Annual Report 1968

Comptroller of the Currency

The Administrator of National Banks

William B. Camp

Comptroller of the Currency

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Letter of Transmittal

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
WASHINGTON, D.C., AUGUST 29, 1969

SIRS: Pursuant to the provisions of Section 333 of the United States Revised Statutes, I am pleased to submit the 1968 *Annual Report of the Comptroller of the Currency.*

Respectfully,

WILLIAM B. CAMP,
Comptroller of the Currency.

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

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Statistical Tables

I. *Condition of the National Banking System*

The year 1968 saw continued healthy growth by the National banking system. Total assets reached $296.6 billion, representing an increase of 12.6 percent for the year and outpacing the 1967 rise of 11.6 percent.

The differential rates of growth among asset categories shed some light on the response of National banks to the high level of demand for funds that was present during the year. Total loans showed a 13.2-percent increase in 1968, and thus exceeded the overall rate of asset growth. In contrast, total securities held increased by 10.4 percent. Within the total securities category, the rates of growth of various types of securities showed marked disparity. While U.S. Government obligations inched upward by 2.9 percent, National bank holdings of the obligations of States and political subdivisions spurted by 19.7 percent. As a result, at the end of 1968, total municipals held by National banks were nearly equal to total holdings of U.S. Governments; the respective figures were $34.7 billion and $35.3 billion.

The increase in total deposits during 1968 was 11.5 percent, just under the rate of asset growth. Once again, total time and savings deposits grew faster than did demand deposits, the rates being 13.8 and 9.4 percent, respectively. Although total demand deposits of National banks still exceed total time deposits, $134.6 billion to $123.3 billion, the reverse holds true for deposits of individuals, partnerships, and corporations (IPC deposits). As of December 31, 1968, IPC demand deposits totaled $101.8 billion, compared to IPC time and savings deposits of $107.7 billion.

Total capital accounts of National banks registered a 9.1 percent increase, reaching $21.5 billion at year-end 1968. This rate of increase easily surpassed the comparable rates of 5.9 percent and 6.9 percent in 1966 and 1967, respectively. However, the capital accounts continued to grow at a slower pace than the rate of asset growth.

TABLE 1

Assets, liabilities, and capital accounts of National banks, 1967 and 1968

[Dollar amounts in millions]

	Dec. 31, 1967, 4,758 banks		*Dec. 31, 1968, 4,716 banks*		*Change, 1967–68*	
	Amount	*Percent distribution*	*Amount*	*Percent distribution*	*Amount*	*Percent*
ASSETS						
Cash, balances with other banks, and cash items in process of collection	$46, 634	17. 71	$50, 953	17. 18	$4, 319	9. 26
U.S. Government obligations	34, 308	13. 03	35, 300	11. 90	992	2. 89
Obligations of States and political subdivisions	29, 002	11. 01	34, 704	11. 70	5, 702	19. 66
Securities of Federal agencies and corporations	4, 838	1. 84	5, 160	1. 74	322	6. 66
Other securities	1, 508	. 57	1, 707	. 58	199	13. 20
Total securities	69, 656	26. 45	76, 871	25. 92	7, 215	10. 36
Federal funds sold and securities purchased under agreements to resell	2, 562	. 97	4, 397	1. 48	1, 835	71. 62
Direct lease financing	412	. 16	542	. 18	130	31. 55
Loans and discounts	136, 753	51. 92	154, 862	52. 21	18, 109	13. 24
Fixed assets	3, 876	1. 47	4, 363	1. 47	487	12. 56
Customers' liability on acceptances outstanding	1, 182	. 45	1, 275	. 43	93	7. 87
Other assets	2, 300	. 87	3, 331	1. 13	1, 031	44. 83
Total assets	263, 375	100. 00	296, 594	100. 00	33, 219	12. 61
LIABILITIES						
Demand deposits of individuals, partnerships, and corporations	92, 686	35. 19	101, 765	34. 31	9, 079	9. 80
Time and savings deposits of individuals, partnerships, and corporations	95, 104	36. 11	107, 716	36. 32	12, 612	13. 26
Deposits of U.S. Government	3, 297	1. 25	3, 288	1. 11	−9	−. 27
Deposits of States and political subdivisions	18, 511	7. 03	22, 082	7. 44	3, 571	19. 29
Deposits of foreign government and official institutions, central banks, and international institutions	3, 483	1. 32	3, 196	1. 08	−287	−8. 24
Deposits of commercial banks	13, 963	5. 30	15, 303	5. 16	1, 340	9. 60
Certified and officers' checks, etc	4, 330	1. 65	4, 534	1. 53	204	4. 71
Total deposits	231, 374	87. 85	257, 884	86. 95	26, 510	11. 46
Demand deposits	123, 038	46. 72	134, 629	45. 39	11, 591	9. 42
Time and savings deposits	108, 336	41. 13	123, 255	41. 56	14, 919	13. 77
Federal funds purchased and securities sold under agreements to repurchase	3, 182	1. 21	5, 234	1. 77	2, 052	64. 49
Liabilities for borrowed money	297	. 11	689	. 23	392	131. 99
Acceptances executed by or for account of reporting banks and outstanding	1, 205	. 46	1, 290	. 43	85	7. 05
Other liabilities	7, 587	2. 88	9, 973	3. 36	2, 386	31. 45
Total liabilities	243, 645	92. 51	275, 070	92. 74	31, 425	12. 90
CAPITAL ACCOUNTS						
Capital notes and debentures	1, 235	. 47	1, 256	. 42	21	1. 70
Preferred stock	55	. 02	58	. 02	3	5. 45
Common stock	5, 312	2. 02	5, 694	1. 92	382	7. 19
Surplus	8, 832	3. 35	9, 747	3. 29	915	10. 36
Undivided profits	3, 549	1. 35	4, 051	1. 37	502	14. 14
Reserves	747	. 28	718	. 24	−29	−3. 88

II. *Income and Expenses of National Banks*

Both the current operating revenue and the current operating expenses of National banks rose sharply during 1968. Revenues increased 18.6 percent, to $15.0 billion, and expenses, 18.7 percent to $11.5 billion. Net current operating revenue jumped 18.1 percent, to $3.5 billion. Losses on securities sold of $308.9 million, compared to $76.0 million in 1967, were the most important element in holding net income before taxes to a 9.9-percent year-to-year gain.

On the revenue side, gross income from loans of $10.0 billion accounted for 66.6 percent of National banks' total current operating revenue, a share only fractionally smaller than the 66.9 percent comparable figure for 1967. The $10.0 billion represented an 18.1-percent increase over 1967's $8.5 billion. The revenue from "Other securities" held showed the biggest spurt in 1968 among the larger income accounts, a 26.1-percent increase to $1.4 billion. This reflected the sharp increase, already noted, of National banks' holdings of municipals during the year. Of the $2.3 billion increase in total revenue for 1968 over 1967, more than 87 percent was accounted for by the increments in loan and investment revenue.

Interest paid on time and savings accounts advanced 20.1 percent, to $5.3 billion in 1968. The relative share of total current operating expenses accounted for by interest paid also moved upward, from 45.6 percent to 46.1 percent. Salaries, wages, and employee fringe benefits experienced a 14.1-percent increase over the previous year, reaching $3.4 billion.

Net "below-the-line" adjustments led to a deduction of $848 million, yielding a net income before taxes of $2.6 billion. After Federal and State income taxes of $710 million, 1968 net income of National banks equaled $1.9 billion.

TABLE 2

Income and expenses of National banks, calendar 1967 and 1968*

[Dollar amounts in millions]

	1967		1968		Change, 1967–68	
	Amount	Percent distribution	Amount	Percent distribution	Amount	Percent
Number of banks	4,758	....	4,716	....	−42	....
Current operating revenue:						
Interest and dividends on—						
U.S. Government obligations	$1,401.0	11.07	$1,622.9	10.82	$221.9	15.84
Other securities	1,122.0	8.87	1,415.1	9.44	293.1	26.12
Interest and discount on loans†	8,458.9	66.86	9,990.4	66.61	1,531.5	18.11
Service charges and other fees on banks' loans	169.5	1.34	234.0	1.56	64.5	38.05
Service charges on deposit accounts	576.8	4.56	630.0	4.20	53.2	9.22
Other charges, commissions, and fees	230.0	1.82	269.9	1.80	39.9	17.35
Trust department	435.3	3.44	493.3	3.29	58.0	13.32
Other current operating revenue	257.4	2.04	342.3	2.28	84.9	32.98
Total current operating revenue	12,650.9	100.00	14,997.9	100.00	2,347.0	18.55
Current operating expenses:						
Officers' salaries	901.7	9.30	1,022.5	8.88	120.8	13.40
Employees' salaries and wages	1,673.1	17.26	1,911.2	16.61	238.1	14.23
Officer and employee benefits	391.2	4.03	450.0	3.91	58.8	15.03
Fees to directors	43.3	.45	47.2	.41	3.9	9.01
Interest on time and savings deposits	4,418.0	45.57	5,304.3	46.09	886.3	20.06
Interest and discount on borrowed money‡	153.8	1.58	308.6	2.68	154.8	100.65
Net occupancy expense of bank premises	489.4	5.05	553.3	4.81	63.9	13.06
Furniture and equipment-depreciation and other costs	313.1	3.23	374.3	3.25	61.2	19.55
Other current operating expenses	1,311.8	13.53	1,537.6	13.36	225.8	17.21
Total current operating expenses	9,695.4	100.00	11,509.0	100.00	1,813.6	18.71
Net current operating earnings	2,955.5	....	3,488.9	....	533.4	18.05
Recoveries, transfers from valuation reserves, and profits:						
On securities:						
Profits on securities sold or redeemed	91.2	36.10	48.4	27.09	−42.8	−46.93
Recoveries	2.6	1.02	3.9	2.18	1.3	50.00
Transfers from valuation reserves	36.7	14.53	22.2	12.42	−14.5	−39.51
On loans:						
Recoveries	6.7	2.64	6.0	3.36	−.7	−10.45
Transfers from valuation reserves	28.7	11.36	29.1	16.28	.4	1.39
All other	86.7	34.35	69.1	38.67	−17.6	−20.30
Total recoveries, transfers from valuation reserves, and profits	252.6	100.00	178.7	100.00	−73.9	−29.26
Losses, chargeoffs, and transfers to valuation reserves:						
On securities:						
Losses on securities sold	76.0	9.86	308.9	30.09	232.9	306.45
Chargeoffs on securities not sold	4.5	.58	6.9	.67	2.4	53.33
Transfers to valuation reserves	52.2	6.77	33.8	3.29	−18.4	−35.25
On loans:						
Chargeoffs	13.6	1.76	9.7	.95	−3.9	−28.68
Transfers to valuation reserves	519.0	67.35	559.7	54.53	40.7	7.84
All other	105.4	13.68	107.5	10.47	2.1	1.99
Total losses, chargeoffs, and transfers to valuation reserves	770.7	100.00	1,026.5	100.00	255.8	33.19
Net income before related taxes	2,437.4	....	2,641.1	....	203.7	8.36
Taxes on net income:						
Federal	594.0	....	611.5	....	17.5	2.95
State	85.9	....	98.0	....	12.1	14.09
Total taxes on net income	679.9	....	709.5	....	29.6	4.35
Net income	1,757.5	....	1,931.6	....	174.1	9.91

See footnotes at end of table.

TABLE 2—Continued

Income and expenses of National banks, calendar 1967 and 1968*

[Dollar amounts in millions]

	1967		1968		Change, 1967–68	
	Amount	Percent distribution	Amount	Percent distribution	Amount	Percent
Dividends on capital:						
Cash dividends declared on common stock	$794.1		$893.0		$98.9	12.45
Cash dividends declared on preferred stock	2.1		4.3		2.2	104.76
Total cash dividends declared	796.2		897.3		101.1	12.70
Net income after dividends	961.3		1,034.3		73.0	7.59
Occupancy expense of bank premises:						
Officers' salaries	2.1	.35	2.7	.39	.6	28.57
Employees' salaries and wages	62.1	10.16	67.2	9.77	5.1	8.21
Officer and employee benefits	8.1	1.33	8.9	1.29	.8	9.88
Recurring depreciation on bank premises and leasehold improvements	115.4	18.88	123.2	17.92	7.8	6.76
Maintenance, repair, and uncapitalized alteration costs of bank premises, and leasehold improvements	78.4	12.82	89.1	12.96	10.7	13.65
Insurance, utilities, etc	100.3	16.40	111.3	16.19	11.0	10.97
Rents paid on bank premises	156.2	25.56	185.6	26.99	29.4	18.82
Taxes on bank premises and leasehold improvements	88.6	14.50	99.6	14.49	11.0	12.42
Gross occupancy expense	611.2	100.00	687.6	100.00	76.4	12.50
Less:						
Rental income from bank premises	116.3	19.04	128.9	18.75	12.6	10.83
Other credits	5.5	.90	5.4	.78	−.1	−1.82
Total	121.8	19.94	134.3	19.53	12.5	10.26
Net occupancy expense	489.4	80.06	553.3	80.47	63.9	13.06
Recoveries credited to valuation reserve (not included in recoveries above):						
On securities	3.8		.9		−2.9	−76.32
On loans	105.8		142.4		36.6	34.59
Losses charged to valuation reserves (not included in losses above):						
On securities	69.1		28.3		−40.8	−59.04
On loans	378.2		395.9		17.7	4.68
Stock dividends (increases in capital stock)	160.9		236.4		75.5	46.92
Ratio to current operating revenue:		*Percent*		*Percent*		
Salaries, wages, and fees		20.70		19.88		
Interest on time and saving deposits		34.92		35.37		
All other current expenses		21.02		21.49		
Total current expenses		76.64		76.74		
Net current earnings		23.36		23.26		
Employees at year end:						
Building occupancy and maintenance:	*Number*		*Number*			
Officers	274		261		−13	−4.74
Other employees	17,730		18,821		1,091	6.15
Banking operations						
Officers	75,808		82,597		6,789	8.96
Other employees	369,780		397,270		27,490	7.43

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

†Includes revenues from the sale of Federal funds.

‡Includes expenses incurred in purchasing Federal funds.

III. *Structural Changes in the National Banking System*

The National banking system included 4,716 banks at the end of 1968, a net decline of 42 during the year. The total was composed of 3,166 unit banks and 1,550 banks operating 10,801 branches. Total National bank branches increased by a net figure of 814, or 8.1 percent, in 1968. All told, there were 15,517 National banking offices in operation at year end.

As steps toward corporate reorganization, primarily the formation of one-bank holding companies, 16 National bank charters were issued and 15 mergers were consummated during the year. These mergers involved only one operating bank. During 1968, a total of 41 charter applications received preliminary approval for the same purpose, and 11 were pending at the end of the year.

Fifteen charters were issued for newly organized National banks, exclusive of the 16 noted above. These 15 were scattered among 12 States. Thirteen charters were issued pursuant to the conversion of State banks to the National system.

A total of 897 banking offices opened for the first time as National bank branches during the year. Of these, 492 were *de novo* branches and 405 entered the National banking system through mergers or conversions. The closing of 83 branches led to the net figure of 814 additions.

Of the 492 *de novo* branches, 280, or 57 percent, were located in communities with less than 25,000 population. Only 16 were located in cities with over one million people. Banks with total assets of less than $100 million accounted for 264, or almost 54 percent, of the *de novo* branches.

Apart from the mergers pursuant to the formation of one-bank holding companies, 67 mergers, consolidations, and purchases in which the resulting bank was a National bank occurred during the year. This compares with 84 in 1967 and 75 in 1966.

Table 3

National banks and banking offices, by States, Dec. 31, 1968

	National banks			Number of branches	Number of offices
	Total	Unit	With branches		
United States	4,716	3,166	1,550	10,801	15,517
Alabama	89	49	40	165	254
Alaska	5	0	5	41	46
Arizona	3	1	2	186	189
Arkansas	68	35	33	76	144
California	72	14	58	2,218	2,290
Colorado	118	118	0	0	118
Connecticut	29	8	21	191	220
Delaware	5	3	2	4	9
District of Columbia	10	1	9	59	69
Florida	204	204	0	0	204
Georgia	62	33	29	147	209
Hawaii	2	0	2	41	43
Idaho	9	3	6	103	112
Illinois	420	395	25	25	445
Indiana	123	52	71	305	428
Iowa	102	62	40	50	152
Kansas	171	144	27	27	198
Kentucky	80	37	43	127	207
Louisiana	48	14	34	156	204
Maine	21	5	16	87	108
Maryland	48	14	34	227	275
Massachusetts	87	21	66	388	475
Michigan	98	29	69	511	609
Minnesota	196	194	2	6	202
Mississippi	40	8	32	117	157
Missouri	98	78	20	20	118
Montana	48	47	1	1	49
Nebraska	127	107	20	20	147
Nevada	4	1	3	55	59
New Hampshire	52	29	23	33	85
New Jersey	143	34	109	518	661
New Mexico	33	13	20	60	93
New York	176	76	100	1,108	1,284
North Carolina	22	6	16	328	350
North Dakota	42	33	9	9	51
Ohio	218	80	138	644	862
Oklahoma	220	184	36	36	256
Oregon	11	4	7	236	247
Pennsylvania	327	174	153	939	1,266
Rhode Island	4	0	4	58	62
South Carolina	24	4	20	214	238
South Dakota	34	24	10	52	86
Tennessee	77	20	57	247	324
Texas	535	535	0	0	535
Utah	12	9	3	57	69
Vermont	27	13	14	41	68
Virginia	107	29	78	423	530
Washington	27	12	15	392	419
West Virginia	80	80	0	0	80
Wisconsin	117	90	27	48	165
Wyoming	40	40	0	0	40
Virgin Islands	1	0	1	5	6
District of Columbia—all*	14	1	13	96	110

*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 1968*

	Received†	Approved	Rejected	Abandoned	Pending Dec. 31, 1968	Charters issued
United States	68	16	21	3	28	15
Alabama	1	1	0	0	0	1
Alaska	0	0	0	0	0	0
Arizona	0	0	0	0	0	0
Arkansas	1	0	1	0	0	0
California	0	0	0	0	0	0
Colorado	1	0	0	0	1	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	12	3	3	1	5	3
Georgia	1	0	0	0	1	1
Hawaii	0	0	0	0	0	0
Idaho	0	0	0	0	0	0
Illinois	4	2	1	1	0	2
Indiana	1	0	0	0	1	0
Iowa	1	0	0	1	0	0
Kansas	0	0	0	0	0	0
Kentucky	0	0	0	0	0	0
Louisiana	0	0	0	0	0	2
Maine	0	0	0	0	0	0
Maryland	0	0	0	0	0	0
Massachusetts	1	0	0	0	1	0
Michigan	1	0	0	0	1	0
Minnesota	3	1	1	0	1	0
Mississippi	3	0	1	0	2	1
Missouri	2	0	1	0	1	1
Montana	0	0	0	0	0	0
Nebraska	1	0	0	0	1	0
Nevada	0	0	0	0	0	0
New Hampshire	0	0	0	0	0	1
New Jersey	4	1	1	0	2	1
New Mexico	0	0	0	0	0	0
New York	4	2	0	0	2	0
North Carolina	1	0	1	0	0	0
North Dakota	0	0	0	0	0	0
Ohio	0	0	0	0	0	0
Oklahoma	1	0	1	0	0	0
Oregon	0	0	0	0	0	0
Pennsylvania	0	0	0	0	0	0
Rhode Island	0	0	0	0	0	0
South Carolina	1	0	1	0	0	0
South Dakota	1	0	1	0	0	0
Tennessee	1	0	1	0	0	0
Texas	9	2	1	0	6	1
Utah	1	1	0	0	0	1
Vermont	0	0	0	0	0	0
Virginia	2	0	1	0	1	0
Washington	4	1	2	0	1	0
West Virginia	2	1	1	0	0	0
Wisconsin	4	1	2	0	1	0
Wyoming	0	0	0	0	0	0

*Excludes conversions and corporate reorganizations.
†Includes 16 applications pending as of Dec. 31, 1967.

TABLE 5

Applications for National bank charters to be issued pursuant to corporate reorganizations, and charters issued, by States, calendar 1968

	Received	*Approved*	*Rejected*	*Abandoned*	*Pending Dec. 31, 1968*	*Charters issued*
United States	54	42	0	1	11	16
Alabama	1	1	0	0	0	1
Alaska	0	0	0	0	0	0
Arizona	0	0	0	0	0	0
Arkansas	1	1	0	0	0	1
California	5	3	0	0	2	0
Colorado	0	0	0	0	0	0
Connecticut	1	1	0	0	0	0
Delaware	0	0	0	0	0	0
District of Columbia	0	0	0	0	0	0
Florida	1	1	0	0	0	1
Georgia	2	2	0	0	0	0
Hawaii	0	0	0	0	0	0
Idaho	0	0	0	0	0	0
Illinois	3	2	0	0	1	0
Indiana	2	2	0	0	0	1
Iowa	1	0	0	0	1	0
Kansas	1	0	0	0	1	0
Kentucky	0	0	0	0	0	0
Louisiana	0	0	0	0	0	0
Maine	1	1	0	0	0	0
Maryland	1	1	0	0	0	0
Massachusetts	4	4	0	0	0	1
Michigan	0	0	0	0	0	0
Minnesota	0	0	0	0	0	0
Mississippi	0	0	0	0	0	0
Missouri	1	0	0	0	1	0
Montana	0	0	0	0	0	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	1	0	0	0	1	0
New Mexico	0	0	0	0	0	0
New York	1	1	0	0	0	1
North Carolina	5	5	0	0	0	4
North Dakota	0	0	0	0	0	0
Ohio	0	0	0	0	0	0
Oklahoma	3	2	0	0	1	0
Oregon	1	1	0	0	0	1
Pennsylvania	3	2	0	0	1	0
Rhode Island	1	1	0	0	0	1
South Carolina	1	1	0	0	0	0
South Dakota	0	0	0	0	0	0
Tennessee	4	3	0	1	0	1
Texas	3	2	0	0	1	1
Utah	0	0	0	0	0	0
Vermont	0	0	0	0	0	0
Virginia	5	4	0	0	1	2
Washington	0	0	0	0	0	0
West Virginia	0	0	0	0	0	0
Wisconsin	0	0	0	0	0	0
Wyoming	0	0	0	0	0	0

Table 6

Applications for conversion to National bank charters, and charters issued, by States, calendar 1968

	Received*	Approved	Rejected	Abandoned	Pending Dec. 31, 1968	Charters issued
United States	21	15	2	0	4	13
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	1	1	0	0	0	1
Colorado	0	0	0	0	0	0
Connecticut	0	0	0	0	0	0
Delaware	0	0	0	0	0	0
District of Columbia	2	2	0	0	0	1
Florida	1	1	0	0	0	1
Georgia	0	0	0	0	0	0
Hawaii	0	0	0	0	0	0
Idaho	0	0	0	0	0	0
Illinois	0	0	0	0	0	0
Indiana	2	1	0	0	1	1
Iowa	0	0	0	0	0	0
Kansas	0	0	0	0	0	0
Kentucky	0	0	0	0	0	0
Louisiana	0	0	0	0	0	0
Maine	0	0	0	0	0	0
Maryland	0	0	0	0	0	0
Massachusetts	0	0	0	0	0	0
Michigan	0	0	0	0	0	0
Minnesota	3	2	0	0	1	1
Mississippi	4	3	1	0	0	3
Missouri	0	0	0	0	0	0
Montana	2	0	1	0	1	0
Nebraska	0	0	0	0	0	0
Nevada	0	0	0	0	0	1
New Hampshire	0	0	0	0	0	0
New Jersey	0	0	0	0	0	1
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	1	0	0	0	1	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	0	0	0	0	0	0
Texas	0	0	0	0	0	0
Utah	0	0	0	0	0	0
Vermont	0	0	0	0	0	0
Virginia	0	0	0	0	0	0
Washington	0	0	0	0	0	0
West Virginia	0	0	0	0	0	0
Wisconsin	3	3	0	0	0	1
Wyoming	0	0	0	0	0	0

*Includes 2 applications pending as of Dec. 31, 1967.

TABLE 7

Branches of National banks, calendar 1968

	Branches in operation Dec. 31, 1967	De novo branches opened for business Jan. 1–Dec. 31, 1968	Branches acquired through merger or conversion Jan. 1–Dec. 31, 1968	Existing branches discontinued or consolidated Jan. 1–Dec. 31, 1968	Branches in operation Dec. 31, 1968
United States	r 9, 987	492	405	83	10, 801
Alabama	151	13	1	0	165
Alaska	41	0	0	0	41
Arizona	185	6	0	5	186
Arkansas	70	5	1	0	76
California	1, 903	72	266	23	2, 218
Colorado	0	0	0	0	0
Connecticut	189	7	0	5	191
Delaware	4	0	0	0	4
District of Columbia	54	2	3	0	59
Florida	0	0	0	0	0
Georgia	137	8	2	0	147
Hawaii	41	0	0	0	41
Idaho	102	1	0	0	103
Illinois	8	17	0	0	25
Indiana	285	14	6	0	305
Iowa	43	8	1	2	50
Kansas	25	2	0	0	27
Kentucky	122	5	0	0	127
Louisiana	148	8	0	0	156
Maine	76	4	7	0	87
Maryland	207	15	5	0	227
Massachusetts	372	16	2	2	388
Michigan	r 489	24	0	2	511
Minnesota	6	0	0	0	6
Mississippi	109	2	7	1	117
Missouri	19	1	0	0	20
Montana	1	0	0	0	1
Nebraska	18	2	0	0	20
Nevada	37	0	18	0	55
New Hampshire	29	3	1	0	33
New Jersey	496	19	3	0	518
New Mexico	59	0	1	0	60
New York	1, 078	35	7	12	1, 108
North Carolina	292	19	19	2	328
North Dakota	9	0	0	0	9
Ohio	r 605	36	4	1	644
Oklahoma	30	6	0	0	36
Oregon	220	14	2	0	236
Pennsylvania	885	40	29	15	939
Rhode Island	56	2	0	0	58
South Carolina	209	8	0	3	214
South Dakota	48	3	1	0	52
Tennessee	242	5	0	0	247
Texas	0	0	0	0	0
Utah	56	1	1	1	57
Vermont	38	1	2	0	41
Virginia	396	22	13	8	423
Washington	370	19	3	0	392
West Virginia	0	0	0	0	0
Wisconsin	24	25	0	1	48
Wyoming	0	0	0	0	0
Virgin Islands	3	2	0	0	5
District of Columbia—all*	91	5	0	0	96

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

r Revised.

TABLE 8

De novo branch applications of National banks, by States, calendar 1968

	Received*	Approved	Rejected	Abandoned	Pending Dec. 31, 1968
United States	1,166	628	171	106	261
Alabama	11	7	3	0	1
Alaska	2	1	0	0	1
Arizona	21	14	2	0	5
Arkansas	4	3	0	1	0
California	195	94	41	9	51
Colorado	0	0	0	0	0
Connecticut	17	13	2	0	2
Delaware	0	0	0	0	0
District of Columbia	2	1	1	0	0
Florida	0	0	0	0	0
Georgia	6	5	0	0	1
Hawaii	0	0	0	0	0
Idaho	7	1	3	1	2
Illinois	23	22	0	0	1
Indiana	24	18	2	2	2
Iowa	10	8	0	0	2
Kansas	3	3	0	0	0
Kentucky	10	6	0	1	3
Louisiana	18	13	2	2	1
Maine	12	10	0	0	2
Maryland	34	19	4	3	8
Massachusetts	29	17	4	1	7
Michigan	70	17	22	4	27
Minnesota	0	0	0	0	0
Mississippi	25	9	4	2	10
Missouri	2	1	0	0	1
Montana	0	0	0	0	0
Nebraska	5	4	0	0	1
Nevada	13	5	4	2	2
New Hampshire	9	4	0	0	5
New Jersey	46	19	12	3	12
New Mexico	5	4	0	1	0
New York	106	57	20	4	25
North Carolina	51	25	3	1	22
North Dakota	1	0	0	1	0
Ohio	60	41	5	2	12
Oklahoma	3	2	0	1	0
Oregon	21	12	4	1	4
Pennsylvania	66	44	5	2	15
Rhode Island	5	4	0	0	1
South Carolina	18	12	4	0	2
South Dakota	2	1	0	0	1
Tennessee	15	10	0	0	5
Texas	0	0	0	0	0
Utah	7	3	2	1	1
Vermont	3	2	0	0	1
Virginia	46	29	4	2	11
Washington	53	31	9	0	13
West Virginia	0	0	0	0	0
Wisconsin	104	35	9	59	1
Wyoming	0	0	0	0	0
Virgin Islands	2	2	0	0	0
District of Columbia—all†	3	1	2	0	0

*Includes 259 applications pending as of Dec. 31, 1967.
†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 1968

Category	*Branches*
In cities with population:	
Less than 5,000	120
5,000 to 24,999	160
25,000 to 49,999	67
50,000 to 99,999	51
100,000 to 249,999	35
250,000 to 499,999	25
500,000 to 1,000,000	18
Over 1,000,000	16
Total	492

Category	*Branches*
By banks with total resources (in millions of dollars):	
Less than 10.0	68
10.0 to 24.9	85
25.0 to 49.9	67
50.0 to 99.9	44
100.0 to 999.9	138
Over 1,000.0	90
Total	492

Table 10

Mergers, calendar 1968*

Applications carried over from 1967	19
Applications received 1968	104
Disposition of applications 1968:	
Approved†	88
Abandoned	1
Applications pending December 1968	34
Transactions completed 1968:	
Mergers	49
Consolidations	6
Purchase of assets	12
Total	67

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

	Charter or purchasing bank	*Merging, consolidating, or selling banks*	*Combined*
Capital stock	$718, 768, 631	$33, 001, 200	$753, 690, 468
Capital accounts	2, 780, 362, 098	98, 838, 737	2, 873, 456, 495

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

†Includes three applications approved but withdrawn due to litigation.

IV. *Bank Examinations and Related Activities*

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

During the year ended December 31, 1968, the Office examined 6,492 banks, 12,124 branches and facilities, 1,704 trust departments and branches, and 130 affiliates. Three hundred and eighty-three special examinations and visitations were made, nine State banks were examined in connection with conversions to National banks, and investigations were conducted in connection with applications for 45 new charters and 820 *de novo* branches.

The commercial examinations of banks and branches included direct verification, primarily on a negative basis, of a substantial percentage of loan and deposit accounts in banks where internal controls were considered inadequate. Direct verification on a positive basis was made on most dealer-discount lines that had a delinquency ratio of 10 percent or more at the time of the examination.

In 1968 the number of field examiners was increased by about 12 percent to compensate for the increase in National bank resources and to upgrade the quality of examinations. The number of specialized Electronic Data Processing (EDP) examiners, whose primary responsibility is to conduct separate examinations of data processing installations of National banks, was increased from two to four for each of the 14 National bank regions.

The examining division continued its efforts to develop and implement new examining procedures. Plans include a further increase in the examining staff by 10 percent to assist in the administration of the new procedures and regulations adopted to implement Public Laws 90–389 (the Bank Protection Act of 1968), and 90–321 (the Consumer Credit Protection Act).

Plans have been consummated to change our educational program. In this connection, programed instruction will be utilized for newly appointed examiners; this instruction will be supplemented by AIB and other appropriate banking schools. An advanced 2-week school for newly commissioned examiners will be held annually in Washington, D.C. The curriculum will cover all areas of commercial bank examination. The analysis of loans and investment securities will receive the most emphasis. Other subjects will include the evaluation of the quality of the bank's operation, investment in fixed assets, bank borrowings, leasehold obligations, and other liabilities. Considerable time will be devoted to courses on appraisal of asset quality, diversification of risks, liquidity, capital adequacy, earnings, future prospects, and bank management. Other subjects are related organizations, problem banks, and meetings with the board of directors. Courses in planning and organizing examinations and manpower utilization will also be included.

A number of changes were made in the commercial report of examination during 1968. A new report form for the examination of operating subsidiaries was adopted. These subsidiaries may perform any business function that the parent bank is permitted to perform. Each subsidiary will be examined simultaneously with the parent bank. Pertinent figures of the parent bank and its operating subsidiaries will be consolidated for the purpose of applying applicable statutory limitations.

V. *Litigation*

Thirty-five cases challenging administrative actions or rulings of the Comptroller were pending at the beginning of calendar 1968. The Comptroller became a party to 10 new cases during 1968, and 18 cases were terminated. Twenty-seven cases were pending on December 31, 1968. The more significant cases involved the following subjects:

A. Incidental Powers Cases

Three cases were decided during 1968 involving allegations that National banks were exceeding the powers granted to them by the incidental powers clause of the National Bank Act, 12 U.S.C. § 24 (seventh). Two cases brought by data processing service bureaus challenged the right of a National bank to offer data processing services to other banks and bank customers. *ADAPSO* v. *Camp,* 279 F. Supp. 675 (D. Minn., 1968); *The Wingate Corp.* v. *Industrial National Bank of Rhode Island,* 288 F. Supp. 49 (D.R.I., 1968). The third case was brought by travel agencies to enjoin a National bank from operating a travel agency. *Arnold Tours, Inc.* v. *Camp,* 286 F. Supp. 770 (D. Mass. 1968). The Comptroller had ruled in each instance that the activity involved was an incidental power necessary to carrying on the business of banking.

Each of these three cases was dismissed by the district court for lack of standing by plaintiffs to bring suit in a Federal court. The only injury alleged by these parties was loss of business due to competition. Competition, however, the courts ruled, is normal and must be expected in a free enterprise society. Absent a statute or some other legal protection designed specifically to benefit plaintiffs against competition, competition itself—even if the result of allegedly unlawful action by the competitor—does not constitute a wrong or injury to plaintiff which the courts could recognize.

All three cases were appealed and, at year's end, had been argued and were awaiting decision by the courts of appeals. The rulings on standing are significant because the courts have declared that they will not attempt, upon the complaint of a competitor, to substitute their judgment for that of bank customers in determining what services are required as incidental to banking. The cases are intrinsically significant because they are the first attempts by competitors of National banks to limit the permissible range of bank activities solely upon the allegation that the activity is unauthorized by the incidental powers clause—a fundamental section of the National Bank Act.

B. Other Banking Powers

1. *Bond Underwriting.*—The court of appeals affirmed the lower court's decision, discussed in the 1967 annual report, that the Comptroller's ruling allowing National banks to deal in so-called "revenue bonds" was unlawful. *Port of New York Authority* v. *Baker, Watts, and Co.,* 392 F. 2d. 497 (D.C. Cir. 1968). The Comptroller was not a party to the appeal. The Comptroller and the Board of Governors of the Federal Reserve System disagreed on the merits of the appeal, and the Solicitor General determined that neither Government agency could appear in the court of appeals. Legislation was passed by the Senate which would reverse this decision, but was not passed in the House. The Housing and Urban Development Act of 1968, however, modifies this decision to the extent that National banks may now deal in and underwrite bonds for housing, university, and dormitory purposes—regardless of whether such obligations are backed by the full taxing power of the issuer.

2. *Acting as Insurance Agent.*—The court of appeals affirmed the lower court's decision that National banks lacked power to act as an agent in the issuance of insurance incidental to banking transactions. *Camp* v. *Georgia Association of Independent Insurance Agents,* 399 F. 2d 1010 (5th Cir. 1968). The Comptroller had ruled that such activity was lawful. At year's end, the Solicitor General had not determined whether to seek review of this decision in the Supreme Court.

3. *Collective Investment Funds.*—On November 27, 1968, the court of appeals heard argument on

the power of a National bank to operate a collective managing agency account. *Camp* v. *Investment Company Institute,* D.C. Cir. No. 21,662. The district court ruled adversely to the Comptroller, 274 F. Supp. 624 (D.D.C. 1967), and both the Comptroller and First National City Bank of New York prosecuted appeals. The Comptroller contends that the plaintiff Investment Company Institute lacks standing to bring the action, and that the activity in question is authorized to National banks. No decision was reached by the court of appeals during 1968.

C. New Bank Charter Cases

In *Inter-Lakes National Bank* v. *Camp,* Civ. No. 31804 (E.D. Mich.), for the first time in the 104-year history of the Comptroller's Office, a group of organizers whose charter application had been disapproved sued the Comptroller to compel the issuance of their charter. The complaint was filed on October 3, 1968, but no further proceedings had been taken by year end.

The Supreme Court denied a petition for certiorari in *Citizens National Bank of Hattiesburg* v. *Camp,* 391 U.S. 904 (1968). The Court thus left standing the court of appeals decision that the Comptroller has broad discretion to grant new bank charters, and that the Comptroller need not hold an administrative hearing prior to granting the charter application. The court of appeals specifically reserved the question of the standing of a competing bank to litigate.

D. Branch Cases

In a most significant ruling, the Court of Appeals for the Fifth Circuit held that State law, including interpretations by the State banking commissioner, and not Federal law, defines those off-premises activities of a National bank that may be prohibited as a "branch." *Dickinson* v. *First National Bank in Plant City,* 400 F. 2d 548 (5th Cir., 1968). A similar result was reached by a district court in Georgia, relying upon the *Plant City* case. *Jackson* v. *First National Bank in Cornelia,* N.D. Ga., Civ. No. 1191 (Oct. 21, 1968). The particular off-premises activity at issue in these two cases was the operation by the National bank of an armored car messenger service to collect and deliver funds to and from customers. In reliance upon the *Plant City* case, however, State bank supervisors in at least six States have defined off-premises deposit machines and so-called loan production offices as "branches" and attempted to forbid their establishment and operation by National banks. The court of appeals' opinion recognized that State banking authorities, which are frequently controlled by the State bank competitors of National banks, might ". . . make extreme use of this . . . defining process . . ." to attempt to limit the National banking system. The First National Bank in Plant City filed a petition for certiorari seeking review by the Supreme Court, and the Solicitor General authorized the filing of a similar petition on behalf of the Comptroller.

In other litigation, the district courts in North Carolina upheld, on the basis of the Comptroller's administrative file, the Comptroller's approval of three branches of National banks. *First-Citizens Bank & Trust Co.* v. *Camp,* 281 F. Supp. 786 (E.D.N.C., 1968); *Central Bank & Trust Co.* v. *Camp,* M.D.N.C., Civ. No. C-4-D-66 (Feb. 23, 1968). Appeals were taken and argued in the *First Citizens* cases, but no decisions had been rendered at year's end by the court of appeals. The issues include: (1) Whether the Comptroller must conduct a formal hearing before approving a branch application, (2) the scope and nature of judicial review of the Comptroller's decision, and, (3) whether the Comptroller must make certain formal findings concerning such matters as the need for the new branch in conformance with the North Carolina State statutes. These statutes require the State bank supervisor to make such findings in approving branch applications of State banks.

A district court in Ohio also accepted the Comptroller's administrative file as the basis for granting summary judgment for the Comptroller. *The Ohio Bank and Savings Company* v. *Tri-County National Bank,* N.D. Ohio, Civ. No. C-67-121 (June 28, 1968). The court noted, concerning the Comptroller's processing of the application, that ". . . a formal adversary hearing is not necessary either under the Due Process Clause, the National Bank Act, or the Administrative Procedures Act."

Similarly, the Comptroller's approval of the application of a National bank to move one of its branches to another location within the city of Farmington, Mich., was sustained in *Metropolitan National Bank of Farmington* v. *Camp,* 281 F. Supp. 238 (E.D. Mich., 1968). The plaintiff bank unsuccessfully contended that this relocation was not a move of an existing branch, but the establishment of a new branch prohibited in this situation by Michigan law. The court found, on the basis of the Comptroller's administrative file, that the Comptroller had not abused his discretion.

Another branch approval was upheld on the basis of the Comptroller's administrative file in *Mid-West National Bank of Lake Forest* v. *Comptroller of the Currency,* N.D. Ill., Civ. No. C 1423 (June 14, 1968). Of particular interest, the court held it need not consider facts and arguments not presented administratively to the Comptroller. It characterized contentions raised for the first time in litigation as ". . . an afterthought, brought forward at the last possible moment to undo administrative proceedings. . . ."

In *Security Bank* v. *Saxon,* E.D. Mich., Civ. No. 26303 (Sept. 20, 1968), the sole issue in the case was whether the challenged branch was within a "village" as that term is defined by Michigan law. The court again accepted the Comptroller's decision on the basis of his administrative file and held, citing *Warren Bank* v. *Camp,* 396 F. 2d 52 (6th Cir. 1968), that "a trial *de novo* is not required for every complaint where abuse of administrative discretion is plead."

However, in *Industrial State Bank and Trust Company* v. *Camp,* W.D. Mich., Civ. No. 5686 (June 10, 1968), the district court refused to limit itself to the Comptroller's administrative file, and held a trial *de novo,* including an "autoptic" survey of the area in question. Based on this on-the-spot examination of the proposed service area of the new bank, the district judge concluded that no need existed for a branch and overturned the Comptroller's approval. The Solicitor General had not decided by the end of 1968 whether to appeal this decision.

E. Merger Cases

Activity in merger litigation during 1968 in the Comptroller's Office eclipsed that experienced in the most active previous year, 1967.

The Comptroller was a party to each of 13 bank merger cases that were either terminated or begun in 1968. Their status is as follows: One case was decided by the district court in Philadelphia; one was reversed and remanded by the Supreme Court, and, upon remand, terminated by consent judgment; one that had been remanded by the Supreme Court in 1967 was terminated by consent judgment; one was dismissed upon appeal from a judgment of a three-judge district court favorable to the banks; one was tried before the district court in New Jersey, with decision pending; three are in various stages of preparation for trial; and five were terminated because the banks abandoned the proposed mergers after court action was initiated by the Antitrust Division.

On February 12, 1968, *U.S.* v. *Provident National Bank,* 280 F. Supp. 1 (E.D. Pa., 1968), was decided after a trial of the issues. The district court enjoined the banks from carrying out the merger, ruling that it was anticompetitive and would further a trend toward concentration. In addition, the court determined that the banks had not met their burden of proving that the proposed merger would have the *probable* effect of meeting the convenience and needs of the community. However, the court also found that mutual savings banks and savings and loan associations do compete with commercial banks for the savings dollar and mortgage loans.

