  in the United States, 289, 290, 292, 293
Insider information, 254, 310
Insolvency of the United States National Bank of San Diego, 264–265, 268–274
Interagency cooperation, 15–16, 17, 25, 255, 258, 261, 265, 276, 280–281
Interbank transactions, 21, 277
International banking, 21–22, 274–275, 297
International Division, 21–22
Investment securities, 302–303

Jones, David H., address by, 296–298

Law Department, 15–17, 273, 311
Legality of standby letters of credit, 311, 312–314
Legislative history of automatic investment services, 302–304
Lending:
  to affiliates, 265, 269–270
  banks' policies of, 265, 267, 268, 295
  limits, 17, 265, 269, 272, 281–282, 296, 311
  regulation of, 262–263, 266, 314–316
  standby letters of credit as, 17, 265, 272, 311, 314, 315–316
Letters of credit, 17, 265, 272, 311–316
Liabilities of the Comptroller's Office, 30
Liabilities of National banks:
  by deposit size, 1973 and 1974, 216
  of foreign branches, 249
  at last report of condition, 1950–1974, 247
  in 1973 and 1974, 2
  by States, June 30, 1974, 220
  by States, Dec. 31, 1974, 223
Liability management, 275, 283–284, 290, 296
Limitations on branching, 16–17, 317–318
Liquidations of National banks, 194
Liquidity of National banks, 266–267, 274, 281–283, 283, 284, 290, 293, 294
Listing of National banks, by States, 6
Litigation by Comptroller's Office in 1974, 15
Loan classification, 270, 284
Loan losses and recoveries, 1945–1974, 245
Loan participations, 267
Loan portfolio as a source of liquidity, 282–283
Loan review, 267
Loans, credit information for, 268, 270–271
Loans, front-end, 267–268
Loans of National banks:
  from 1945 to 1974, 245
  by States, Dec. 31, 1974, 225
Loans, past-due, 266
Loans, rollover of, 266, 270

Management of liabilities, 274, 283–284, 290, 296
Management Services Division, 24–25
Managerial adequacy, 279, 281
Manned CBCT's, 325–326

Maturity Schedule of Assets and Liabilities, 29, 266–267, 284
Matching assets and liabilities, 266–267, 282
Measuring trust department performance, 264
Mergers:
approval opinions, 43–173
approvals, listed, 37–41
involving two or more operating banks, 12, 37–39, 43–113
of National with State banks, 195
in 1974, 12, 199–201
pursuant to corporate reorganizations, 12, 39–41, 114–169, 187–191
resulting in National banks, by assets of acquiring and acquired banks, 220
by States, 199–201
McFadden Act, 257, 302–303, 317–318, 319, 320, 321
Minimum standards of output, 19, 286
Misapplication of funds, 273
Monetary policy, 289–290, 293, 315
Money brokerage, 288
Money supply, 289–290, 291, 293–294
Motter, David C., address by, 275–279
Mullin, Robert A., address by, 274–275
Municipal securities market, 258–259
Mutual funds, automatic investment services as, 306–307

National Association of Securities Dealers, 258–259
National Bank Act, 16, 256, 262, 263, 314, 317, 322
National Banking System:
background, 287
changes in, 5, 179, 180
condition of, 1
National banks:
chartered in 1974, 7, 8, 9, 184–186
as dealers and underwriters of revenue bonds, 256–258
involved in direct lease financing, 227
gold sales by, 16
by States, 6
in voluntary liquidation, 194
National credits, 267, 284
Need for capital, 275
Net income of National banks, 1944–1974, 244
Newly organized National banks:
chartered, 7
by States, 184–186
Number of National banks in each State, 6

Office of the Comptroller of the Currency (*See* Comptroller of the Currency)
Officers of National banks:
certification of, 273
disclosure of business interests of, 16, 265–266, 272, 287
removal of, 272–273, 310
Off-shore investors, 288–289
Opinion of independent accountant, 33

Past-due loans report, 29, 266
Pension and profit-sharing trusts, 19, 261
Personnel Management Division, 24
Point-of-sale terminals, 16–17
Private ownership of gold, 16
Proposed legislation, 256–258, 258–260, 262–263, 263–264, 273
Proposed regulations, 254, 255, 261, 265–266, 287
Purchases of State banks by National banks, 197