The Supreme Court, in its decision of March 4, 1968, in *U.S.* v. *Third National Bank of Nashville,* 390 U.S. 171, reversed the district court's finding that the merger did not violate the Clayton Act and remanded the case for further proceedings. In reversing the decision of the lower court, the Supreme Court found that the proposed merger was anticompetitive. The Supreme Court did point out that, if a merger posed a choice between preserving competition and satisfying the requirements of convenience and need, the Bank Merger Act of 1966 mandated that injury and benefit were to be weighed, and that a decision must be made upon the basis of which alternative better served the public interest. After reviewing the case, the Supreme Court remanded it to the district court for a proper weighing of the convenience and needs and of the anticompetitive effects. After remand and prior to trial, a final consent judgment was entered on September 19, 1968, permitting the merger upon condition that the resulting bank, among other things, organize a new bank at the location of the acquired bank. In December 1968, pursuant to the consent judgment, a new bank was formed under a State charter.

The case of *U.S.* v. *Mercantile Trust Co., N.A.* (E.D. Mo., Civ. No. 65 c-241(1), CCH Trade Reg. Rep. Par. 45,065, Case No. 1858) was begun in 1965. In October 1967, the Supreme Court reversed a dismissal by the district court of the Justice Department's complaint and remanded the case (389 U.S. 27). Thereafter, prior to trial, a consent judgment was entered on April 4, 1968 allowing the merger, but requiring that the resulting bank organize a new bank (CCH 1968 Trade Cases Par. 72,379).

The Justice Department decided not to pursue an appeal from a judgment of a three-judge district court of the Northern District of California. That judgment, rendered in October 1967, upheld the merger and dismissed the Justice Department's complaint.

(*U.S.* v. *Crocker-Anglo National Bank,* 277 F. Supp. 133; and see *1967 Annual Report, Comptroller of the Currency,* p. 16). On April 9, 1968, the undocketed appeal of the Justice Department was dismissed (CCH Trade Reg. Rep. Par. 45, 063, Case No. 1757).

On January 16, 1968, the Justice Department brought suit to enjoin a proposed merger between Phillipsburg National Bank and Trust Company, with deposits of $22.4 million, and The Second National Bank of Phillipsburg, with deposits of $16 million (*U.S.* v. *Phillipsburg National Bank and Trust Co.,* D.N.J., Civ. No. 56–68, CCH Trade Reg. Rep. Par. 45,068, Case No. 1986). The action by the Justice Department was unusual considering the comparatively small size of the two participant banks. The trial occurred from September 11 to September 26, 1968. The time period between the filing of the complaint by Justice and the commencement of trial was the shortest experienced to date in the field of bank merger litigation. This case involves the meaning and thrust under the Bank Merger Act of 1966 of the phrase "convenience and needs."

The Justice Department filed suit on May 28, 1968, to enjoin two proposed mergers in the State of Mississippi (*U.S.* v. *The First National Bank of Jackson* and *U.S.* v. *Deposit Guaranty National Bank,* S.D. Miss., Civ. Nos. 4310 and 4311, Trade Reg. Rep. Par. 45,068, Case Nos. 2002 and 2003). Both cases essentially involve questions of potential competition and its byproduct, *de novo* branching, and the convenience and needs of the community to be served. The Comptroller's position, generally, is that the proposed mergers are not anticompetitive. Further, any minor anticompetitive aspects are clearly outweighed in the public interest by the probable effects of the transaction in meeting the convenience and needs of the community. Specifically, the crux of the Comptroller's position on the issue of convenience and needs is that the resulting larger banks will supply much of the capital needed to stimulate Mississippi's lagging economy, and will help to overcome the State's serious capital deficit problem by retaining funds within the State. Trial in *The First National Bank of Jackson* case will be held in April 1969.

On August 16, 1968, the Justice Department filed suit to block the proposed merger between First National Bank of Maryland and First National Bank of Harford County (*U.S.* v. *First National Bank of Maryland,* D. Md., Civ. No. 19801, CCH Trade Reg. Rep. Par. 45,068, Case No. 2012). In essence, the issues and the Comptroller's position, generally, are the same as in the two Mississippi cases. Here, however, the Comptroller's stance concerning convenience and needs is that the larger commercial bank will supply the additional loanable funds needed, but not now available, in order to serve a growing industrial and commercial community, and will provide other services not being supplied by the existing local banks.

The banks in the following five cases abandoned their merger plans after the Justice Department filed suit: *U.S.* v. *National Bank and Trust Co. of Central Penn.,* N.D. Pa., Civ. No. 10214, CCH Trade Reg. Rep. Par. 45,067, Case No. 1964, filed October 12, 1967, dismissed February 2, 1968; *U.S.* v. *County National Bank,* S.D.N.Y., Civ. No. 67–4906, CCH Trade Reg. Rep. Par. 45,067, Case No. 1981, filed December 14, 1967, dismissed May 14, 1968; *U.S.* v. *New Jersey National Bank & Trust Co.,* D.N.J., Civ. No. 55–68, CCH Trade Reg. Rep. Par. 45,068, Case No. 1985, filed January 16, 1968, dismissed March 22, 1968; *U.S.* v. *Bank of Las Vegas,* D. Nev., Civ. No. R–2100, CCH Trade Reg. Rep. Par. 45,068, Case No. 2013, filed August 23, 1968; *U.S.* v. *Pennsylvania National Bank & Trust Co.,* E.D. Pa., Civ. No. 68–2025, CCH Trade Reg. Rep. Par. 45,068, Case No. 2017, filed September 17, 1968.

VI. *Fiduciary Activities of National Banks*

Significant increases occurred during 1968 in the value of assets held, and in the number of fiduciary accounts handled in the trust departments of National banks. The substantial growth in existing National bank trust departments was augmented by several conversions to National charters of State banks, having sizeable trust departments. In addition, 54 National banks applied for permission to exercise fiduciary powers, and 41 received approval, bringing the number of National banks with fiduciary powers to 1,919 at year end.

The Comptroller thus has responsibility for the supervision of more trust departments and more trust assets, than any other bank regulatory agency. These responsibilities have necessitated a high degree of specialization in the Trust Division, whose jurisdiction also extends to the regulation of common trust funds for both State and National banks.

Many steps were taken during 1968 to improve trust department supervision, with a view to providing maximum attention to accounts under administration, while maintaining flexibility and responsiveness to novel circumstances. In September, a 2-week school was held in Washington for assistant trust examiners, covering through lectures and discussions by recognized banking authorities all facets of trust department operations. Members of the Comptroller's staff offered a thorough review of applicable regulations, instructions, and procedures. Trust examiners from the State banking departments of Michigan, Illinois, Iowa, Kansas, Ohio, and Wyoming were also in attendance.

During the year Regulation 9, governing the exercise of fiduciary powers by National banks, was amended to require more detailed cost information in common trust fund annual reports. Also, some obsolete provisions were deleted. Draft revisions were prepared which would have put into effect the portions of the proposed mutual fund reform legislation pertaining to bank-operated collective investment funds, had that measure been enacted by Congress. This Office expects that such an amendment of these regulations will be necessary when the question of the collective investment of managing agency accounts is finally resolved by legislative or judicial action. Either the existing provisions will have to be deleted, or, if the authority of banks to enter this area is confirmed, revised and expanded rules concerning the operation of these funds will be required.

A revision of the *Manual of Instructions for Representatives in Trusts* was drafted during 1968 for 1969 publication. This revision brings the *Manual* up-to-date, reflecting new procedures and the most recent interpretations and policies of this Office.

After a number of conferences with officials of the Federal Reserve and the FDIC, a uniform trust department annual report was devised. These agencies used for the first time in 1968 the same system, based upon market values of assets held, as is employed by the Comptroller.

The review of trust department examination reports in the Washington office was revised during 1968 in order to provide greater efficiency. A rotating system was put into effect whereby outstanding young assistants or associates in trust in the field are brought into the Washington office for a period of 18 months or longer. They are put in charge of conducting the initial analysis and review of examination reports. This system contributes significantly both to the prompt and detailed analysis of these reports and to the acceleration of their training for broader subsequent service in the field.

VII. *International Banking and Finance*

During the early months of 1968, the major industrial countries were adjusting to the devaluation of sterling by Great Britain the previous November. Foreign exchange markets continued to be unsettled, culminating in the gold crisis in March. As a result of the fear of renewed pressure on the major currencies, the leading gold markets were closed for 1 month. Soon after, an historic agreement among the leading industrial nations established the two-price system for gold: central banks would buy and sell gold to each other at the official price of $35 an ounce, or its equivalent in other currencies, while private gold transactions would occur in a free market.

In May the members of the IMF, after 5 years of debate and negotiation, were asked to consider a contingency plan to establish a new international reserve system, paper gold or SDR's (special drawing rights). In July the United States became the first major industrial country to approve the plan. International money markets were turbulent again in November when the relationship between the French franc, the German mark, and other currencies underwent new stresses.

The year saw a significant expansion of foreign branches of U.S. banks. Sixty-seven new branches were established by 15 National banks, bringing the total to 354. National banks now account for 95 percent of the total foreign branches of U.S. banks. On December 31, 1968, the total resources of the foreign branches of National banks were $16.0 billion, compared with $11.9 billion in 1967.

During 1968 American banks with foreign branches made increased use of Euro-dollars, both for meeting loan demands abroad and for providing temporary additions to head-office liquidity. At the end of the year "borrowings" by head offices from foreign branches of National banks totaled $3.5 billion.

During the year the number of National banks operating Edge or agreement subsidiaries increased from 21 to 28. They maintained a total of 37 Edge corporations and one agreement subsidiary. During the year, regional National banks organized a jointly owned Edge Act subsidiary to conduct an international banking business in New York City.

National banks have also made increased use of the 1966 legislation authorizing direct equity investments in foreign banks. Previously, these foreign investments were only made indirectly by National banks through their Edge and agreement corporation subsidiaries. This new provision has provided banks with increased opportunities and flexibility in international finance.

U.S. banks have joined with overseas banks in establishing numerous specialized financial institutions, such as development and medium-term credit banks. They have also increased their equity participations in foreign banks.

For the second year the International Division held its International Banking Seminar. The 1968 session, conducted in New York and Washington, considered commercial letters of credit, bankers acceptances, foreign exchange, the Euro-dollar market, Edge Act corporations, and the government regulations applicable to foreign branches and affiliates. Issues raised by development financing were taken up in a discussion of monetary problems and economic development, and regional studies this year focused on banking in Japan. Seminar leaders came from the International Division of the Comptroller's Office, the Federal Reserve Board, the Treasury Department, the State Department, National banks, the Export-Import Bank, the Inter-American Development Bank, and the World Bank.

TABLE 11

Foreign branches of National banks, by region and country, Dec. 31, 1968

Region and country	Number
Latin America	176
Argentina	33
Bahamas	7
Bolivia	2
Brazil	15
Chile	18
Colombia	17
Dominican Republic	8
Ecuador	7
El Salvador	1
Guatemala	3
Guyana	1
Honduras	3
Jamaica	2
Mexico	5
Nicaragua	2
Panama	21
Paraguay	6
Peru	8
Trinidad	5
Uruguay	2
Venezuela	4
Virgin Islands (British)	3
West Indies	3
Europe	62
Austria	1
Belgium	7
France	6
Germany	13
Greece	5
Ireland	2
Italy	2
Netherlands	5
Switzerland	3
United Kingdom	18
Africa	3
Liberia	1
Nigeria	2
Near East	6
Dubai	1
Lebanon	3
Saudi Arabia	2
Far East	72
Hong Kong	12
India	11
Indonesia	5
Japan	12
Korea	3
Malaysia	5
Okinawa	2
Pakistan	4
Philippines	4
Singapore	8
Taiwan	2
Thailand	2
Viet-Nam	2
U.S. overseas areas and trust territories	35
Canal Zone	2
Guam	2
Puerto Rico	17
Truk Islands	1
Virgin Islands	13
Total	354
Military banking facilities	34

VIII. *Economic Analysis and Related Activities*

The Department of Banking and Economic Research and its affiliated Statistical Division continued to provide economic and statistical analyses of current banking issues and problems, both for internal use and for public dissemination.

Two publications were well-received during 1968: *The Comptroller and Bank Supervision* and *Commercial Bank Entry Into Revenue Bond Underwriting.* The first, although dealing primarily with the Comptroller of the Currency, comes close to being a history of bank regulation in this country. The later provides estimates of the public benefit that would accrue were commercial banks allowed to underwrite revenue bonds.

In cooperation with the other Federal banking agencies, and after consultations with State banking authorities and banking industry representatives, the quarterly Report of Condition and the annual Report of Income were revised thoroughly. The result of more than a year's meetings and negotiations, the revisions were promulgated to take effect with the first call report of 1969. The requirements for accrual accounting, consolidation of subsidiaries, and tax reporting on a current basis, among others, will provide better banking data for regulatory and research purposes.

IX. *Administrative and Management Developments*

During 1968, the Office of the Comptroller of the Currency experienced many administrative improvements in its continuing effort to streamline office operations. The Administrative department was reorganized to establish five cordinate divisions reporting directly to the Administrative Assistant to the Comptroller. They are: Personnel, Fiscal Management, Internal Audit, Management Services, and Administrative Services. The Management Services Division was newly established to review managerial practices and to cordinate and direct various projects, such as office automation and the development of information systems. The Administrative Services Division was elevated to the status of a full division.

The Fiscal Management Division's mission to improve the Comptroller's financial management system, initiated during the prior year, continued through 1968. Most notable achievements were: (1) Computerization of payroll operations in cooperation with the Personnel Division and the Management Services Division; (2) completion of systems and design work for converting accounting records from a manual to a machine operation; (3) improved management of the Office's cash position so as to maximize investment income; and, (4) issuance of new and comprehensive travel regulations.

Early in 1968, the Comptroller's Office entered into a service agreement, whereby the Fiscal Service of the U.S. Treasury Department would perform the Comptroller's payroll operations on its computer facilities. The Fiscal Service payroll system serves the Comptroller's requirements and is readily integrated into the Office's responsibility-centered cost accounting system. The conversion coincided with the beginning of the 1969 income tax year and the installation of the Office's cost accounting system.

The payroll conversion has allowed the electrical accounting machines to assume other accounting and related operations at no additional cost. In addition, the electrical accounting machine equipment has been upgraded at a minimal cost increase, enabling the Office to achieve greater flexibility and speed in accounting operations.

The systems and design work to convert fully the Office's financial management system from a manual to a machine operation has been completed. One of the important features of the new system is the use of a punched paper tape application obtained as a by-product of regular operations, which will result in savings. More important, however, is the fact that the system will produce information on a responsibility-centered basis at the lowest level of line management.

One of the major programs of the Fiscal Management Division has been the projection of cash requirements for the Comptroller's Office so as to maximize investment opportunities and increase income. During 1968 the investment income of the Office reached a milestone by exceeding $1 million. Compared to 1967 figures, this represents an increase of $216,931, or 26.9 percent.

New and comprehensive travel regulations were issued during 1968, making possible the submission and processing of travel expense claims on a more uniform and timely basis. Also, the functions of auditing travel vouchers was removed from our 14 regional offices and centralized in headquarters, with a resultant saving in manpower.

Since its commencement, the Fiscal Management Division has absorbed two statutory pay increases in addition to internal promotions, has reduced total salary costs by nearly $50,000, and has decreased its work force by eight employees through attrition.

The Personnel Division broadened its activities to provide for a more progressive and well-rounded personnel management program. An experienced specialist in position evaluation and pay matters was appointed to administer a formalized pay program to complement present recruitment, employee development, and personnel processing functions.

A new program for within-grade increases was developed and implemented during 1968. The new procedures brought consistency with other Federal agencies and established separate procedures for periodic step increases, high-quality increases, and Incentive Awards. It also clarified the purpose of each type of pay increase and outlined the circumstances for granting the various pay increments. Supervisors now are notified automatically of employees whose periodic step increases are coming due, and pay actions are processed automatically on an exception basis.

Several projects were initiated to provide for a more equitable and modern pay system. An extensive fact finding study was conducted of National bank examining positions for the purpose of developing written evaluation standards and appropriate distinctions in pay levels, including consideration of an appropriate career ladder for assistant National bank examiners. A related project, begun in 1968, is designed to provide a staffing pattern and grade structure for each region based on an analysis of workload. The basic objective is to achieve more effective manpower utilization by matching the skills levels of National bank examiners to the responsibility and complexity of the examination assignment. The study includes an evaluation of the proper role of the Examiner-in-charge to determine if sufficient emphasis is being given to the "management" function.

The Comptroller's Office has been confronted with an ever-increasing need for quality manpower due to the rapid growth and increasing complexity of the banking industry. To meet this demand for professionals, the Office established ambitious recruiting goals and new techniques during 1968. The 1968 recruitment goal was substantially met with an increase of 146 examiners.

In a constant effort to utilize the newest and most effective recruiting methods, this Office supplemented its on-campus recruiting with a computerized system of recruitment, which realized a significant student response. "The World of Banking" recruitment brochure was revised to reflect the expanding programs in the Office. In addition, two of the regions participated in a career exposition that yielded a large number of interested candidates. The third annual recruiter's conference was held in Washington to coordinate and establish 1969 recruiting goals. It was devoted in part to recruiter training in interview methods and college relations.

Through an improved partnership between line management and the Personnel staff, progress was made in meeting anticipated manpower needs and increasing opportunities for the under-utilized. Fact-finding during the year included analysis of recruitment sources, occupational skills, and employee development opportunities.

During 1968 the incentive awards program received special emphasis. The number of suggestions received increased by 50 percent and the number of suggestions adopted rose by 57 percent. However, the most notable accomplishment was an increase in annual savings of over 794 percent. The processing of suggestions was improved by delegating authority for adoption and rejection to the regional level.

All phases of the office training program received new attention. A study was conducted by this Office with the assistance of the Treasury Department and the Civil Service Commission to determine the involvement of young professionals in the programs that affect their careers. Of special concern was the training received by them. As a secondary aim, the study sought to solicit suggestions that would make the employee development program more responsive to those employees.

An educational needs survey was conducted, which enabled the Employee Development Office to structure effectively its training program, giving special emphasis to executive development and behavioral science training. Management personnel from each of the 14 National bank regions participated in the Civil Service Executive Seminars at Kings Point and at Berkeley. Communications training was also conducted for supervisory field personnel in three regions. In addition, in-house training was made available to Washington Office secretaries in the behavioral aspects of their jobs.

Throughout the year, an attempt was made to communicate more effectively with the regions through field visits by Personnel Division representatives. Group interviews were held with National bank examiners and with assistant National bank examiners to better identify personnel problems affecting the examining staff. Particular attention was given to exploring new and better approaches to personnel programs.

During 1968, the Management Services Division established a formalized reporting system for all administrative divisions for purposes of compiling and analyzing programs and activities, and making appropriate recommendations to the Administrative Assistant to the Comptroller. Three computer specialists were assigned to the division in anticipation of greater Office demands for automated systems. An automation project was initiated to extract data from bank examination reports, which will create a standardized, historical file wth rapid retrieval capabilities for management's use.

During 1968, the Internal Audit Division was reorganized by a professional certified public accountant. The fresh evaluation resulted in the establishment of internal audit objectives, more effective internal audit practices and standardized reporting procedures, and personnel qualifications for the audit staff. A new Internal Audit Manual was issued, outlining prescribed performance standards for that staff.

The theme of activity in the Administrative Services Division was decentralization through reorganization and staffing. An experienced purchasing officer was appointed to supervise all procurement activities and to review and restructure procurement policies and procedures as necessary. In addition, a professional records officer was appointed to direct a comprehensive records and paperwork management program applicable to the entire organization. His area of responsibility embraces the supervision of a reorganized central records section and a new microfilm section (equipped with microfiche capabilities), and the development of a formal records management program.

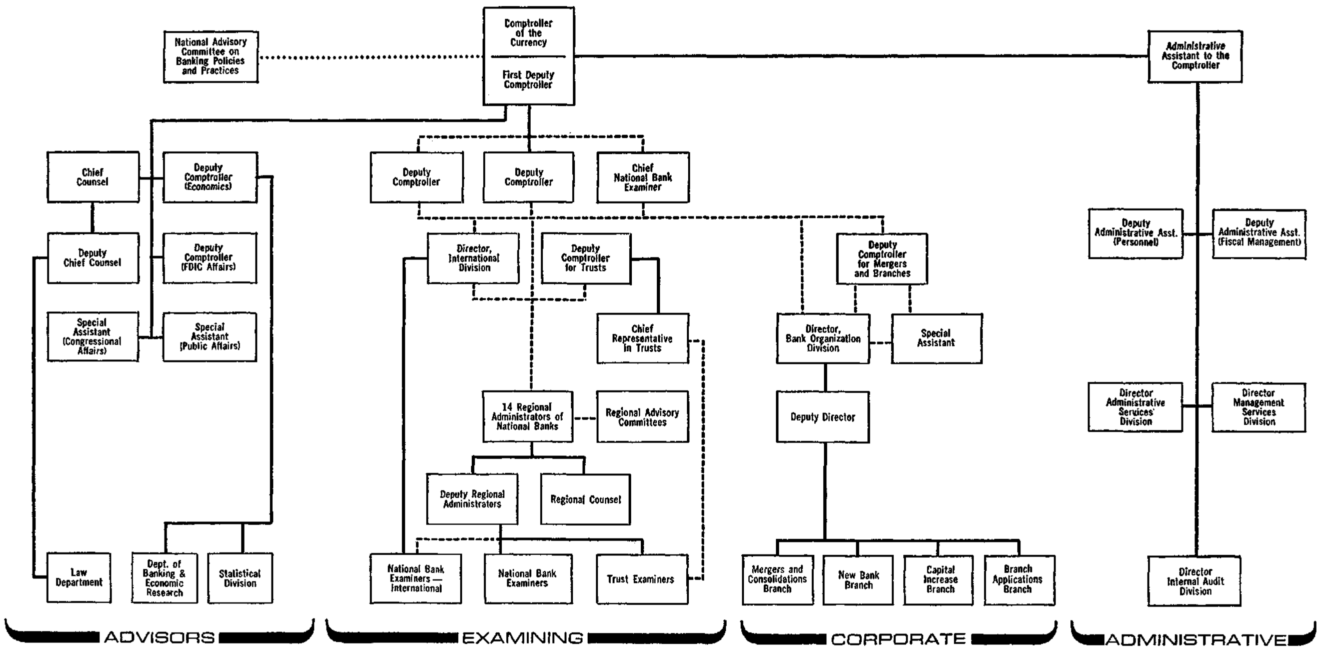
A new publications branch was established to centralize production and distribution of all Office publications. An editorial and production manager was appointed and made available to all segments of the Office. A publications control officer was appointed and placed in charge of the inventory and distribution of all publications.

Nineteen sixty-eight was an extremely active year in the area of space management. Negotiations were either completed or substantially accomplished for the removal of four of the 14 regional headquarters to new modern office buildings. In addition, programs were begun to remodel two other regional offices.

For the 5-year period 1964 through 1968, the Office has maintained a remarkably good safety record. The accident frequency rate has averaged 1.98, and in 1968 the accident frequency was 1.84. During this period, exposure to automobile accident hazards increased considerably. In 1964, employees traveled over 7,480,391 miles in performance of their duties. In 1968, travel increased to 11,863,509 miles. The accident rate has been kept low through careful screening of authorized drivers and a continuous information program designed to alert employees to driving hazards.

OFFICE OF THE COMPTROLLER OF THE CURRENCY

Chart of Organization



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

The continued vigorous growth of the National banking system is reflected in the financial operations of this Office for calendar year 1968. Income and expenses attained record levels, but the growth in Comptroller's equity declined for the second year in a row.

Revenue for 1968 amounted to $26.4 million, an increase of $2.6 million over 1967. This increase is chiefly the result of the $27.4 billion growth in National bank assets. Revenue from assessments on National banks was $22.7 million, an increase of 9.9 percent compared to 1967.

Revenue from investments showed a substantial increase for the second straight year, reflecting rising interest rates and the continuing effort to keep cash funds fully invested. Revenue from this source amounted to $1.0 million (an increase of 26.9 percent) and represents more than half of the $1.8 million addition to Comptroller's equity for 1968.

Revenue from trust and special examinations, branch investigations, new charter fees, and merger and consolidation fees amounted to $1.9 million, an increase of $207,000 over 1967. All other income categories had a net increase of $114,000.

Expenses for 1968 totaled $24.6 million compared to $21.5 million for 1967, or an increase of $3.1 million. On a percentage basis, this amounts to a 14.3-percent rise in expenses, or 3.4 percent more than the rise in total revenue. The rise in operating costs is attributable to the increased personnel and travel required of this Office to meet effectively demands resulting from the tremendous growth of the National banking system.

Salaries, related payroll expenses, and travel expenses amounted to $23.1 million, or 94 percent of total expenses. These expenses, which account for most of the increased operating costs, were higher due to: (1) Pay increases under the Postal Revenue and Federal Salary Act of 1967 (which seeks to achieve comparability with private industry); (2) an 8-percent increase in the average number of examining personnel; and, (3) more liberal per diem and travel allowances to compensate the examining staff for the rising costs of travel. The remaining expenses, amounting to $1.5 million, increased by $47,192 over 1967.

The Comptroller's equity represents the accumulated excess of receipts over expenditures retained by the Office for possible future contingencies. The equity account reached $13,427,000 at year end.

TABLE 12

OFFICE OF THE COMPTROLLER OF THE CURRENCY

BALANCE SHEET

Assets	December 31 1968	December 31 1967
Current assets:		
Cash	$68, 784	$310, 202
Obligations of U.S. Government, at cost (approximates market value)	5, 036, 543	621, 841
Accounts receivable	43, 499	58, 952
Accrued interest	215, 758	134, 903
Travel advances	342, 261	10, 360
Prepaid expenses and other	31, 342	27, 376
Total current assets	5, 738, 187	1, 163, 634
Obligations of U.S. Government and Government sponsored agency, at cost (approximate market value $11,691,000 and $13,454,000)	12, 388, 124	14, 159, 733
Fixed assets, at cost:		
Furniture and fixtures	721, 106	654, 368
Office machinery and equipment	374, 314	315, 960
	1, 095, 420	970, 328
Less accumulated depreciation	397, 648	303, 318
	697, 772	667, 010
Total assets	$18, 824, 083	$15, 990, 377
Liabilities and Comptroller's Equity		
Current liabilities:		
Accounts payable	$106, 073	$152, 280
Salary deductions and withholdings	80, 928	77, 531
Accrued travel and salary	1, 143, 142	218, 088
Total current liabilities	1, 330, 143	447, 899
Accumulated annual leave	1, 358, 428	1, 225, 628
Closed receivership funds	2, 708, 266	2, 704, 527
Total liabilities	5, 396, 837	4, 378, 054
Comptroller's equity	13, 427, 246	11, 612, 323
Total liabilities and Comptroller's equity	$18, 824, 083	$15, 990, 377

TABLE 13

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

	Year ended December 31	
	1968	1967
Revenue:		
Semi-annual assessments	$22, 702, 406	$20, 651, 935
Examinations and investigations	1, 922, 967	1, 715, 862
Examination reports sold	511, 860	502, 065
Revenue from investments	1, 024, 660	807, 647
Other	259, 173	155, 749
	26, 421, 066	23, 833, 258
Expenses:		
Salary	18, 046, 635	15, 633, 374
Retirement and other contributions	1, 357, 766	1, 181, 144
Per diem	2, 373, 267	1, 961, 520
Travel	1, 361, 706	1, 326, 106
Rent and maintenance	300, 057	273, 519
Supplies	68, 214	80, 650
Printing, reproduction and subscriptions	262, 317	298, 050
Depreciation	100, 899	92, 983
Remodeling	27, 634	47, 963
Office machine repairs and rentals	102, 436	96, 471
Communications	235, 565	214, 024
Moving and shipping	77, 182	82, 094
Employees education and training	181, 978	109, 903
Other	110, 487	123, 920
	24, 606, 143	21, 521, 721
Excess revenue over expenses	1, 814, 923	2, 311, 537
Comptroller's equity at beginning of year	11, 612, 323	9, 300, 786
Comptroller's equity at end of year	$13, 427, 246	$11, 612, 323

TABLE 14

OFFICE OF THE COMPTROLLER OF THE CURRENCY
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED DECEMBER 31, 1968

Funds were provided by:	
Excess revenue over expenses	$1, 814, 923
Add charges not requiring current outlay of funds	
Depreciation	100, 899
Net increase in accumulated annual leave	132, 800
Net loss on sales of fixed assets	3, 765
	2, 052, 387
Net decrease in investment in long term U.S. Government obligations	1, 771, 609
Net receipts of closed receivership funds	3, 739
Total funds provided	3, 827, 735
Funds were applied to:	
Purchases of furniture and fixtures	68, 834
Purchases of machinery and equipment	66, 592
Total funds applied	135, 426
Excess of funds provided over funds applied, representing an increase in working capital	$3, 692, 309

OPINION OF INDEPENDENT ACCOUNTANT

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

In our opinion, the accompanying balance sheet, the related statement of revenue, expenses and Comptroller's equity and the statement of source and application of funds present fairly the financial position of the Office of the Comptroller of the Currency at December 31, 1968 and the results of its operations and the supplementary information on funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

WASHINGTON, D.C.
February 4, 1969

XI. *Issuance of Currency*

Treasury Department Order No. 95 (Revision No. 2) transferred the function of receiving, storing, and shipping newly printed Federal Reserve notes from the Comptroller of the Currency to the Bureau of Engraving and Printing, effective as of the close of business on April 19, 1968. This change in custodial responsibility for newly produced Federal Reserve notes caused the transfer of employees performing this function from the Comptroller's Office to the Bureau of Engraving and Printing. The ordering of Federal Reserve notes to be printed and shipped to Federal Reserve Banks continues to be the responsibility of the Comptroller of the Currency. The change in custodial responsibility simplified operating procedures, while retaining satisfactory controls, and saved 4 man-years and $37,000 for the Treasury Department.

During 1968, the Comptroller's Office authorized 1,290 shipments of new Federal Reserve notes (2,131,704,000 notes with an aggregate value of $12,138,300,000) to Federal Reserve Banks. Delivery of 69,800,000 notes with an aggregate value of $349,900,000 was made to the Treasurer of the United States.

APPENDIX A

Merger Decisions, 1968

Merger* Decisions, 1968

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

331-934—69——4

I. Approvals

THE NATIONAL BANK OF SOUTH DAKOTA, SIOUX FALLS, S. DAK., AND AMERICAN NATIONAL BANK AND TRUST COMPANY, RAPID CITY, S. DAK.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
American National Bank and Trust Company, Rapid City, S. Dak. (14099), with..	$69,801,553	5	....
and The National Bank of South Dakota, Sioux Falls, S. Dak. (12881), which had..	84,579,022	9	....
merged Jan. 4, 1968, under charter of the latter bank (12881) and title "National Bank of South Dakota." The resulting bank at date of merger had.............	154,465,506	....	14

COMPTROLLER'S DECISION

On October 20, 1966, the American National Bank and Trust Company, Rapid City, S. Dak., with IPC deposits of $45.4 million, and The National Bank of South Dakota, Sioux Falls, S. Dak., with IPC deposits of $53.4 million, applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of "National Bank of South Dakota."

The State of South Dakota is divided into two distinct areas by the Missouri River. In the eastern area of South Dakota the soil is fertile and the rainfall sufficient for raising small grain and corn crops. Accordingly, farms in this eastern area are generally small and the per acre value is high. The small grain and corn crops produced in this region are used locally by farmers chiefly for feeding calves and yearlings purchased from ranches in western South Dakota, Kansas, and Nebraska. The fattened stock is then sold at markets within and without the State.

In the western South Dakota area the soil is less fertile and the rainfall is insufficient for raising small grain or corn. Although the land will not support small farms, it is suitable for livestock grazing. Accordingly, this western area is predominantly comprised of cattle and sheep ranches.

As the two areas of South Dakota have developed, one city in each has grown, economically and in other respects, to a dominant position: Sioux Falls in the east and Rapid City in the west. South Dakota, with a total population of 711,000, has eight cities having a population exceeding 10,000, of which only three exceed 15,000. Sioux Falls in eastern South Dakota has a population of 74,108; Aberdeen, also in eastern South Dakota, has a population of 23,173; and Rapid City, in western South Dakota, has a population of 54,394.

The National Bank of South Dakota, under whose charter this merger will be accomplished, maintains its head office in Sioux Falls and presently operates six out-of-town branches. It is owned by the First Bank Stock Corporation, a registered bank holding company headquartered in Minneapolis, Minn. Holding 6 percent of the total commercial bank deposits in South Dakota, the charter bank is the third largest bank in the State. It is capably managed by a full staff of competent officers who provide aggressive leadership. Competition for this bank stems principally from the following banks headquartered in Sioux Falls: Northwest Bancorporation, Minneapolis, Minn., a registered bank holding company; First National Bank in Sioux Falls, with deposits of $14 million; Valley National Bank, with deposits of $12 million; and the Western State Bank, with deposits of $8 million.

The merging bank, located in Rapid City, was chartered in 1934. It operates its main office and one branch in Rapid City, and two out-of-town branches. It is the fifth largest bank in the State and competes primarily with the Rushmore State Bank, which has deposits of $7 million, and with the First National Bank of Black Hills, with deposits of $76 million, which is an affiliate of the Northwest Bancorporation. The merging bank is also capably managed by a full staff of competent officers who provide aggressive leadership.

Both Sioux Falls and Rapid City have experienced pronounced growth in recent years and, as the State's first and second largest cities, exercise a dominant role in the economy of their respective areas, as well as throughout the State. The National Bank of South Dakota, with its lending limit of $400,000, and the American National, with a limit of $360,000, have done reasonably well in meeting the credit demands of these growing areas. However, livestock raising, feeding and processing, the basic support of the economy, require large amounts of capital, which at times must be furnished by sources outside the State, because of the insufficient lending capabilities of the State's own banks. Each year, business is lost in the Sioux Falls area to banks in Minneapolis and Omaha, which have larger lending capacities. Similarly, it is known that Rapid City business is lost to banks in Denver for the same reason. The resulting bank, with a lending limit of $800,000, will be in a far better position to keep this business within the State. Moreover, the increased lending capacity will be an effective tool in creating a climate attractive to new industry and to the expansion of existing industry.

The banking public of South Dakota will be assisted by this merger. The resulting bank will be able to offer broadened and more specialized trust services, full use of automatic data processing to provide faster and cheaper service to customers, and the continuity of good management, which is available from the reservoir of talent at the First Bank Stock Corporation.

This merger will create a bank of sufficient size to stimulate competition within South Dakota and with the large out-of-State banks that heretofore have been called upon to provide credit to the large South Dakota borrowers. Specifically, it will augment competition with the Northwestern National Bank in Sioux Falls and the First National Bank of Rapid City, both of which are subsidiaries of Northwest Bancorporation and whose aggregate deposits total $166 million.

Applying the statutory criteria to this proposal, it is determined that this merger will, on consummation, be of benefit not only to the South Dakota communities involved but also to all the State. As it is deemed to be in the public interest, the application is, therefore, approved, with the title of the resulting bank to be determined.

DECEMBER 5, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

American National Bank and Trust Company, with assets of $60,503,000, is headquartered in Rapid City, S. Dak., and operates four branches, two in Rapid City and two in towns 30 and 40 miles, respectively, from the main office. The banking operations of American National are centered in western South Dakota.

The National Bank of South Dakota, with assets of $71,565,000, is headquartered in Sioux Falls, S. Dak., and operates eight branches, two in Sioux Falls and the others in towns in the eastern half of South Dakota. The banking operations of The National Bank of South Dakota are centered in eastern South Dakota.

These two banks operate in entirely separate areas, their trading areas separated by 90 miles, and they do not now compete with each other. South Dakota law so restricts the establishment of *de novo* branches, by population and existence of banks already chartered in the community, that potential competition is sharply limited. However, such restrictions would not prevent either of the merging banks from opening *de novo* branches in the home office city of the other. The consummation of the merger would foreclose the development of future competition between the two banks by this method.

* * *

FIRST NATIONAL BANK & TRUST COMPANY, RED LION, PA., AND THE INDUSTRIAL NATIONAL BANK OF WEST YORK, YORK, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Industrial National Bank of West York, York, Pa. (8938), with	$19,666,500	2	
and First National Bank & Trust Company, Red Lion, Pa. (5184), which had	46,369,885	4	
merged Jan. 20, 1968, under charter of the latter bank (5184) and title "Southern Pennsylvania National Bank." The resulting bank at date of merger had	66,036,385		6

COMPTROLLER'S DECISION

On July 26, 1967, The Industrial National Bank of West York, York, Pa., and the First National Bank & Trust Company, Red Lion, Pa., applied to the Office of the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "Southern Pennsylvania National Bank."

The merging banks are both located in York County, which lies on Pennsylvania's southern border adjacent to the Maryland line. The city of York, with a population of 55,000, is near the center of the county. This city is highly industrialized, with many of its residents employed at the plants of nationally known companies. The borough of Red Lion, with a population of 6,000, lies 8 miles southeast of York. Light industries, including the manufacture of furniture, tobacco products, tools and dies, and wearing apparel, play an important role in terms of employment. Agriculture and dairy farming also contribute substantially to the county's economy.

The First National Bank & Trust Company was organized in 1899 and now holds IPC deposits of $38 million at its head office in Red Lion and its three branches. Two of these branches are located in the towns of Delta and Stewartstown, small farming communities in the southern portion of the county. The third branch is located in the southeastern portion of the city of York.

The Industrial National Bank of West York was organized in 1907 with its head office in West York, 3 miles west of the city of York, and now holds IPC deposits of $15.5 million. A single branch is located about 2 miles west of the main office. This bank is the smallest of the five banks headquartered in the city of York.

There is little competition between the participating banks. The nearest offices of the two banks are about 6 miles apart, while the city of York, with various bank offices, is located in the area between them. Consummation of the merger will not create an imbalance of competition in the service area of the resulting bank. This merger will enhance competition with the two larger banks headquartered in the city of York, viz., The York Bank and Trust Company, with assets of $124 million and the National Bank & Trust Company of Central Pennsylvania, with assets of $237 million.

The public in the service area of the resulting bank will benefit from the increased lending limit of the resulting bank, and from the availability of a full range of trust services. It is anticipated that the resulting bank will be able to contribute to the development of the southern part of the county through increased participation in mortgage lending. The merger will enable the resulting bank to automate many bookkeeping functions, which will result in internal economies and improved public service.

Applying the statutory criteria to the proposed merger, we find that it is in the public interest and the application is, therefore, approved, with the name of the resulting bank to be determined.

DECEMBER 13, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National Bank & Trust Company of Red Lion ("First National") proposes to merge with Industrial National Bank of West York, York, Pa. ("Industrial National"), headquartered about 9 miles from Red Lion in the city of York, York County, Pa. First National operates one of its three branches in the city of York.

All the offices of the merging banks are located in York County; First National Bank is the fourth largest bank headquartered in the county, while Industrial National is the eighth largest. There are presently 16 banks operating 54 offices within York County, of which 13 are headquartered therein. The largest in overall size is the National Bank & Trust Company of Central Pennsylvania, with assets of approximately $237 million. The second largest bank headquartered in York County is York Bank & Trust Company, with approximately $123.5 million in assets, followed by First National Bank of York (assets, $54.7 million). All three of these banks are headquartered in the city of York.

The proposed merger would eliminate some direct competition between the two merging banks, whose closest offices are about 6 miles apart, on the opposite sides of the city of York. There are a considerable number of banking offices in the intervening area.

The proposed merger would also significantly increase market concentration in York County. First National has approximately 8.4 percent of total York County IPC deposits, and the proposed acquisition would increase its market share to 12.6 percent. The resulting bank would thus become the third largest in

York County. The percentage of the area's IPC deposits held by the four largest banks would also increase from roughly 71 to 75 percent.

The proposed merger would eliminate existing competition between the merging banks, whose closest offices are 6 miles apart, and raise the level of banking concentration within the county generally. This merger may, in addition, encourage further progress of the merger trend, which has already brought about the high concentration presently apparent in York County.

* * *

THE NATIONAL BANK OF COMMERCE OF SEATTLE, SEATTLE, WASH., AND GRANDVIEW SECURITY BANK, GRANDVIEW, WASH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Grandview Security Bank, Grandview, Wash., with	$3,791,477	1	
was purchased Jan. 26, 1968, by The National Bank of Commerce of Seattle, Seattle, Wash. (4375), which had	1,030,942,493	90	
After the purchase was effected, the receiving bank had	1,034,733,970		91

COMPTROLLER'S DECISION

On October 10, 1967, The National Bank of Commerce of Seattle, Seattle, Wash., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of the Grandview Security Bank, Grandview, Wash.

The head office of The National Bank of Commerce of Seattle is in Seattle, which has a population of 580,000. It is the largest city in the State of Washington, with a trade area population of 1,200,000. Seattle is a transportation terminal and the headquarters city for most major banks of the State. Its industry is dominated by Boeing Company and related aerospace activities.

The National Bank of Commerce of Seattle was organized in 1889. With IPC deposits of $742.8 million, it is the second largest bank in Washington. It operates 90 offices in 63 communities. Sixty-two of these branches are west of the Cascade Mountains and serve the more industrialized and populous portions of the State. King County, where Seattle is situated, is the source of 49.9 percent of its deposits.

Grandview Security Bank is a unit bank located in Grandview, 175 miles southeast of Seattle, on the eastern side of the Cascade Mountains. Grandview is in the extreme eastern part of Yakima County, which is in the southern part of the State. Agriculture is the base of the economy. Apples, pears, concord grapes, and diversified row and field crops are produced. Because of its strategic location on railroad and highway arteries, the Grandview area is a center of the food processing industry. Grandview has a population of 3,600. The estimated population of the trade area, which includes the city of Grandview and nearby communities in the Yakima River Valley in the extreme eastern part of the county, is 30,000.

Grandview Security Bank was organized in 1958 and has IPC deposits of $2.7 million. Besides the selling bank, Grandview has one other commercial bank office and one mutual savings bank.

This transaction will have no adverse effects on banking competition in the trade area or in the State. The National Bank of Commerce of Seattle now holds about 19 percent of the total deposits in the State and the proposed transaction would increase that by only 0.07 percent. There is little direct competition between the selling bank and the nearest branch of charter bank, 22 miles northwest in Zillah, as there are six intervening banking offices. Four other branches of The National Bank of Commerce of Seattle are from 29 to 40 miles away. The charter bank has little business from the area served by the Grandview bank, and the latter has no business from areas served by branches of the Seattle bank. Because of a home office protection law in Washington, the charter bank could not branch *de novo* in Grandview.

Seven other banks (including one mutual savings bank) in the Grandview trade area operate a total of 13 offices. The Old National Bank of Washington, with its head office in Spokane, has four offices in the area with total deposits of $16.1 million. Its branch in Grandview has deposits of $4.7 million. The transaction would give the resultant bank 10.6 percent of the deposits in the area, whereas branches of the Old National Bank have 44.0 percent of the deposits in the area and branches of the Seattle-First National Bank have 26.3 percent. The transaction will enhance competition by enabling the Grandview office to compete more aggressively with the branches of other banks in the area as well as with the nonbank financial institutions which are active in the area.

The Grandview area will benefit by the larger lending limit, trust services, and automated services that will be provided by the transaction. Because the size of farms is growing, farmers need larger lines of credit to finance mechanized equipment and provide working capital for which the Grandview office now has to seek participations.

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

DECEMBER 20, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed transaction would give The National Bank of Commerce of Seattle, Washington's second largest bank, a branch office in the city of Grandview, where that bank does not presently have an office.

National's closest branch office to Grandview Security is its Zilla office 22 miles away; its head office in Seattle is 175 miles away from Grandview to the northwest. There would appear to be very little direct competition between the merging banks because of the mileages involved between closest offices and the six intervening bank offices between Grandview and Zilla.

Washington banking law would prohibit National from establishing a *de novo* branch office in the city of Grandview because of home office protection. However, there are several smaller towns close by not presently served by a bank where a new branch office could be established. National can be considered one of the most probable potential entrants into this area, in its natural path of expansion southeast from its Zilla office. This potential competition between the merging banks would be eliminated by the proposed merger.

* * *

THE NATIONAL BANK OF ORRVILLE, ORRVILLE, OHIO, AND THE FIRST NATIONAL BANK OF DALTON, DALTON, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Dalton, Dalton, Ohio (6372), with	$9,684,035	2	
and The National Bank of Orrville, Orrville, Ohio (13742), which had	15,622,355	2	
merged Jan. 31, 1968, under charter of the latter bank (13742) and title "First National Bank of Orrville-Dalton." The resulting bank at date of merger had	25,306,390		4

COMPTROLLER'S DECISION

On October 4, 1967, The National Bank of Orrville, Orrville, Ohio, and The First National Bank of Dalton, Dalton, Ohio, applied to the Office of the Comptroller of the Currency for permission to merge under the charter of the former and with the title "First National Bank of Orrville-Dalton."

Both subject banks are located in communities in eastern Wayne County, about 30 miles southwest of Akron. This area is heavily populated by successful and frugal farmers of Swiss, German, and Dutch descent.

The charter bank is in Orrville, which has a population of 7,500. The economy of the community is supported partly by agriculture and also by 32 diversified small industries employing 3,600 workers. This bank, which has IPC deposits of $9.4 million, was organized in 1933 and operates one in-town branch, which was established in 1965.

The First National Bank of Dalton is 6½ miles southeast of the charter bank. Dalton, with a population of 1,300, depends almost entirely upon dairy farming. The merging bank, chartered in 1902, now has IPC deposits of $8.5 million and one branch in Kidron, a town 7 miles southwest of Dalton. The Dalton bank has a notably conservative lending policy.

The merger will not have an adverse effect upon competition. The subject banks are both about midway between Wooster and Massillon and compete not only with three larger commercial institutions in each city, but also with a half dozen small unit banks scattered throughout Wayne County. With the merger, the ranking of charter bank will move from sixth to fourth among the commercial institutions with which it competes. This will, however, improve its ability to compete with the larger banks in Wooster and Massillon. There is only normal overlapping of the trade areas of the two banks as each bank in the county has cut out its own service area. In the combined trade area, which has an estimated population of 18,700, the resulting bank will have only 14 percent of the bank deposits and 13 percent of the loans. It will face active competition also from savings and loan associations, Government agencies which provide loans in the area, and consumer finance companies.

The merged institution will be able to provide better services for the communities than either participant now does singly. The increased lending limit will enable it to handle the financing needs of more of the small firms in Orrville. In both communities combined resources will aid residential, industrial, and agricultural development. The president of the charter bank must retire shortly and his successor will have to come from the outside. The larger institution will be able to offer a more attractive salary to a competent successor.

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

DECEMBER 20, 1967.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Orrville Bank, with total deposits of $11.5 million and two offices, is the only bank in Orrville, a city of 7,500 people, about 45 miles south of Cleveland. Dalton Bank has total deposits of $8.7 million, and is the only bank in the village of Dalton, 1,300 population, 6½ miles southeast of Orrville.

Dalton Bank has one branch, located in Kidron, about 7½ miles south of Orrville.

This proposed merger would eliminate substantial direct competition between Orrville Bank and Dalton Bank, whose closest offices are about 6½ miles apart and would give the resulting bank a controlling position in the area.

Dalton Bank presently is the only bank in the village of Dalton and Orrville Bank, the only strictly commercial bank in the town of Orrville. These banks handle a similar type of banking business, and there are no intervening banks between the two towns. There is one other financial institution in Orrville, The Orrville Savings Bank (total deposits $8.9 million), which does, however, accept demand deposits and is, therefore, in competition with the Orrville Bank located next door.

Thus, the proposed merger would reduce the number of commercial banking alternatives in the Orrville-Dalton-Kidron area from two to one and the total number of commercial and savings banks from three to two.

Within the whole of Wayne County (an area covering 551 square miles), the proposed merger would result in increasing Dalton Bank's share of IPC demand deposits from 10.5 to 18.4 percent. These deposits are held in Wayne County by 14 banks with 22 offices.

We believe, in conclusion, that the proposed merger would eliminate considerable direct competition between the merging banks and would also give the Orrville Bank a virtual monopoly position in the rapidly expanding Orrville-Dalton-Kidron area in the eastern section of Wayne County. It would be the only commercial bank in the area, although it would meet with some competition from the Orrville Savings Bank. Within Wayne County as a whole, the increase in concentration resulting from the proposed merger would be substantial. The effect of the proposed merger on competition would be adverse.

* * *

WESTERN PENNSYLVANIA NATIONAL BANK, PITTSBURGH, PA., AND BROOKLINE SAVINGS & TRUST COMPANY, PITTSBURGH, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Brookline Savings & Trust Company, Pittsburgh, Pa., with	$69, 156, 190	5	
and Western Pennsylvania National Bank, Pittsburgh, Pa. (2222), which had	727, 748, 437	62	
merged Feb. 9, 1968, under charter and title of the latter bank (2222). The resulting bank at date of merger had	787, 415, 643		67

COMPTROLLER'S DECISION

On September 1, 1967, the Brookline Savings & Trust Company, Pittsburgh, Pa., with IPC deposits of $56.2 million, and the Western Pennsylvania National Bank, Pittsburgh, Pa., with IPC deposits of $485.4 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Western Pennsylvania National Bank is headquartered in Pittsburgh, Pa., which with a population of over 600,000, is the commonwealth's second largest city. This, the third largest bank in the city, operates 62 offices in Allegheny, Beaver, Washington, and Westmoreland Counties, serving the highly industrialized and heavily populated Western Pennsylvania region of which Allegheny County is the center. It is a sound, well-managed bank with adequate personnel resources.

The merging Brookline Savings & Trust Company was organized as a State institution in 1925 and presently operates five offices and is the sixth largest bank in the Pittsburgh metropolitan area. The Brookline section of Pittsburgh, where the merging bank operates three of its five offices, is largely a residential community with a population of 20,957.

The circumstances that now surround the Brookline Savings & Trust Company render this merger proposal unique. Because of the limited background and particularized experience of its senior executive officers, this bank specialized in personal loans and consumer credit. When it expanded its operations to enter the large commercial loan field without the support of adequate staff expertise, the trend of the bank's operations began to deteriorate. Despite repeated urgings by supervisory authorities, the management has not curtailed extravagant promotional expenditures nor converted their accounting system to an accrual basis. The problems faced by this bank make it most unlikely that successor management with sufficient capability to resolve these problems could be induced to accept the responsibility. Only a merger of the Brookline Savings & Trust Co. into a bank of the size and with the capabilities of Western Pennsylvania National Bank can be relied on to place the bank's operations on a satisfactory basis.

There is intense competition among the 19 commercial banks located in the Pittsburgh trading area. Of these banks, Mellon National Bank, with deposits of $2.2 billion, is the largest and Pittsburgh National Bank, with deposits of $1.3 billion, is second in size. These 19 commercial banks have aggregate deposits of $4.9 billion and loans of $3.7 billion. This merger, which will have but slight impact on the overall banking structure of the area, will place 13 percent of area deposits in the resulting bank and 11.8 percent of area loans. Additional vigorous competition is provided by approximately 200 savings and loan associations, insurance companies, credit unions, and sales finance companies for savings dollars and various types of loans.

Competition between the charter bank and the merging bank is insignificant. The head office and two of the four branches of merging bank are located in Brookline. The charter bank has no offices in Brookline; its closest branch is in Dormont, Pa., which is 1.3 miles from the merging bank's head office. While the little competition that does exist will be eliminated by this merger, the unique circumstances present in this case clearly indicate that this proposal is in the public interest.

The resulting bank will be able to offer a broader range of services to the customers of the merging bank including computer facilities, trust services, an injection of additional capital, a greater lending limit and, in addition, it will have the capacity to develop properly the commercial banking business in merging bank's trade area. Further, consummation of this merger will resolve the management succession problem within the merging bank.

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

JANUARY 5, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger involves the third largest (Western Bank) and sixth largest (Brookline Bank), banks operating in the Pittsburgh S.M.S.A., which consists of Allegheny, Beaver, Washington, and Westmoreland Counties. Western Bank operates 62 offices throughout most of the four-county region, while Brookline Bank operates three offices in the Brookline section of Pittsburgh, where it is apparently the only bank, and it has also expanded into outlying areas of Washington and Westmoreland Counties.

Brookline Bank's three Brookline offices are surrounded on all sides by offices of Western Bank; the closest of these is 1.3 miles away in Dormont, but its Mount Lebanon, Sharpsburg, and Beechview offices appear to be almost as close. In these circumstances we conclude that direct competition exists between the two banks in the Brookline area. This competition would be eliminated by the proposed merger.

Pittsburgh is probably the most concentrated market among the major banking centers in the country. There are 19 banks with offices in the Pittsburgh S.M.S.A. The largest bank, Mellon National Bank & Trust (total assets $3.5 billion), has 46 percent of the total deposits, 51 percent of IPC demand deposits, and 65 percent of the area loans. Pittsburgh National Bank is second largest (total assets $1.5 billion); together, Mellon National Bank and Pittsburgh National account for 72 percent of both total deposits and IPC demand deposits, and 74 percent of loans.

Western Bank is, and would continue to be, the third largest bank in the area, while Brookline Bank is the sixth largest bank in the area. Western Bank has 11.8 percent of deposits and 10.8 percent of loans, and Brookline Bank has 1.2 percent of deposits and 1 percent of loans. In terms of IPC demand deposits, the proposed merger would result in an increase in Western's share from 8.1 to 9.3 percent of the Pittsburgh metropolitan area total.

The proposed merger, accordingly, would add significantly to the already very high degree of concentration of commercial banking resources in the Pittsburgh metropolitan area and would result in Western and two larger banks holding almost 85 percent of total area deposits.

This proposed merger would eliminate direct competition between the merging banks, and would significantly increase concentration in the already extremely concentrated Pittsburgh banking market; in addition, there would also be some lessening of potential competition. In view of the heavy concentration in the Pittsburgh banking market, we conclude that the proposed merger would have a significantly adverse effect on competition in this market.

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MOUNT VERNON NATIONAL BANK AND TRUST COMPANY OF FAIRFAX COUNTY, ANNANDALE, VA., AND THE COLONIAL NATIONAL BANK OF ALEXANDRIA, ALEXANDRIA, VA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Colonial National Bank of Alexandria, Alexandria, Va. (15172), with	$7, 780, 752	2	
and Mount Vernon National Bank and Trust Company of Fairfax County, Annandale, Va. (14893), which had	90, 308, 410	13	
merged Feb. 16, 1968, under charter and title of the latter bank (14893). The resulting bank at date of merger had	97, 693, 952		15

COMPTROLLER'S DECISION

On September 11, 1967, The Colonial National Bank of Alexandria, Alexandria, Va., with IPC deposits of $5 million, and Mount Vernon National Bank and Trust Company of Fairfax County, Annandale, Va., with IPC deposits of $54 million, applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The participating banks are both located in northern Virginia within the Washington Standard Metropolitan Statistical Area. The Washington Standard Metropolitan Statistical Area, which includes the District of Columbia, the counties of Montgomery and Prince Georges in Maryland, the counties of Arlington, Fairfax, Prince William, and Loudoun in Virginia, and the cities of Alexandria, Fairfax, and Falls Church, is the ninth largest metropolitan area in the country. It has enjoyed excellent economic growth and is the fastest growing in the Nation in terms of population. The area, largely due to the stabilizing effect of the Federal Government, has traditionally had the lowest unemployment rate in the Nation. Although virtually every standard industrial category is represented, the principal industries are research and development, light manufacturing, printing-publishing, heavy construction and shipping, and warehousing.

Banking in the Washington metropolitan area is characterized by a high degree of decentralization. Of the 68 banks in the area only 13 have more than $100 million in resources and of these only three are located in Virginia. In northern Virginia there are 27 banks with less than $50 million in resources, which is more small banks than in the District and southern Maryland combined. While the District and Maryland each have three banks with resources in excess of $500 million, Virginia has only one. The Virginia banks, which have been particularly hampered in their growth by the State's restrictive branching laws, have attempted to expand through the holding-company route.

Fairfax County, with a population of approximately 250,000, is one of the most rapidly expanding communities in the Washington metropolitan area. Alexandria, the home of the merging bank, is an independent city adjacent to Fairfax County, having a population of about 116,000. It is part of Washington suburbia. Although primarily residential, it contains a number of small plants, as well as numerous retail and service outlets. The business community, centered in downtown Alexandria, is an older section of the city now in the primary phases of urban renewal.

The charter bank, an affiliate of the First Virginia Corporation, was organized in 1962 and now operates 13 branch offices throughout Fairfax County. Although it ranks 16th in size in terms of deposits among all commercial banks competing within the Washington metropolitan area, it holds only 1 percent of total commercial bank deposits in the area. It ranks fifth among banks located in northern Virginia. The bank offers a complete range of banking services, including trust services, and is fully departmentalized in the areas of commercial credit, mortgage loans, and consumer credit.

The charter bank, besides competing with the other banks in northern Virginia, receives strong competition from the large banks doing business in the metropolitan area, including the large Richmond and Baltimore banks, which have been drawn into the northern Virginia market to fill the credit needs of the expanding area economy. These include First and Merchants National Bank and The Bank of Virginia in Richmond; Maryland National Bank, First National Bank of Maryland and Union Trust Co. of Maryland in Baltimore; and The Riggs National Bank of Washington, D.C., American Security and Trust Company, and The National Bank of Washington in the District of Columbia.

The merging bank, organized in 1963, presently operates one branch office in Alexandria. Because of internal problems and limited resources, the bank has not been able to compete effectively with the large banks operating in Alexandria and has not been able to adequately meet the credit needs of its customers.

Although the service areas of the participating banks overlap to some degree, there is practically no competition existing between them. The closest offices of the banks are 2.7 miles apart, with numerous offices of competing banks closer to the merging bank. Because of its limited resources and internal problems, the merging bank is not an effective competitor nor a potentially significant competitor to either the charter bank or other Alexandria banks.

The addition of the merging bank to the charter bank will have little effect upon overall competition. The charter bank's relative position vis-a-vis the other commercial banks will not change in either the Washington metropolitan area or in northern Virginia.

Consummation of this merger will have its effect in Alexandria, where, besides solving the management and other problems in the merging bank, it will introduce a competitive bank better able to meet the credit needs of this community. The resulting bank will provide additional services, including a mortgage loan department and a trust department, neither of which is presently maintained by the merging bank. This merger will not eliminate a banking alternative in Alexandria.

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

JANUARY 6, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Mount Vernon National Bank ("Mount Vernon"), a subsidiary of First Virginia Bankshares, proposes to acquire Colonial National Bank ("Colonial"), a small, recently chartered bank in Alexandria, Va.

Colonial, organized in 1963, is located in the city of Alexandria, Va., where it maintains its two offices. Colonial's financial history has been poor since its inception in September 1963. Losses of $30,000, $56,000, and $77,000 were reported for the years 1963, 1964, and 1965; while a profit of $51,000 was reported for 1966, there has been a loss thus far in 1967. Moreover, Colonial has been beset also by managerial difficulties; in 1965, its chief operating officer left the bank as a result of a disagreement with the Board of Directors.

In Alexandria, two large banks—First and Citizens National Bank ($125 million of deposits) and Alexandria National Bank ($60 million of deposits)—control about 85 to 90 percent of total deposits; both are controlled by bank holding companies. The two new banks which were chartered within the past few years in the city of Alexandria—Colonial and City Bank—have failed to alter significantly the city's deposit structure; they account for 3 and 4 percent, respectively, of the city's deposits.

In Fairfax County (which, it should be noted, does not include the independent city of Alexandria), Mount Vernon has presently a very large share of the market—about 38 percent of total deposits. Its merger with Colonial would extend its market to adjacent Alexandria, where Colonial has about 3 percent of total deposits.

If Alexandria and Fairfax County were treated as a single market (which would not be unreasonable in view of their close economic relationship and the fact that Virginia law permits *de novo* branching throughout the area), then the merging banks would have the following market shares:

Bank	*Total deposits*	*IPC demand deposits*
Mount Vernon	18.1%	17.4%
Colonial	1.6%	1.8%
Resulting bank	19.7%	19.2%

This is a significant increase in concentration in a market area already dominated by bank holding companies; but the foregoing figures do not make an allowance for the competitive impact of the Washington, D.C., banks only a few miles away.

* * *

THE FIDELITY NATIONAL BANK, LYNCHBURG, VA., AND PLANTERS BANK AND TRUST COMPANY OF FARMVILLE, FARMVILLE, VA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Planters Bank and Trust Company of Farmville, Farmville, Va., with	$7,096,555	1	
and The Fidelity National Bank, Lynchburg, Va. (1522), which had	162,642,350	22	
merged Feb. 24, 1968, under charter and title of the latter bank (1522). The merged bank at date of merger had	169,238,694		23

COMPTROLLER'S DECISION

On November 22, 1967, the Planters Bank and Trust Company of Farmville, Farmville, Va., and The Fidelity National Bank, Lynchburg, Va., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Lynchburg, with a population of 55,000, is an important financial, mercantile, and transportation center for the central section of Virginia. The population of the city's trade area approaches 150,000 persons. Its industrialization has grown substantially in recent years.

Farmville, located 51 miles east of Lynchburg in Prince Edward County, has a present population of 4,500, which represents a decline over the past two decades. It is the county seat and one of the two incorporated towns in the county, which covers an area of 357 square miles. Although some industry is being established in the county, the area remains primarily agricultural with tobacco, beef cattle, dairy farming, and forest products, in that order, of economic significance.

The charter Fidelity National Bank, with $124 million in IPC deposits, operates 21 branch offices: eight in Lynchburg and 13 throughout south-central Virginia. The two other banks with main offices in Lynchburg are The First National Trust and Savings Bank of Lynchburg with deposits of $407 million and The Bank of Central Virginia with deposits of $4 million. Both institutions are subsidiaries of registered bank holding companies, which have combined assets of approximately $1.3 billion. Moreover, two offices of Virginia's largest bank, The First and Merchants National Bank, Richmond, with assets of $658 million, are located in Lynchburg.

The merging Planters Bank and Trust Company of Farmville, although chartered in 1867, has remained a single-office bank. It has IPC deposits of $5.6 million. Prince Edward County, wherein the merging bank is located, contains three offices of The First National Bank of Farmville, with assets of $15.6 million, and two branches of the statewide Virginia National Bank, Norfolk, with assets of $634 million.

Because the nearest offices of the subject banks are 26 miles apart, little, if any, competition exists between them. Prospective competition is obviated by reason of the Virginia law, which prevents them from branching *de novo* into each other's community.

This merger will be in the best interest of the residents of Farmville and Prince Edward County. It will bring to the area an aggressive bank offering a broader range of banking services and resources than are now available from the merging bank which, because of its overly conservative lending policies, has the lowest loan to deposit ratio of any bank doing business in Prince Edward County. The resulting bank, with its greater capabilities, will be better able to meet the credit needs of the area's developing industry and the ever-increasing credit needs of farmers resulting from mechanization and consolidation of small farming units. The management resources of the acquiring bank would resolve the problems of the merging bank and insure the residents continued competent and professional banking service. Present employees and officers of the merging bank would receive the benefits of The Fidelity National Bank's pension and profit sharing plans to the ultimate benefit of Farmville and the county.

Applying the statutory criteria to this proposed merger it appears that while there will be no diminution of competition, there will be, on ultimate reckoning, a general gain for the public welfare. The application to merge is, therefore, approved.

JANUARY 25, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

There would seem to be little, if any, direct competition between the merging banks. The closest offices are 27 miles apart; these are Planters' sole office in Farmville and Fidelity's nearest branch at Appomattox (in Appomattox County). The head offices of Planters and Fidelity, in Farmville and Lynchburg, respectively, are 57 miles apart.

Under Virginia law, Fidelity could only enter Prince Edward County by merger (and not *de novo* branching), since the present merger involves acquisition of the smallest bank in the county, we find no adverse effect on potential competition.

* * *

THE PLANTERS NATIONAL BANK AND TRUST COMPANY, ROCKY MOUNT, N.C., AND BANK OF RICH SQUARE, RICH SQUARE, N.C

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Rich Square, Rich Square, N.C., with	$2, 010, 476	1	
and The Planters National Bank and Trust Company, Rocky Mount, N.C. (10608), which had	92, 488, 951	25	
merged Feb. 24, 1968, under charter and title of the latter bank (10608). The resulting bank at date of merger had	94, 499, 427		26

COMPTROLLER'S DECISION

On November 30, 1967, the Bank of Rich Square, Rich Square, N.C., and The Planters National Bank and Trust Company, Rocky Mount, N.C., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The charter bank, with IPC deposits of $77 million, operates 23 branch offices in the northeastern quadrant of North Carolina. Its main office is located in Rocky Mount, which has a metropolitan area population of over 115,000. The population has been relatively stable, but a slight decline is expected as the agricultural importance of the area diminishes. At present, cotton, peanuts, corn, and tobacco are grown extensively. Textile manufacturing and furniture making are increasing in importance and are expected to offset most of the economic loss anticipated by the agricultural decline. As a whole, the economic forecast for eastern North Carolina is promising.

The Bank of Rich Square, with IPC deposits of $1.5 million, is a single office bank located 45 miles northeast of Rocky Mount in Rich Square, a town of 1,200. Rich Square serves as a trading center for the surrounding rural areas where tobacco, peanuts, soybeans, and cotton are the principal crops.

The Bank of Rich Square is the only bank in its community. That it has maintained an extremely conservative banking posture over the years is demonstrated by its loan to deposit ratio, which is only 30 percent, and by the fact that it makes very few installment and consumer loans. Not only is its office cramped, but the small size of the bank makes it difficult to modernize its quarters and to improve its outmoded procedures.

The merging bank competes with other small unit banks located in nearby communities. Its competitors are the Roanoke-Chowan Bank, 5 miles south of Rich Square in Roxobel; Farmers Bank of Woodland in Woodland, 5 miles north; and the Bank of Northampton in Jackson, 15 miles north. Some competition also derives from the Wachovia Bank and Trust Company office in Aulander, 13 miles east.

Planters National Bank competes with the large statewide banks at most of its branch locations. In Rocky Mount its major competition is provided by Peoples Bank and Trust Company, a bank of comparable size, and the smaller Bank of Rocky Mount. Four savings and loans in Rocky Mount also compete aggressively with the local banks.

The applicant banks do not compete significantly with each other. The closest branch of Planters to merging bank is in Ahoskie, 18 miles east of Rich Square. The small size of merging bank and its rural character limits its service area. There is little overlap in the areas served by the two banks.

The merger will definitely benefit the residents of Rich Square. A full service bank will be conveniently available to them for the first time, and the greatly enlarged lending limit of the resulting branch will facilitate financing for the few, but growing, industries and the farmers in the area.

The merger appears to be in the public interest. The application is, therefore, approved.

JANUARY 25, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Planters National Bank and Trust Company, the ninth largest in North Carolina, operates 25 banking offices, principally in the northeastern portion of the State. Since 1955 it has acquired five other banks which, when acquired, had aggregate deposits of $22.4 million and nine banking offices.

Bank of Rich Square (total deposits, $1.6 million), operating only one office, is the only bank in Rich Square (population 1,200).

The head offices of the merging banks are 45 miles apart, and the nearest Planters' office to that of the merging bank is 18 miles distant. At present, there appears to be only minimal direct competition between the merging banks.

The proposed merger would, however, eliminate potential competition. North Carolina law permits statewide branching and, pursuant to these provisions, Planters has already established 16 *de novo* offices and there would be no legal barrier to its establishment of a *de novo* branch in Rich Square.

* * *

THE CITIZENS NATIONAL BANK OF WELLSVILLE, WELLSVILLE, N.Y., AND THE CUBA NATIONAL BANK, CUBA, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Citizens National Bank of Wellsville, Wellsville, N.Y. (4988), with	$26, 985, 159	5	
and The Cuba National Bank, Cuba, N.Y. (1143), which had	6, 637, 076	1	
consolidated Feb. 27, 1968, under charter of the former bank (4988) and title "The Citizens National Bank and Trust Company." The resulting bank at date of consolidation had	33, 622, 236		6

COMPTROLLER'S DECISION

On November 15, 1967, The Cuba National Bank, Cuba, N.Y., and The Citizens National Bank of Wellsville, Wellsville, N.Y., applied to the Comptroller of the Currency for permission to consolidate under the charter of the latter and with the title "The Citizens National Bank and Trust Company."

The charter bank, with IPC deposits of $20.6 million, was organized in 1895 and is located in Wellsville, N.Y. Wellsville is a town of 6,000, situated in south-central Allegany County midway between Olean and Hornell. Most of the bank's business originates in Allegany County, where it has four branches in Alfred, Andover, Bolivar, and Whitesville. The economy is supported by farming and manufacturing. Although the area is primarily rural, industrial expansion is assuming an increasing importance in the economic growth of the county.

Cuba is a town of 2,000 located 25 miles northwest of Wellsville in Allegany County. Recreational facilities centering around Cuba Lake swell the summer population to approximately 3,500. Tourism and agriculture are the primary components of the town's economy.

The Cuba National Bank, with IPC deposits of $5.2 million, was organized in 1865 and operates no branches. Because it has consistently maintained a very conservative lending policy, its earnings are below average. It is now faced with a management succession problem in that the chairman of the board is 82 years of age and the president is contemplating retirement. The prospects of finding experienced bankers to take over this small bank in this small town are very dim.

The applicant banks compete with each other only to a slight degree. While they share in loan participations to meet the needs of customers, whose credit requirements exceed their individual lending limits, their spirit of cooperation in participating in loans preclude significant competition. The fact that the closest office of Citizens is 17 miles from Cuba precludes any significant competition developing between them.

This consolidation will strengthen Citizens National Bank of Wellsville and enable it to compete more effectively for the banking business generated in Allegany County. The principal local competitor of Citizens National Bank is the First Trust Company of Allegany County, which is headquartered in Wellsville. This latter bank, with total deposits of $32 million in its seven offices, operates a branch in both Bolivar and Cuba. The bank resulting from this merger will, because of its augmented capital structure, be better able to compete, not only with the First Trust Company, but also with the larger banks in Olean, Hornell, Jamestown, and Buffalo that now canvas the area.

The benefits which will redound to the public from this consolidation clearly outweigh whatever slight anticompetitive effect it may be deemed to have by reason of the elimination of the National Bank of Cuba. Persons residing and doing business in and around Cuba will have a more meaningful banking alternative to choose from. The present management problems facing The Cuba National Bank will be resolved. Banking competition, which is clearly in the public interest, will be stimulated in Allegany County.

In the light of the foregoing, this merger is, therefore, approved.

JANUARY 23, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

This is a proposal to merge Citizens National Bank of Wellsville, Wellsville, N.Y. (five offices with deposits of $25.3 million) and The Cuba National Bank (one office with deposits of $5.7 million). Both banks are located in Allegany County, N.Y., which is south of Buffalo near the Pennsylvania State line.

Citizens and Cuba are both located within the same rural county and provide the same type of banking services. While their nearest offices are some 17 miles apart, there would appear now to be at least some actual competition between them.

Citizens is also a potential competitor of Cuba Bank. While New York State banking laws would preclude Citizens from opening a branch within the city limits of Cuba, no such restriction would apply to several small towns near Cuba.

There are five banks headquartered in Allegany County; one bank headquartered in adjoining Cattaraugus County operates a branch in Allegany. Together, they operate 17 banking offices within the county. In the entire county, Citizens is the second largest bank with about 35 percent of total deposits. Together, Citizens and the largest bank, First Trust Co. of Allegany, control about 80 percent of the county's deposits. Cuba Bank is the third largest county bank with 8 percent of total deposits.

Banking concentration in Allegany County has increased rapidly over the last 10 years. Cuba Bank would be the 11th bank to be absorbed by either Citizens or First Trust Co. in the past 10 years.

The proposed merger would eliminate some existing and potential competition between the emerging banks and further increase banking concentration in Allegany County.

* * *

SILVERLAKE NATIONAL BANK, LOS ANGELES, CALIF., AND REPUBLIC NATIONAL BANK OF CALIFORNIA, LOS ANGELES, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Silverlake National Bank, Los Angeles, Calif. (15388), with	$13, 874, 257	2	
was purchased Feb. 29, 1968, by Republic National Bank of California, Los Angeles, Calif. (15331), which had	7, 902, 721	3	
After the purchase was effected, the receiving bank had	21, 776, 978		5

COMPTROLLER'S DECISION

On December 14, 1967, Republic National Bank of California, Los Angeles, Calif., applied to the Office of the Comptroller of the Currency for permission to acquire the assets and assume the liabilities of Silverlake National Bank, Los Angeles, Calif.

The participating banks are headquartered in Los Angeles, which is the third largest city in the United States. The acquiring bank, organized in 1964 and now showing IPC deposits of $7 million, has received approval to move its main office to a location in Beverly Hills which is 1.7 miles northwest of its present site. Beverly Hills, with a population of about 36,000, is a residential and commercial community located 10 miles west of downtown Los Angeles. It is one of the wealthiest communities in the Nation. The Encino and Wilmington offices of the buying bank serve areas with a more diversified economy. The selling bank, with its main office about 3 miles northeast of downtown Los Angeles and a branch 11 miles northwest of its main office, serves an area that is primarily residential.

The participating banks compete with numerous other banks operating in the Los Angeles metropolitan area, including the State's largest banks. These competitors include the Bank of America National Trust and Savings Association, with 11 branches in the area; Crocker-Citizens National Bank, with four branches in the area; and Security First National Bank, with six branches in the area. Competition is also offered by the various other financial institutions.

Because of their limited resources and internal problems, the participating banks have not competed effectively with each other and with other banks in the area. There is practically no competition existing between the banks at the present time, due to a recent change in ownership that brought them under the control and management of the same group.

The addition of the selling bank to the acquiring bank will have no significant effect upon overall competition in the area. The resulting bank will hold about 1 percent of total commercial bank deposits in the area, although five other banks in the area hold deposits ranging between 13 and 22 percent.

Consummation of the proposed transaction will bring together the resources of two small banks and provide for economies of operation and more effective use of personnel. The resulting bank, with adequate capital and good management, will be better able to meet the convenience and needs of the communities served by the participants and to compete with the other banks in the area. This transaction will not eliminate a banking alternative in any one of these communities.

In light of the statutory criteria, it appears that this proposal is clearly in the public interest. The application is, therefore, approved.

JANUARY 26, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

National Bank of Commerce and Silverlake were both organized in 1964 and have not as yet begun to operate at a profit. Their head offices are approximately 10 miles from one another, and their nearest branches 4 miles apart; there are a considerable number of banks in the heavily populated intervening area. Major emphasis at Commerce is on individual- and consumer-type loans, while at Silverlake it is on loans for purchasing or carrying securities, but both also have significant amounts in commercial and industrial loans and various other types of loans generally serviced by commercial banks.

Prior to Mr. Martin Ackerman's acquisition last year of a controlling interest in both banks, the two banks were perhaps competitive to some extent. However, both are relatively small. Together, the applicants would have only about 0.1 percent of IPC demand and time deposits in the highly concentrated Los Angeles metropolitan area. Their offices are also in close competition with numerous other banks, including the large California regional and statewide systems. The overall competitive effect of the proposed merger, therefore, would appear to be minimal.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The State of New York National Bank, Kingston, N.Y. (955), with	$40,294,541	6	
and The Fallkill National Bank and Trust Company, Poughkeepsie, N.Y. (15641), which had	21,272,556	3	
merged Feb. 29, 1968, under charter of the latter bank (15641) and title "The State of New York National Bank." The resulting bank at date of merger had	61,567,098		9

COMPTROLLER'S DECISION

On September 28, 1967, The Fallkill National Bank and Trust Company, Poughkeepsie, N.Y., and The State of New York National Bank, Kingston, N.Y., applied to the Office of the Comptroller of the Currency for permission to merge under the charter of the former and with the title of the latter.

The Fallkill National Bank and Trust Company is located in Poughkeepsie, a city on the east bank of the Hudson River halfway between New York City and Albany. Poughkeepsie is the county seat of Dutchess County and in 1960 had a population of 38,300. The International Business Machines Corporation is the largest industrial employer in the area. There is also an urban renewal program, which has received $29.5 million in Government funds.

The Fallkill National Bank and Trust Company, which has IPC deposits of $12.3 million, was organized in 1852 as a State bank and reorganized as a National bank in 1864. In 1966 it became a State bank again in order to participate in organizing and to become an affiliate of Bankers Trust New York Corporation, a registered bank holding company. The charter bank has three offices in Dutchess County, its head office and one branch in Poughkeepsie, and a recently opened branch in Hyde Park.

The State of New York National Bank is located in Kingston, on the west bank of the Hudson River 18 miles from Poughkeepsie. Kingston is the county seat of Ulster County and had a population of 29,300 in 1960. It is a commercial and industrial center with more than 100 small, diversified industries.

Both Ulster and Dutchess Counties are in the mid-Hudson area, a diversified region whose expanding economy is supported by manufacturing, agriculture, and resort business. The rate of population growth has been high in both counties. Between 1960 and 1966 there was an 18.7 percent increase in Dutchess County and a 15.1 percent increase in Ulster County.

The State of New York National Bank, with IPC deposits of $28.1 million, was organized in 1865. All six of the merging bank's offices are in the Ulster service area, with an estimated population of over 50,000. The main office and three branches are in Kingston; one branch is in Ulster, a suburban area adjacent to Kingston; and one branch is in New Paltz, a village 14 miles south of the main office.

The subject banks derive only a nominal amount of business from the service area of one another. Thus, the merger will not eliminate any competition. Less than 1 percent of deposits and only 4 percent of the loans are derived by either bank from the other's area. This is due to the fact that the service areas of the two banks are separated by the Hudson River and connected by two toll bridges. Because of the river, most of the traffic in the region is in a north-south direction and, therefore, the bulk of the business for both banks comes from their own community and the immediately surrounding area. The closest offices of the subject banks are 11.4 miles apart and there is one bank, The First National Bank of Highland, intervening. The home office protection law in New York precludes either bank from branching *de novo* into the other's service area.

The transaction will have no adverse effect on banking competition in the trade area or in the State. In the portions of the counties they now serve, the charter bank is the fifth largest of five commercial banks and holds 12 percent of the deposits and the merging bank is second largest of the commercial banks and fourth largest of all banks in Kingston. The resulting bank will be the third largest commercial bank and the fifth largest financial institution in the combined service area. The transaction will mean that the BT New York Corporation will have only 3.6 percent of the commercial deposits in the entire third banking district of New York, and 9.4 percent of the commercial deposits in the two-county area. The resulting bank will still be the only subsidiary of BT New York Corporation in the service areas involved.

Six savings and loan associations and nine mutual savings banks also offer keen competition in the resulting service area. The largest savings bank, with headquarters in Poughkeepsie, will have more than three times the deposits of the resulting bank.

The merger will benefit both communities. It will provide a stronger, more competitive institution with a larger lending limit needed to help finance the area development from agriculture to business and industry. It will solve a serious problem of management depth for both institutions by providing more aggressive recruitment and training programs offered through BT New York Corporation. In addition, it will provide expanded services, particularly in the areas of trust services, international banking, and automated facilities.

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

JANUARY 25, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Fallkill National Bank and Trust Co. ("Fallkill National"), since 1966 a wholly owned subsidiary of BT New York Corporation, proposes to merge with The State of New York National Bank ("New York National"). Fallkill National and New York National are located in Dutchess and Ulster Counties, respectively; these two adjacent counties are separated by the Hudson River in the growing mid-Hudson region of New York.

The head offices of the merging banks are about 18 miles apart, and New York National has a branch which is 11 miles from Fallkill National's main office. Some direct competition would appear to be eliminated by the proposed merger, as shown by the amounts of business each draws from the other's county. There remains, nevertheless, the geographic separation between the two banks that limits the degree of existing competition between them.

The proposed merger would result in some lessening of potential competition.

New York National is a thriving and expanding competitor in Ulster County; within the past 2 years it has increased its branches from two to four, and its net operating income has more than doubled in the past 6 years. It is the second largest bank in Ulster County with approximately 24 percent of total deposits and 25 percent of IPC demand deposits. Since both Ulster and Dutchess Counties are in the third New York banking district, New York National would be permitted to enter Dutchess County by *de novo* branching, except in cities and towns where a local bank enjoys home office protection.

Acquisition by a holding company (Charter New York Corp.) of the last independent bank headquartered in Poughkeepsie (Dutchess Bank) has recently been approved by the Federal Reserve Board. This acquisition would remove home office protection from the city of Poughkeepsie, thus permitting New York National to establish *de novo* branches in this city.

It is also possible that Fallkill National (which is a subsidiary of BT New York Corporation) might expand into Ulster County by *de novo* branching or by acquiring a smaller bank than New York National; or that BT New York Corporation, a major bank holding company system, might enter Ulster County by establishing a new bank or by acquiring a smaller bank.

* * *

FIRST NATIONAL BANK OF OREGON, PORTLAND, OREG., AND GRANT COUNTY BANK, JOHN DAY, OREG.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Grant County Bank, John Day, Oreg., with	$9,881,461	2	
and First National Bank of Oregon, Portland, Oreg. (1553), which had	1,578,377,249	113	
merged Mar. 4, 1968, under charter and title of the latter bank (1553). The resulting bank at date of merger had	1,587,947,145		115

COMPTROLLER'S DECISION

On October 5, 1967, the First National Bank of Oregon, Portland, Oreg., and the Grant County Bank, John Day, Oreg., 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 Oregon, with IPC deposits of $1.1 billion, is headquartered in Portland and maintains branches in every county of Oregon, except Grant County. First National became a substantial factor in Oregon banking in the 1930's when it acquired a number of smaller banks that were on the verge of collapse. Since that time, First National has grown principally through *de novo* branching in the populous areas of western Oregon. The only new office it has acquired by merger in the past 5 years was in 1965, when it merged with the Douglas County State Bank in Roseburg at the latter's request, in order to alleviate serious management problems.

The Grant County Bank is located in John Day, a town of 1,600, which lies in the center of a sparsely settled, mountainous area east of the Cascade Mountains. Commercial forests and cattle ranches are the two important economic considerations in this area. The population of John Day has remained fairly stable, although the population of Grant County, presently estimated at 7,500, has been declining steadily as lumbering operations and cattle ranches become larger and more efficient, resulting in fewer and fewer employment opportunities. The Grant County Bank is the only bank serving this large, isolated, and mountainous county encompassing 4,533 square miles. It operates one branch 13 miles east of John Day in Prairie Village, a town of 910 people. The bank has IPC deposits of $7.9 million and its lending limit is $80,000.

The State's branch banking law with its home office protection provision prohibits branching *de novo* in John Day, although branching in other towns in the county is legally permissible. Though there are other towns in the county, located on the banks of the John Day River, in which branch banking would be permissible, they are all so small and lacking in economic significance that none has ever attracted a branch or new bank charter. So sparse is the population of this area that the per capita ratio to each of the two offices of the Grant County Bank is only 3,750, substantially below the national average of 6,385. As a result of the State's branching law, the Grant County Bank enjoys a virtual banking monopoly, though not of any great significance, in an area that it cannot adequately serve by reason of its limited resources and restricted services.

The applicant banks do not compete with each other to any appreciable degree. The geographical isolation of John Day, the small size and limited resources of Grant County Bank, and the distance of 70 miles that separates John Day from First National's closest branch limit the extent of actual competition. Though some business from individuals and enterprises situated in John Day must, of necessity, accrue to First National and other banks outside of Grant County, this is a result of Grant County Bank's inadequacies rather than a result of active competition.

This merger will, on consummation, remove the legal obstacle that prevents *de novo* branching in John Day, thereby presenting the only technical possibility of competition by other banks in Grant County, although the small and decreasing population renders this an unlikely prospect in the near future. This merger will provide the residents of Grant County with a bank offering a full range of banking services, sufficient resources to meet their increasing local requirements, and personnel trained in the specialized problems of the forestry and cattle ranching industries that operate in the county.

Grant County Bank cannot reasonably expect to meet the present and future needs of its customers. It is a family-owned bank with no trained successors to fill the executive positions now held by its senior officers, who have declared they will retire in the near future. The possibility of attracting competent successor personnel to so small and isolated a community is remote. The managerial resources of the acquiring bank are sufficiently adequate to provide competent personnel to service the diversified credit requirements of Grant County; personnel assigned to the Grant County office by the resulting bank will not feel isolated professionally or personally as they retain the capability of movement—both vertically and horizontally—throughout the First National system. Although it may appear that the entry of the First National Bank into John Day as a consequence of this merger is anticompetitive, in that it will inhibit the entry of another bank into the county, such is not in fact the case. In view of the already sparse and declining population, it is most unlikely that any prudent group would seek a new charter whether First National enters the market or not. On consummation of this proposal all legal barriers to *de novo* entry into John Day by another bank will be removed.