Real Estate Settlement Procedures Act, 27
Records Management Branch, 23
Recoveries of National banks, 245
Regional Administrators, listed, 178
Regulation F, 260
Regulation 9, 19, 254, 260
Regulation:
of bank lending, 17, 262–263, 281–282
and capital adequacy, 276–277, 280–281
to curtail failures, 265–266, 268
of lending rates, 262–263, 281–282
of municipal securities dealing, 258–259
of standby letters of credit, 17, 265, 314–316
of trust departments, 19, 254–255, 260–262, 309
Regulatory overlap, 15–16, 275–276, 280–281
Remote banking terminals, 16–17, 316–326
Removal of officers and directors of National banks, 272–273, 310
Report of condition dates, 217–218
Reserve requirements and letters of credit, 315–316
Reserves of National banks, 2, 221, 224
Retirement Income Security Act, 19
Revenue bonds, 256–258
Revenues of the Comptroller's Office, 31
Review of Comptroller's Office operations, 13, 273–274, 285, 298
Risk assets and capital, 280
Rollover loans, 266, 270
Rulings of the Comptroller's Office in 1974, 16–17, 316–326

S. 1933, 256–258
S. 2058, 259
S. 2234, 263–264
S. 2474, 258–260
S. 2683, 263–264
S. 3817, 262–263
Safety of automatic investment services, 309–310
Savings rate, 290, 294
Saxon, James J., 256, 270, 290
Securities:
dealing in by National banks, 301–304, 306–307
disclosure by National banks of, 15–16, 255, 261, 263–264
holdings of National banks, 261, 263–264
losses and recoveries on by National banks, 245
in 1973 and 1974, 2
Securities and Exchange Act, 15–16, 310
Securities and Exchange Commission, 258–259, 263, 264, 269
Securities Investor Protection Act, 309
Self-dealing, 16, 264–265, 266, 267, 269–270, 271, 273, 286–287
Separation of trust and commercial sides of banks, 253–254, 308, 309
Sharing of customer-bank communications terminals, 322–323
Single borrower lending limit, 17, 265
Smith, C. Arnholt, 264, 265, 268, 269, 270, 271
Smith, James E., speeches and testimony of, 253–256, 256–258, 258–260, 260–264, 264–268, 268–274
Sources of bank capital, 253, 281
Sources of funds, 296
Sources of trust services, 253–254
Special Assistant (Strategic Policy Planning), address by, 296–298
Standby letters of credit, 17, 265, 272, 311, 312–316
State banks:
consolidation of National banks with, 195, 198
conversion of National banks into, 9, 196

State banks—Continued
mergers of National banks into, 195
mergers with National banks, 199–201
purchased by National banks, 197
Statistics Division, 27
Status of capital notes and debentures, 277
Stock purchases through banks, 301, 304–306
Strategic Policy Planning Group, 27, 298
Structural changes in the National Banking System, 5, 179, 180
Subordinated capital debentures, 280–281
Supervision of municipal securities market, 258–259
Supply, Printing, & Services Branch, 23
Supreme Court decisions, 15, 307, 317, 320, 321, 322
Statutes pertinent to automatic investment services, 301–302

Traditional commercial letters of credit, 311–312
Training for examiners, 13–14, 22, 24, 274
Trust departments:
activities summarized, 19
annual reporting of holdings, 19, 260–261
assets and income of, by States, 250
audits of, 19
and bank capital, 253
benefits to the bank from, 253–254
and bond underwriting, 256–258
and broker selection, 254
cash balances in, 255
disclosure by, 255, 256, 261–262, 310

Trust departments—Continued
economies of scale in, 255
examination of, 19, 260, 309
fee schedules of, 255–256
licensing authority for, 260
measuring the performance of, 264
operation by banks of, 253–256
profitability of, 255–256
regulation of, 19, 254–255, 260–262
reports by, 27, 28, 255, 260–261
separation from commercial side of bank, 253–254, 308, 309

Underwriting of bonds by National banks, 256–258
Uninvested cash balances of trust departments, 255
United States National Bank of San Diego, 15, 264–265, 268–271, 272, 273, 279, 280
Unmanned CBCT's, 316, 324–325
Use of loan proceeds, 270, 271
Usury, 262–263

Variable interest rate notes, 19, 281
Vojta, George, 277, 280
Voluntary liquidations of National banks, 194

Watson, Justin T., addresses by, 279–283, 283–287, 287–289, 289–295
Welfare and Pension Plan Disclosure Act, 264
Williams, John Skelton, 276, 280