The public interest of Grant County and the interest of the First National Bank of Oregon coincide in this merger. Not only will the acquiring bank gain an outlet in the only county in the State in which it is not represented, but the county and its residents will gain the convenient services of a large, aggressive institution capable of meeting the growing credit requirements of the area and furnishing the expert services needed by the local borrowers. The solution it offers to the management succession problems of the Grant County Bank makes it attractive to customers and stockholders of that bank and allays their future concern.

In the light of the foregoing, this proposal appears in the public interest. The application to merge is, therefore, approved.

JANUARY 31, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National Bank, the largest bank in Oregon, proposes to acquire Grant County Bank, the only bank in Grant County and the 28th largest of the 50 banks in Oregon, as of June 30, 1967. First National, with deposits of $1.5 billion and 113 offices, has since 1928 acquired at least 49 other banks throughout the State, and has accounted for at least 19 of the 48 mergers which have occurred in Oregon since 1950. It presently holds approximately 41 percent of total commercial bank deposits in Oregon and about 33 percent of all banking offices in the State. Grant County is the only one of Oregon's 36 counties in which First National does not have one or more offices.

Grant County Bank is the oldest and largest of the eight banks headquartered in the 18 central and eastern Oregon counties east of the Cascade Mountain range, an area containing two-thirds of the State's area and about one-sixth of its population. The merging bank has $9 million in deposits and operates one branch. Its nearest competitors are branches of First National, the closest of which is about 70 miles distant from John Day.

Commercial banking in Oregon is largely concentrated in the two largest banks, the applicant and United States National Bank. These banks hold nearly 80 percent of all commercial bank deposits in the State and 63 percent of all banking offices, and, between them, they have accounted for 41 of the 48 mergers which have occurred in the State since 1950.

First, National's branch at Burns, some 70 miles south of John Day, is the closest banking office to County Bank's head office. The next nearest offices are the branches of First National and United States National Bank (Oregon's second largest bank) in Baker, about 94 miles east of John Day.

In spite of these distances there appears to be some competition between the merging banks which would be eliminated by the proposed merger. First National branches within 100 to 125 miles of John Day hold 279 deposit accounts totaling $483,713 and 141 loan accounts totaling $1,085,467, all with account addresses within Grant County. This may be attributable in part to Grant County Bank's legal lending limit ($80,000), and in part to the fact that some locations within this very large county are as remote from Grant County Bank's offices as from the distant offices of other banks in adjacent counties.

In summary, we believe that the proposed merger would eliminate competition between Grant County's only bank and its closest competitor outside the county. It would also cause some lessening of potential competition in Grant County by eliminating First National as a probable independent entrant, and by possibly raising the barriers to entry in the county.

* * *

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

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Charlotte County, Drakes Branch, Va., with	$2,432,599	1	
and The Fidelity National Bank, Lynchburg, Va. (1522), which had	173,439,384	23	
merged Mar. 14, 1968, under charter and title of the latter bank (1522). The resulting bank at date of merger had	175,873,340		24

COMPTROLLER'S DECISION

On December 13, 1967, the Bank of Charlotte County, Drakes Branch, Va., and The Fidelity National Bank, Lynchburg, Va., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The Fidelity National Bank, with IPC deposits of $124 million, operates its main office and eight of its 22 branch offices in the city of Lynchburg, the commercial focal point of a four-county area in west-central Virginia serving a combined population of approximately 150,000. The economies of the charter bank's service area are widely diversified in industry and agriculture. The city has enjoyed growth of approximately 15 percent during the last decade.

The merging Bank of Charlotte County was organized in 1950 and operates a single office in Drakes Branch, which is approximately 55 miles southeast of the charter bank's main office. Drakes Branch, a town of 850, is located in Charlotte County, which has a total population of 13,500 persons. The economy of the area is predominantly agricultural. That this bank, the smallest among three banks in the county, has shown only moderate growth in relation to recent increases in population and in proportion to the growth rate of several surrounding area banks, indicates its conservative management. It has IPC deposits of $1.9 million.

The charter bank has no offices in Charlotte County, and its branch in Chase City is 23 miles south of Drakes Branch. Consequently, there will be no elimination of direct competition between the merging banks. The merger will not eliminate an alternate banking choice as far as the public is concerned.

No appreciable concentration of banking would result from the proposed merger. The resulting bank would maintain its present relative position among Virginia banks, and would still be substantially smaller in the Lynchburg area than the $633 million First and Merchants National Bank, the largest bank in Virginia, which has five branches there.

Consummation of the merger will provide the Drakes Branch area with services that are not now available locally, including trust services, larger loan limits, a stronger financial institution with experienced and specialized personnel, automation, and a variety of loan and investment services.

Applying the statutory criteria to the proposed merger, it appears to be in the public interest. The application is, therefore, approved.

FEBRUARY 8, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Fidelity National Bank (total deposits $132.5 million) operates 22 offices in Lynchburg and eight counties: 10 of its offices are located in the immediate Lynchburg vicinity, and the remaining 12 are located in 11 towns from 12 to 85 miles from the main office. Fidelity proposes to merge with Bank of Charlotte County (total deposits $2.1 million), which is the smallest of three commercial banks in Charlotte County.

There appears to be very little direct competition between Fidelity and Bank of Charlotte County. Their head offices are 55 miles apart, and Fidelity's closest branch is located in Brookneal, about 23 miles northwest of Drakes Branch.

Virginia branch banking would prevent Fidelity from entering Charlotte County by *de novo* branching; thus, Fidelity cannot be regarded as a potential entrant into Charlotte County, except by merger. Since the acquired bank is the smallest in the county, the merger would not involve any loss of potential competition.

* * *

PENNSYLVANIA NATIONAL BANK AND TRUST COMPANY, POTTSVILLE, PA., AND NATIONAL-DIME BANK OF SHAMOKIN, SHAMOKIN, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
National-Dime Bank of Shamokin, Shamokin, Pa. (6942), with	$15,454,138	3	
and Pennsylvania National Bank and Trust Company, Pottsville, Pa. (1663), which had	90,301,863	12	
merged Mar. 15, 1968, under charter and title of the latter bank (1663). The resulting bank at date of merger had	105,756,001		15

COMPTROLLER'S DECISION

On November 27, 1967, the National-Dime Bank of Shamokin, Shamokin, Pa., with IPC deposits of $12.2 million, and the Pennsylvania National Bank and Trust Company, Pottsville, Pa., with IPC deposits of $74.5 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Both merging and charter banks are located in the anthracite coal region of Pennsylvania, where economic conditions have been substandard for a number of years. In Pottsville, which is located on the southern fringe of the anthracite fields, local industrial redevelopment groups have been able to attract numerous nationally known companies to the area. Since 1961, unemployment has decreased from 16.4 percent to 3.9 percent and the area is no longer dependent primarily upon coal operations. Shamokin's progress has been slow, but during the past 4 years the Shamokin Area Industrial Development Corporation has constructed five new industrial buildings, which are now occupied and furnish employment for about 600 local workers. Continued efforts are being made to improve the economy.

The Pennsylvania National Bank and Trust Company is headquartered in Pottsville, and serves Schuylkill County in Pennsylvania through 12 branches. It has been aggressive over the past 10 years, in that it has endeavored to shore up and expand the banking industry when no other banks were interested in this once depressed coal area. The charter bank's management is considered excellent and it is well staffed with competent junior officers. This bank receives its primary competition from the American Bank and Trust Company of Pennsylvania, Reading, Pa., which has total resources of $343 million, and presently operates four branches in Schuylkill County.

The merging National-Dime Bank of Shamokin is located in adjoining Northumberland County and presently operates two branches. It has not been overly aggressive, as is exemplified by its earnings, which are below average. In addition, the merging bank has a serious management succession problem. Its primary competition in Shamokin is provided by the Guarantee Trust and Safe Deposit Company, Market Street National Bank, West End National Bank, and Peoples Bank of Shamokin, Pa. Three savings and loan associations, with total assets of $34 million, also provide competition.

Competition between charter and merging banks is nonexistent, in that the banks are 30 miles distant from each other.

The resulting bank will be able to offer a broader range of services to the customers of the merging bank, including specialization in all trust services, guaranteed and insured mortgage loans and all types of installment credit. Consummation of the merger will also resolve the management succession problem of the merging bank. It will enable the resulting bank to compete more effectively with the banks now operating in the area and, thus, bring to the residents of Shamokin the full benefits that flow from aggressive competition.

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

JANUARY 15, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Pennsylvania National Bank and Trust Company ("Pennsylvania National"), organized in 1866, currently operates 11 branch offices in addition to its head office. National-Dime Bank of Shamokin ("National-Dime"), established in 1883, presently operates a head office and two branch offices.

It does not appear that substantial direct competition exists between National-Dime and Pennsylvania National. National-Dime's head office is located about 30 miles northwest of the head office of Pennsylvania National and about 11 miles west of the nearest branch of the latter. Intervening between the two is the city of Mt. Carmel, which is served by three banks.

Pennsylvania law (Purdon's Pennsylvania Statutes Title 7 Sec. 819–204.1) permits a commercial bank to establish *de novo* branches in the county of the bank's head office and in contiguous counties. The head offices of the merging banks here are located in adjoining counties, and, thus, it appears that Pennsylvania National is a potential entrant by *de novo* branching into National-Dime's service area. Consummation of the proposed merger will eliminate this potential competition.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Merchantville National Bank & Trust Company, Merchantville, N.J. (8323), with.	$23, 932, 299	2	....
and Colonial National Bank, Haddonfield, N.J. (14457), which had...........	91, 348, 325	6	....
merged Mar. 22, 1968, under charter and title of the latter bank (14457). The resulting bank at date of merger had..	115, 280, 624	....	8

COMPTROLLER'S DECISION

On December 6, 1967, the Merchantville National Bank & Trust Company, Merchantville, N.J., and the Colonial National Bank, Haddonfield, N.J., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The participating banks are located in the northern portion of Camden County, within the Philadelphia-Camden metropolitan area. Camden County, which is located across the Delaware River from the city of Philadelphia, has been regionally, historically, and economically linked to Philadelphia. The northern portion of the county, wherein the participating banks are located, is primarily a residential area with most of its labor force employed in Philadelphia and in surrounding areas of New Jersey. Future prospects for the area's economic growth are good.

The charter bank, with IPC deposits of $75 million and seven branch offices, is a full-service institution and almost completely automated. Although it ranks third in size in terms of deposits among all commercial banks in Camden County, it is less than half the size of the two larger competing banks, viz., the Camden Trust Company with total deposits of $227 million and the First Camden National Bank and Trust Company with total deposits of $197 million.

The merging bank, with IPC deposits of $20 million and one branch office, ranks fifth in size among Camden County banks, with about 3 percent of total county deposits. Because of its limited lending capability, the bank has not been active in the field of commercial loans and is presently faced with a serious management succession problem.

Banking competition in Camden County is provided by nine commercial banks with a total of 56 offices. There are 68 savings and loan associations, 34 credit unions, four offices of sales finance companies and 22 offices of personal loan companies operating in the county and competing with the commercial banks. The large Philadelphia banks provide strong competition in the field of commercial loans and are conveniently located banking alternatives for Camden County residents employed in Philadelphia. Some competition is also provided by Burlington County banks.

The only competition between the participating banks derives from the charter bank's Collingswood office, which is near to Merchantville. Intervening offices of other banks and congested traffic routes minimize the competition between the merging banks. Since New Jersey law prohibits the charter bank from establishing a *de novo* branch in Merchantville or in any of its surrounding municipalities, potential competition is obviated.

The addition of the merging bank to the charter bank will have little effect on overall competition in the area. The charter bank's relative position as to size among the other commercial banks will not change; in Camden County it will still rank third. If anything, this merger will enhance competition between the resulting bank and the other banks doing business in the county.

Consummation of this merger will have its effect in Merchantville, where, besides solving the management problem in the merging bank, it will introduce a competitive bank better able to meet the credit needs of this community. The resulting bank will provide better and more convenient services to the residents of Merchantville.

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

February 6, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

This is a proposal to merge the Colonial National Bank, Haddonfield, N.J. (seven offices with deposits of $80.6 million), and the Merchantville National Bank and Trust Company, Merchantville, N.J. (two offices with deposits of $20.8 million). All offices of both banks are located in communities which are suburbs of Camden, N.J.

The merging banks have offices located less than

3 miles apart and offer a similar line of banking services. Colonial is the third largest bank in the county with about 15 percent of the county's total deposits and 11 percent of its IPC demand deposits; Merchantville National is the fifth largest bank in the county with 4 percent of its total deposits and 3 percent of IPC demand deposits. The proposed merger would eliminate present direct competition between the applicants, and would increase banking concentration in Camden County.

* * *

SOUTHERN NATIONAL BANK OF NORTH CAROLINA, LUMBERTON, N.C., AND FIRST NATIONAL BANK IN HENDERSON, HENDERSON, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank in Henderson, Henderson, N.C. (13636), with	$11,650,742	2	
and Southern National Bank of North Carolina, Lumberton, N.C. (10610), which had	116,138,807	33	
merged Mar. 22, 1968, under charter and title of the latter bank (10610). The resulting bank at date of merger had	127,875,765		35

COMPTROLLER'S DECISION

On November 16, 1967, the Southern National Bank of North Carolina, Lumberton, N.C., with IPC deposits of $93 million, and the First National Bank in Henderson, Henderson, N.C., with IPC deposits of $9 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Henderson, with a population of about 15,000, is located in the north-central part of the State and about 15 miles from the Virginia border, in a primarily industrial area. The production of textiles and processing of tobacco are the predominant industries. Additional economic support to the area is provided by farming, which is principally devoted to the growing of tobacco, and recreational opportunities at nearby Kerr Lake and Dam Reservation. With more than 300 retail and service outlets, Henderson serves as a commercial center for several surrounding communities. The present growth pattern is expected to continue.

Lumberton has a population of about 20,000, and is located in the south-central part of the State in a primarily agricultural area committed to the production of tobacco, cotton, and corn. Other areas served by this bank and its branches are noted for their industry, their resorts, and Fort Bragg, described as the largest land area military reservation in the United States and located at Fayetteville. There is a general trend in these areas toward urbanization with rural populations gradually declining.

The merging bank, organized in 1932, presently operates one branch office in Henderson. Due to its limited resources, the bank has not been able to meet fully the customer needs and as a result it has had little growth during the past 4 years. Banking competition in Henderson is afforded by Citizens Bank and Trust Company, with deposits of $21 million, and two branches of Peoples Bank and Trust Company of Rocky Mount, with deposits of $69 million. Competition is also provided by two banks in Oxford, 13 miles to the west of Henderson, and by one bank in Warrenton, 15 miles to the northeast.

The charter bank, organized in 1897, presently operates 31 branch offices in 19 communities in 11 counties throughout the central part of the State. It competes with a number of banks in the areas that it serves, including branches of the First-Citizens Bank and Trust Company and Branch Banking and Trust Company in Fayetteville. Throughout its service area, Southern National Bank faces strong competition from savings and loan associations and various other financial institutions.

As the closest offices of the merging banks are 74 miles apart, there is no competition between them to be affected by this merger. Competition between the charter bank and its competitors will be little affected as the impact of the merger will be felt in the Henderson area. Effects on competition in the Henderson area will be minimal, as that area should continue to afford plenty of room for the operation and expansion of any competing bank.

Consummation of this merger will introduce in Henderson an aggressive, competitive bank better able to meet the credit needs of the expanding industries in this area. The resulting bank will provide the residents of Henderson with convenient trust service, advice on farm credit, and data processing.

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

FEBRUARY 19, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Southern National, with deposits of $107.6 million and 32 offices throughout central North Carolina, is the eighth largest bank in the State. Since 1964 it has merged with seven banks, adding almost $43 million in deposits and 18 offices thereby.

Because of the large distance (almost 75 miles) between the nearest offices of the participating banks, there is little or no direct competition between them at the present time.

North Carolina law permits statewide *de novo* branching. However, it is not likely that Henderson Bank, with its limited resources and local orientation, would open offices in areas now served by Southern National in the foreseeable future. On the other hand, Southern National has revealed recent ambitious expansion activities and has scattered branch operations; these factors suggest that it could become a competitor of Henderson Bank at some time in the future, through the *de novo* establishment of a branch in the Henderson vicinity. To this extent, the proposed transaction would eliminate Southern National as a source of potential competition in Vance County or in the Henderson area.

* * *

NATIONAL BANK AND TRUST COMPANY, CHARLOTTESVILLE, VA., AND THE BANK OF NEW HOPE, NEW HOPE, VA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Bank of New Hope, New Hope, Va., with	$1, 945, 531	2	....
and National Bank and Trust Company, Charlottesville, Va. (10618), which had	80, 494, 442	13	....
merged Mar. 29, 1968, under charter and title of the latter bank (10618). The resulting bank at date of merger had	82, 381, 723	....	15

COMPTROLLER'S DECISION

On December 7, 1967, the National Bank and Trust Company, Charlottesville, Va., and The Bank of New Hope, New Hope, Va., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The National Bank and Trust Company, with IPC deposits of $62 million, is headquartered in Charlottesville, in east-central Virginia. It operates five branches in Charlottesville and six in central Virginia communities, as far as 77 miles from its main office. Charlottesville is the principal trading center of Albermarle County and portions of surrounding counties. The town itself has been expanding rapidly and deriving economic health from the University of Virginia, tourism, agriculture, and diverse manufacturing firms. Further industrial and residential growth is expected in Charlottesville, although the population of the rest of Albermarle County has been in gradual decline.

The Bank of New Hope, with IPC deposits of nearly $1.4 million, is located in New Hope, Va., 40 miles north of Charlottesville. New Hope is a village, having a population estimated at 250, in a prosperous agricultural area. The bank has maintained an extremely conservative stance and, consequently, many local residents are doing their banking business with larger banks in nearby Staunton, Waynesboro, and Harrisonburg. The bank operates a small branch in the unincorporated village of Fisherville, 8 miles south of New Hope, which branch is 6 miles from the closest branch operated by the charter bank in Stuarts Draft. The merging bank estimates that less than 1 percent of its business originates at its Fisherville branch, and it has no customers in Stuarts Draft. The charter bank has a few small accounts originating in Fisherville.

The principal competitive effects of this merger will occur in Augusta County, where New Hope is located, and the effects will be beneficial rather than adverse. At this time, there are seven other banks operating in the county, including Virginia's two largest. This merger, by substituting the facilities of a larger, full-service bank with a record of efficient utilization and deployment of its resources for a small and unprogressive institution in New Hope, will stimulate banking competition in the county.

The projected industrialization of the New Hope area will require the services of a bank having a substantial lending limit and specialized lending departments. The charter bank is well qualified to meet the present and future needs of the area's customers and will compete effectively for the accounts now being lost to the larger banks in Staunton, Waynesboro, and Harrisonburg.

The proposal appears to be in the public interest. The merger, therefore, is approved.

FEBRUARY 13, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The National Bank and Trust Company (deposits, $68.8 million), operates five banking offices in Charlottesville (population 30,000), and seven in seven towns in four counties within a radius of 25 to 30 miles from Charlottesville. New Hope Bank (deposits, $1.5 million) operates its main office in New Hope (population 250), and one branch in Fishersville, an unincorporated area (population 2,800).

Although this branch is 6 miles from the closest branch office of the National Bank and Trust Company, competition between the two banks would appear to be insignificant.

The principal competitors of Bank of New Hope are located in Staunton, which is 11 miles southwest of New Hope, and in Waynesboro, which is 12 miles south of New Hope. Bank of New Hope is considerably smaller than any of these six competing banks, the next smallest bank having deposits of $7.9 million.

In conclusion, due to the small size both of The Bank of New Hope and of the population it serves, plus the minimal current competition between the merging banks, we do not foresee significant adverse effects from this merger upon competition in the Fishersville-New Hope, Va., area.

* * *

THE CITIZENS AND SOUTHERN NATIONAL BANK, SAVANNAH, GA., AND COMMERCIAL AND SAVINGS BANK OF AUGUSTA, AUGUSTA, GA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Commercial and Savings Bank of Augusta, Augusta, Ga., with	$17,146,000	1	
was purchased Mar. 30, 1968, by The Citizens and Southern National Bank, Savannah, Ga. (13068), which had	1,125,976,103	52	
After the purchase was effected, the receiving bank had	1,143,121,103		53

COMPTROLLER'S DECISION

On September 26, 1967, The Citizens and Southern National Bank, Savannah, Ga., with IPC deposits of $925.1 million, applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of the Commercial and Savings Bank of Augusta, Augusta, Ga., with IPC deposits of $14.5 million.

The selling bank is affiliated with the charter bank through common stock ownership. This acquisition is intended to streamline the corporate structure of Citizens and Southern National Bank and its affiliate, Commercial and Savings Bank, by utilizing a recent Georgia statute that will allow the buying bank to operate the selling bank's offices as branches in Augusta. No competitive realignment will occur as the two offices of the Commercial and Savings Bank have, in reality, been part of the Citizens and Southern system for some time.

Although the charter bank is headquartered in Savannah, it maintains its principal office in Atlanta. Through a combination of branches and affiliated banks, it operates a statewide banking system. The Citizens and Southern National Bank has four offices in Augusta, where the Commercial and Savings Bank operates its two offices.

The amalgamation of the two banks will affect only the Augusta area. Augusta lies 120 miles north of Savannah, in northeastern Georgia. It is located on the Savannah River, a navigable river terminating in the Atlantic Ocean. Augusta's location has attracted a diversity of manufacturing and industrial firms. Textile and related industries provide the largest source of employment, although chemicals, paper and paper products, and brick and tile products are also manufactured there.

Augusta is a trading and service center for a three-county area comprised of Richmond and Columbia Counties in Georgia and Aiken County in South Carolina. This area presently has a population of 300,000. Prospects for its future growth and continued prosperity are considered very good.

The area served by the Commercial and Savings Bank is primarily the Augusta metropolitan area and the competitive impact of the acquisition will be limited to that area. The applicant banks are not in competition with each other inasmuch as they are affiliated; they have pursued identical and compatible banking policies since owners of Citizens and Southern acquired control of the limited and unprogressive Commercial and Savings Bank in 1965 and revitalized it.

Competition in Augusta will continue to be provided by the six-office Georgia Railroad Bank and Trust Company, Citizens and Southern's prime competitor, and the smaller First National Bank and Trust Company, with three offices, and the single office Bank of Augusta. The Georgia Railroad Bank has resources of $125 million; the others, $33.5 million and $3.3 million, respectively. Other small banks operate in the two Georgia counties within Augusta's metropolitan area, and keen competition is also provided by the $420 million South Carolina National Bank, Columbia, S.C., and the $106 million State Bank and Trust Company, Aiken S.C., which have offices in Aiken County.

The recent and extensive innovations and improvements in the bank to be acquired testify to the quality of Citizens and Southern's successful efforts in meeting the needs of the banking public. Each office of the resulting bank in Augusta will provide a wide range of services and the bank expects to continue its history of aggressively adapting to growth and change in Georgia.

The absence of adverse competitive effects and the potential public benefit to be derived from this proposal are clear. The acquisition is, therefore, approved.

FEBRUARY 21, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

This proposed transaction involves (i) a small two-office Augusta commercial bank ("Commercial"), which was a savings bank until 1965, and (ii) a large statewide bank ("C&S National") which operates four offices in Augusta. The latter's Augusta offices account for approximately $57 million out of its $925 million in deposits, and make C&S National the second largest bank in Augusta.

C&S National, itself a registered bank holding company, controls another bank holding company ("C&S Holding"). In 1965, C&S Holding acquired 5 percent of the stock of Commercial, and various officers, directors, employees, and others associated with C&S National purchased additional amounts of this stock. After this acquisition, various C&S personnel were installed as president and other executive officers of Commercial. Thus, Commercial has been effectively controlled by C&S Holding since 1965, although no approval has been sought or received from the Federal Reserve Board under the Bank Holding Company Act of 1956.

Both Commercial and C&S National have offices in downtown Augusta. C&S National's three downtown branches are all within a mile of Commercial's two offices. Their closest offices are 0.7 mile apart on the same street. Both banks are currently engaged in a broad range of general commercial banking business, although Commercial still holds a high proportion of real estate loans and time deposits, as a result of its traditional role as a savings bank.

C&S National controls about 26 percent of the total deposits in Richmond County, where the city of Augusta is located, and its acquisition of Commercial would increase its market share by about 6 percent. This increase would be significant, since it would result in the two largest banks controlling 80 percent of all commercial bank deposits and the three largest controlling 93 percent. If the entire Augusta SMSA (which also includes Aiken County across the Savannah River in South Carolina) were used as a relevant market (although we believe this to be too broad a geographic market), the market shares of the merging banks would still be high; the merging banks would control about 27 percent of total deposits in this broader area.

The applicants argue that the proposed transaction would not have an anticompetitive effect because of C&S Holding's domination of Commercial (Application pp. 79–80). This argument overlooks the fact that, so long as C&S Holding holds but 5 percent of Commercial's stock, its control over Commercial may be somewhat tenuous, and might be upset by the sale of stock by some of C&S Holding's individual affiliates; in that event, Commercial might become a fully competitive alternative to C&S National in Augusta. Accordingly, we conclude that the proposed transaction, by foreclosing this precompetitive possibility, would eliminate potential competition between Commercial and C&S National.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Bradford National Bank, Bradford, Ohio (14077), with	$4,183,534	1	
and The Miami Citizens National Bank and Trust Company, Piqua, Ohio (1061), which had	30,814,691	6	
merged Mar. 30, 1968, under charter and title of the latter bank (1061). The resulting bank at date of merger had	34,998,225		7

COMPTROLLER'S DECISION

On November 16, 1967, The Bradford National Bank, Bradford, Ohio, with IPC deposits of $3.4 million, and The Miami Citizens National Bank and Trust Company, Piqua, Ohio, with IPC deposits of $21.8 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The Miami Citizens National Bank and Trust Company, Piqua, Ohio, was chartered on April 26, 1865, and presently operates five branches. The service area of the charter bank, which includes all of Miami County and portions of seven contiguous counties, has a very prosperous economy based upon a very substantial, stable, diversified, and growing industrial activity. The competition in its trade areas is vigorous, with six Miami County savings and loan associations, insurance companies, credit unions, sales finance outlets, personal loan companies, and Federal agencies that actively compete in the loan market.

The Bradford National Bank, Bradford, Ohio, was organized on February 24, 1934, and is a single-unit institution. Bradford is a small rural trade center and most of its residents are employed in the larger nearby cities. This community has experienced stagnation and is considerably removed from the main arteries of commerce. Because of its small size, limited lending power, and lack of aggressiveness, the merging bank is not in a position to provide modern and efficient service to the Bradford community.

It appears that little, if any, competition would be eliminated by the merger, because there is little overlapping in the areas served, the depositors and borrowers serviced, and no banking offices will be eliminated.

The resulting bank will be able to offer a broader range of services to the customers of the merging bank, including a greater lending limit, specialized loan personnel, and the benefits of more sophisticated equipment now in service at the charter bank. In addition, trust services would be made available to the customers of the merging bank. Consummation of the merger will not only resolve the vexing management succession problems of the merging bank, but also will enable the resulting bank to compete more effectively with the larger financial institutions now operating in the area. It will bring to the residents of Bradford the full benefits that flow from aggressive competition.

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

JANUARY 29, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Miami Citizens National Bank and Trust Company of Piqua, Ohio ("Miami Citizens") proposes to merge with Bradford National Bank of Bradford, Ohio ("Bradford National"). Both banks operate in Miami County in western Ohio.

The nearest offices of Piqua Bank to Bradford are its head office and branch in Piqua, about 8 miles east of Bradford. There may be some competition between the merging banks, but, in view of the distance between their closest offices (8 miles) and the presence of intervening offices of other banks in Covington, this competition would appear to be somewhat limited.

Bradford National is the smallest of five banks in Miami County (with 4 percent of total bank deposits) and Miami Citizens is the second largest (with about 25 percent of the total). The resulting bank would continue to be second largest, and concentration would be raised within the county.

However, in view of the limited amount of direct competition between the merging banks and the small size of the acquired bank, the anticompetitive significance of the proposed merger may not be particularly serious.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Chesapeake Banking Company, Lively, Va., with	$2,118,298	1	
and The Lancaster National Bank, Irvington, Va. (5290), which had	4,164,427	2	
merged Apr. 27, 1968, under charter of the latter bank (5290) and title "Chesapeake National Bank." The resulting bank at date of merger had	6,437,859		3

COMPTROLLER'S DECISION

On January 31, 1968, The Lancaster National Bank, Irvington, Va., applied to the Comptroller of the Currency for permission to merge with Chesapeake Banking Company, Lively, Va., under the charter of the former and with the title "Chesapeake National Bank."

The charter bank's two offices are located in Lancaster County. Although its main office is in Irvington, which has a population of 570, its executive offices are maintained at the branch in Kilmarnock. Kilmarnock, with a population of 1,000, is a thriving retail center serving all of Lancaster County and portions of adjacent Northumberland and Richmond Counties. The economy of the Kilmarnock-Irvington area is primarily dependent upon agriculture and seafood processing.

Lively, with a population of 350, depends on an economy similar to that of Kilmarnock. The town's trade area includes the western portion of Lancaster County and small sections of eastern Richmond County and central Northumberland County.

The Lancaster National Bank, with IPC deposits of $3.5 million, and the merging Chesapeake Banking Company, with IPC deposits of $1.7 million, are located 10 miles apart. Although some competition exists between the two institutions, it is considered minimal and the number of common depositors and borrowers is insignificant. Of greater significance is the competition faced by the participating institutions from the $3.8 million Peoples Bank of White Stone, White Stone, Va., now contemplating merger with the Bank of Virginia, and the $8.5 million Bank of Lancaster in Kilmarnock.

The union of the two institutions will not only create a more substantial bank better able to meet the needs of this growing community, but will also introduce a far more aggressive bank into Lively and resolve the merging bank's management problems.

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

MARCH 26, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Lancaster National Bank ("Lancaster National") operates a main office in Irvington, Va. (population 570) and one branch in Kilmarnock (population 927). Chesapeake Banking Company ("Chesapeake Bank") operates a single office in Lively, Va. (population 206), about 14.8 miles northwest of Irvington, and 10 miles northwest of Kilmarnock.

The geographic area served by the merging banks is Lancaster County, a commercial fishing and resort area lying on the Chesapeake Bay end of the "Northern Neck" of Virginia, the peninsula between the Potomac and Rappahannock Rivers.

The nearest office of Lancaster National (at Kilmarnock) is located about 10 miles from the office of Chesapeake Bank. There are no intervening banking offices and it is probable that some limited direct competition between the two institutions does exist. Lancaster County is presently served by four banks with five offices and the merger would, of course, reduce the number to three. Bank of Lancaster (located about 3 miles east of Kilmarnock), is the largest of the four with total deposits of $7.8 million. Another small bank, the Peoples' Bank of White Stone (about 4 miles northeast of Lancaster), has pending an application to merge with the Bank of Virginia, headquartered in Richmond.

This proposed merger between Chesapeake Bank and Lancaster National would increase Lancaster National's share of IPC demand deposits from 30 to 43 percent within the county as a whole. However, any anticompetitive effects are likely to be moderated by the distance between the merging banks, their very small sizes, and the small population in their service areas.

* * *

CUMBERLAND COUNTY NATIONAL BANK AND TRUST COMPANY, NEW CUMBERLAND, PA., AND FARMERS' AND MERCHANTS' BANK, NEW OXFORD, PA.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Farmers' and Merchants' Bank, New Oxford, Pa., with	$6, 642, 670	1	
and Cumberland County National Bank and Trust Company, New Cumberland, Pa. (14542), which had	78, 126, 590	9	
merged May 1, 1968, under charter and title of the latter bank (14542). The resulting bank at date of merger had	84, 769, 260		10

COMPTROLLER'S DECISION

On January 5, 1968, the Farmers' and Merchants' Bank, New Oxford, Pa., with IPC deposits of $5.3 million, and the Cumberland County National Bank and Trust Company, New Cumberland, Pa., with IPC deposits of $61 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

New Cumberland, with a population of 6,200, is situated in the eastern portion of Cumberland County on the west bank of the Susquehanna River opposite Harrisburg, the State capital. Although the area is primarily residential in nature, industry and commerce continue to expand in the county.

New Oxford, essentially a diversified farming community located in Adams County, has a population of 1,600. Its trade area population is 4,600. A number of small, local plants employ 500 persons in diversified fields.

The Cumberland County National Bank and Trust Company was organized as a State bank in 1904 and converted to a National bank in 1946. It now operates seven branches and two military facilities. The principal area served by this bank is the eastern half of Cumberland County and the northwestern sector of adjoining York County. This area has an estimated population of approximately 259,000. The charter bank's largest commercial competitors are the $236 million National Bank and Trust Company of Central Pennsylvania, York, Pa., and the $160 million Harrisburg National Bank and Trust Company, Harrisburg, Pa.

The merging Farmers' and Merchants' Bank was incorporated in 1900. Operating no branches, it performs all banking functions at the New Oxford location. Competition for this bank derives from the $26 million Bank of Hanover and Trust Company and the $28 million Farmers Bank and Trust Company, both of which are located 8 miles south in Hanover.

Competition between the participating banks appears to be virtually nonexistent. Their service areas neither overlap nor are they contiguous. The merging bank is approximately 31 miles south of the charter bank's main office and 19 miles from its closest branch office in Dillsburg.

Approval of this merger will be substantially beneficial to both banks and to both communities. The charter bank's increase in size will enable it to meet competition from the larger outside banks operating within its service area, while the introduction of a larger bank in the New Oxford area capable of making loans in excess of the present limit of $55,000 will provide stronger competition there. Effectuation of the proposal will also make available trust services to present customers of Farmers' and Merchants' Bank and should improve the charter bank's earnings.

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

MARCH 18, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Cumberland County National Bank (CCNB), with 10 branches and $63.9 million in deposits, proposes to merge with the Farmers' and Merchants' Bank (F&MB), a unit bank with deposits of $5.3 million.

The head office of CCNB is located in the eastern part of Cumberland County (1960 population 124,816) in an expanding urban area across the Susquehanna River from Harrisburg; F&MB is located at New Oxford in the central part of Adams County (1960 population 51,906), which borders Cumberland County to the south.

CCNB, a moderately large bank with a market share of approximately 35 percent of IPC demand deposits in Cumberland County, will be absorbing a relatively small bank (F&MB), with an 8 percent market share in its own county (Adams County). The nearest branch office of CCNB is 19 miles from F&MB, with numerous intervening banking alternatives, and the head offices of the merging banks are 31 miles apart. It is therefore unlikely that any considerable direct competition now exists between them.

Since Adams County is directly contiguous to Cumberland County in which CCNB has its head office, CCNB would be permitted under Pennsylvania law to enter Adams County by *de novo* branching. Accordingly, the proposed merger would eliminate CCNB as a potential independent entrant. However, we do not view this as a serious competitive loss for two reasons. First, Adams County is served by a considerable number of banking alternatives, 11 banks with 15 offices, a fairly large number of banks for a county with its population. Secondly, the acquired bank does not have a large market share; accordingly, we view the situation quite differently than we would if CCNB were acquiring one of the largest banks in the market.

* * *

First Union National Bank of North Carolina, Charlotte, N.C., and The National Bank of Alamance of Graham Graham, N.C., and Queen City National Bank, Charlotte, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First Union National Bank of North Carolina, Charlotte, N.C. (9164), with	$794, 118, 610	104	
and The National Bank of Alamance of Graham, Graham, N.C. (8844), with	15, 666, 900	3	
and Queen City National Bank, Charlotte, N.C. (15650), which had	258, 700		
merged May 4, 1968, under charter of the latter bank (15650) and with title "First Union National Bank of North Carolina." The resulting bank at date of merger had	807, 535, 510		107

COMPTROLLER'S DECISION

On January 10, 1968, the First Union National Bank of North Carolina, Charlotte, N.C., with IPC deposits of $556.8 million, and The National Bank of Alamance of Graham, Graham, N.C., with IPC deposits of $11.1 million, applied to the Comptroller of the Currency for permission to merge into the Queen City National Bank (organizing), Charlotte, N.C., under the charter of the latter bank and with the title "First Union National Bank of North Carolina."

Queen City National Bank on the date of this decision was in the process of organization. Prior to the effective date of this merger, the bank will have no deposits and no loans and, for the purposes of this application, the Queen City National Bank is not considered to be in competition with any other commercial bank or other financial institution.

First Union National Bank, following an aggressive policy, has grown from $74 million in total resources in 1955 to its present size of $753 million in total resources, thereby becoming the third largest commercial bank in North Carolina. This bank is headquartered in Charlotte, the financial and distribution center of the State. Located in the south-central Piedmont section of North Carolina, Charlotte is one of the State leaders in manufacturing and boasts the highest retail sales totals in the two Carolinas. The bank presently operates through 106 offices in 49 communities. Principal competition for this bank derives from the $1.35 billion Wachovia Bank and Trust Company operating 102 offices in 38 communities, the $1 billion North Carolina National Bank operating 76 offices in 16 communities, and the First and Citizens Bank and Trust Company operating 100 offices in 48 communities. Competition is also provided by the strong regional systems of the $364 million Northwestern Bank and the $184 million Branch Bank and Trust Company.

The National Bank of Alamance of Graham is located in the north-central portion of the State approximately 117 miles from the head office of First Union. Graham, the county seat of Alamance County, has a population of approximately 7,723 people and a service area population of approximately 85,674 people. The town of Graham is adjacent to the city of Burlington, whose 1960 population was 33,139. The Graham-Burlington area is heavily industrialized with over 50 percent of the county's work force employed in manufacturing and only 4 percent of the work force agriculturally employed. The textile and apparel industries provide the major employment for the area.

The National Bank of Alamance, established in 1899 as a State bank, presently operates three offices. Its primary competition derives from the six other commercial banks operating 19 offices throughout Alamance County. These include the Wachovia Bank and Trust Company, the North Carolina National Bank, and the Northwestern Bank. In addition, the banks receive competition for the savings and real estate dollar from the five savings and loan associations in Alamance County.

No competition will be eliminated by consummation of this proposed merger. With their closest offices some 21 miles apart, the convenience factor precludes them from competing for retail deposits. First Union National Bank has not yet entered the Graham-Burlington market.

The effect of this merger on potential competition is more illusory than real. Since the State statutes permit statewide *de novo* branching, it would appear that First Union National Bank could reasonably be expected to enter the Graham-Burlington market via that route. The facts, however, contradict this. When, in 1965, another bank sought to establish a *de novo* branch in Graham, an injunction was sought and obtained in the United States District Court for the Middle District of North Carolina. Judge Stanley, after conducting a trial on the issues, found, *inter alia:*

> The record further establishes that the Graham-Burlington service area is already considerably over-banked.

and

> Finally, the evidence fails to establish that it would be economically feasible to establish an additional bank in Graham at this time. The slow population growth of Graham, coupled with the large number of Graham citizens working and trading in Burlington, and the deposit trends of the National Bank of Alamance during the past thirteen years, tend to show it would not be in the public interest to establish another bank in Graham.

In the light of this clear adjudication, it is manifest that the opportunities for potential competition through *de novo* branching into the Graham-Burlington market are presently nonexistent.

Applying the statutory criteria, it is found that this proposal will not substantially lessen competition, but will promote the public interest. The merger is, therefore, approved.

April 1, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First Union National Bank, the third largest in North Carolina, operates 101 banking offices throughout the State. Since 1958, it has acquired 15 other banks which, when acquired, had aggregate deposits of $202 million and 58 banking offices. As of October 31, 1967, First Union National Bank had total assets of $760 million, total deposits of $669 million, and net loans and discounts of $424 million.

The National Bank of Alamance operates three offices in Alamance County: two in Graham (population 7,723) and one in Mebane (population 2,364), 9 miles from Graham. As of October 31, 1967, it had total assets of $14 million, total deposits of $13 million, and net loans and discounts of $6.4 million.

Graham adjoins Burlington (population 33,199), and the two cities constitute a single trading area. Four of the State's eight largest banks (including the two largest) have branches in Burlington, and the largest has a branch in Graham.

The head offices of the merging banks are 117 miles apart, and the nearest First Union office to Graham is 21 miles distant. At present, there appears to be little, if any, direct competition between the merging banks. The proposed merger would, however, eliminate potential competition; First Union, having already established over 40 *de novo* branches, would appear to be a likely entrant through *de novo* branching into the Graham-Burlington area. However, this potentiality is somewhat diminished by the present competitive structure of this market and the slow growth of the area.

* * *

Central National Bank of Jacksonville, Jacksonville, Fla., and Marine National Bank of Jacksonville, Jacksonville, Fla.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Central National Bank of Jacksonville, Jacksonville, Fla. (14744), with	$12,864,175	1	
was purchased May 27, 1968, by Marine National Bank of Jacksonville, Jacksonville, Fla. (15653), which had	1,500,000	1	
After the purchase was effected, the receiving bank had	13,609,761		1

COMPTROLLER'S DECISION

Marine National Bank of Jacksonville, a newly organized bank, has applied for permission to purchase the assets and assume the liabilities of Central National Bank of Jacksonville, Jacksonville, Fla.

In order to facilitate this transaction, the Federal Deposit Insurance Corporation has agreed to make a loan to Central National Bank of Jacksonville to be secured by certain assets of Central which are not acceptable to Marine.

In view of the fact that Central National Bank of Jacksonville has suffered losses in an amount which exceeds its capital, we find that the proposed purchase and sale will be in the public interest and it is hereby approved effective on or after May 25, 1968. Since the transaction will prevent the probable failure of Central National Bank of Jacksonville, advisory reports on the competitive factor have not been requested.

MAY 23, 1968.

* * *

SOUTHERN CALIFORNIA FIRST NATIONAL BANK, SAN DIEGO, CALIF., AND BELLFLOWER NATIONAL BANK, BELLFLOWER, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bellflower National Bank, Bellflower, Calif. (15484), with	$10, 231, 228	2	
and Southern California First National Bank, San Diego, Calif. (3050), which had	534, 007, 753	39	
merged June 6, 1968, under charter and title of the latter bank (3050). The resulting bank at date of merger had	544, 238, 981		41

COMPTROLLER'S DECISION

On December 4, 1967, Southern California First National Bank, San Diego, Calif., with IPC deposits of $370 million, and Bellflower National Bank, Bellflower, Calif., with IPC deposits of $7 million, applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

San Diego, California's third largest city, is a Pacific port city with a population of about 683,000. It is the seat and the financial and commercial center of San Diego County, which is the second most populous county in California. The economy of the San Diego area is highly diversified in agriculture, manufacturing, foreign and domestic finance, and service industries. In the years between 1940 and 1960, the area experienced a rate of growth faster than that of California as a whole. Projections for future growth are good.

The Southern California First National Bank, organized in 1883, presently operates 31 branch offices in San Diego County, which constitutes its primary service area. Through recent efforts to extend its service area in Southern California, it has acquired four banking offices in Orange County and three in Los Angeles County. It has no offices closer to the Bellflower National Bank than its branch in Huntington Beach, Orange County, which is about 22 miles to the southeast. Intense banking competition prevails in the service areas of the charter bank in Southern California provided by the many commercial banks and the various other financial institutions operating therein. The principal competitors are six of the eight largest commercial banks in the State. The proposed merger will not change the position of the bank in respect to these large competitors in either the San Diego or the Los Angeles area.

Bellflower, which is the home of the merging bank, is situated approximately 20 miles to the southeast of downtown Los Angeles. Bellflower, with a population of about 56,000, and the adjacent communities of Lakewood and Norwalk, are primarily residential with service and commercial facilities. Their basic economic support is derived from industries located in other communities within the Los Angeles metropolitan area.

The merging Bellflower National Bank, organized in 1965, presently operates one branch office in Lakewood and has received approval to establish another branch in Norwalk. There are presently 57 offices of 15 banks competing in the Bellflower-Lakewood-Norwalk area, including offices of the Bank of America National Trust and Savings Association, with 43 percent of total commercial bank deposits in the area, Security First National Bank, with 24 percent of total area deposits, and First Western Bank and Trust Company, with 7 percent of total area deposits. The resulting bank will have about 2 percent of the total deposits in this area.

Because of the distance separating the participating banks and the difference in their size, there is no competition between them to be affected by this merger. The addition of $7 million of IPC deposits to the charter bank will have little effect on competition in the areas served by this bank.

Consummation of this merger will have publicly beneficial effects in the Bellflower-Lakewood-Norwalk area; it will introduce another aggressive bank with greater resources better able to compete with the large banks now operating there. The resulting bank will provide the residents of this area with a new alternative source for broader services.

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

MARCH 25, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Prior to 1967, all of Southern California Bank's offices were located in San Diego County, some 109 miles from Bellflower, Calif. However, through its three 1967 acquisitions, Southern California Bank acquired three offices in Los Angeles County and four offices in Orange County.

Bellflower National's offices are located about midway between the offices of Southern California Bank in West Los Angeles (about 28.5 miles northwest of Bellflower) and those in Orange County (about 22 miles southeast of Bellflower). The closest offices of the merging banks are 22 miles apart. The distances between the banks involved in the proposed merger are substantial, and there are numerous offices of other and larger California banks in the extensively developed intervening area. Thus, the amount of direct competition between Southern California Bank and Bellflower National would seem to be very limited.

The proposed merger, like Southern California Bank's 1967 acquisitions, may result in some loss of potential competition. Southern California Bank's interest in expanding northward from San Diego County is apparent from its very recent acquisition of two independent banks in Orange and Los Angeles Counties. It seems a possible potential entrant particularly into the fast growing Bellflower residential area of Los Angeles, which is located almost midway between Southern California's offices in West Los Angeles, about 28½ miles to the northwest and Southern California's offices in Orange County, 22 miles southeast. Thus, the proposed merger may involve some lessening of potential competition.

* * *

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, SAN FRANCISCO, CALIF., AND THE NEW ST. CROIX SAVINGS BANK, CHRISTIANSTED, ST. CROIX, U.S. VIRGIN ISLANDS

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The New St. Croix Savings Bank, Christiansted, St. Croix, U.S. Virgin Islands, with	$2, 135, 676	2	2
was purchased June 17, 1968, by Bank of America National Trust and Savings Association, San Francisco, Calif. (13044), which had	18, 096, 082, 367	—	—
After the purchase was effected, the receiving bank had	18, 098, 218, 043	—	—

COMPTROLLER'S DECISION

On March 14, 1968, the Bank of America National Trust and Savings Association, San Francisco, Calif., with IPC deposits of $13 billion, applied to the Comptroller of the Currency for permission to purchase the assets and assume the deposit liabilities of The New St. Croix Savings Bank, Christiansted, St. Croix, U.S. Virgin Islands.

The purchasing bank is headquartered in San Francisco, Calif., and operates an extensive domestic branching system in the State of California. Although it operates some 63 foreign branches, including 13 in Europe, 16 in the Far East, 10 in Southeast Asia, three in the Middle East and Africa, and 21 in Latin America, at present it has no branches in the Virgin Islands.

The New St. Croix Savings Bank, with deposits of $1.9 million, maintains its head office in Christiansted and operates one branch in Frederiksted, 15 miles from the main office. Although this bank is authorized to engage in a general commercial banking business, it has, by its articles, limited its functions to those of a mutual savings institution. It serves a community whose economy rests almost entirely upon tourism, agriculture, and cattle raising. Of late, some industry has moved into its service area.

Banking competition in the Virgin Islands is keen; there are offices of five other banks in addition to The New St. Croix Savings Bank, which is the smallest and only locally chartered bank. These are the Virgin Islands National Bank, a wholly owned affiliate of the First Pennsylvania Banking and Trust Company, Philadelphia, Pa.; The Chase Manhattan Bank, N.A., New York City; the First National City Bank, New York City; The Bank of Nova Scotia, Halifax, Nova Scotia, Canada; and Barclays Bank, D.C.O., London, England. The substitution of a branch of the Bank of America for The New St. Croix Savings Bank will not change the number of banking alternatives.[1] Clearly this proposal will neither eliminate any existing competition nor can it be said to affect potential competition, in view of the well-banked condition of the Virgin Islands.

[1] By letter dated May 2, 1968, the Federal Reserve Board indicated to the Comptroller of the Currency that it was prepared to approve the operation of the offices of the selling bank as branches of the buying bank.

The proposal will, therefore, increase banking competition, and will have the salutary effect of resolving the internal problems that have vexed the management of The New St. Croix Savings Bank.

This proposal, which clearly serves the public interest without adversely affecting banking competition, is, therefore, approved.

May 7, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Bank of America, the Nation's largest bank in terms of assets, had a net operating income of $202 million in 1967. St. Croix Savings has operated at a loss in recent years and its capital account is virtually exhausted. The Federal Deposit Insurance Corporation has recommended that appropriate remedial action be instituted.

Bank of America has no office of any type in the Virgin Islands, and St. Croix Savings apparently has no office or representative in any city in the United States.

We believe that the proposed merger is unlikely to have any significant adverse effect on banking competition.

* * *

County National Bank, Middletown, N.Y., and The First National Bank of Woodridge, Woodridge, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Woodridge, Woodridge, N.Y. (11059), with	$7, 189, 025	2	
and County National Bank, Middletown, N.Y. (13956), which had	140, 779, 142	24	
merged June 28, 1968, under charter and title of the latter bank (13956). The resulting bank at date of merger had	147, 968, 167		26

COMPTROLLER'S DECISION

On March 25, 1968, The First National Bank of Woodridge, Woodridge, N.Y., with IPC deposits of $6 million, and the County National Bank, Middletown, N.Y., with IPC deposits of $101 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The two offices of the merging banks are located in Sullivan County, which lies in the Catskill Mountains in southeastern New York State on the border with Pennsylvania. The county has a population estimated at 45,000, and an economy chiefly supported by tourism and the poultry industry. Both of these industries are undertaking a much needed modernization and expansion of their physical facilities.

The First National Bank of Woodridge was organized in 1917 and now operates a branch office at Rock Hill, a small town lying about 6 miles southwest of Woodridge. Woodridge, in which the main office of the merging bank is located, has a permanent population estimated at 1,100, which increases greatly during the summer months. The merging bank, under conservative management, has not been responsive to the banking needs of its community and has developed an unfavorable trend in earnings.

The County National Bank was organized in 1934 and now operates 23 offices, one of which is located in Sullivan County, with the remainder in adjoining Orange and Dutchess Counties. The bank also has six approved but as yet unopened branches. The main office of the charter bank is located in the city of Middletown, which, with a population estimated at 25,000, lies in Orange County on New York State's southern border with New Jersey.

While banking competition in Sullivan County is keen, there is no significant competition between the participating banks. Now doing business in the county are the Marine Midland Bank of Southeastern New York, Poughkeepsie, N.Y., with deposits of $127 million, which maintains branches in South Fallsburg and Woodbourne, both of which are approximately 5 miles from Woodridge; The County Trust Company, White Plains, N.Y., with deposits of $804 million, which maintains a branch in Monticello, about 12 miles southwest of Woodridge; the Sullivan County National Bank of Liberty, Liberty, N.Y., with deposits of $30 million and five offices in Sullivan County; and the National Union Bank of Monticello, Monticello, N.Y., with deposits of $16 million and two offices in Sullivan County. The nearest office of the charter bank to the merging bank is the South Fallsburg branch of the County National Bank, 5 miles west of Woodridge. Because of its size and unaggressive management, the merging bank has offered little competition to the charter bank. Consummation of this merger, instead of lessening competition in Sullivan County, will stimulate it.

This merger will benefit the residents of Sullivan County by substituting for The First National Bank of Woodridge a larger, more aggressive bank offering a full range of banking services. The resulting bank will be able to participate in the modernization and improvement of the county's economy to a greater degree, and more effectively, than can the merging bank. By surrendering to the receiving bank, First National will find a ready solution for the many problems that have plagued it, without detriment to its customers' interests.

Applying the statutory criteria, we find that this merger is in the public interest. The application to merge is, therefore, approved.

MAY 20, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

County National has its main office in Middletown, Orange County, N.Y., 45 miles northwest of New York City and operates its 23 banking offices in three contiguous counties (12 in Orange County; 10 in Dutchess County; and 1 in Sullivan County). Since 1955, County National has acquired eight other banks with 17 banking offices whose aggregate deposits at time of acquisition totaled $60.5 million.

During the past 3 years First National has experienced a decline in deposits, loans, and net operating income. First National has its home office and branch office in Sullivan County, N.Y. With County National's office in Sullivan County 4.7 miles from the home office of First National, there would appear to be some direct competition between the banks which will be eliminated by the merger.

There are nine commercial banks with a total of 21 offices in Sullivan County, whose entire population was under 50,000 in 1960. First National has 6 percent of the county's total deposits and County National has another 2 percent. Combined, the merged bank would possess only about 8 percent of Sullivan County deposits, and three of its 21 banking offices.

We do not consider that this particular merger—which seeks to join a relatively small and not recently successful bank with a large bank doing business primarily in adjacent counties—presents any serious competitive problems.

* * *

THE HOWARD NATIONAL BANK AND TRUST COMPANY, BURLINGTON, VT., AND MONTPELIER SAVINGS BANK AND TRUST COMPANY, MONTPELIER, VT.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Montpelier Savings Bank and Trust Company, Montpelier, Vt., with	$13, 222, 077	2	
and The Howard National Bank and Trust Company, Burlington, Vt. (1698), which had	96, 050, 667	12	
merged June 28, 1968, under charter and title of the latter bank (1698). The resulting bank at date of merger had	109, 272, 744		14

COMPTROLLER'S DECISION

On August 4, 1967, The Howard National Bank and Trust Company, Burlington, Vt., and the Montpelier Savings Bank and Trust Company, Montpelier, Vt., filed an application with the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The Howard National Bank and Trust Company was chartered in 1870. It now holds IPC deposits of $66.5 million in its main office and 10 branches located in the northern and west-central parts of the State. The main office is in Burlington, on the eastern shore of Lake Champlain, which, with a population of 41,000, is Vermont's largest city. The economy of this area is well diversified as it draws support from agricultural and industrial activity. Some major plants of nationally known companies are located in Burlington. Tourism and educational institutions provide additional sources of employment.

The Montpelier Savings Bank and Trust Company was chartered in 1870 and presently holds IPC deposits of about $8.8 million. Its main office is located in Montpelier, the State capital, which, with a population of 8,500, is near the center of the State. The merging bank's only branch is in Waitsfield, with a population of 700, which lies about 19 miles southwest of Montpelier. There is little industry in Montpelier. The economy is supported largely by the offices of the State Government, although additional numbers of the city's residents are employed in the offices of several insurance companies. The development of ski resorts in the Montpelier area has provided additional employment, and the town of Barre, located 7 miles to the southeast of Montpelier, is the center of Vermont's granite industry.

There is no competition between the merging banks. The closest offices of the two banks are 24 miles apart. Consummation of the merger will not alter significantly the competitive relationship of the banks in the service area of the charter bank. The resulting bank will continue to face intense competition from the largest commercial bank in Vermont, the Chittenden Trust Company, with assets of $87 million, and the Burlington Savings Bank, with assets of $129 million, and many other commercial banks, savings institutions, and credit unions. Additional competition is felt from several large metropolitan banks located outside the State. In Montpelier, the resulting bank will compete more effectively with the Montpelier branch of the Chittenden Trust Company, and with The Montpelier National Bank, which has assets of $16 million.

On consummation of this merger, the public in the Montpelier area will benefit from the availability of a larger lending limit and a wider range of banking services, including full trust services, consumer and dealer financing, data processing facilities, and management continuity.

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

APRIL 29, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Howard National Bank and Trust Company ("Howard National"), the second largest of 46 banks in Vermont, proposed to acquire the Montpelier Savings Bank and Trust Company ("Montpelier Savings"), the State's 14th largest bank.

Howard National, which is headquartered in Burlington (Chittenden County), operates 11 offices in five counties in northern and central Vermont. Montpelier Savings has two offices—19 miles apart—in Washington County in north-central Vermont. Montpelier Savings is the fifth largest of nine banks in Washington County and holds about 11 percent of total deposits in the county. Howard National has no offices in Washington County and its closest office to either of Montpelier Savings offices is 24 and 43 miles distant from them, respectively. The head offices of the merging banks are 37 miles apart.

There is one bank in the area between the merging banks' closest offices. In the circumstances, there would appear to be relatively little direct competition between the merging banks.

Since unrestricted branching is permitted throughout Vermont, Howard National could enter the Montpelier area by *de novo* branching, or Montpelier Savings could enter Chittenden, Orleans, Caledonia, Rutland, or Franklin Counties. Thus, the proposed merger would foreclose each bank as a source of potential competition in the area presently served by the other.

* * *

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of the Southwest, Midland, Tex., with	$5, 221, 294	1	
and The Midland National Bank, Midland, Tex. (6410), which had	64, 406, 993	1	
merged June 28, 1968, under charter of the latter bank (6410) and title "The Midland National Bank, Midland, Texas." The resulting bank at date of merger had	69, 628, 288		1

COMPTROLLER'S DECISION

On April 17, 1968, The Midland National Bank, Midland, Tex., with IPC deposits of $49 million, and the Bank of the Southwest, Midland, Tex., with IPC deposits of $3.6 million, applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title "The Midland National Bank, Midland, Texas."

Midland, the county seat and only city in Midland County, has a population of approximately 67,000 people. The city, located in the west-central portion of the State, is situated in the heart of an important oil field known as the Permian Basin. It is also the headquarters for a large ranching and farming area. Prior to the time oil was discovered in this area, Midland was a small town principally supported by the cattle industry. Following World War II, however, oil and gas production became the largest industry in the area, having reached a sales peak of $65 million in 1962. It now accounts for approximately $50 million of sales annually. Light manufacturing and related oil field service companies account for approximately 30 percent of the gross annual sales in the city. In contrast to the booming period in Midland following the discovery and development of petroleum, the oil business in the Permian Basin today has become one of static production, maintenance, and administration, because of the rise in oil imports and the lack of attractive oil and gas development areas. The city of Midland experienced a sharp population growth from 21,700 in 1950 to 62,600 in 1960. Its population growth rate has, however, subsequently slowed to where the 1967 population is estimated at 67,000.

The Bank of the Southwest, the merging bank, was organized in 1964 as the First State Bank and, subsequently, changed its name to its present title in 1967. Its organization was the subject of a dispute by numerous local citizens, because of a contest between two separate groups in seeking a charter. The charter was finally granted to outside interests and, as a result, full acceptance of the bank by the community failed to materialize, thereby blighting the bank's struggle for existence from the beginning.

The local controversy over its chartering has resulted in slow deposit growth and weak earnings for the Bank of the Southwest. In 1967, its net operating income was $26,900, following an earnings loss in 1966 of $29,800. During the organization of the bank it was projected that it would have $10 million in deposits after 3 years of operation; it has been able to develop only $4.2 million in deposits in 4 years and presently suffers from a substantial operating deficit.

In 1968, the bank acquired total ownership of the building in which it maintains offices in an effort to establish a local image and to attempt to increase bank earnings from building income. Although this has permitted the bank to operate with a small income, the investment of a large part of its capital in building equity to accomplish its purpose was an unusual maneuver and represents a rather unique undertaking based upon the size of the bank.

Ownership of the modern nine-story office building originated as a joint adventure between an investor and an affiliate of the merging bank. The affiliate subsequently became sole owner of the building, subject to a mortgage of $1,650,000, and transferred its interest in the building and rental leases to the merging bank without its having assumed the mortgage indebtedness. The Bank of the Southwest is, however, committed to a 30-year lease rental contract for office space in the building at $25,000 annually. As a consequence, the Bank of the Southwest is a corporation more deeply engaged in real estate operations than in commercial banking.

It is noted that, although the acquisition of the building and the attendant rental income therefrom has contributed to the bank's operating income figure, it is surprising to realize that the bank is currently earning substantially all of its profit from the operation of a nonbanking service. Because the bank is presently on a mixed cash and accrual accounting basis, this alleged profit would disappear if a straight accrual method were followed.

The charter bank, The Midland National Bank, was chartered in 1902 as the Odessa National Bank, Odessa, Tex., and in 1903 was relocated to Midland and acquired its present title. During the oil and gas boom immediately following World War II, the bank enjoyed excellent deposit growth. The rate of growth, however, has tapered off in recent years as evidenced by the fact that the bank has only experienced a $5 million increase in deposits in the last 5 years. This rate of growth is not encouraging when it is understood that total bank deposits in Midland have increased by $110 million in the last 10 years.

The banking needs of the local economy are presently served by the subject banks and two other local banks: the $140 million First National Bank and the $24 million Commercial Bank and Trust Company. Three savings and loan associations also located in the city have combined resources of $70 million.

Approval of this application will not change the relative positions of the local banks, except that the merging bank, in last place, will disappear. The resulting bank will be a $53 million institution and will control 31 percent of the loans, down from a high of 34 percent in 1962, and 29.6 percent of the deposits in the area, an increase of 2.2 percent and 1.9 percent in the respective categories. It will thus remain substantially behind the First National Bank, which controls 59.3 percent of the loans and 61.1 percent of the IPC deposits in the area.

The history of the Bank of the Southwest, since its organization, clearly demonstrates that it is not a significant competitive force in the local banking structure. Despite its desire to compete for loans and deposits, it has not succeeded in 4 years. Thus, its disappearance from the local scene through this merger cannot realistically be viewed as substantially lessening banking competition.

The failure of the Bank of the Southwest to reach its original projections for growth and its inability to operate profitably after 4 years of operations raise the question of whether there is a need for this bank in the community. This bank is the only bank in Midland without trust powers, which has prevented it from tapping the apparent source of wealthy trust customers in the area. The merger will not only provide trust department services to customers of the merging bank, but will also make available the charter bank's competent petroleum engineering staff. The merging bank's inability to grow substantially and to generate sufficient earnings has also prevented it from establishing a bank pension plan or other employee-type benefit programs. The resulting bank, with an increased lending limit, could more effectively compete for the larger oil and commercial loans in the area, which is of particular importance when it is noted that the charter bank currently has $8 million in loan participations.

While consummation of this merger will not increase the size of the acquiring bank significantly, it will enable it to offer somewhat more effective competition to the larger First National Bank. It will further strengthen the capital of the resulting bank and provide additional resources for growth and earnings, as well as provide depth in sound management. Above all, it will resolve the problems now facing the merging bank and provide added protection to that segment of the public that patronizes it.

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

May 29, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The merging banks are in Midland (population, 67,000), located about 260 miles west of the Fort Worth-Dallas area in the heart of the Permian Basin oil field. The largest industry in the area is the production of oil and gas, accounting for about $50 million in annual sales.

The two merging banks are located within one or two blocks of each other in downtown Midland. It seems clear that they are in direct competition with each other for most types of commercial banking business other than trust business, which Southwest Bank does not offer. The proposed merger would eliminate all existing competition between the participating banks.

Midland County is served by four commercial banks, all located in the city of Midland. As of December 31, 1967, the largest, the First National Bank of Midland (total deposits, $132.8 million) had 59.9 percent of total county deposits. The two merging banks had 28.4 percent and 2 percent respectively, while the third largest bank, Commercial Bank and Trust Company (total deposits, $21.6 million) had 9.7 percent of total county deposits.

Thus, this merger will increase the share of the second largest bank to 30.4 percent and increase the share of the two largest banks to over 90 percent of total county deposits. Moreover, since Texas law forbids branch banking, the only means to decrease concentration in this market is by establishing a new bank or internal expansion of the smaller existing banks.

The proposed merger would eliminate direct, existing competition between the merging banks, increase concentration, and eliminate the most recent entrant of only four banks serving a relatively large market that has demonstrated strong growth in the past.

The competitive effects of this proposed merger would be significantly adverse.

* * *

VIRGINIA NATIONAL BANK, NORFOLK, VA., AND FARMERS AND MERCHANTS BANK OF LAWRENCEVILLE, LAWRENCEVILLE, VA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Farmers and Merchants Bank of Lawrenceville, Lawrenceville, Va., with	$18, 912, 595	4	
and Virginia National Bank, Norfolk, Va. (9885), which had	680, 855, 421	73	
merged June 28, 1968, under charter and title of the latter bank (9885). The resulting bank at the date of merger had	*705, 731, 615		*78

*Includes the National Bank of Woodstock, Woodstock, Va.

COMPTROLLER'S DECISION

On April 5, 1968, the Virginia National Bank, Norfolk, Va., and the Farmers and Merchants Bank of Lawrenceville, Lawrenceville, Va., applied to the Comptroller of the Currency for prior permission to merge under the charter and with the title of the former.

The charter bank, Virginia National Bank, is located in Norfolk, but operates its 75 offices primarily in 36 small towns dispersed throughout southern and central Virginia. The bank, with IPC deposits of $495 million, has a long history of providing financial resources and diversified modern banking services to the nonurban areas of Virginia.

The merging bank, the Farmers and Merchants Bank of Lawrenceville, is the only bank chartered in Brunswick County. This bank has IPC deposits of $13.5 million and operates three branches in the county.

As the closest branches of applicant banks are 33 miles apart, there appears to be little, if any, competition between them. Competition is provided to the merging bank, however, from six banks or branches thereof within a radius of 25 miles of Lawrenceville, including branches of two large banks, The Fidelity National Bank, Lynchburg, and the Bank of Virginia, which is headquartered in Richmond.

Although the merging bank has historically been a sound and profitable operation, the poor and static condition of the county's economy and its dim prospects for growth preclude efforts on the part of the merging bank to increase its capital and to modernize its operations. The merger will provide needed resources and services to the county without endangering competition. State law, which precludes the charter bank from branching into Brunswick County, prevents potential competition in the county, except by newly chartered banks.

The proposal appears to be in the public interest and without adverse competitive effects. This merger is, therefore, approved.

MAY 29, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Virginia National Bank, the second largest bank in Virginia, has, since 1963, acquired 15 banks in various parts of Virginia, and now operates offices in 37 communities.

Farmers and Merchants Bank is the only bank with offices in Brunswick County. The head offices of the merging banks are approximately 90 miles apart. The office of VNB closest to Brunswick County is in Victoria, approximately 22 miles northwest of Farmers and Merchants' branch in Alberta and about 26 miles northwest of its head office in Lawrenceville. In view of the distances involved, it would appear that there is no significant direct competition currently existing between the merging banks.

Under Virginia branch banking law neither VNB, nor any other existing Virginia bank, can open a *de novo* branch in Brunswick County. However, looking at the situation more broadly, acquisition of an apparently prospering institution, with a monopoly market position by the second largest bank in the

State, may tend to deter *de novo* entry of potential competitors into Brunswick County and the development of a more competitive banking structure there.

Moreover, the acquisition would eliminate a banking institution that might serve as a future source of increased competition for VNB in a State or regional market, if not by internal growth, at least by affiliation with one or more smaller Virginia banks.

* * *

VIRGINIA NATIONAL BANK, NORFOLK, VA., AND THE NATIONAL BANK OF WOODSTOCK, WOODSTOCK, VA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The National Bank of Woodstock, Woodstock, Va. (11941), with	$6, 023, 401	1	
and Virginia National Bank, Norfolk, Va. (9885), which had	680, 855, 421	73	
merged June 28, 1968, under charter and title of the latter bank (9885). The resulting bank at the date of merger had	*705, 731, 615		*78

*Includes Farmers and Merchants Bank of Lawrenceville, Lawrenceville, Va.

COMPTROLLER'S DECISION

On April 15, 1968, The National Bank of Woodstock, Woodstock, Va., and the Virginia National Bank, Norfolk, Va., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The Virginia National Bank, Norfolk, Va., with IPC deposits of $495.1 million, operates 75 offices widely scattered in 37 different communities across southern and central Virginia. Originally chartered as a State bank in 1867, it converted to a National bank in 1870. It opened numerous branches in Norfolk, and, following amendment of the Virginia branching statute in 1962 to permit statewide branching by merger, it pursued a policy of aggressive expansion by merger, which today ranks it as second largest bank in the State, with over $665 million in total resources. It is a full-service institution offering a wide variety of banking services to its various classes of customers in the widely scattered regions where it operates. Virginia National's management is experienced, well-regarded, and has good depth. Its capital position is strong and its profits over the last several years have been good.

Woodstock, Va., with a population of 2,400, is the home of the merging National Bank of Woodstock and the county seat of Shenandoah County. Shenandoah County, located 70 miles due west of Washington, D.C., is the trade area of the merging National Bank of Woodstock. This county, which covers 507 square miles and has a population of 23,000, borders on West Virginia almost at the apex of the State. The county's economy is predominantly agricultural, with poultry farming, livestock, timber, and dairy products its chief sources of income. Adjacent to the Shenandoah National Park, which encompasses a part of the million acre George Washington National Forest and cut by both forks of the Shenandoah River, the county also has a partially realized capability as a mountain resort area. The town of Woodstock is its principal retail area.

The National Bank of Woodstock, with IPC deposits of $4.6 million, is a unit bank chartered in 1921. In view of its upward trend in deposits and low earnings, the bank's capital structure is considered to be inadequate. Its management is unaggressive. Because of management's conservatism, the bank's future earnings prospects are not considered favorable. The National Bank of Woodstock competes in its trade area with six banks having eight offices. In Woodstock it competes with a branch of the Massanutten Bank of Shenandoah Valley, N.A., Strasburg, Va., a subsidiary of First Virginia Bankshares Corporation, one of the largest banking institutions in the State. This competitor holds 50 percent of all bank deposits in the county; almost three times the amount held by the merging bank. Other banks, with which it competes in the county, include the Peoples Bank, Mount Jackson, also a subsidiary of First Virginia Bankshares, and the much larger First National Bank of Strasburg. The nearest branch of the Virginia National Bank is 40 miles away across the Shenandoah River, the Massanutten Mountains, and the George Washington National Forest, at Shenandoah in Page County.

The effect of the merger would be to make available to the residents of Shenandoah County a larger, stronger, more aggressive bank possessing a larger lending limit, trust services, larger resources for local installment and consumer-type credit, and other specialized services. It will also supply the merging bank, which, following the merger, will be a branch of the resulting bank, with management resources, as well as other economies of scale, to enable it to operate generally more efficiently and effectively.

The merger will introduce a much stronger and more effective competitive banking force into Woodstock and Shenandoah County. The resulting bank should, for the first time, provide some effective competition for the Massanutten Bank of Shenandoah Valley. The merger will have no competitive effect in the other areas of the State in which Virginia National Bank operates and will leave unchanged its current position as second largest bank in Virginia. Since the closest existing offices of the two banks are 40 miles apart, there is no present competition between the two banks to be eliminated by the merger.

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

MAY 29, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Virginia National Bank ("VNB"), the second largest commercial bank in the State of Virginia, has since 1963 acquired 15 banks in various parts of Virginia and now operates in 37 communities. There is also pending a proposal to merge the Farmers and Merchants Bank of Lawrenceville, Lawrenceville, Va. (total deposits, $14.8 million) into VNB.

Woodstock is located in the east-central part of sparsely populated Shenandoah County. The entire county is rural and fairly well-isolated by mountains its growth has been relatively stagnant since 1940.

There is apparently little, if any, direct competition between the merging banks. VNB maintains no offices in Shenandoah County. Its branch closest to NBW's office is located in Page County, Va., approximately 40 miles to the south, across the Massanutten Mountains and over marginal roads.

There are six commercial banks with eight offices located in Shenandoah County, scattered along a major highway which runs the length of the county, including two separate banks in Woodstock and one in the small town of Edenburg, about 5 miles to the southwest. The county thus has a high banking office to population ratio. NBW's one relatively small office has 14 percent of Shenandoah County total deposits and 15 percent of the county's IPC demand deposits. Under Virginia branch banking law, VNB is prohibited from establishing a *de novo* branch in Shenandoah County. The proposed merger would not, therefore, eliminate potential competition between VNB and NBW, nor would it result in VNB's assumption of a controlling position in the county. Accordingly, we do not believe that this particular merger presents any serious competitive problems.

* * *

SECURITY FIRST NATIONAL BANK, LOS ANGELES, CALIF., AND PACIFIC NATIONAL BANK OF SAN FRANCISCO, SAN FRANCISCO, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Pacific National Bank of San Francisco, San Francisco, Calif. (12579), with	$253,610,154	1	
and Security First National Bank, Los Angeles, Calif. (2491), which had	5,403,516,787	366	
merged July 1, 1968, under charter of the latter bank (2491) and title "Security Pacific National Bank." The resulting bank at date of merger had	5,654,748,905		367

COMPTROLLER'S DECISION

On October 30, 1967, the Security First National Bank, Los Angeles, Calif., and the Pacific National Bank, San Francisco, Calif., applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title "Security Pacific National Bank."

Los Angeles, the home of the Security First National Bank, is the focal point of southern California, a region comprised of the State's 14 southernmost counties. This region, which encompasses approximately 50 percent of the State's geographical area, has a population of 12.5 million. Approximately 8.4 million of these people live in the Los Angeles metropolitan area. It is anticipated that the population of southern California will exceed 15 million by 1975.

The expanding population of southern California is supported by an economy as diverse in scope as the area is large in size. Fishing, oil-related industries, agricultural production, electronics and defense manufacturing, research, transportation, and aerospace companies contribute significantly to the economic profile of the area.

San Francisco, the site of the single-office Pacific National Bank, is located 400 miles north of Los Angeles and is the financial and commercial center of the 44 northern counties in the State. This city, which has played a significant role in the history of our Nation and was so important to the development of the western States, owes much of its greatness to its location and the surrounding geography. It is located on a hilly peninsula, which separates the Pacific Ocean to the west from San Francisco Bay to the east. These bodies of water are connected at the north end of the peninsula by a break in a low-peaked coastal range—a narrow navigable strait, known as the Golden Gate.

San Francisco Bay, including San Pablo Bay, has been and continues to be the most significant influence in the development of the San Francisco area. This Bay, comprised of some 530 square miles of water, extends 56.5 miles on a north-south axis and varies from 5 to 15 miles in width. The shoreline of these combined bays extends 276 miles. This large, navigable, and virtually land-locked body of water is one of the finest natural harbors in the world.

The significance of San Francisco Bay to this merger proposal stems from the fact that it lies in the middle of a very large metropolitan complex, which has developed until it now surrounds it. This metropolitan complex, referred to as the San Francisco-Oakland Standard Metropolitan Statistical Area, which in 1960 included 2,648,762 persons, is comprised of five counties that abut the shores of San Francisco Bay, viz., San Francisco, San Mateo, Alameda, Contra Costa, and Marin Counties. Also abutting the Bay, although not included in the San Francisco-Oakland Standard Metropolitan Statistical Area, is Santa Clara County on the south and Solano, Napa, and Sonoma Counties on the north.

The city and county of San Francisco are coextensive. This area, the focal point of the entire Bay complex, had a 1960 population of 740,316. In 1950, its population was 775,357. Although this decline was only 4.73 percent, the percentage of population in the city and county in relation to the population of the balance of the metropolitan statistical area declined from 36 percent in 1950 to 24 percent in 1960. These population figures clearly reveal that, although San Francisco remains relatively static, the rest of the area is dynamic.

An enumeration of the counties and their cities, which comprise the balance of the San Francisco-Oakland metropolitan area outside of San Francisco, demonstrates the vastness of the metropolitan area. South of San Francisco lies San Mateo County, the population of which was recorded as 444,387 in 1960. Within this county are the cities of South San Francisco, Daly City, San Bruno, Burlingame, San Mateo, Belmont, San Carlos, Redwood City, and Menlo Park. Directly across the Bay from San Mateo County is Alameda County, which contains 908,209 residents distributed among such cities as Berkeley, Oakland, Alameda, San Leandro, Castro Valley, Hayward, San Lorenzo, and Fremont. Lying between San Mateo and Alameda Counties at the southern tip of the Bay is Santa Clara County, which comprises the San Jose Standard Metropolitan Statistical Area, the 1960 population of which was reported to be 642,315. Although Santa Clara County and its five constituent cities, viz., Mountain View, Palo Alto, San Jose, Santa Clara, and Sunnyvale, are not officially part of the San Francisco-Oakland Standard Metropolitan Statistical Area, they must, by reason of their location, be considered within the ambit of the San Francisco market and its influence. Continuing counterclockwise around the Bay, Contra Costa County lies just north of Alameda County on the north end of the Bay. This county of 409,030 persons has four cities, viz., Concord, Richmond, El Cerrito, and San Pablo. Across the Bay to the west is Marin County, which had a population in 1960 of 146,820. The principal cities of this county are Sausalito, Tiburon, Mill Valley, San Rafael, Novato, San Anselmo, and Terra Linda.

It is clear that, although San Francisco remains the nerve center and focal point of the metropolitan area, recent population growth has occurred, and future growth will continue to occur, almost entirely outside the city itself. With the population shifts that have come to the Bay area in recent years have come similar changes in the concentration of commercial and industrial establishments. Although San Francisco houses the administrative offices of many large national and regional firms, it has declined in relation to the balance of the Bay area in the number of business units it contains. Between the years 1960 and 1966, the total number of industries located in San Francisco declined by 3.6 percent, from 21,468 to 20,697, while the number in the other Bay area counties increased by 12.5 percent, from 31,544 to 35,481. A breakdown of the total industries by types is revealing. San Francisco declined 10.3 percent in manufacturing units between 1960 and 1966, losing some 180 plants; the balance of the metropolitan area in this period gained 9.5 percent, or 231 manufacturing units. In the wholesale business, the shift is most marked—San Francisco dropped 285 units, or 10.3 percent, and the balance of the area gained 584 units or 30.3 percent. The same trend prevailed in motor freight transportation and warehousing establishments, in retail outlets, in insurance offices, and with hotels and motels.

Although San Francisco did gain some commercial units in certain lines between 1960 and 1966, its gain was not as pronounced as in the other metropolitan area counties. In the field of transportation, San Francisco gained 13 units for a 2.1-percent increase; the other counties gained 167 units for a 20.2-percent increase. The same trend was noted in the fields of real estate offices, service establishments, business service companies, and medical and health services. In only one industry did San Francisco grow in number of units more rapidly than the remainder of the Bay complex—in the field of banking. San Francisco acquired 11 new banks for a 57.9-percent increase; the other counties gained 16 for a 50-percent increase.

The intensive economic and residential growth centering in and around San Francisco and Los Angeles in recent years has been paralleled by the pattern of development of the banking industry in California. In 1960 there were 122 banks in the State, operating 1,750 branch offices. As of June 30, 1967, there were 2,796 banking offices in the State. Of these offices, 1,607 were dispersed throughout southern California and 1,189 throughout northern California. Over half, or 829, of the southern California offices were concentrated in Los Angeles County. The San Francisco-Oakland area accounted for 496 of the northern California offices. Despite the large number of banking offices operated by a relatively few banks, only five banks could validly claim to be statewide systems, viz., Bank of America with 962 offices, Crocker-Citizens National Bank with 268 offices, United California Bank with 204, Bank of California with 57, and First Western Bank and Trust with 82.

California has two other large branch banking systems with resources in excess of $1 billion that are not statewide in reach. Security First, the receiving bank, operates all its 351 offices in southern California. Wells Fargo Bank, as of June 30, 1967, operated all its 230 branches in the 44 northern California counties. Both these banks sought to offset the competitive handicaps they encountered by reason of their regional branch concentrations by maintaining a close correspondent relationship with each other. When Wells Fargo Bank recently entered the southern California market by opening a *de novo* branch in Pasadena and acquiring two more branches through a merger with the Bank of Pasadena, Wells Fargo became a statewide system and thereby terminated its correspondent relationship with Security First National Bank.

Inasmuch as the principal impact of this proposal will be in the San Francisco-Oakland metropolitan area, a closer analysis of the banking structure of that area is warranted. Of the 1,189 banking offices in northern California, there are 496 in the San Francisco-Oakland area: 164 in San Francisco and 332 in the other four Bay counties. The distribution of these branches among the six large statewide systems is as follows:

	San Francisco	*Other 4 counties*
Bank of America........	64	107
Wells Fargo............	29	72
Crocker-Citizens	17	40
United California.......	9	17
Bank of California.......	9	13
First Western...........	5	13

Pacific National Bank, with its single office at 333 Montgomery Street in the financial district of San Francisco, is a wholesale bank catering to medium- and large-size customers whose credit requirements are $1.5 million or less. It had, at the beginning of 1967, total resources of $246 million, total deposits of $219 million, and total loans of $134 million. That it is a wholesale bank, as opposed to a retail bank, is demonstrated by an analysis of both its deposits and its loans. Of Pacific National's total deposits, 78 percent are IPC deposits and 40.7 percent are in acounts with balances in excess of $25,000. Of its total loans, 44 percent are commercial and industrial and 28.6 percent are for amounts in excess of $100,000. That it is not a retail bank is evident from the fact that of its total loan portfolio, automobile loans comprise only 0.19 percent, consumer installment loans 0.001 percent, loans to repair and modernize 0.002 percent, and residential real estate loans 6.45 percent.

Pacific National Bank, without branches, has never sought the retail trade. It has not followed population shifts to the burgeoning suburbs to vie for the small deposit and loan accounts of housewives, homeowners, and individual proprietors who, because of distance, poor transportation around or across the Bay, traffic congestion, and inadequate parking facilities in San Francisco, will not come to the hub, but will bank at an office convenient to their homes. To become a retail bank, Pacific National must follow these people to suburbia. It has confined its operations to the city and county of San Francisco, a decision that now casts a shadow over its future as it recognizes that larger, aggressive, and growing institutions can no longer afford to concentrate on wholesale banking activities alone.

The prestige of Pacific National Bank as a wholesale institution is losing its sheen. As long as it was able to serve conveniently the large- and medium-size customers, who had offices in the hub of the city and who needed less than $1.5 million in credit, it flourished. As its customers prospered, many outgrew the capability of Pacific National to serve their credit needs and so were lost to it. New industrial and commercial units entering the Bay area have, after analyzing the economic aspects, elected to locate in one of the counties other than San Francisco. These new entrants have patronized large banks having convenient branches near their site rather than Pacific National Bank.

The consequences of the failure of Pacific National to follow the post World War II population movement to the suburban counties with *de novo* branches began to be manifest in 1963. Its published call reports reveal that prior to 1963 it had kept abreast of all its competitors. Commencing in 1963, its share of the market declined significantly. In San Francisco alone, from which it derived the bulk of its business, its share of IPC deposits declined 20.6 percent between 1963 and 1967. During the same period its share of the loans in the same market declined 24.3 percent. It was inevitable that its earnings also declined. Pacific National cannot tolerate this downward spiral.

Pacific National Bank has other problems in addition to its declining market share. It is now housed in leased quarters situated on a city block which, except for one small parcel, is entirely owned by the Bank of America. Although the lease of Pacific National will not expire until 1975, the Bank of America has already commenced construction of a new 50-story main office complex on this city block. The Bank of America, in order to complete this construction at the earliest possible date, is urging Pacific National to relocate in new quarters. The failure of Pacific National to yield to these urgings will not only effectively delay the completion of a handsome new building in downtown San Francisco, but also will obviously place Pacific National, as the cause of the delay, in a position open to public derision. To relocate, however, will double Pacific National's occupancy cost at the expense of its already declining earnings. Additionally, it must, if it is to continue to serve effectively as a wholesale bank, obtain a third generation computer, thereby increasing expenses by another quarter of a million dollars.

Pacific National Bank, if it is to arrest the decline in its share of the market and its earnings, must significantly broaden its earning base by a marked increase in deposits and profitable loans. To achieve this goal as an independent banking unit, it must create and maintain an effective and highly competitive branch system strategically placed throughout the entire San Francisco metropolitan area. This, however, is an undertaking that appears to be beyond the competence of Pacific National Bank, in view of the present banking structure of the Bay area. A successful branch must be well-located; it is highly improbable that a sufficient number of choice branch sites in this area remain unclaimed by the competing banks to enable Pacific National to acquire adequate outlets to become an effective competitor. Assuming the availability of enough desirable sites, the second question is whether Pacific National, with rising main office costs, could prudently afford to assume the large expense involved in opening a meaningful number of offices to give it the requisite coverage in the next 10 to 15 years. In the light of its history as a wholesale bank, Pacific National does not appear to have the expertise and depth of management required to supervise and operate such branches successfully. As a matter of prudent banking judgment, Pacific National views this merger proposal as the only reasonable means of forestalling future problems and of satisfying the public interest.

Security First National Bank of Los Angeles, as the second largest bank in the State, has adequate resources, both financial and managerial, and sufficient experience in branching to counter the weaknesses of Pacific National Bank. As of September 1967, Security First National had total resources of $5.3 billion, total deposits of $4.8 billion, and total loans of $2.7 billion. This bank, which operates 351 branch offices in southern California, offers a complete range of banking services on both the wholesale and retail levels. Although it is an aggressive bank, always striving to retain and increase its share of the market through its excellent system of branches, it has not had, because of its confinement to the southern counties, the competitive impact on the State's banking structure its size would indicate, nor has it been able to retard the growth of the ever-widening competitive gap it faces with the Bank of America.

The first question to be resolved in passing on this merger proposal is whether it will cause a substantial lessening of competition in the section of the country described as the San Francisco Bay metropolitan complex. The main offices of the applicant banks are separated by 400 miles; their closest offices are some 184 miles apart. This merger will not eliminate any substantial direct competition between the participating banks for large loans and other "wholesale" banking services. Although a statement is made in the application that of some 257 deposit accounts of over $50,000 reviewed by Pacific National Bank, 10 percent were headquartered in southern California, an analysis of the accounts indicates that they were not subject to competition. Of these 25 accounts, nine were southern California corporations with outlets in San Francisco and the other 16 were predicated on personal ties to officers and directors of Pacific National and, as such, were out of the normal competitive market. The nine southern California accounts handled by Pacific National Bank as an incident to the customers' San Francisco operations were not competitive with Security First for the reason that Security First, with no San Francisco office, cannot perform the necessary depository functions required by the accounts.

Conversely, Security First National Bank does not compete with Pacific National Bank in the San Francisco area. Although Security First states that it has $50 million in loans and $169 million in lines of credit to customers in the greater San Francisco market, these totals, constituting less than 1 percent of total bank credit in the State, do not make the participants competitors. These customers, though headquartered in San Francisco, were doing business in southern California. Of the 62 "major relationship" customers whose aggregate lines of credit totaled $169 million, 53 sought lines of credit in excess of Pacific National's lending limit of $1.5 million. The other nine borrowers, though San Francisco based, had southern California operations that Pacific National could not service for want of a southern California office.

To assess this merger proposal in the light of its possible impact at some future date on the banking competition that may develop in the San Francisco market is too speculative to be meaningful. As shown above, Pacific National can no longer be viewed as a significant, aggressive competitor in this market, nor can it reasonably, within the bounds of prudent banking judgment, be expected to become such a competitor through a program of branch expansion at this late date in the growth of the Bay area market. Whatever banking competition that will eventually develop in this market over the years will not, as it now appears, be generated by Pacific National Bank.

The competitive effect of this merger on the California banking structure will serve the public interest. It will add another statewide institution to the small group now serving the increasing number of customers desiring statewide facilities and services. The statewide banks in California operate in both the northern and southern regions and conveniently serve those customers which operate on a statewide basis. Until Wells Fargo recently branched into southern California, only five banks competed statewide. Of the total $41.2 billion in deposits held in all California banks, the six banks presently operating throughout the State hold $32.4 billion, and have the following percentage shares, as of December 31, 1967:

Bank of America, N.T. & S.A.	59.0%
Wells Fargo Bank	12.0%
Crocker-Citizens National Bank	11.7%
United California Bank	10.5%
The Bank of California, N.A.	4.3%
First Western Bank & Trust Co.	2.5%

The addition of Security Pacific National Bank as a statewide competitor will decrease the dominance of Bank of America and reduce the percentage of the $37 billion in deposits held by the seven statewide banks as the following indicates:

Bank of America, N.T. & S.A.	50.9%
Security Pacific National Bank	13.6%
Wells Fargo Bank	10.4%
Crocker-Citizens National Bank	10.1%
United California Bank	9.1%
The Bank of California, N.A.	3.7%
First Western Bank & Trust Co.	2.2%

The deconcentration of assets in each of the large banks more than offsets the minimal increase in the total resources to be held by the resulting bank. Pacific holds only 0.58 percent of the deposits in commercial banks in California. When deposits held by competing financial institutions are included in the figures, Pacific's share diminishes to an almost imperceptible percentage.

As of December 31, 1966, 267 savings and loan associations operating in California, including the seven largest in this country, competed with the commercial banks for savings dollars and mortgage loans. They hold $26.4 billion in assets in 759 offices, 141 of which were located in the San Francisco-Oakland metropolitan area. The savings share accounts of the associations exceeded the IPC time deposits held by commercial banks in California. In 1966, the banks loaned $25.3 billion; the savings and loan associations loaned $22.5 billion. Banks made real estate loans totaling $8.3 billion compared to $21.2 billion made by the savings and loan associations.

Other financial institutions also provided significant competition to commercial banks. Consumer finance companies, with 1,906 offices, made $1.2 billion in loans in 1965. Credit unions had 1,777 offices in 1966, held $1.3 billion in savings, and made loans totaling $1.3

billion. Insurance loans and those made by Federal lending agencies also provided competition to commercial banks.

That it is not presently feasible for Security First National Bank to enter the San Francisco-Oakland metropolitan market *de novo,* with the reasonable expectation of providing effective competition to the other statewide banks now operating there, is not as obvious as is Pacific National Bank's inability to branch effectively. Security First National Bank could, it is assumed, obtain permission to open a *de novo* branch on lower Montgomery Street in the financial district of San Francisco. To explain why this bank, which, under the direction of its specialized Branch Location Division, has established 171 new branches in the Los Angeles market since 1945, has not yet applied for such an office explains in large part the rationale of this merger proposal.

Security First National Bank, recognizing the difficulties faced by a single-office institution based in San Francisco, plans to make its San Francisco office, if one is opened, a regional headquarters and the hub of a *de novo* branching system it would strive to develop throughout the Bay area and elsewhere in northern California. A *de novo* entry into San Francisco by Security First National with this purpose in mind would clearly involve much more than the typical branch office now being opened throughout the State in the proliferating suburbs and their shopping centers. To make an immediate and effective entry into this highly competitive banking market, Security First, as the second largest bank in the State, would need to offer at this San Francisco office the full panoply of services it renders its customers in Los Angeles. Not only would it accept deposits, pay checks, and make loans, but it would, and must if it were to be a significant competitor, offer a full range of computer services, trust services of all kinds, bond underwriting, stock transfer, foreign banking, and specialized skill in fishery, forestry, industrial, and commercial loans. Such a complete array of banking service requires personnel of high competence; the personnel require adequate space; adequate space is expensive. The ultimate question that has deterred Security First from a *de novo* entry is whether or not it would, in a reasonable time, be profitable. Until its central San Francisco office could be made a success, Security First, despite its plans, could not undertake *de novo* branch expansion throughout the entire Bay area with all its attendant costs. Further, Security First has hesitated to compromise its successes by entering an area much more heavily banked than southern California; southern California has one banking office for every 8,400 persons, whereas northern California has one banking office for every 4,600 persons.

The record of the past and the application filed with this proposal are replete with evidence that Security First National Bank, having so long confined itself to southern California, had grave misgivings about a *de novo* entry into San Francisco. Nothing indicates that it was nurturing a hidden intent to make a *de novo* entry. The demographic, geographic, and economic composition of the entire San Francisco area market militated against it. In the light of the record, Security First cannot reasonably be viewed as a likely and logical entrant into San Francisco as a source of potential significant competition.

The ability of Security First to enter San Francisco through *de novo* branching, in and of itself, is not meaningful. If it is to become a significant competitor of Bank of America, speedy expansion by Security First is essential if the widening gap in their market shares is to be narrowed by significant statewide competition. Only by the acquisition of a stable San Francisco bank to serve as a base for its proposed Bay area expansion plan can it hope to achieve a significant competitive position *vis a vis* Bank of America.

This merger not only will provide Security First a solid and meaningful initial entry into the Bay area market and provide Pacific National with a sound solution to its threatening problems, but it will also serve the convenience and needs of the San Francisco complex and the public interest of the entire State. Through this merger Security First will gain an operating unit that would require many months to assemble, and a staff that is acquainted with and known throughout this northern California economic community. The name of the resulting bank will preserve the good will that Pacific National has developed over the years and will remove from Security First any stigma that might be attached to its entry as "an outlander" from Los Angeles—a not inconsiderable factor in the State known for its north-south cultural cleavage. Pacific National's incorporation into the Security First system of branches will initiate a significantly different development for banking competition in northern California than would a *de novo* entry by Security First into the Bay market. With Pacific National as the anchor branch in northern California, Security First, with its branching expertise, will gain a substantial lead on any *de novo* entry it could make.

By becoming a branch of Security First in a burgeoning statewide banking system, Pacific National would shed many of the worrisome problems that now vex it. First and foremost, it would be assured that its spiral of decline in the market would be arrested. With the resources of Security First behind the enterprise, an aggressive entry into the San Francisco retail market would be forthcoming. New branches, even on second-choice sites, would be opened by a bank that could afford to endure the cost until they became profitable. The anticipated branch expansion from this substantial base in San Francisco would more effectively break the decline in the wholesale commercial and industrial accounts Pacific National has been experiencing. Another benefit from this proposal will be Security First's augmented ability to compete effectively with the dominant Bank of America for the deposits and loans generated in California. Without increased competition, the Bank of America may well become a monolithic institution dominating the financial life of the State.

The convenience and needs of Pacific National Bank's customers have been ignored by the bank in the formulation of its policies. By its demonstrated refusal to initiate a branching program, Pacific National ignored the convenience its customers demanded when they relocated in the Bay area beyond the limits of the city and county of San Francisco. By its refusal to enter retail banking markets through branching, Pacific National failed to grow apace with the needs of its customers. Security First, using Pacific National as a jumping-off point, can meet the needs of those customers and, with its branch expansion program, serve them conveniently as they follow the trend to suburbia. Were Security First to make a *de novo* entry in lieu of this merger, the accounts would, in all probability, be lost to competitor statewide banks before convenient facilities could be established to serve their needs.

This merger conforms to the philosophy of banking proclaimed by the California legislature when it passed its branching laws: that statewide banking is beneficial to the economy of California. By uniting Security First of Los Angeles and Pacific National of San Francisco, two recognized regional institutions form a new and desirable statewide system. This proposal clearly follows the trail recently blazed by Wells Fargo Bank and Crocker-Anglo National Bank. Another statewide banking system will provide those customers who do a statewide business an alternative and competitive source of credit. This new entry into statewide competition will enhance the benefits to the public that the law recognizes as flowing from such aggressive and healthy striving in the market place.

The benefits that will accrue to the San Francisco Bay area upon consummation of this merger will become more pronounced with the passage of time. The longer Security First operates in the Bay area under its new name, "Security Pacific National Bank," the more thoroughly will it be accepted by the public and grow through its acceptance. The longer it continues to operate in this northern area and to implement its branch expansion plans, the greater will be its effect in stimulating banking competition in more and more communities in the northern California counties.

Having reviewed this application and supporting data in the light of the statutory criteria, it appears that it will not adversely affect existing competition or potential competition but, on the contrary, will promote competition, will serve the convenience and needs, and will foster the public interest of the residents of San Francisco, the Bay area, and the entire State of California. The merger is, therefore, approved.

May 20, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Security First National Bank ("Security"), the second largest bank in California, proposes to acquire by merger Pacific National Bank of San Francisco ("Pacific"), one of the major banks in the downtown financial district of San Francisco. Pacific is the largest unit bank in California. Security is headquartered in Los Angeles, but its present 351-branch system encompasses the 14 southernmost counties of California, the northernmost of which are San Luis Obispo, Fresno, and Inyo Counties.

The offices of the respective banks are presently located in different parts of the State; the closest branch of Security at Fresno is 184 miles away from Pacific's San Francisco office. However, even the limited survey made by the merging banks reveals at least some direct competition between them for the business of larger customers.

We conclude that the proposed merger would eliminate direct competition in the market for large loans and perhaps other "wholesale" banking services.

The proposed merger would have its greatest impact in the San Francisco area served by Pacific. Pacific's single banking office, in the heart of the downtown financial district of San Francisco, is one of 157 banking offices operated by 20 banks in San Francisco. Pacific is the sixth largest bank in terms of operation in the city and county of San Francisco, and the seventh largest in the San Francisco-Oakland SMSA; it accounts for 3.4 percent of total deposits in the city and county of San Francisco.

Banking is highly concentrated in the San Francisco market. Within the San Francisco-Oakland SMSA (the area for which we have published figures), the largest bank holds 41.7 percent of total deposits, the second largest, 22.2 percent, and the third largest, 13.3 percent; this makes a total of 77.2 percent for the three largest banks. The five largest banks account for 86.6 percent of such deposits.

Security would clearly appear to be the most probable major *de novo* entrant into this market. It is the second largest bank in California, and presently holds 11.4 percent of all deposits in the State; in the 14 counties in the southern portion of California where it operates, it accounts for 23.5 percent of total deposits, based on mid-1966 information. Statewide *de novo* branching is permitted by California law. Security has already undertaken substantial *de novo* branching (171 offices since 1945) and now has offices extending as far north as Fresno. Thus, Security's extensive resources, its history of *de novo* branch expansion, and its desire to serve statewide customers clearly demonstrate its ability and incentive to penetrate the expanding northern California areas and become a statewide banking system. Recent *de novo* expansion into Los Angeles by two large San Francisco-based banks leave Security alone among the large California banks in not operating both in northern and southern California. The factors (including desire to retain statewide customers) which have caused others to expand are likely to be equally compelling for Security.

Since it seems highly probable that if this merger were denied Security would enter San Francisco *de novo* (or by acquisition of a smaller San Francisco bank), we find that the principal competitive loss resulting from the proposed merger would be the elimination of Pacific as a separate competitor in that market. Pacific is a significant and unique competitor in this market dominated by large branching systems. In view of the highly concentrated state of this market, we find the elimination of Pacific to be a significantly adverse consideration.

In summary, the proposed merger would eliminate a significant independent competitor in the highly concentrated San Francisco market, by means of merger with the most probable major *de novo* entrant into that market. It would also eliminate direct competition in the broader market for large loans and other "wholesale" banking services. In these circumstances, we regard the proposed merger as having a significantly adverse effect on competition.

* * *

El Paso National Bank, El Paso, Ill., and The Woodford County National Bank of El Paso, El Paso, Ill.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
El Paso National Bank, El Paso, Ill. (13631), with	$4, 695, 749	1	....
and The Woodford County National Bank of El Paso, El Paso, Ill. (5510), which had	4, 088, 038	1	....
merged July 10, 1968, under charter of the latter bank (5510) and title "Woodford County National Bank of El Paso." The resulting bank at date of merger had	8, 783, 787	....	1

COMPTROLLER'S DECISION

On April 2, 1968, The Woodford County National Bank of El Paso, El Paso, Ill., with IPC deposits of $3.3 million, and the El Paso National Bank, El Paso, Ill., with IPC deposits of $3.6 million, applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of "Woodford County National Bank of El Paso."

Both participating banks are located in El Paso, a town of 2,200 persons, which is located approximately 20 miles north of Bloomington and 32 miles east of Peoria in north-central Illinois. This agricultural community is surrounded by highly productive farm land devoted to the production of corn, soybeans, and hogs and to cattle feeding. The Pfister Hybrid Seed Corn Company, a leader in research and development of the hybridization of corn, is the principal industry in town. It employs 75 persons. Because many of El Paso's residents commute to Bloomington, Normal, and Peoria to work and shop, the main business district of El Paso is marked by a number of vacant buildings. Though a few homes in the $20,000 to $22,000 price range are built in or near the town each year, hopes for substantial population growth appear dim.

The Woodford County National Bank of El Paso was organized in 1900. For the last 60 years it was substantially owned and controlled by one family. Early in 1968 it was sold without notice to a group of out-of-town investors. The impact of this unexpected event stimulated local imaginations and caused the formation of the Woodford Bancorporation to regain ownership and place control of the bank in local hands. This bank corporation is owned by six directors, three of whom are directors in the El Paso National Bank.

The El Paso National Bank was chartered in 1932. Its present lending limit is $18,000. Although its deposits have doubled within the last 6 years, its rate of growth has decreased notably.

To assess the impact of this merger and its effect upon banking competition in the context of El Paso and its environs is to give an unduly restrictive interpretation to the term "section of the country," as it appears in the antitrust laws. The county appears to be the smallest geographical area significant to this merger. Because of the high mobility of the local population and its propensity to work and shop in Peoria, Normal, and Bloomington, the banks in those cities can reasonably be included in assessing the competitive impact of this proposal. El Paso, it should be noted, is officially included within the limits of the Peoria Standard Metropolitan Statistical Area.

In Woodford County, with a population of 24,500, there are nine banks, or one for every 2,900 persons. These nine banks have aggregate deposits of $41 million or an average of $4.6 million per bank. The largest of the nine is the $9.1 million First National Bank of Eureka. It is clear that, since these banks cannot serve the credit needs of the large farm operations in the county, they must either act as mere depositories or invest in high risk loans to their ultimate detriment.

While this merger will cause El Paso to become a one-bank town, that fact is no more significant than that it now has only one high school and one grade school, whereas it formerly had two of each. There are only eight towns in Illinois the size of El Paso or smaller with two banks; there are 142 towns larger with only one bank. To view this merger as creating an illegal monopoly is to constrict unreasonably the competitive market.

This merger will enable the owners of both banks to economize on building costs and personnel resources. It will create a bank with significantly greater earning base than either of the constituent banks possess, and will allow a more meaningful use of capital. In short, the participating banks are attempting by this proposal to solve the economic problems now prevalent and confronting them.

Applying the statutory criteria to this proposal, this Office finds that it is on balance in the public interest. The application is, therefore, approved.

JUNE 7, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger would combine the only two commercial banks operating in the town of El Paso, Ill., an agriculturally oriented town of 2,200 population in southeastern Woodford County, about 35 miles east of Peoria, Ill. The merging banks are the only commercial banks serving a market extending in radius of approximately 5 miles from El Paso and having a population of about 3,700. The two nearest banking competitors are 8 and 9 miles away, with deposits of $3.7 million and $7.2 million, respectively. Thus, within its primary service area, the merged bank will have a virtual monopoly.

The two banks have recently come under some degree of common ownership and control; El Paso National is affiliated with Woodford Bank by the fact that three of its directors are shareholders of Woodford Bancorporation, which controls Woodford Bank. Until recently, the two merging banks were in direct and substantial competition with each other; in fact, one of the main reasons for the common ownership and proposed merger seems to be to eliminate this competition, especially for loans.

The proposed merger would accomplish its purposes of permanently eliminating competition between the merging banks and creating a banking monopoly in El Paso and the surrounding area. Present competition is already restricted by common control of the managements of the two banks; but this common control is maintained by personnel arrangements, and, given its anticompetitive purpose and effect, may in itself be illegal. In any event, it was just recently effectuated by Woodford Bancorporation in probable anticipation of the present merger and, therefore, cannot be used to justify this merger.

The competitive effects of this merger would be significantly adverse.

* * *

COMMONWEALTH NATIONAL BANK OF SAN FRANCISCO, SAN FRANCISCO, CALIF., AND FIRST SAN FRANCISCO BANK, SAN FRANCISCO, CALIF.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Commonwealth National Bank of San Francisco, San Francisco, Calif. (15330), with	$38, 942, 689	1	
and First San Francisco Bank, San Francisco, Calif., which had	25, 109, 943	3	
consolidated July 26, 1968, under charter of the former bank (15330) and title "Commonwealth National Bank." The resulting bank at date of consolidation had	64, 017, 245		4

COMPTROLLER'S DECISION

San Francisco, the financial and commercial center of northern California, with a 1960 population of approximately 740,000, is the headquarters of both banks. Although the city of San Francisco has declined in population since 1950, the surrounding metropolitan area has shown dynamic growth. From all appearances future area growth will continue to be concentrated outside the city. Similar shifts from the city to the suburbs have also occurred in regard to both commercial and industrial establishments.

Commonwealth National Bank, with IPC deposits of $26 million, opened for business on June 11, 1964. It is presently operating out of one office in the downtown financial district of San Francisco. The bank enjoyed almost 2 years of successful operations before the onset of certain asset problems. The initial growth of the bank has shown little ability to sustain itself, and today the bank controls a mere 0.4 percent of the total deposits of all San Francisco banks. Net profit after taxes has shown a steady decline since the bank was opened.

First San Francisco Bank, with IPC deposits of $14.8 million, opened for business on July 1, 1964, approximately two blocks from Commonwealth National Bank. It is presently operating out of three offices, one of which it acquired as a result of a merger with the Mount Diablo First National Bank in 1966; the other office was opened as a *de novo* branch in 1966. The pattern of operations in this bank has been similar to that of Commonwealth National. After a relatively fast start, the bank has incurred certain asset problems, and there has been a marked slow-down in growth over the past 2 years. Neither this bank nor Commonwealth National have paid any dividends since they opened for business.

The condition of these two recently chartered banks must indicate to any reasonable observer of the San Francisco banking market that the successful operation of either or both as independent units is, today, highly questionable. Given the intense competition of this market, both banks have had to satisfy themselves with loans of a high risk nature. No one familiar with either institution could watch the decline in asset positions and virtual cessation of growth without questioning their future viability.

Neither bank can be viewed as a significant, aggressive competitor in the San Francisco market, nor can they, within the limits of prudent banking judgment, be expected to become a competitive force in the future. Whatever banking competition eventually develops in this market in the ensuing years, it will not, as it presently appears, be generated by these two banks. The resulting bank will control less than 1 percent of the aggregate deposits and resources of banks located in San Francisco. It is inconceivable that this consolidation will in any way "substantially * * * lessen competition, or tend to create a monopoly" in this market area.

Having reviewed this application and supporting data in light of statutory criteria, it appears that this consolidation will not adversely affect existing or potential competition and we, therefore, find the consolidation to be in the public interest. The application is, therefore, approved.

JUNE 20, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Head offices of Commonwealth and First San Francisco are located approximately 2½ blocks from each other in the downtown Montgomery Street financial district of San Francisco, and are obviously in direct competition.

San Francisco County is a highly concentrated financial market, with three banks having 78 percent of all county deposits. The merging banks are relatively small institutions; combined, their deposits represent less than 1 percent of the total deposits of all banks in San Francisco County. While San Francisco County undoubtedly overstates the market, both banks are in direct and close competition in the downtown San Francisco area with the major California branch banking systems.

* * *

NATIONAL BANK OF WASHINGTON, TACOMA, WASH., AND BANK OF WASHOUGAL, WASHOUGAL, WASH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Washougal, Washougal, Wash., with	$5, 177, 233	1	
and National Bank of Washington, Tacoma, Wash. (3417), which had	389, 564, 631	40	
merged July 26, 1968, under charter and title of the latter bank (3417). The resulting bank at date of merger had	394, 664, 546		41

COMPTROLLER'S DECISION

On April 22, 1968, the Bank of Washougal, Washougal, Wash., with IPC deposits of $3.6 million, and National Bank of Washington, Tacoma, Wash., with IPC deposits of $303 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The Bank of Washougal, the merging bank, was chartered in 1944 and operates as a unit bank. It is located in Washougal, Clark County, Wash., which is 26 miles northeast of Portland, Oreg., and 16 miles east of Vancouver, Wash. Washougal, with a population of 3,300, is located 3 miles from Camas, whose population is 5,700. Washougal and Camas are often referred to as the twin cities and are located near the Oregon border. The local economy of these communities is based largely on the Crown Zellerbach plant in Camas and the Washougal Woolen Mills. In addition, this area is experiencing a rapid industrial growth due primarily to a joint Port Authority which is attracting business and industry to a 460-acre industrial park.

Washougal is presently being served by the merging bank and the Camas branch of the National Bank of Commerce, which has total deposits of $948.5 million, two savings and loan associations, and two credit unions.

National Bank of Washington was organized in 1885 and presently operates 38 branches in addition to its head office in Tacoma.

Tacoma, the third largest city in the State, is supported by a lumber-dominated economy. However, there is a strong trend toward diversification in metallurgical processing, food processing, men's apparel, and heavy and light manufacturing. Fort Lewis and McChord Air Force Base are located within 12 miles of Tacoma, thus adding additional support to the economy.

The charter bank, which is a subsidiary of Western Bancorporation, Los Angeles, Calif., a registered bank holding company, is Washington's fourth largest bank. It competes vigorously with the $1.6 billion Seattle-First National Bank; the $1 billion National Bank of Commerce of Seattle; and the $398 million Peoples National Bank of Washington, Seattle.

Competition between the applicant banks is nonexistent. The closest office of the merging bank is approximately 50 miles from the charter bank.

The resulting bank will be able to offer to the customers of the merging bank a broader range of services, including computer facilities, a greater lending limit, and, in addition, it will have the capacity to develop properly the expanding commercial banking business in the merging bank's trade area. Furthermore, consummation of this merger will resolve the management succession problem within the merging bank.

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

JUNE 20, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The closest office of National Bank to Washougal Bank is some 50 miles northwest of Washougal in

Kalama, Cowlitz County, Wash. There appears, therefore, to be little existing direct competition between the two banks.

The Washougal-Camas market area, located at the gateway to Columbia River Gorge about 20 miles east of Vancouver, near the Oregon border in the southern part of Clark County, is experiencing rapid industrial growth. There are two banking offices in this area, Washougal Bank's sole office and a branch of the State's largest bank, National Bank of Commerce (total deposits, $948.5 million), at Camas. Washington law permits statewide branching by merger, but prevents a bank from establishing a *de novo* branch in any city or town where any other bank regularly transacts business. Thus, no existing bank can establish a branch in the growing Washougal-Camas market. However, given the fact that the State's largest bank, with approximately one-third of deposits in the State and over two-thirds of the deposits in this market is already in this market, the entrance of National Bank into this market would not appear to increase existing barriers to entry.

* * *

THE NATIONAL BANK OF COMMERCE OF COLUMBUS, COLUMBUS, MISS., AND BANK OF BROOKSVILLE, BROOKSVILLE, MISS.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Brooksville, Brooksville, Miss., with	$4, 993, 996	2	....
and The National Bank of Commerce of Columbus, Columbus, Miss. (10361), which had	14, 177, 146	3	....
merged July 31, 1968, under charter and title of the latter bank (10361). The resulting bank at date of merger had	19, 573, 016	....	5

COMPTROLLER'S DECISION

On April 24, 1968, the Bank of Brooksville, Brooksville, Miss., with IPC deposits of $4.5 million, and The National Bank of Commerce of Columbus, Columbus, Miss., with IPC deposits of $11.4 million, 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 Commerce of Columbus was established in 1913 and operates its head office and two branches in Columbus, Lowndes County, Miss. The bank is being operated in a sound manner and earnings have been satisfactory. Although the bank is operated in a generally conservative manner, it has assumed a reasonable share of the responsibility in meeting the legitimate credit requirements of the area it serves.

Columbus is the county seat of Lowndes County and, with its population of approximately 28,500, is the largest city in northeastern Mississippi. Historically, the city has had a significant influence upon the State's education and cultural programs. It now provides the dominant economic influence in this section of the State. Information indicates that Lowndes County is the most progressive county in the trade area, and its projected population growth appears favorable.

The Bank of Brooksville was established in 1899 in Brooksville, Noxubee County, Miss., which is located approximately 22 miles southwest of Columbus. Brooksville, with a population of 850, is primarily an agricultural community; the major components are soybeans, cotton, timber, beef, and dairy cattle. This town lost considerable population between 1940–60 in a pattern typical of rural Mississippi when mechanization forced people to migrate from the farms. However, since 1960 both Brooksville and Noxubee County have been gaining some industry and population.

Although the past history of the merging bank has been satisfactory, it is currently experiencing problems that derive from the general pressure of current economic conditions. Its recent abnormal rate of deposit growth has begotten other problems. Its management team does not appear able to resolve them.

Competition between the applicant banks is nonexistent, since the closest office of the merging bank is 18 miles from the charter bank.

The resulting bank will be able to offer a broader range of services to the customers of the merging bank, including expertise in the area of agricultural loans, a greater lending limit, increased capitalization, and, in addition, it will have the capacity to help develop the commercial business that is being attracted to that trade area. Furthermore, consummation of this merger will resolve the management succession problem within the merging bank.

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

JUNE 26, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The National Bank of Commerce of Columbus ("National Bank"), operates its home office and two branches in Columbus, Lowndes County, Miss. Bank of Brooksville, in Brooksville, Noxubee County, Miss., approximately 22 miles southwest of Columbus, acquired the Artesia State Bank in Artesia, Lowndes County in 1957, which it now operates as its only branch office.

It appears probable that there is some direct competition between the merging banks. Although the home office of National Bank is 22 miles northeast of Brooksville, the intervening area is rural and sparsely populated and has no intervening banks. There are also no intervening banking facilities between Columbus and Bank of Brooksville's branch in Artesia, 18 miles to the west. Any direct competition between the merging banks would, of course, be eliminated by this merger.

There are two banks in Macon (population 2,400), the largest town in Noxubee County, about 7 miles to the south. National Bank is the second largest bank of the three banks in Columbus (population 28,500) and of the six banks in the Columbus-Brooksville-Macon area, which includes virtually all of both Noxubee (population 16,800) and Lowndes (population 53,100) Counties.

In conclusion, this merger will eliminate some direct competition between the merging banks and will also increase banking concentration in this rural market area.

* * *

FIRST NATIONAL BANK OF PORTLAND, PORTLAND, MAINE, AND RUMFORD BANK AND TRUST COMPANY, RUMFORD, MAINE

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Rumford Bank and Trust Company, Rumford, Maine, with	$22, 708, 508	7	
and First National Bank of Portland, Portland, Maine (4128), which had	133, 206, 282	18	
merged Aug. 2, 1968, under charter of the latter bank (4128) and title "Maine National Bank." The resulting bank at date of merger had	155, 914, 790		25

COMPTROLLER'S DECISION

On May 1, 1968, the Rumford Bank and Trust Company, Rumford, Maine, and the First National Bank of Portland, Portland, Maine, applied to the Office of the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "Maine National Bank."

The First National Bank of Portland, Portland, Maine, with IPC deposits of $95.1 million, was founded in 1889. Since that time it has had a long history of successful growth and today ranks as one of Maine's major financial institutions. Its good growth trend is due in part to its depth in managerial resources developed in the extensive training program that the bank operates. Among the many services that this full-service institution provides are trust services, computer and data processing services, a credit card service, travel agency services, a business development department, and a variety of installment loan plans tailored to fit the varied specific borrowing needs of its customers. The bank's capital structure is strong and is in satisfactory condition.

The service area of the charter bank includes the five coastal counties of Cumberland, York, Sagadahoc, Lincoln, and Romax which lie in the southeastern section of the State. This region is inhabited by a population of 350,000, representing 36 percent of the State's total. Its economy rests upon manufacturing, agriculture, vacation-travel, marine products, and minerals. Portland, Maine's largest city, with a population of 72,000, is the center of this region. Because of its fine harbor, Portland is an important seaport and a major wholesale and commercial distribution center. In addition, it is the financial and industrial center of the State and houses branch offices of many national companies.

Competing in this area of Maine are nine commercial banks, a mutual savings bank, 14 savings and loan associations, and a number of other financial institutions. Of the commercial banks, the strongest competition is furnished by the Casco National Bank, Portland, Maine, and the Canal National Bank, Portland, Maine, the third and fourth largest in the State. Mutual savings banks affording strong competition include the Maine Savings Bank, Portland, Maine, whose total deposits exceed those of the charter bank by some $20 million, and the Portland Savings Bank.

The Rumford Bank and Trust Company, Rumford, Maine, with IPC deposits of $17.7 million, was organized in 1893 and today ranks as Maine's 12th largest bank. The merging bank's chief problems are the imminent retirement of its chief executive officer, who already has relinquished some of his duties, and the lack of adequate successor management to replace him. It is also limited by the fact that it is not a full-service institution capable of meeting all of the community's banking needs.

The service area of the merging bank includes the counties of Oxford and Franklin, located on the western border of the State. These two counties cover an area of 3,800 square miles and contain a population of 64,414, which represents 6.7 percent of the State's total. The economy of this area depends upon lumbering, farming, vacation and travel facilities, and a limited amount of manufacturing, mostly of wood products. In addition to the merging bank, the financial needs of this area are served by a branch of the Depositors Trust Company, Augusta, Maine, the largest bank in the State, and by three branches of the Casco Bank and Trust Company, the third largest bank in the State. It is also served by two small commercial banks, five savings banks, one building and loan association, two branches of industrial banks, nine credit unions, and other assorted financial institutions.

The merger should have no adverse effect on competition. Since the main offices of the merging banks are 83 miles apart and their closest branch offices are 43 miles apart, the banks are too widely separated to be in present competition. The merger will neither change the charter bank's position as second largest in the State, nor will it give the resulting bank any appreciably greater competitive advantage in the areas in which the charter bank operates than it now enjoys. In the area where the merging bank operates, the resulting bank will be better able than the merging bank to compete with the Casco Bank and Trust Company and the Depositors Trust Company, because of its larger lending limit and the many additional services that the merger will make available.

The merger will benefit the public by making available in the area in which the merging bank operates the broad range of services that the charter bank now provides but that the merging bank does not. These will include trust services, electronic data processing services, an American Express Executive Credit Card plan, travel services, various types of time deposit accounts, a business development department, and special installment loan plans tailored to fit precise needs of specific customers, including the financing of insurance premiums, medical and dental equipment, education, home improvements, mobile homes, and the like. The merger will also be beneficial by increasing the amount that may be loaned to a single borrower at present offices of the merging bank. In addition, the merger will solve the merging bank's management succession problem by bringing to the merging bank's offices the depth of management resources possessed by the charter bank and its executive training program.

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

JULY 1, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National Bank of Portland ("First National") operates its main office and six of its branch offices in Portland and its environs and 12 additional offices within a 60-mile radius of Portland. Since 1960 it has merged with six small banks whose deposits at the time of merger totaled approximately $27 million. Rumford Bank and Trust Company ("Rumford Trust") operates its main office in Rumford, Oxford County, Maine, four branch offices in Oxford County, and two branch offices in Franklin County, all within an approximate radius of 30 miles from Rumford.

The major impact of the merger will be in Oxford County, which has attracted several large industrial concerns, and a steady advance in financial, commercial, and recreational development is anticipated. Within this county, Rumford Bank, with about one-half of total county deposits and one-third of IPC demand deposits, competes with three other banks, including a branch of the State's fourth largest bank.

The closest office of First National is about 42 miles from any office of Rumford Trust and numerous offices of other banks are located in the intervening area. The merger would not, therefore, appear to eliminate any significant existing competition between the two merging banks.

Under Maine law, First National cannot open a *de novo* branch in Oxford or Franklin County; it could enter the Rumford banking area, however, by merger with a smaller bank operating in the market. Thus, this proposed merger would eliminate potential competition between First National and Rumford Trust, the dominant bank in the market.

The planned merger would also eliminate an apparently strong and growing independent bank in Rumford, and continue a pattern of expansion through merger by First National, which has, since 1960, resulted in the elimination of six local banks.

* * *

FIRST NATIONAL BANK OF DONA ANA COUNTY, LAS CRUCES, N. MEX., AND THE FIRST NATIONAL BANK OF HATCH, HATCH, N. MEX.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Hatch, Hatch, N. Mex. (12879), with	$2,431,826	1	
and First National Bank of Dona Ana County, Las Cruces, N. Mex. (7720), which had	32,943,885	6	
merged Aug. 9, 1968, under charter and title of the latter bank (7720). The resulting bank at date of merger had	35,195,514		7

COMPTROLLER'S DECISION

On April 11, 1968, the First National Bank of Dona Ana County, Las Cruces, N. Mex., and The First National Bank of Hatch, Hatch, N. Mex., filed an application to merge under the charter and with the title of the former.

The charter bank, with IPC deposits of $23 million, is located in Las Cruces, a city of 50,000 population. Las Cruces is the principal commercial and political center of Dona Ana County, an agriculturally oriented area, which produces cotton, hay, and grain, as well as vegetables. Considerable range country also provides grazing lands for cattle. The estimated population of the county is 76,000, that of the Las Cruces metropolitan area is 65,000.

Hatch is located 36 miles north of Las Cruces. The population of 1,200 supports only one bank, the merging institution. The First National Bank of Hatch has maintained an ultraconservative banking posture since it was organized in 1926. Traditionally, it has not paid interest on time deposits or expanded its fields of activity to include consumer lending. Its loan to deposit ratio averages in the 10 percent range and its liquidity is in the 80 percent bracket. Consequently, local customers looked elsewhere for financial institutions that were willing to serve their needs. The El Paso banks continue to serve many of the residents of Hatch.

A conservative philosophy prevailed in the First National Bank of Dona Ana County until 1954. Since that time, however, liberalization of its policies and modernization of its banking practices have recaptured much of the local banking business in Las Cruces. Active competition exists in Las Cruces among the two commercial banks and three savings and loan associations located in Las Cruces.

In November 1967, shareholders of the charter bank purchased the Hatch bank following the retirement of its owner and the sudden demise of his successor. This identity of ownership precludes actual or potential competition between applicant banks, and the merger will provide positive benefits to the residents of Hatch. The change of philosophy evident in the renewed vigor of the Las Cruces bank will be extended to Hatch as a result of the merger. Specialized local financing will be available locally for the first time. The aggressive management of the charter bank will provide investment and trust facilities and computer services, and will be able to lower service costs.

The banking structure of Dona Ana County will be largely unaffected by the merger. Competition will continue to stem from the financial institutions located in Las Cruces.

This merger is in the public interest and will have no adverse effect on competition. The merger is, therefore, approved.

JULY 10, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger involves the largest and smallest of three banks in Dona Ana County, a growing county with a present population of 76,000. The two banks have had common ownership since November 21, 1967, when Hatch Bank's principal shareholder, after being solicited by the president of Dona Ana Bank, sold his interest to a group holding a majority of Dona Ana Bank shares. The banks have a common president and two common directors.

The head offices of the two banks are about 36 miles apart in a county on the United States-Mexico border, whose economy is primarily based on ranching and agriculture; there are no other banks in the intervening area. Dona Ana Bank has been soliciting business in the Hatch area since 1954, and thus, it appears that, prior to the recent common ownership of the two banks, there was some competition between the two banks. While the common ownership has probably dissipated such competition, it has been recently obtained and may have been part of a plan to achieve a merger of the two banks.

This proposed merger would eliminate one of only three banks operating 11 banking offices in Dona Ana County. Dona Ana Bank now has about 55.5 percent of the IPC demand deposits in the county, its merger with Hatch National will give it 62.6 percent of such deposits. The significance of this merger is enhanced by the fact that, under New Mexico law, no bank can operate a branch outside of its home county in any county in which there is a bank operating; therefore, the only way to decrease concentration in the growing Dona Ana County market is through establishment of new banks.

* * *

CITY NATIONAL BANK, BEVERLY HILLS, CALIF., AND PACIFIC INDUSTRIAL NATIONAL BANK OF SOUTH EL MONTE, SOUTH EL MONTE, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Pacific Industrial National Bank of South El Monte, South El Monte, Calif. (15320), with	$5, 282, 578	1	....
was purchased Aug. 30, 1968, by City National Bank, Beverly Hills, Calif. (14695), which had	359, 714, 564	17	....
After the purchase was effected, the receiving bank had	364, 997, 142	....	18

COMPTROLLER'S DECISION

On May 17, 1968, the $352 million City National Bank, Beverly Hills, Calif., applied to the Comptroller of the Currency to purchase the assets and assume the liabilities of the $5.2 million Pacific Industrial National Bank of South El Monte, South El Monte, Calif.

The City National Bank, the buying bank, was organized on January 4, 1954, and presently operates 18 branches. Seventeen offices, including the head office, are located within the greater Los Angeles area and one office is located in Palm Springs, Calif. The buying bank has experienced very good growth in the highly competitive area which it serves. It is located in Beverly Hills, population 30,800, which is an incorporated city completely surrounded by the city of Los Angeles. Beverly Hills is one of the most exclusive residential and shopping areas on the west coast and has recently developed into a financial and business center.

The Pacific Industrial National Bank of South El Monte, the selling bank, is located in South El Monte, Los Angeles County, approximately 11 miles east of downtown Los Angeles. It was chartered on May 15, 1964, and operates as a single-office institution. South El Monte is primarily a light manufacturing area, the economy of which is characterized by numerous small firms in the machine tool and related businesses.

Both buying and selling banks operate in highly competitive areas. The buying bank competes with 23 banking offices in its service area and the selling bank competes with eight banking offices. In both areas are offices of large statewide branching institutions, including Crocker-Citizens National Bank, Security First National Bank, United California Bank, and Republic National Bank. Additional competition in the service areas is provided by savings and loan associations, sales finance companies, insurance and mortgage companies, and direct lending agencies of the United States Government. While the selling bank, in an effort to compete with the large financial institutions operating in its trade area, attempted to enter the large commercial loan field without support of adequate staff expertise, the trend of its operations began to deteriorate.

There is no competition between the banks, because the selling bank is located 23 miles from the head office of the buying bank and the nearest branches are 12 miles distant. In addition, common ownership exists between the banks as the president of City National Bank owns 16 percent and controls 88 percent of the selling bank's outstanding stock.

The resulting bank will be able to offer a broader range of services to the customers of the selling bank, including trust services, an injection of additional capital, a greater lending limit and, in addition, it will have the capacity to develop properly the commercial banking business in the selling bank's trade area. Furthermore, consummation of this proposal will resolve the present management problems within the selling bank.

Since this purchase of assets and assumption of liabilities is clearly in the public interest, it is approved.

JULY 26, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger would appear to have little, if any, effect on direct competition. City's main service area includes the downtown and West Los Angeles, Hollywood, and Beverly Hills sections of western Los Angeles County. The main service area of Pacific, on the other hand, is centered in the less populous South El Monte area in the eastern part of the county. City's closest offices to Pacific are located at Pershing Square in downtown Los Angeles, South Gate, and La Mirada, and these are all 12 to 18 miles away from South El Monte. There are intervening offices of numerous banks, including Bank of America, Crocker-Citizens, Security First National, and United California, and the amount of business City obtains from the South El Monte area of Los Angeles County is limited.

Both banks are relatively small factors in the broad Los Angeles County (the Los Angeles SMSA) market. City at present has only 1.9 percent of total deposits, and 2.3 percent of IPC demand deposits, while Pacific has only 0.2 percent of total deposits, and 0.03 percent of IPC demand deposits. This overall market is highly concentrated, with the five largest banks in the area having 85 percent of all bank deposits.

Although City might appear relatively small in the context of the entire Los Angeles market, it is, nevertheless, a substantial bank, with total deposits of almost $300 million. City has already demonstrated its ability to expand by *de novo* branching, and has opened 12 new offices in Los Angeles County since 1953. Its ultimate objective, as noted in the application, is to penetrate all of Los Angeles County. The proposed acquisition would be an integral step in that program, giving City its first office within the now growing area of eastern Los Angeles County.

Under the circumstances, City is a potential entrant in the area served by Pacific. Should it achieve such entry by acquiring Pacific rather than by branching *de novo*, one of the two independent banks serving the South El Monte area would disappear, and there would be some loss of potential competition in the area.

* * *

SEATTLE-FIRST NATIONAL BANK, SEATTLE, WASH., AND FIRST STATE BANK OF LACROSSE, LACROSSE, WASH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First State Bank of LaCrosse, LaCrosse, Wash., with	$3,791,000	1	
was purchased Aug. 30, 1968, by Seattle-First National Bank, Seattle, Wash. (11280), which had	1,737,040,076	125	
After the purchase was effected, the receiving bank had	1,740,831,076		126

COMPTROLLER'S DECISION

LaCrosse, home of the merging bank, has a population of 430 persons. This small, isolated, farming community has lost population since 1960 and future growth potential is at best extremely limited. The economy is based exclusively on agriculture and its service industries, with wheat the primary crop. LaCrosse is located in a region considered to be one of the richest farming areas in the Pacific northwest, and the service area extends some 10 to 15 miles in all directions, containing a population of approximately 1,300 people. Agricultural production has developed to the point that Whitman County, home of the selling bank, is today among the leading counties in the United States in terms of value of farm products sold. The decreases in population, together with the increased productivity and value of the farm crops sold, result from the general trend toward larger and more mechanized farms, which has occurred in the area.

Seattle, home of Seattle-First National Bank, with a population of 557,087, is situated in northwestern Washington. The economy of the area is tied closely to the Boeing Company, which employs over 100,000 in four Seattle-Everett plants.

The $1.4 billion Seattle-First National Bank is headquartered, as its name would indicate, in Seattle, but the bank has branches throughout the State, including 18 in the southeastern portion, the general area of the merging bank. Spokane, the second largest city in the State with a population of 187,000 people, serves as the marketing and distribution center for this area. The nearest branch of Seattle-First to the merging bank is located in Colfax, 27 miles away.

First State Bank of LaCrosse, with IPC deposits of $3.2 million, operates as a single-office bank. Within the bank's primary service area there are no other commercial banks, mutual savings banks, savings and loan associations, credit unions, small loan companies, or any other financial institutions which compete directly with the bank. The nearest commercial banking office is located in Endicott, 16 miles northeast of LaCrosse.

This merger will cause the elimination of no significant amount of competition or potential competition between the two banks. The banks do not compete at the present time, and there will be no impairment of any future potential competition as a result of this merger, because the size of the service area of the merging bank is hardly sufficient to warrant one bank, let alone two banks. What is probable, if this merger is not approved, is that the town of LaCrosse will find itself without a banking facility in the not too distant future. Seattle-First not only will bring sufficient resources to provide future bank accommodations to this community, but it will also provide additional services to residents of the community, including higher rates of interest on time deposits, trust services, and expert agricultural consultant services.

This proposal will promote the public interest without lessening competition. The application is, therefore, approved.

July 30, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Seattle-First National Bank ("Seattle-First") is the largest commercial bank in the State of Washington, operating 124 offices throughout the State. As of December 31, 1967, it accounted for approximately 31 percent of the deposits, 32 percent of the loans, and 22 percent of the commercial banking offices in the State. It has total deposits of $1.5 billion and net loans and discounts of $955 million. First State Bank of LaCrosse ("First State") was organized in 1911 and has remained a unit bank. It has total deposits of $3.3 million and net loans and discounts of $1.7 million.

LaCrosse is a small, isolated, farming community situated in Whitman County, in the rich wheat-growing Palouse Hills region of southeast Washington. First State is the only bank in LaCrosse. There are eight banks operating 16 offices in Whitman County.

Seattle-First's nearest office to First State is situated at Colfax, about 27 miles east of LaCrosse. In view of the distance between the banks and the fact that they do not do a substantial amount of business in each other's area, the proposed acquisition would not appear to eliminate a significant amount of direct competition between the parties.

Washington law prohibits Seattle-First from establishing a *de novo* branch in LaCrosse. Moreover, it does not appear that any community near LaCrosse would be attractive enough to induce Seattle-First to establish a *de novo* branch therein. Consequently, it does not appear that the proposed acquisition would have any adverse effect on potential competition.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Bank of Spanish Fork, Spanish Fork, Utah, with	$12, 440, 000	1	
was purchased Aug. 30, 1968, by Zions First National Bank, Salt Lake City, Utah (4341), which had	228, 466, 318	11	
After the purchase was effected, the receiving bank had	245, 790, 000		12

COMPTROLLER'S DECISION

On April 5, 1968, the Zions First National Bank, Salt Lake City, Utah, applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of The Bank of Spanish Fork, Spanish Fork, Utah.

Salt Lake City, the State capital, has a population of approximately 200,000 persons. The city is the commercial and industrial center of the State and, because of its location, serves as the transportation and trade focal point for the intermountain region. Its economic base is widely diversified and includes employment in manufacturing, trade, mining, research, transportation, and service industries.

Spanish Fork, with an estimated population of 7,400 people, is located 65 miles south of Salt Lake City. The economy of the area is dependent upon agriculture, with livestock production and feeding the most successful and predominant pursuit. Approximately 15 to 20 percent of the population is employed in Provo, Utah, 20 miles north. Future growth is expected to be good as a result of the Colorado River Project, an extensive reclamation effort.

The Bank of Spanish Fork, with IPC deposits of $15.2 million, was chartered as a State bank in November 1930. It presently operates a single office in Spanish Fork.

Zions First National Bank, with IPC deposits of $170.4 million, was founded by Brigham Young in 1873 and was owned by the Mormon Church until 1960, when control of the bank was sold to certain individuals who subsequently exchanged their shares in the bank for stock of the Zions Utah Bancorporation. The bank presently operates from its main office and nine branch offices located in Salt Lake City and Salt Lake Valley. This bank, the third largest in the State, derives its primary competition from the $522.2 million First Security Bank of Utah, N.A., and the $286 million Walker Bank and Trust Company.

No competition will be eliminated as a result of this purchase. The service areas of the two banks are separate and distinct, and the Zions First National Bank, because of existing State branching laws, is presently not permitted to branch *de novo* into Spanish Fork. The elimination of The Bank of Spanish Fork as an independent entity will open this community to further branching by other banks. Following the merger, the present customers of The Bank of Spanish Fork will be offered a wider range of banking services than those presently available.

This proposal promotes the public interest without lessening competition. The application is, therefore, approved.

JUNE 25, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Zions Bank's offices are all located in the Salt Lake City metropolitan area, the only major trade center of commerce, industry, and finance within a radius of at least 280 miles. This metropolitan area is served by 18 banks operating a total of 75 offices.

Spanish Fork (population 7,400), Utah County, is a primarily agricultural but growing residential area approximately 45 miles south of Salt Lake City. Given this distance, direct competition between the banks appears to be nonexistent.

Under Utah branch banking law, no bank may establish a *de novo* branch in Spanish Fork. The proposed merger would not, therefore, eliminate potential competition between Zions Bank and Spanish Fork Bank. Furthermore, Spanish Fork Bank possesses approximately 11 percent of Utah County deposits, and within Spanish Fork itself, competes with a branch of First Security Bank of Utah, N.A. (total deposits $465.8 million), the largest bank in Utah. Thus, the proposed merger would not result in Zions Bank's assumption of a controlling position in Utah County

* * *

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank of Arlington, Arlington, Va. (14660), with	$36, 858, 934	3	
and First National Bank of Vienna, Vienna, Va. (14965), which had	9, 188, 397	3	
merged Aug. 31, 1968, under the charter of the latter bank (14965) and title "Suburban National Bank of Virginia." The resulting bank at date of merger had	46, 047, 331		6

COMPTROLLER'S DECISION

On February 12, 1968, the First National Bank of Arlington, Arlington, Va., with IPC deposits of $26 million, and the First National Bank of Vienna, Vienna, Va., with IPC deposits of $4.6 million, applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of "Suburban National Bank of Virginia."

Both participating banks serve separate segments of the northern Virginia portion of the Washington Standard Metropolitan Statistical Area. This northern Virginia sector, which is comprised of Arlington and Fairfax Counties and the cities of Alexandria, Fairfax, and Falls Church, is primarily a Washington suburb with a total population nearing 700,000. Family income levels in this rapidly expanding area are well above the national averages owing to the high percentage of its residents engaged in administrative, technical, and research fields, and employed by the Federal Government at installations in both Washington and Virginia.

Vienna, the home of the charter bank, is an unincorporated town of 15,000 located in Fairfax County. This county, which now has a population of 350,000 residents, is expected to double in size during the next two decades. Commercial and industrial development are expanding with the county's population growth. At present there are eight major and numerous small shopping centers, as well as the largest one in the entire Washington area. During 1967, 34 new firms commenced operations in the county; 23 were engaged in research and development work, and 11 in manufacturing.

Arlington County, wherein the merging bank is located, is contiguous to Fairfax County and shares many of its economic characteristics. While Arlington County now has a population of 185,000, its future growth will probably be slower than in Fairfax County. To serve this county, there are presently four major and 16 neighborhood shopping centers, housing some 950 retail stores that employ more than 23,000 people. Because of excellent highways and a very high volume of commuter and shopping traffic, Arlington and Fairfax Counties must be considered as one.

The First National Bank of Vienna was organized in February 1962, with its main office in Vienna. It now operates two branch offices: one in Vienna and the other in the very large shopping complex at Tysons Corner. This bank is consumer oriented with a high percentage of its assets in installment and single payment loans. After weathering the first 3 years of its existence, this bank reported a good net operating income in 1965. Since then, there has been a decline in its earnings.

The First National Bank of Arlington, chartered in 1951, operates its principal office and two branches in Arlington County. One branch is in the Pentagon and the other is relatively close to it. This bank has concentrated its lending efforts in commercial and industrial loans and commercial mortgages. In recent years, this bank's earnings have been declining owing to general economic conditions.

There is no significant competition between these participating banks to be lessened by consummation of this proposed merger. Accepting the convenience factor as determinative of competition for retail deposits, the 7 miles that separate their closest offices belie convenience and refute the existence of competition for deposit dollars. Because their lending activities are focused on different types of borrowers, no significant credit competition exists between them. Nor can this merger be viewed as lessening potential competition between them; the provisions of the Virginia statutes preclude each from branching *de novo* into the county inhabited by the other. Neither is a potential entrant into the other bank's retail domain.

In view of the total number of banks and banking offices operating in this northern Virginia portion of the Washington metropolitan area, the impact of this merger on the banking structure will be very slight. Within Arlington and Fairfax Counties and the three independent cities, there are 27 banks operating 140 offices. The eight largest of these banks are subsidiaries of large holding companies with substantial resources at their command. Following this merger, the resulting bank will rank merely ninth in size, with six offices. Though it will control about 4.6 percent of deposits in this limited area, the figure must be shaded downward substantially to reflect the very real competition that derives from other banks and the many nonbank financial institutions located in other portions of the Washington metropolitan area.

By this merger, participating banks can benefit the public directly and indirectly. Through the union of their resources and capital, greater lending capability with larger lending limits will result. With the augmented earning base, the resulting bank can expand the range of services beyond that offered by the constituent banks. Their union will indirectly aid the public by assuring a stronger resulting bank based upon a more effective utilization of management resources.

Applying the statutory criteria to this proposal, it promotes the public interest without substantially lessening competition. The application is, therefore, approved.

JUNE 10, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National Bank of Arlington ("Arlington Bank"), organized in 1951, proposes to merge into First National Bank of Vienna ("Vienna Bank"), organized in 1962. Neither bank is affiliated with a holding company. Arlington Bank, which operates in Arlington County, and, as of June 30, 1966, held 9.1 percent of total county deposits, ranks as the fourth largest of six banks headquartered in Arlington County and the eighth largest of 10 banks operating in the county.

Vienna Bank, which operates its three offices in and near the unincorporated town of Vienna in Fairfax County, and, as of June 30, 1966, held 3.3 percent of county deposits, is the smallest of three banks operating in Vienna; it ranks sixth among the nine banks headquartered in Fairfax County and 14th among the 17 banks operating in the county.

Both Arlington and Fairfax Counties and the independent cities of Alexandria (population 116,000), Falls Church (population 11,000), and Fairfax (population 18,000) are within the Washington Metropolitan Statistical Area, the ninth largest SMSA in the United States, and the fastest growing in terms of population.

The head offices of the merging banks are 10 miles apart and their closest offices are 7 miles apart. At present 11 other banks operate 15 offices between the closest offices of the merging banks. There may be some direct competition between Vienna Bank and Arlington Bank which would be eliminated by their merger, but, because of the distance between their offices and the number of intervening banks, the amount of competition eliminated would probably not be significant. State law prohibits either bank from branching into the home county of the other, except by merger.

The proposed merger would not increase concentration in either Arlington or Fairfax County. However, if it were appropriate to use a broader market, consisting of the counties of Fairfax and Arlington and the three independent cities of Alexandria, Falls Church, and Fairfax, then a slight increase in concentration would result. Twenty-seven banks (excluding First & Merchants National Bank of Richmond) presently operate a total of 140 offices in this broader market area. Nine of these banks, including the eight largest, are subsidiaries or affiliates of three holding companies and, together, they hold nearly 75 percent of all deposits and 50 percent of all banking offices in the combined area. The resulting bank would rank as the ninth largest in the broader market area and, on the basis of June 30, 1966 data, would have about 4.6 percent of area total deposits.

While the proposed merger may eliminate some existing direct competition, and might increase concentration slightly in northern Virginia, these changes would not appear to have a significant effect on overall banking competition in the area.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Continental Bank, Beverly Hills, Calif., with	$19, 618, 149	2	
and United States National Bank, San Diego, Calif. (10391), which had	423, 669, 562	50	
merged Sept. 3, 1968, under charter and title of the latter bank (10391). The resulting bank at date of merger had	*457, 143, 885		*53

*Includes County National Bank, Orange, Calif.

COMPTROLLER'S DECISION

On May 17, 1968, the Continental Bank, Beverly Hills, Calif., with IPC deposits of $13.8 million, and the United States National Bank, San Diego, Calif., with IPC deposits of $293 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The United States National Bank was chartered on August 1, 1913, and presently operates 48 offices in the southern California counties of San Diego, Los Angeles, Orange, Riverside, and San Bernardino. This five-county area has emerged as a hub of financial activity in the State, with approximately $16 billion in bank deposits. The banking competition in these five counties is extremely intense, e.g., in San Diego County, the home county of the charter bank, there are 13 commercial banks, operating 147 offices, and 14 savings and loan associations, with 47 offices. In Los Angeles County, the largest county by population in the Nation, there are 68 commercial banks, operating 867 offices, and 93 savings and loan associations, operating 315 offices. Riverside and San Bernardino Counties are presently served by 18 commercial banks, operating 161 offices, and 24 savings and loan associations, with 37 offices. Orange County is served by 22 commercial banks, operating over 185 offices, and 31 savings and loan associations, with 49 offices. The charter bank, even though confronted with this intense competition, has enjoyed steady growth in the past 9 years and has played an important role in servicing the banking needs of these communities.

The Continental Bank was organized in July 1961, as a nonmember State bank with its head office in the Hollywood section of Los Angeles, Calif. In 1963, a branch was established in Beverly Hills, Calif., and the head office was relocated to the Beverly Hills site, with the original head office becoming a branch. The primary market area of the merging bank is the affluent section of southern California, comprising the city of Beverly Hills and the Hollywood area of Los Angeles. Beverly Hills is one of the wealthiest communities in the Nation and has recently developed as a large financial and commercial sector. There are over 400 banking offices, representing 35 banking institutions, and numerous offices of savings and loan associations located in the service area of the merging bank. Additional competition is offered by credit unions, sales finance companies, personal loan companies, mortgage companies, and lending agencies of the U.S. Government.

Any competition between the charter bank and the merging bank is more imaginary than real, in that there are no common depositors or borrowers. In addition, 93 percent of the stock of the merging bank is owned or controlled by the chairman-president of the charter bank.

The resulting bank will be able to offer a broader range of services to the customers of the merging bank, including expertise in the commercial lending field, electronic data processing facilities, trust department, a greater lending limit, increased capitalization. Also, it will have the capacity to develop the commercial business that has been attracted to the trade area. Furthermore, consummation of this merger will resolve the management succession problem within the merging bank.

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

JULY 26, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

United States National Bank ("U.S. National"), a major southern California branch system with 48 offices, seeks to acquire through merger the Continental Bank, located in the city of Beverly Hills, Los Angeles County, and the County National Bank, located in the city of Orange, Orange County.

Los Angeles County (the Los Angeles Standard Metropolitan Statistical Area), in which the two offices of Continental Bank and 25 of U.S. National's branches are located, is the Nation's largest county in population and has experienced extremely rapid population and commercial growth. Orange County, in which County Bank and nine of U.S. National's offices are located, is a rapidly growing area undergoing rapid transformation from an agricultural to an industrially oriented economy.

Four of U.S. National's branches are located at distances of approximately 1, 3, 5, and 6 miles from Continental's two offices in Beverly Hills, in the Los Angeles SMSA. In Orange County, County Bank's one office is virtually surrounded by branches of U.S. National; one of these branches is only 2 miles away, two are 3 miles distant, and a fourth is 4 miles from County Bank. Although at present an overlap in ownership among the three banks may limit the amount of direct competition between U.S. National and the two banks it proposes to acquire, their geographic proximity indicates that they would ordinarily be expected to be direct competitors. The proposed mergers would eliminate the possibility of such direct competition should the present ownership situation of the acquired banks change.

* * *

UNITED STATES NATIONAL BANK, SAN DIEGO, CALIF., AND COUNTY NATIONAL BANK, ORANGE, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
County National Bank, Orange, Calif. (15265), with	$13, 856, 174	1	
and United States National Bank, San Diego, Calif. (10391), which had	423, 669, 562	50	
merged Sept. 3, 1968, under charter and title of the latter bank (10391) The resulting bank at date of merger had	*457, 143, 885		*53

*Includes Continental Bank, Beverly Hills, Calif.

COMPTROLLER'S DECISION

On May 17, 1968, the County National Bank, Orange, Calif., with IPC deposits of $8.6 million, and the United States National Bank, San Diego, Calif., with IPC deposits of $293 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The charter bank, the United States National Bank, was chartered on August 1, 1913, and presently operates 48 offices in the southern California counties of San Diego, Los Angeles, Orange, Riverside, and San Bernardino. This five-county area has emerged as a hub of financial activity in the State, with approximately $16 billion in bank deposits. Banking competition in these five counties is extremely intense, e.g., in San Diego County, the home county of United States National Bank, there are 13 commercial banks, operating 147 offices, and 14 savings and loan associations, with 47 offices. In Los Angeles County, the largest county by population in the Nation, there are 68 commercial banks, operating 867 offices, and 93 savings and loan associations, operating 315 offices. Riverside and San Bernardino Counties are presently served by 18 commercial banks, operating 161 offices, and 24 savings and loan associations, with 37 offices. Orange County is served by 22 commercial banks, operating over 185 offices, and 31 savings and loan associations, with 49 offices. The charter bank, even though confronted with this intense competition, has enjoyed steady growth in the past 9 years and has played an important role in servicing the banking needs of these communities.

County National Bank, the merging bank, is a unit bank that opened for business on February 17, 1964, in the city of Orange, Orange County, Calif. The primary market area for this bank is Orange and the immediate surrounding area located 30 miles southeast from downtown Los Angeles. The population of Orange and contiguous Santa Ana is approximately 141,000. These cities have shared in the impressive growth experienced by all of Orange County in the past decade. The economy of the area has experienced a transition from an agricultural to a commercial and industrial base. The bank is experiencing problems that derive from the general pressure of current economic conditions and the intense competition from the large banking institutions operating within Orange County. Its own management team does not appear able to resolve these problems.

Competition between the two banks is negligible in that there are virtually no common depositors or borrowers. In addition, 84 percent of the stock of the merging bank is owned or controlled by the chairman-president of the charter bank. At the present time, management of the merging bank is being furnished by the United States National Bank.

The resulting bank will be able to offer a broader range of services to the customers of the merging bank, including expertise in the commercial lending field, electronic data processing facilities, a trust department, a greater lending limit, increased capitalization and, in addition, it will have the capacity to develop the commercial business that has been attracted to the trade area. Furthermore, consummation of this merger will resolve the management succession problem within the merging bank.

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

JULY 26, 1968.

NOTE.—For summary of Attorney General's opinion, see pp. 99–100.

* * *

INDUSTRIAL NATIONAL BANK OF RHODE ISLAND, PROVIDENCE, R.I., AND HOPE NATIONAL BANK, PROVIDENCE, R.I.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Industrial National Bank of Rhode Island, Providence, R.I. (1302), with	$909, 348, 116	50	
and Hope National Bank, Providence, R.I. (15664), which had	249, 486	0	
merged Sept. 18, 1968, under charter of the latter bank (15664) and title "Industrial National Bank of Rhode Island." The resulting bank at date of merger had	909, 355, 410		50

COMPTROLLER'S DECISION

On June 18, 1968, the Industrial National Bank of Rhode Island, Providence, R.I., and the Hope National Bank (organizing), Providence, R.I., 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 Industrial National Bank of Rhode Island, with assets of $871 million, has its main office in Providence, R.I., and operates 49 branches throughout the State. Approval of two additional branches has been granted to the bank. It has had a long history of successful growth, is under competent management, and has no asset problems.

The Hope National Bank is being organized for the sole purpose of providing a vehicle to transfer ownership of the Industrial National Bank to a holding company, Industrial Bancorp, Inc. Hope National Bank is presently a wholly owned subsidiary of Bancorp, except for the qualifying shares of its directors. Hope National Bank will not have commenced banking operations prior to the merger.

The Industrial National Bank now furnishes a complete line of banking services throughout the State. All of these services will be rendered by the surviving bank in the same manner and with the same personnel as is presently utilized by Industrial National Bank. The proposed directors and executive officers of the resulting bank will be the same as those of Industrial National Bank. The banking business to be carried on by the resulting bank will be conducted in the 49 existing branches of Industrial National Bank, plus the two additional branch locations, for which approval has been granted to that bank.

Because the proposed merger involves only one operating bank, there can be no adverse effect on competition resulting from the proposed transaction.

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

AUGUST 15, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Hope National Bank is a newly organized bank being formed solely for the purpose of accomplishing a corporate reorganization of Industrial National Bank of Rhode Island, the largest bank in Rhode Island, and thus presently performs no banking operations. Because the proposed merger involves only the corporate reorganization of a single existing bank, it will have no foreseeable effects on competition.

* * *

First Union National Bank of North Carolina, Charlotte, N.C., and Commercial State Bank, Laurinburg, N.C., and First State Bank and Trust Company, Bessemer City, N.C.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Commercial State Bank, Laurinburg, N.C., with	$10, 554, 223	6	
First State Bank and Trust Company, Bessemer City, N.C., with	8, 940, 759	3	
and First Union National Bank of North Carolina, Charlotte, N.C. (15650), which had	852, 486, 078	108	
merged Sept. 19, 1968, under charter and title of the latter bank (15650). The resulting bank at date of merger had	872, 019, 941		117

COMPTROLLER'S DECISION

On May 6, 1968, First Union National Bank of North Carolina, Charlotte, N.C., Commercial State Bank, Laurinburg, N.C., and First State Bank and Trust Company, Bessemer City, N.C., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Charlotte, home of the charter bank, is the financial and distribution center of the State. Located in the south-central Piedmont section of North Carolina, Charlotte is one of the State leaders in manufacturing and boasts the highest retail sales totals in the two Carolinas. It is one of the fastest growing cities in the southeastern United States.

First Union National Bank, with total resources of about $800 million, is the third largest bank in the State and presently operates 105 banking offices in 50 communities of North Carolina. Principal banking competition for this bank is provided by the $1.4 billion Wachovia Bank and Trust Company, operating 106 offices in 38 communities; the $1 billion North Carolina National Bank, operating 78 offices in 16 communities; and the $600 million First-Citizens Bank and Trust Company, operating 104 offices in 48 communities. Competition for the charter bank is also provided by such strong regional banking systems as the $390 million The Northwestern Bank and the $190 million Branch Banking and Trust Company. Many other financial institutions also operate in the same areas and compete with the charter bank. The other banks involved in this merger are relatively small institutions located in widely separated areas of the State.

The merging Commercial State Bank is headquartered in Laurinburg, the seat and retail trade center of Scotland County. It presently operates branch offices in three other communities in the same county and two offices in adjoining Richmond County in Hamlet in Marks Creek Township. Scotland County has been an agricultural area. In recent years, however, its economy has changed so that now manufacturing of textiles is the main economic activity in the area. With total employment in 1966 of 11,480, average employment in agriculture was 1,270, monthly average employment in industry was 6,829. The family, personal income levels, and housing conditions of this county are considerably below the statewide norm. The creation of an environment conducive to growth and attractive to new industry is of primary importance to the future of the area. It needs larger banking institutions, such as those that have played a vital role in the growth of other areas of the State in recent years by helping to create an environment attractive to industry and by offering extensive services to all segments of the community.

Although the two counties served by the Commercial State Bank share many common attributes, their economic bases differ. The economy of Hamlet in Richmond County was and still is largely dominated by the railroad industry. However, a change and expansion of the economic base has taken place in recent years with an increase in manufacturing. Family and personal income levels for Hamlet and the surrounding township area are equal to the State level, and housing conditions are better than those in Scotland County.

Commercial State Bank was organized in 1920. With IPC deposits of $8 million, the bank is not able to meet the credit needs of the large businesses in its service area, nor to offer the more sophisticated banking services required by them. Although its capital structure needs shoring, its earnings have declined during the past 2 years. This bank, facing a serious management succession problem, because its chief executive officer is over 70 years of age and is semiretired, lacks management succession. Its size is a limiting factor in attracting new management. Since a number of directors of this bank are approaching retirement, the bank has tried, with little success, to find in its area younger men qualified to replace them. Because of these present limitations in capital, earnings, and management, it is doubtful that this bank could do much in the future to foster competition or to stimulate growth in its service area.

Commercial State Bank is in a weak market position, because banking competition for this bank derives from the $1.4 billion Wachovia Bank and Trust Company, which recently merged with The State Bank of Laurinburg, an $11 million institution operating three offices, and the $120 million Southern National Bank of North Carolina, with offices in Laurinburg and Hamlet. It should be noted that the Southern National's Laurinburg office, in operation for 9 years, has reflected very slow growth. Competition is also provided by savings and loan associations, factoring companies, sales finance and personal loan companies, and direct lending agencies of the Government.

First Union National Bank has no offices in Scotland County or Richmond County, and its office closest to the merging Commercial State Bank is in Red Springs, Robeson County, which is approximately 15 miles from Wagram. Although the bank serves some of the large businesses in the area of the merging bank, the two banks do not compete with each other, because Commercial State Bank could not meet the credit needs of these large customers.

Although First Union National Bank could, under State law, branch *de novo* into the area of the merging bank, the population per banking office ratio and the economy of the area do not warrant *de novo* entry. This was the conclusion reached by a majority of the Federal Reserve Board in approving Wachovia's entry into this city. In view of the presently existing banking structure in the market area of Commercial State Bank, to insist on *de novo* branching would be to aggravate the problems at this bank by creating undue competition.

Consummation of the proposed merger between First Union and Commercial State Bank, in addition to solving the problems at the merging bank, will result in a sharply increased competitive situation in the service area of the merging bank. The resulting bank would provide not only a full range of banking services and a larger lending limit, but also access to credit resources beyond those generated locally. It will help in the creation of a banking structure that will facilitate the economic growth of the Laurinburg-Hamlet area.

The merging First State Bank and Trust Company operates offices in the three small communities of Bessemer City, Dallas, and Mount Holly, all in Gaston County. Gaston County is situated in the southwestern Piedmont section of the State and has a current population of about 126,000. Economic activity in this county is predominantly manufacturing. According to U.S. Department of Commerce 1966 statistics, approximately 298 establishments were engaged in manufacturing activity, with total employment in excess of 35,000. Textile production is the sustaining force of the economy. Gaston County has been long noted for its manufacture of fine combed cotton yarn, and the general market area is dotted with firms producing knit goods, woven synthetics, yarns, and threads. Other major industries include the manufacture of textile machinery, trucking, and the retail trades. Farming plays a relatively minor role in the economy of the county. Personal income in this area is slightly better than the State average, but housing in the area is modest.

First State Bank and Trust Company, organized in 1907, is a conservatively-run institution, which presently has IPC deposits of $6 million. While operating income has been satisfactory over the past few years, substantial loan losses have reduced net earnings significantly in 1966 and 1967. The bank is also faced with the need to build new banking quarters in both Dallas and Bessemer City, which will require large capital outlays it cannot afford. Because of its size, the bank is limited in the services it is able to offer to its customers; all of the larger businesses in the county are now served by the State's larger banks from their offices in either Gastonia or Charlotte.

The merging bank is faced with a serious management succession problem. Its chief executive officer, now over 70 years of age and in failing health, is anxious to retire, and no subordinate is able to succeed him. The bank is unable to attract new and capable management from outside the area, because of its salary scale and other related factors. Since its board of directors is also composed of older men, who have retired or are reaching retirement age, the bank has had little success in finding qualified younger men in the area, as the law requires, to serve as its directors.

Although existing banking competition in Gaston County is very keen, the merging First State Bank contributes little to the competitive climate. Of the seven banks presently operating 19 offices in the county, four are headquartered there and three are headquartered in other counties. The local banks include the $9 million merging bank, with three offices; the $21.5 million Bank of Belmont, with one office; the $7 million Cherryville National Bank, with one office; and the $53 million Citizens National Bank in Gastonia, with eight offices. The outside banks include the $16 million

First National Bank of Lincolnton, with one office in Cherryville; the $600 million First Citizens Bank and Trust of Smithfield, with two offices in Gastonia; and the $800 million charter bank, with three branches in Gastonia. Banks located in Charlotte, which is situated in the adjoining Mecklenburg County and about 25 miles from Bessemer City, provide additional banking alternatives to Gaston County residents who work in Charlotte. Competition is also provided by numerous insurance companies, four savings and loan associations, a number of small loan companies, sales finance companies, one credit union, and a direct lending agency of the Government, operating in the area.

Although First Union National Bank operates in Gaston County, it does not compete with First State Bank within the limits of the latter's competitive competence. First Union operates three branch offices in Gastonia, the county seat, which is about 7 miles to the east of Bessemer City, about 5 miles to the south of Dallas, and about 12 miles to the southwest of Mount Holly. It also operates a branch in Kings Mountain in Cleveland County, about 5 miles to the southwest of Bessemer City. In view of the distance between the offices of the participating banks, there is no significant competition presently existing between them. The merging bank draws its accounts almost exclusively from the areas in which it is located; it reportedly does not solicit business outside the immediate vicinities of the towns in which it has offices. Due to its size, the merging bank is precluded from competing with the charter bank in the field of commercial loans and other specialized services required by the larger businesses in the area.

This merger, while having little competitive impact in Gaston County, will do much to promote the welfare of county residents in the communities served by the merging bank. The addition of $6 million of IPC deposits to the charter bank will have little effect on overall existing competition and concentration of banking resources in the Gaston County market. The charter bank will still rank the second largest in the area in terms of local deposits. On the other hand, consummation of this proposed merger between First Union National Bank and First State Bank and Trust Company will solve the severe problems vexing the merging bank, and will introduce into the communities now served by the merging bank, one better able to serve and more responsive to their needs. The resulting bank will be able to meet the credit needs of the larger businesses in these communities, as well as provide the more specialized services required by these businesses, such as equipment loans, computer services, and the services of the bank's textile department.

Applying the statutory criteria to this proposal, it is found that the convenience and needs of the communities to be served clearly outweigh any possible adverse effect on competition that it may have, and that it is in the public interest. The application is, therefore, approved.

August 20, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First Union, the third largest commercial bank in North Carolina, accounts for approximately 14.7 percent of the aggregate deposits of North Carolina's banks; its 104 branches, operating in 50 communities, account for approximately 14 percent of all branch offices in the State. Commercial State Bank in Laurinburg ("Commercial"), operates six offices in two adjoining counties in the south-central portion of North Carolina along the South Carolina border, and First State Bank & Trust Co. ("First State"), operates three offices in Gaston County, also in south-central North Carolina about 100 miles west of the area served by Commercial.

Commercial's head office is in Laurinburg (population 8,242), the county seat of Scotland County (population 25,183), and the principal trade center of Scotland County and the adjoining Maxton area (population 1,755) of Robeson County. The economy of the Scotland County-Maxton area has undergone substantial changes in recent years with substantial industrial growth. Commercial is one of only two banks headquartered in the Scotland County-Maxton area, and one of only three banks operating a total of 10 banking offices in the area.

First Union has no offices in the Scotland County-Maxton area; its nearest offices are about 15 miles away. While First Union may derive some business from this area from larger industries and businesses, because of the distances between the closest offices of the merging banks, it appears that little or no existing competition would be eliminated by this proposed merger.

The elimination of potential competition between the State's third largest bank and a successful local bank with a substantial market position in the growing Scotland County-Maxton market would be significant.

As of June 30, 1966, Commercial's four Scotland County offices accounted for 23.5 percent of the $16.6 million of total IPC deposits in all 10 county banking offices as compared with 54.6 percent for State Bank and 21.9 percent for Southern National's Laurinburg branch. In the Scotland County-Maxton area, the local banking structure has remained relatively unchanged since Southern National opened its Laurinburg branch in 1959. Despite the area's rapid industrial growth, there have been no efforts to obtain new bank charters or to establish *de novo* branches in the Scotland County-Maxton area since that time. That the area, however, does offer attractive banking prospects to outside banks is indicated not only by this proposed merger, but also by the recently proposed merger of The State Bank in Laurinburg into Wachovia Bank and Trust Company, the State's largest commercial bank.

North Carolina law permits statewide *de novo* branching. First Union can be considered to be one of the most likely potential entrants through *de novo* branching into the Scotland County-Maxton area. It is the third largest bank in the State, it has the resources to establish such branches, and it has demonstrated its capacity and willingness to expand through *de novo* branching: over 50 percent of its 105 existing offices were created *de novo*.

First State is the third largest of four banks headquartered in Gaston County and one of seven operating 20 banking offices in the county. The eastern border of Gaston County is contiguous to Mecklenburg County, the location of Charlotte (population 201,564), the largest city in the State. The Charlotte metropolitan area is less than 10 miles east of Gaston County, and many Gaston County residents, including those of Bessemer City, Dallas, and Mount Holly, commute to the Charlotte metropolitan area to work or trade.

The head offices of First Union and First State are 27 miles apart, but First Union's three Gastonia branches are only 7 miles distant from First State's head office and its Dallas branch, and First Union's Kings Mountain branch in Cleveland County is only 5 miles from Bessemer City. First State does business throughout all portions of Gaston County, with the possible exception of the Cherryville area in the northwest corner of the county. The proposed merger would therefore eliminate substantial direct existing competition between First Union and First State in Gaston County. And because of the proximity of First State's Mount Holly branch to the Charlotte metropolitan area, the merger would also appear to eliminate existing competition between the Mount Holly office and First Union's Charlotte offices.

Commercial banking in Gaston County is highly concentrated. As of June 30, 1966, 67 percent of the total IPC deposits of $86 million in county banking offices were held by two of the seven banks operating in the county at that time, and 83 percent of such deposits were held by three banks—Citizens National Bank of Gastonia with 43.8 percent, First Union with 23.2 percent, and Bank of Belmont with 16.1 percent. First State held 6.9 percent of such deposits. Thus, as a result of the proposed merger, concentration of commercial banking deposits in the two banks holding the largest shares of IPC deposits would be increased to 73.9 percent, and in the three banks holding the largest shares to 90 percent; and First Union's share alone would be increased to over 30 percent.

These proposed mergers represent significant steps in the continuing trend of acquisitions and mergers by North Carolina's largest commercial banks. This acquisition trend, by reducing the establishment of *de novo* branches by the State's largest banks, undoubtedly inhibits the development of a more competitive banking structure, not only by eliminating substantial existing competitors and those most able to enter new markets *de novo* as sources of potential competition, but also by increasing the barriers to entry *de novo* for smaller institutions. Moreover, acquisitions by the State's largest banks tend to foreclose the creation, by means of mergers between smaller banks in separate local markets, of banking institutions capable of competing with the largest banks for the business of large industrial customers.

We conclude that the proposed merger of Commercial and First Union would cause a significant lessening of potential competition, and that the proposed merger of First State and First Union would eliminate substantial existing competition and significantly increase concentration.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Western Maryland Trust Company, Frederick, Md., with	$19,976,522	5	
and Maryland National Bank, Baltimore, Md. (13745), which had	1,012,575,235	87	
merged Sept. 30, 1968, under charter and title of the latter bank (13745). The resulting bank at date of merger had	1,031,022,181		92

COMPTROLLER'S DECISION

On May 16, 1968, the Western Maryland Trust Company, Frederick, Md., and the Maryland National Bank, Baltimore, Md., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The Western Maryland Trust Company, the merging bank, has IPC deposits of $15 million and operates five offices in Frederick County. The bank is headquartered in the city of Frederick, approximately 40 miles west of Baltimore and northwest of Washington, D.C.

Frederick, with a population of 26,000, is the county seat and trading center of Frederick County. The population of the county is currently estimated at 90,000. It increased 17 percent between 1960 and 1965, and a similar percentage of increase is expected between 1965 and 1970. This relatively rapid growth is credited to the industrialization of the formerly rural county and to Frederick's proximity to two large and growing metropolitan areas. Industrial concerns include electronics, optical equipment, leather goods, and canning. The area also is important for farming, dairying, and raising livestock.

The charter bank, the Maryland National Bank, maintains its head office in Baltimore. The bank holds IPC deposits of $650.8 million, and operates 85 offices in 14 of Maryland's 23 counties and the independent city of Baltimore.

The competitive effects of the merger will occur primarily in Frederick County, where the addition of a broadly based bank with substantial resources will supply an area struggling with the problems of steadily increasing industrialization with the financial resources needed for such endeavors. Frederick County presently has nine banks, four of which are based in Frederick. The remaining five are small unit banks scattered throughout the county. The four banks in Frederick have 13 offices. Dominating the Frederick financial scene is Farmers and Mechanics National Bank which, with total resources of $95.7 million, holds 60 percent of the banking assets in Frederick. Frederickstown Savings and Trust Company is next largest in size, with $29 million in resources. Western Maryland ranks third, with $18.5 million, and Frederick County National Bank is fourth, with $14.1 million. Competition among the four banks is very keen; in the past 5 years, their respective resources have increased from 44 to 58 percent. In addition, three building and loan associations, one local finance company, a branch of a large Baltimore savings and loan association, and Federal lending agencies compete aggressively in the financial market in Frederick.

The entry of Maryland National Bank into Frederick County, through the instant merger, will have no adverse effect upon competition. The charter bank maintains no offices in the county. The closest branches of the applicant banks are 16 miles apart, and investigations indicate that competition between the two banks is insignificant. Although it is legally possible for the charter bank to enter the Frederick County market through *de novo* branches, this method of entry is not feasible in view of the adequate number of banks and branches presently serving the area. Frederick has one banking office for every 2,000 people. The average ratio for Maryland is one bank for every 6,600.

This merger will have a pronounced effect on the banking structure of Frederick County in terms of size. The increased lending capability and specialized services available from a large bank will overcome the two deficiencies in the banking structure of the county and stimulate local competition. As the area becomes more industrial and the financial requirements of local businesses and developers increase, the need for a bank having sufficient lending ability to meet such requirements becomes evident. At the end of 1967, Western Maryland had a loan-to-deposit ratio of 68 percent, indicating that it is lending nearly to its maximum capacity. Since lending limit is $100,000, its resources, therefore, are available only to the smaller commercial accounts. Western Maryland Trust has lost its larger customers to bigger, often out-of-county banks, and the trend is expected to continue and to worsen.

Frederick's location, on the outer edge of two metropolitan areas, points to important growth and development within the near future. Suburban development requires immense amounts of ready capital, highly specialized lending services, and a well-trained managing staff. Western's size has militated against its use of computer equipment and the development of personnel trained in such areas as inventory and receivable financing, direct lease financing, term loans, and equipment loans. Furthermore, Western has been managed largely by one man who, at 68 years of age, is nearing retirement, and finding successor management at competitive salaries would be nearly impossible in view of Western's recent earnings record.

Frederick's need for increased capital and personnel trained in modern lending practices will be well met by the entry of Maryland National into the county. Although the charter bank is the largest bank in the State, it does not dominate financial institutions there. It holds 16 percent of the total commercial banking resources in Maryland; the acquisition of Western Maryland will increase its share by only 0.3 percent. When the competition of nonbank financial institutions, as well as the large out-of-State banks soliciting business in Maryland, are taken into consideration, Maryland National's influence lessens considerably, posing no threat of an anticompetitive concentration of financial resources.

The merger proposal will benefit the interests of the residents of Frederick County without unduly increasing the concentration of banking assets in the State of Maryland. The merger is, therefore, approved.

JULY 29, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger would unite Western Maryland Trust Company ("Western Maryland"), the third largest bank in Frederick County, with Maryland National Bank ("Maryland National"), the largest bank in the State of Maryland. The nearest offices of the two banks—Western Maryland's Ridgeville office and Maryland National's Gaithersburg office—are 18 miles apart, and there are only a handful of customers common to both banks. Thus, there appears to be little existing competition between the merging banks.

Maryland law permits statewide *de novo* branching, and Maryland National appears to be a potential *de novo* entrant into Frederick County (population 84,000), which is currently served by nine banks operating a total of 23 offices. It is one of the few remaining county markets in which Maryland National does not yet operate; the area is growing and appears to present a relatively attractive banking market. Moreover, the possibility that Maryland National might enter is indicated by its current interest in entering *de novo* at least one other area of the State where it is not already represented (i.e., Howard County). Alternatively, Maryland National might enter Frederick County by acquisition of a smaller bank.

The importance of potential competitors for this market rests on the fact that Frederick County is a concentrated banking market. The three largest banks presently hold about 78 percent of total county bank deposits. The bank to be acquired, Western Maryland, holds about 10 percent of total deposits of county commercial banks and is the third largest bank within this market. Moreover, this bank has shown a strong recent growth trend, having more than doubled its deposits since 1960, so that its competitive influence in that market may be expected to increase further in the future.

The proposed merger would combine the third largest bank in a concentrated market with one of the most likely new entrants into that market. We conclude that the proposed merger may have adverse effects on potential competition in commercial banking in Frederick County.

* * *

THE FIRST NATIONAL BANK OF HUNTSVILLE, HUNTSVILLE, ALA., AND FARMERS & MERCHANTS BANK, MADISON, ALA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Farmers & Merchants Bank, Madison, Ala., with	$2,477,868	1	
and The First National Bank of Huntsville, Huntsville, Ala. (4067), which had	73,370,422	8	
merged Sept. 30, 1968, under charter and title of the latter bank (4067). The resulting bank at date of merger had	75,642,957		9

COMPTROLLER'S DECISION

On June 14, 1968, the Farmers & Merchants Bank, Madison, Ala., with total deposits of $2.3 million, and The First National Bank of Huntsville, Huntsville, Ala., with deposits of $58.3 million, 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 Huntsville, which was established in 1865, operates its head office and six branches in the city of Huntsville; two additional facilities are located in the nearby Redstone Arsenal and the Marshall Space Flight Center. Huntsville, with a population of 150,000, is the county seat of Madison County and is located in the Tennessee Valley Authority region. It is serviced by six banking institutions having 20 branches. The city has experienced substantial growth in the last 10 years; the construction of space facilities in the area has contributed much to its economic stability. Further growth of Huntsville is insured by the installment of a nuclear powerplant at Brown's Ferry, which will attract new industries by providing a cheap source of electrical power.

The Farmers & Merchants Bank was organized in 1926. It operates a single office in Madison, a town of 3,500, located 12 miles southwest of Huntsville. Madison has been, historically, an agricultural township. In recent years, however, numerous businesses, attracted by a new airport and Highway 20, have established plants and offices in the area.

Competing in the primary service area of the applicants are eight other commercial banks. These banks, and their total deposits are: The Henderson National Bank, Huntsville, Ala., with $32.6 million; American National Bank, Huntsville, Ala., with $7.1 million; State National Bank of Alabama, Decatur, Ala., with $163.5 million; Bank of Huntsville, Huntsville, Ala., with $4.2 million; Peoples' National Bank, Huntsville, Ala., with $13.9 million; First National Bank of Decatur, Decatur, Ala., with $22.4 million; First State Bank, Decatur, Ala., with $6.5 million; and First National Bank of Athens, Athens, Ala., with $6.8 million.

At the present time, the Farmers & Merchants Bank is unable to compete effectively with these other institutions. In the last few years, the bank has shown substantial losses. Its capital has been depleted and no dividends have been earned or paid for several years. Management and the board of directors have been unable to correct the problems facing this bank.

Though the service areas of the applicants overlap to some extent, the proposed merger will not substantially affect competition in the area. Any business that the First National Bank derives from the Madison community is unsolicited and results from the inability of the Farmers & Merchants Bank to supply the banking needs of the Madison residents. The proposed merger, therefore, rather than eliminating a banking alternative, will supply the public with a more viable and convenient financial institution.

Consummation of the proposed merger would provide the customers of the Farmers & Merchants Bank with numerous new services: automated accounting, trust department services, and better installment loan programs, billing services, credit cards, and auditing department services. Moreover, the lending limit will be increased from $23,000 to more than $500,000.

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

AUGUST 22, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The area which would be primarily affected by the proposed merger is Madison County, where both of the participating banks are located. Madison County had a 1960 population of 117,000, but has since grown significantly. Madison County is presently being served by seven banks with 21 banking offices.

First National's main office in Huntsville is about 10 miles distant from Farmers Bank's single office in Madison and there are no intervening offices. Huntsville and Madison are contiguous and highway connections between them are excellent. Consequently, it would appear that there is some competition between the merging banks which would be eliminated by the merger.

First National is the largest of the six Huntsville banks. It accounts for approximately 42 percent of Madison County's IPC demand deposits. This already dominant position would be further enhanced by the proposed merger, which would increase its market share by about 1 percent.

While Farmers Bank's recent losses indicate that it is encountering certain difficulties, the application does not contain any information that would indicate that its problems could not be solved by means other than merger with the largest bank in the area.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Hackettstown National Bank, Hackettstown, N.J. (1259), with	$11,676,992	2	
and The First National Bank of Washington, Washington, N.J. (860), which had	21,524,032	1	
merged Oct. 11, 1968, under charter of the latter bank (860) and title "The Warren County National Bank." The resulting bank at date of merger had	33,201,024		3

COMPTROLLER'S DECISION

On July 12, 1968, The First National Bank of Washington, Washington, N.J., and The Hackettstown National Bank, Hackettstown, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the former and with the title of "The Warren County National Bank."

The First National Bank of Washington, with IPC deposits of approximately $15.8 million, was chartered in 1864 and reorganized under its original charter in 1933. It serves the southern portion of Warren County and the northern portion of Hunterdon County from its one office. The area is rural and largely devoted to dairy and produce farming. Washington, N.J., is primarily a residential community.

The Hackettstown National Bank, with IPC deposits of approximately $8.8 million, was organized in 1855 as a State bank and became a National bank in 1865. The bank operates one branch office in Hackettstown. The bank is presently servicing the northern portion of Warren County, the southern portion of Sussex County, and the western portion of Morris County. Hackettstown, a residential community, is the center of a general area experiencing industrial and residential growth.

Warren County presently has 10 banks operating a total of 17 offices. The charter bank ranks second in size, and the merging bank, ninth. The resulting bank will be the largest bank in the county, but only $8 million larger than its nearest competitor in the county, and smaller than five other banks located on the edges of its service area. As the merging banks are 13 miles apart, competition between them appears to be insignificant. Therefore, the proposed merger will not reduce competition.

This merger, besides solving the management and other internal problems vexing the merging bank, will create a stronger and more competitive institution in this growing market. It will bring to the residents of Hackettstown an institution more responsive to their needs.

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

SEPTEMBER 6, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Washington (population 5,700) and Hackettstown (population 5,300) are both located in Warren County, whose economy is characterized by a mix of agricultural and industrial activity. About half the land in this county is used for agriculture.

Washington National is the larger of the two banks operating in Washington, and Hackettstown National, the smaller of the two banks operating in Hackettstown. Although the main offices of the applicant banks are located about 13 miles apart, with no banks in the intervening area, there appears to be relatively little direct competition between them. Moreover, since New Jersey law forbids *de novo* branching into another municipality where a bank maintains its head office, neither bank can be considered a potential *de novo* entrant into the service area of the other.

Warren County is now served by 10 banks operating 17 offices. As of June 30, 1966, Washington National, with the second largest share of county IPC demand deposits, held 15.1 percent of such deposits and Hackettstown National held 8.7 percent. The two largest banks held 32.4 percent of such deposits. As noted above, however, the banks do not appear to be operating in significant direct competition with each other, despite location in the same county.

* * *

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Civic National Bank, Marina Del Rey, Calif. (15323), with	$7, 182, 078	2	
and Surety National Bank, Encino, Calif. (15369), which had	15, 344, 095	2	
merged Oct. 18, 1968, under charter and title of the latter bank (15369). The resulting bank at date of merger had	23, 496, 407		4

COMPTROLLER'S DECISION

On June 7, 1968, Civic National Bank, Marina Del Rey, Calif., and Surety National Bank, Encino, Calif., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Surety National Bank, with IPC deposits of $11.2 million, was chartered in 1964 and presently operates one branch office in Reseda. Although profits in this bank have been satisfactory and its growth has been good, it now appears to have reached a plateau. Its experienced personnel have made it one of the most aggressive and progressive new banks in the Los Angeles area, offering most of the usual banking services, except a trust department. It does not, however, furnish the more specialized services that large statewide and regional branch banking institutions provide.

The Surety National Bank serves that portion of Los Angeles located in the northwest near the San Fernando Valley. Encino, the site of the charter bank's home office, is located within the corporate limits of the city of Los Angeles, approximately 20 miles from downtown Los Angeles. Reseda is 4 miles north of Encino. The area served by this bank is principally residential and contains a population estimated at 120,000. There is little industry or commercial activity. Local residents, mainly white-collar workers who commute throughout the greater Los Angeles metropolitan area for employment, enjoy a median family income of $10,000 per year.

Competing banks in the service area of the charter bank include the Bank of America, with three branches in the area; First Western Bank and Trust Company, Los Angeles, Calif., with two branches; Independence Bank, Canoga Park, Calif., with one branch; Republic National Bank, Beverly Hills, Calif., with one branch; and Union Bank, Los Angeles, Calif., with six branches. Additional competition is furnished by numerous offices of savings and loan associations, credit unions, sales finance companies, personal loan companies, mortgage companies, factors, and lending agencies of the Federal Government.

The merging Civic National Bank, with IPC deposits of $6 million, was chartered and opened for business in 1964. In addition to its head office, located in the unincorporated community of Marina Del Rey, 20 miles west of downtown Los Angeles, it operates one branch office in downtown Los Angeles near the Civic Center. The beach community of Marina Del Rey is a resort and recreation area, which has a permanent population of 10,000 and a summer population of 30,000. The Civic Center Office is located in downtown Los Angeles in the city's "Little Tokyo" area, which includes warehouses and import firms dealing in Japanese goods.

Competing in the service area of the head office of the Civic National Bank are seven branches of the Bank of America, a branch of the Bank of Tokyo of California, a branch of Centinela Valley Bank, a branch of City National Bank, Beverly Hills, Calif., two branches of Crocker-Citizens National Bank, a branch of Fidelity Bank, a branch of Imperial Bank, a branch of Santa Monica Bank, and six branches of Security Pacific National Bank. Competing in the service area of the Civic Center branch of Civic National Bank are two branches of the Bank of America, a branch of the Bank of Tokyo of California, the head office of the Cathay Bank of Los Angeles, a branch of Crocker-Citizens National Bank, four branches of Security Pacific National Bank, and a branch of the United States National Bank. Several foreign banks also have offices in this area.

Banking competition in the service areas of the participating banks will be unaffected by the merger. Since the nearest offices of these two banks in this highly urbanized area are 15 miles apart, there is no competition between them. The merger will not result in the elimination of an existing banking alternative.

This merger will be in the public interest. Not only will it eliminate the numerous problems confronting the merging bank, but it will also strengthen the acquiring bank. The resulting institution will have a broader earning base and an improved capital structure, enabling it to serve its customers more effectively and more competitively.

Considered in the light of the statutory criteria, this merger is deemed to be in the public interest. The application is, therefore, approved.

SEPTEMBER 4, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The offices of the applicant banks are located in communities within Los Angeles County. The closest offices of the applicant banks are 15 miles apart, and both compete with numerous other banks, including the large California branch bank networks. Thus, the banks would not appear to be in direct competition. Furthermore, neither of the applicants would appear to be likely *de novo* entrants into each other's localized service areas.

The combination of the applicant banks would have little effect on concentration; their combined offices currently hold only 0.1 percent of the total deposits in the Los Angeles SMSA. By contrast, the five largest California branch networks in the SMSA hold 85 percent of total deposits.

We believe that the proposed merger of Civic and Surety banks would have no significant effect on competition.

* * *

FIRST NATIONAL CITY BANK, NEW YORK, N.Y., AND THE CITY BANK OF NEW YORK, N.A., NEW YORK, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National City Bank, New York, N.Y. (1461), with	$15, 356, 960, 771	170	
and The City Bank of New York, N. A., New York, N.Y. (1461), which had	255, 000	0	
merged Oct. 31, 1968, under charter of the latter bank (1461) and title "First National City Bank." The resulting bank at date of merger had	15, 356, 968, 574		170

COMPTROLLER'S DECISION

On July 31, 1968, First National City Bank, New York, N.Y., applied to the Office of the Comptroller of the Currency for permission to merge into The City Bank of New York, N.A. (organizing), New York, N.Y., under the charter of the latter and with the title of the former.

The First National City Bank, the merging bank with IPC deposits of $5.6 billion, was initially chartered in 1812. As of June 30, 1968, the bank ranked as the second largest bank in the world in terms of total assets. The overall condition and management of the bank is excellent. It enjoys a prominent position in banking, particularly in the international area, and its prospects for future earnings are excellent.

The City Bank of New York, N.A., is now in the process of organizing. This bank is a wholly owned subsidiary, except for directors' qualifying shares, of First National City Corporation. The reason for its organization is to facilitate the transfer of ownership of the merging bank to the First National City Corporation, which will, on consummation of the merger, become a one-bank holding company.

Because this proposal involves only one operating bank, it cannot possibly have any effect on competition between the participants.

This proposal is deemed to be in the public interest. It will, through this corporate restructuring, enable the participants to strengthen their banking and related services in both the domestic and international markets. Such improved services will redound to the benefit of their present and potential customers at home and abroad.

This proposal promotes the public interest without lessening competition. The application is, therefore, approved.

SEPTEMBER 19, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National City Bank, the third largest commercial bank in the United States, proposes to merge with and under the charter of The City Bank of New York, National Association, a newly organized and presently inoperative bank; the latter is wholly owned by First National City Corporation.

Since the proposed transaction is a way to form a one-bank holding company and merely involves a change in the corporate structure of the bank, it will not affect competition.

THE BANK OF CALIFORNIA, N.A., SAN FRANCISCO, CALIF., AND SEQUOIA NATIONAL BANK OF SAN MATEO COUNTY, REDWOOD CITY, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Sequoia National Bank of San Mateo County, Redwood City, Calif. (15341), with	$14, 217, 261	1	
and The Bank of California, N.A., San Francisco, Calif. (9655), which had	1, 752, 081, 514	65	
merged Oct. 31, 1968, under charter and title of the latter bank (9655). The resulting bank at date of merger had	1, 763, 889, 630		66

COMPTROLLER'S DECISION

On June 28, 1968, Sequoia National Bank of San Mateo County, Redwood City, Calif., and The Bank of California, N.A., San Francisco, Calif., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The charter bank, The Bank of California, N.A., was established on July 5, 1864, with headquarters in San Francisco. Its IPC deposits of $1 billion place it sixth in size among the commercial banks in California. In addition to the 43 communities in all sections of California in which it has branches, this bank serves Seattle and Tacoma in the State of Washington and Portland in the State of Oregon. In all, the charter bank operates 68 branches. This bank, which has experienced good deposit growth over the last 10 years, offers a wide range of services, including international banking, fiduciary activities, and insurance premium financing, as well as such specialized services as advice on conducting payroll departments, accounting supervisory services, economic research services, public relations, and advertising supervisory services.

The overall service area of the charter bank includes the three-State Pacific Coast Region of Washington, Oregon, and California. The diverse elements contributing to the expanding economy of this area are farming, lumbering, oil production, military activities, recreation, manufacturing, assembly and distribution, construction, shipping, and education. The economic growth of this region is reflected by its population figures. The three States had a population of 20.5 million in 1960, 24.6 million in 1967, and is expected to increase to 29 million persons by 1975.

Although it operates offices in Washington and Oregon, the bulk of the charter bank's business is centered in the State of California, a heavily populated State. Its well-balanced economy has grown rapidly in the past and continues to do so, in terms of population, employment, and income level. The State's population has nearly doubled since 1950, when it stood at 10.6 million. Present population is near 20 million, and it is estimated to increase to 24 million persons by 1975. The principal concentration of the charter bank's activity is in and around the city of San Francisco, the location of its corporate headquarters.

The Sequoia National Bank of San Mateo County, Redwood City, Calif., with IPC deposits of $11.4 million, opened for business on June 22, 1964. It offers most of the usual banking services, with the exception of trust services. It does not, however, offer some of the more sophisticated data processing and other customer services that the large banks provide.

The market area of the Sequoia National Bank of San Mateo County coincides generally with Redwood City, Calif., a residential suburban community located 25 miles southeast of San Francisco. Redwood City has a population of 61,000 and contains numerous small warehousing and manufacturing concerns. Many residents commute to places of employment in San Francisco. Prospects for future economic growth in this area are favorable.

Competing in the merging bank's service area are offices of the largest statewide banking institutions, as well as many offices of other financial institutions. Within 3 miles of the Sequoia National Bank of San Mateo County are 18 competing offices. Deposits in these banking offices aggregate over $344 million. Of these, the merging bank holds only 3.5 percent of banking deposits. The two closest offices of the charter bank, which are located in San Carlos and Menlo Park, respectively 2 and 3 miles away from the merging bank, hold only 4.6 percent of aggregate deposits. Six branches of the Bank of America National Trust and Savings Association, the largest bank in the State, hold 45 percent of the area's banking deposits, while five branches of the Wells Fargo Bank, San Francisco, hold 37 percent. Crocker-Citizens National Bank, another statewide institution, also operates in the area. Nonbank financial institutions in Redwood City include four offices of savings and loan associations, 12 loan companies, and five real estate loan companies. Although the nearest branch offices of The Bank of California, N.A., are only 2 and 3 miles from Redwood City, there is little direct competition between the two banks, because of the presence of intervening offices of other aggressive banks.

The merging bank, with its single office, low lending limit, and lack of specialized services, finds itself unable to compete for the new banking business generated by the relocation of small industrial and manufacturing concerns into the Redwood City area. The proximity of the branch systems of the statewide California banks and the intensity of the competition they generate highlight the limitations of the merging bank. The resulting bank will offset these unfavorable factors. It will bring to the community another large bank offering a wide range of banking services to meet the needs of this industrial community, including international banking and foreign exchange, credit analysis, a multiple branch office system for customer convenience in San Francisco and Los Angeles, as well as in the States of Washington and Oregon.

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

SEPTEMBER 4, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Redwood City, part of the San Francisco-Oakland SMSA, is located 25 miles southeast of San Francisco, in San Mateo County. Its market area includes San Carlos, 3 miles to the northwest, and adjacent unincorporated towns, whose economy is based on manufacturing, wholesale and retail trade, services, and Government operations.

Bank of California operates two branches which are close to Sequoia's office, one in San Carlos and the second in Atherton (each about 4 miles from Redwood City). However, four large banks, Bank of America, Wells Fargo, Crocker-Citizens, and United California, operate branches in the intervening area, including in Redwood City itself. Thus, there would appear to be some direct competition that would be eliminated by this merger, but it may not be substantial. Additional direct competition would result if Bank of California were to enter Redwood City *de novo,* and this possibility would be permanently foreclosed by the proposed merger.

The proposed merger would have some effect upon concentration in San Mateo County, a rough approximation to the market of Sequoia Bank. As of June 1966, the Bank of California held about 6 percent of all IPC demand deposits in this market, while Sequoia Bank held 1½ percent. However, the two largest banks in this county each hold about 36 percent of these deposits.

* * *

THE FIRST NATIONAL BANK OF OELWEIN, OELWEIN, IOWA, AND ORAN SAVINGS BANK, ORAN, IOWA

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Oran Savings Bank, Oran, Iowa, with	$1,454,957	1	
and The First National Bank of Oelwein, Oelwein, Iowa (5778), which had	16,672,505	2	
merged Oct. 31, 1968, under charter and title of the latter bank (5778). The resulting bank at date of merger had	18,017,321		3

COMPTROLLER'S DECISION

On February 14, 1968, the Oran Savings Bank, Oran, Iowa, with IPC deposits of $1.1 million, and The First National Bank of Oelwein, Oelwein, Iowa, with IPC deposits of $11.7 million, 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 Oelwein was established in 1899 and presently operates a head office in Oelwein and a single branch office inWestgate, 4 miles north of Oelwein. Oelwein, with a population of 8,500 is located in Fayette County in the northern part of the State: It is serviced by two banks, the Oelwein State Bank and the charter bank. The economy is largely agricultural, though in Oelwein there are several small industries, including a shop of the Chicago Great Western Railroad Company.

The Oran Savings Bank, the merging bank, was organized in 1910. It operates its sole office in Oran, an agricultural township of 150 persons, 12 miles from Oelwein.

Competing in the primary service area of the two applicants are eight other banking units and several sales finance companies, personal loan companies, and credit unions. The other banks in the area and their total IPC deposits are the Arlington State Bank, Arlington, Iowa, with $2.6 million; Union Bank and Trust Company, Strawberry Point, Iowa, with $5.7 million; Maynard Savings Bank, Maynard, Iowa, with $3 million; Fairbank State Bank, Fairbank, Iowa, with $8.6 million; First National Bank, Summer, Iowa, with $7.6 million; Citizens State Bank, Hawkeye, Iowa, with $1.9 million; and the Readlyn Savings Bank, Readlyn, Iowa, with $2.2 million.

The impact of the merger on banking competition in the area will be slight. Because of the 12 miles separating the merging banks, there is little competition between them. Although the charter bank is now the largest in the area, its competitive position will not be appreciably strengthened by the merger.

Consummation of the proposed merger would provide loan customers of the Oran Savings Bank with the larger lending limits of The First National Bank of Oelwein and deposit customers with Federal Deposit Insurance. Moreover, the services of the charter bank's trust department would be made available to customers in the Oran area.

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

JULY 12, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The subject proposal would merge First National Bank of Oelwein, the largest commercial bank in terms of deposits in Fayette County and surrounding area, with Oran Savings Bank, the area's smallest commercial bank.

Oelwein (1960 population 8,282) and Oran (1960 population 170) are situated in the southwestern corner of Fayette County (1960 population 28,581) in the northeastern section of Iowa. Agriculture and agriculture-supported industries are the major sources of income to Fayette County residents. Fayette County is served by 11 commercial banks operating 14 offices.

There are no banking offices in the intervening 10 miles between the main offices of the merging banks. Therefore, it seems clear that there is some competition present between the two banks which would be eliminated by consummation of the proposed merger.

Oelwein Bank accounts for about 31 percent of Fayette County total deposits and for some 30 percent of the County's IPC demand deposits. Following consummation of the proposed merger, Oelwein Bank would control 34 percent of both county total and IPC demand deposits. However, because of the small size of both the acquired bank and the market to be affected, plus the number of banking alternatives which will remain available to residents of the Oelwein-Oran area, we conclude that the overall effect of this transaction on banking competition in Fayette County will probably not be significantly adverse.

* * *

THE MECHANICKS NATIONAL BANK OF CONCORD, CONCORD, N.H., AND THE FIRST NATIONAL BANK OF HILLSBOROUGH, HILLSBORO, N.H.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Hillsborough, Hillsboro, N.H. (1688), with	$6, 023, 001	1	
and The Mechanicks National Bank of Concord, Concord, N.H. (2447), which had	20, 345, 484	3	
merged Oct. 31, 1968, under charter and title of the latter bank (2447). The resulting bank at date of merger had	26, 305, 301		4

COMPTROLLER'S DECISION

On July 31, 1968, The Mechanicks National Bank of Concord, Concord, N.H., applied to the Comptroller of the Currency for permission to merge with The First National Bank of Hillsborough, Hillsboro, N.H. under the title and with the charter of the former.

The Mechanicks National Bank of Concord, the charter bank, with IPC deposits of approximately $12.7 million, was organized in 1880 as a National bank.

It is the smaller of the two commercial banks operating in Concord. In addition to its main office, the charter bank operates two branches.

The First National Bank of Hillsborough, the merging bank, with IPC deposits of approximately $4.4 million, was organized in 1868 as a National bank. It is the only banking institution in Hillsboro. The nearest banking alternatives for the local residents are branches of The Mechanicks National Bank of Concord and The New Hampshire Savings Bank of Concord, located in the town of Contoocook, a distance of 14.2 miles. The bank operates no branch offices.

As the two banks are located in different service areas, the proposed merger will not substantially reduce competition. On the other hand, a more capable institution will be realized as a result of the merger. The areas served by the two banks are increasing in population and are being economically stimulated by industrial expansion. The services offered by each bank complement those offered by the other and, as a merged institution, they could better meet the increasing loan demands being made upon them.

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

SEPTEMBER 24, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Mechanicks National (total deposits of $14.6 million), the smaller of two banks in Concord, proposes to merge with Hillsborough National (total deposits of $4.7 million), which is located 25 miles to the east of Concord in Hillsboro.

Hillsborough National is the only bank located within 21 miles of Hillsboro, and there are no banks in the intervening area between the offices of Hillsborough National and Mechanicks National. In Concord, there are two commercial banks, of which Mechanicks National is the smaller, and two savings banks.

The applicant banks have had a common ownership since October 1, 1960, when a group of Mechanicks National's stockholders owning about 46 percent of its stock, purchased controlling interest (72 percent) in Hillsborough National. Since that time the two banks have participated in loans and generally operated in close affiliation.

Since the applicant banks have been closely affiliated by virtue of a common ownership that has existed for several years, the proposed merger will not result in the elimination of any effective competition between them which would otherwise exist. However, the merger will foreclose the possibility of such competition should such common ownership be dissipated in the future.

* * *

THE SAFETY FUND NATIONAL BANK OF FITCHBURG, FITCHBURG, MASS., AND THE FIRST NATIONAL BANK OF GARDNER, GARDNER, MASS.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Safety Fund National Bank of Fitchburg, Fitchburg, Mass. (2153), with	$30,721,009	3	
and The First National Bank of Gardner, Gardner, Mass. (884), which had	13,655,612	2	
consolidated Oct. 31, 1968, under charter of the former bank (2153) and title "First Safety Fund National Bank." The resulting bank at date of consolidation had	44,376,621		5

COMPTROLLER'S DECISION

On July 8, 1968, The Safety Fund National Bank of Fitchburg, Fitchburg, Mass., and The First National Bank of Gardner, Gardner, Mass., applied to the Office of the Comptroller of the Currency for permission to consolidate under the charter of the former and with the title of "First Safety Fund National Bank."

The Safety Fund National Bank of Fitchburg, with IPC deposits of $18.9 million, was chartered in 1874 and presently operates two branch offices in Fitchburg. Its capital is adequate; its assets are sound; its operation is efficient; and its earnings have been good.

Fitchburg, Mass., with a population of 43,100, is located in the north-central part of the State, approximately 50 miles northwest of Boston and 25 miles north of Worcester, the largest city in Worcester County, wherein both applicant banks are situated. Fitchburg is an industrial city, which acts as the trade center for the surrounding communities. While the population of Fitchburg proper has remained static in recent years, that of the surrounding communities has increased. In 1966, 91 manufacturing firms employed 10,300 persons with an annual payroll of about $65.5 million. The principal manufacturers are the fabricated metal products industry, the paper and allied products industry, and the heavy machinery industry. Second in importance in the economy is wholesale and retail trade. Farming, which was once a sizeable economic factor in the areas adjacent to Fitchburg, has substantially decreased in importance, until it now represents under 1 percent of local employment.

The First National Bank of Gardner, with IPC deposits of about $10 million, was organized in 1865. It operates a single branch located in a shopping center within the confines of Gardner. Its growth, though favorable since 1965, has not been dynamic. Its assets, capital, and earnings appear to be good.

Gardner, Mass. has a population of 19,100 and is situated some 13 miles west of Fitchburg. Gardner's general background and recent economic trends parallel that of Fitchburg. Like Fitchburg, Gardner's population has remained static, while that in the surrounding communities has increased. While Gardner is also an industrial town, with furniture its leading product, wholesale and retail trade contribute significantly to its economic base. Industries in Gardner, like the industries in Fitchburg, have been characterized by expansion, resulting in the need for larger loan limits on the part of the applicant banks.

The Safety Fund National Bank, with total deposits of $22.3 million, is the fourth largest commercial bank in Worcester County, while The First National Bank of Gardner, with total deposits of $10.8 million, ranks sixth. The three largest banks in the county are the $255 million Worcester County National Bank, the $119.3 million The Guaranty Bank and Trust Company, and the $73.6 million Mechanics National Bank. Direct competition is offered to the applicant banks by the Worcester County National Bank with two offices located in Fitchburg, two offices located in Gardner, and one office each in Ashburnham, Westminster, and Templeton. Other competition is offered in the service areas of the applicant banks by savings banks, savings and loan associations, public credit unions, and finance companies. In addition, the major commercial banks of Boston and New York compete actively in the area, with their primary emphasis directed toward the larger industrial concerns.

Consummation of this proposal would have no detrimental effect on competition between the two banks, because such competition is presently minimal. Moreover, the consolidation would enable the resulting bank to compete more effectively with the Worcester County National Bank and the Guaranty Bank and Trust Company. The resulting bank would account for only 6 percent of the deposits held by all commercial banks in the county and will be the fourth largest bank in the county, the position presently occupied by the Safety Fund National Bank in Fitchburg.

This consolidation will benefit the public by enabling the resulting bank to offer services that neither bank can presently provide. Among the new services that will be made available to the public are an automated program of customer services, floor planning for equipment and auto dealers, and a common trust fund for the trust department. The problem of management succession, which many banks face, will be solved by an increase in executive depth; the size of the consolidated bank will make it easier to attract and retain key personnel. Finally, the merger will provide the resulting institution with a larger lending limit enabling it better to supply the needs of its customers for large-scale financing.

Having weighed the application against the statutory criteria and having determined that the merger is in the public interest, it is, accordingly, approved.

SEPTEMBER 16, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Gardner (population 20,000) is approximately 13 miles due west of Fitchburg (population 45,000) in the northern part of Worcester County (population 585,000), about 46 miles northwest of Boston. Worcester County borders New Hampshire on the north and Connecticut and Rhode Island on the south and clearly overstates the market that would be affected by this merger. Gardner, Fitchburg, and Leominster are the population centers of the northern part of Worcester County. Both Gardner and Fitchburg are heavily industrialized towns and trading centers. The economic prospects of this region appear to be good, especially in light of the construction of a major north-south freeway in the area.

The merging banks are located approximately 13 miles apart. The only other bank operating in Fitchburg, Gardner, or the intervening area is Worcester County National Bank, the largest bank in the county with total deposits of $255 million, and eight offices in northern Worcester County. In these circumstances there would appear to be some competition between the merging banks for customers in this intervening area and for some customers in Gardner and Fitchburg as well; this competition would be eliminated by this merger.

In the market of northern Worcester County, consisting of Gardner, Fitchburg, the intervening town of Westminster, and the contiguous towns of Ashburnham, Winchedon, Templeton, Hubbardston, Leominster, and Lunenburg, and the towns of Athol, Royalston, Phillipson, and Princeton, there were eight banks operating 17 offices as of June 30, 1966. In this market, Safety Fund had the second largest share, or 26 percent of IPC demand deposits and First National had the third largest share or 10 percent. After merger, the new bank, with 36 percent, would have the largest share of such deposits in this market and two banks would have about 70 percent of such deposits.

Since, for some customers, a bank located 13 miles away may not be an adequate substitute for a local banking office, figures relating to banking concentration in northern Worcester County may overstate the effect this merger would have on existing competition and concentration. However, if Gardner and Fitchburg are viewed as separate markets, then this merger would eliminate Safety Fund and First National as potential entrants into each other's market.

Under Massachusetts law, banks are permitted to branch *de novo* only within the county in which the principal office of the bank is located. Neither of the banks involved in this proposed consolidation has branched outside the city in which its head office is located; however, considering the sizes and viability of the merging banks, and the fact that both cities appear to be of a size that could support more than two banks and are industrial and trading centers of a growing area, we believe that both Safety Fund and First National can be regarded as likely potential entrants into each other's city by way of *de novo* branching.

Consummation of this merger would eliminate some direct competition between the merging banks and substantially increase concentration in a 13-town area in northern Worcester County. For customers who depend on local banking offices, this merger would have an adverse effect by eliminating probably *de novo* entrants into both Gardner and Fitchburg. Thus, the effects of the merger on competition would be substantially adverse.

* * *

THE FIRST NATIONAL BANK OF WILLIAMSPORT, WILLIAMSPORT, PA., AND THE DANVILLE NATIONAL BANK, DANVILLE, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Williamsport, Williamsport, Pa. (175), with	$32, 968, 320	2	
and The Danville National Bank, Danville, Pa. (1078), which had	14, 956, 831	1	
consolidated Nov. 1, 1968, under charter of the former bank (175) and title "Fidelity National Bank of Pa." The resulting bank at date of consolidation had	47, 925, 151		3

COMPTROLLER'S DECISION

On July 1, 1968, The First National Bank of Williamsport, Williamsport, Pa., applied to the Comptroller of the Currency for permission to consolidate with The Danville National Bank, Danville, Pa., under the charter of the former and with the title "Fidelity National Bank of Pa."

The First National Bank of Williamsport, the charter bank, with IPC deposits of $26.2 million, was chartered in 1863 and reorganized in 1933. It presently operates its main office and one branch office in Williamsport. This bank, capably supervised by an experienced staff, is the smallest of the three banks located in Williamsport.

Williamsport, the county seat of Lycoming County, has a stable economy based on a diversity of industry located within the city and on its status as the trading center for Lycoming County and parts of adjoining counties. It is the largest city in north-central Pennsylvania and serves as an economic and social center. Two colleges, located within the city, help to create a well-rounded community. Although Williamsport has declined in population, the surrounding areas have gained residents.

The Danville National Bank, with IPC deposits of $10.5 million, was organized in 1848 and operates its one office in Danville, Pa. Its active management is concentrated in its president, who joined the bank in

1957 as a director, and became chief executive officer 7 years later.

Danville, located 35 miles southeast of Williamsport, is the county seat of Montour County, and heretofore serviced an agricultural economy. In recent years, a number of manufacturing concerns have been established in the area.

The primary purpose of this consolidation is to develop a regional bank with sufficient resources to meet the encroachment of larger competitor banks moving into the general area from Wilkes-Barre to the east and from Pottsville to the southeast. The blending of the banking talents of The First National Bank of Williamsport with the aggressiveness of The Danville National Bank's management should create an institution that will have the potential of developing into an effective competitor. Surplus monies generated in the Williamsport area can be deployed in the capital-short market of Danville. The distance between the two banks is great enough to dispel any concern over the competitive impact of this consolidation.

This proposal promotes the public interest without lessening competition. The application is, therefore, approved.

SEPTEMBER 20, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National is located 35 miles northwest of Danville National. In view of this distance and the existence of several banks in the intervening area, it does not appear that any competition between the two banks would be eliminated by this merger.

The merging institutions operate in contiguous counties and Pennsylvania law permits the opening of branch offices in such counties. However, the service area of Danville National (Montour County) is presently served by Danville National and the First National Bank of Danville, another unit bank of approximately the same size as Danville National. Given the size of the market, the incentive to First National to branch there *de novo* would not appear very strong at this time.

* * *

THE NATIONAL VALLEY BANK OF STAUNTON, STAUNTON, VA., AND STAUNTON BANK, N.A., STAUNTON, VA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The National Valley Bank of Staunton, Staunton, Va. (1620), with	$24, 163, 147	1	
and Staunton Bank, N.A., Staunton, Va. (1620), which had	128, 600	0	
merged Nov. 1, 1968, under charter of the latter bank (1620) and title "The National Valley Bank of Staunton." The resulting bank at date of merger had	24, 291, 747		1

COMPTROLLER'S DECISION

On May 20, 1968, The National Valley Bank of Staunton, Staunton, Va., and the Staunton Bank, N.A. (organizing), Staunton, 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 National Valley Bank of Staunton, with total assets of $23 million, is a single-office bank which was chartered and opened for business in 1865. Its deposits have increased from $16.8 million in 1963 to $19.7 million in 1967; its capital structure is adequate; and its earnings history for the past 5 years has been good. Future earnings prospects of the resulting bank are considered to be very favorable.

Staunton Bank, N.A., is being organized for the sole purpose of providing a vehicle to transfer ownership of The National Valley Bank of Staunton to a holding company, United Virginia Bankshares, Inc. Staunton Bank, N.A., will not be an operating commercial bank prior to the merger.

Because the proposed merger involves only one operating bank, there can be no adverse effect on competition resulting from the proposed transaction. This merger will provide financial and managerial resources not otherwise readily available to the merging bank. It will improve the bank's ability to compete effectively for new business and will contribute to the economic growth of the community.

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

SEPTEMBER 3, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

United Virginia Bankshares, Incorporated, the largest banking organization in Virginia, proposes to organize a National bank association with the title Staunton Bank, N.A., and acquire all its capital stock (except for directors' shares). As a contemporaneous transaction the National Valley Bank will be merged into the newly organized Staunton Bank, N.A. The effect of the transaction will be that the resulting bank will become an owned and operated subsidiary of United Virginia Bankshares.

National Valley Bank ("National Valley") was organized as a National bank in 1865. It operates no branch offices and has no previous history of merger activity.

The proposed merger of National Valley into the newly organized Staunton Bank, N.A., will not result in the elimination of any existing competition. The proposed merger is only a transaction designed to facilitate the acquisition of the resulting bank by United Virginia Bankshares. It should be noted that this report is confined to the competitive factors involved in the proposed merger of National Valley into Staunton Bank, N.A., and not those involved in the pending application before the Board of Governors of the Federal Reserve System by United Virginia Bankshares to acquire the resulting bank.

* * *

NORTH CAROLINA NATIONAL BANK, CHARLOTTE, N.C., AND AMERICAN-SECURITY NATIONAL BANK, CHARLOTTE, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
North Carolina National Bank, Charlotte, N.C. (13761), with	$1, 171, 212, 710	84	
and American-Security National Bank, Charlotte, N.C. (13761), which had	250, 000	0	
merged Nov. 4, 1968, under charter of the latter bank (13761) and title "North Carolina National Bank." The resulting bank at date of merger had	1, 171, 462, 710		84

COMPTROLLER'S DECISION

On July 22, 1968, the North Carolina National Bank, Charlotte, N.C., and the American-Security National Bank (organizing), Charlotte, N.C., 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 North Carolina National Bank, headquartered in Charlotte, N.C., has 83 offices located throughout the State. This bank, with total resources of $1 billion and IPC deposits of $727 million, was formed on June 30, 1960, through the consolidation of Security National Bank of Greensboro, N.C., and American Commercial Bank of Charlotte, N.C.

American-Security National Bank is being organized to provide a vehicle to transfer ownership of the North Carolina National Bank to the North Carolina National Bank Corporation. American-Security National Bank will not be operating as a commercial bank prior to the merger.

Because the North Carolina 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 previously conducted by the North Carolina National Bank.

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

OCTOBER 4, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

American-Security National Bank is currently being organized solely for the purpose of accomplishing a corporate reorganization of North Carolina National Bank, and thus presently performs no banking operations. Because the proposed merger involves only the corporate reorganization of a single existing bank, it will have no effect on competition.

* * *

SAN JOAQUIN VALLEY NATIONAL BANK, TULARE, CALIF., AND STATE BANK OF CHOWCHILLA, CHOWCHILLA, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
State Bank of Chowchilla, Chowchilla, Calif., with	$3, 114, 800	1	
was purchased Nov. 8, 1968, by San Joaquin Valley National Bank, Tulare, Calif. (15357), which had	10, 381, 786	3	
After the purchase was effected, the receiving bank had	13, 496, 586		4

COMPTROLLER'S DECISION

On July 15, 1968, the San Joaquin Valley National Bank, Tulare, Calif., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of the State Bank of Chowchilla, Chowchilla, Calif.

The San Joaquin Valley National Bank, with IPC deposits of $7 million, was organized in 1964 and operates its main office in Tulare, Calif. Since its organization, it has opened two branch offices, one in Porterville, Calif., in 1965 and another in Visalia, Calif., in 1967. It holds approval to establish a third branch in Merced, Calif.

The San Joaquin Valley National Bank serves most of the county of Tulare with a banking office in each of the county's three major cities. The county is located at the southern end of the San Joaquin Valley, about half way between San Francisco and Los Angeles. The population of Tulare County at the end of 1967 was 192,800, and is predicted to exceed 207,000 by 1970. Although the county's basic economy is agriculture, industry is expending to offset the loss of jobs due to agricultural mechanization. Future prospects indicate strong economic growth for the county.

The State Bank of Chowchilla, with IPC deposits of $1.9 million, was organized in 1965 and is located in Chowchilla, Madera County, Calif. It has not opened any branch offices. It does, however, have an authorized but unopened branch approved in the city of Merced, Calif.

The State Bank of Chowchilla serves the northwestern section of Madera County. Chowchilla is the trade center for the northern section of Madera County. Agriculture, however, is the most important factor in the economy of Madera County and the Chowchilla trade area. Present development of high-cash return crops will effectively improve the wealth of the county by producing more income per acre. During recent years there has been a steady increase in total volume of retail sales.

Although the general characteristics of the two areas are similar, the market areas of the San Joaquin Valley National Bank and State Bank of Chowchilla are separate and distinct. The nearest offices of each are approximately 80 miles apart.

The market area served by State Bank of Chowchilla contains six banking offices. These include a branch of the Bank of America N.T. & S.A. located in Chowchilla, one block away from the selling bank, and four banking offices of the State's largest banks located in Madera, 17 miles to the southwest of Chowchilla.

In the service area of San Joaquin Valley National Bank there are 17 existing banking offices. The competing banking offices are all branches of statewide branch banking institutions; viz, Bank of America National Trust and Savings Association, Crocker-Citizens National Bank, and Security Pacific National Bank.

In light of this existing competitive structure in the areas of the participating banks and the distance between them, we find that the proposed transaction will have no adverse effect on competition. Approval of the transaction will be beneficial to the public as the resulting bank will be in a better competitive position and better able to provide services to the customers of both banks involved.

Applying the statutory criteria to this proposal, it is found to be in the public interest. The application is, therefore, approved.

OCTOBER 7, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

San Joaquin Bank currently operates all of its offices in Tulare County. However, it has an application for permission to establish a branch office in Merced, Merced County, pending. Chowchilla Bank operates its head office in Chowchilla, Madera County, and has approval to open a branch in Merced, 18 miles north of Chowchilla.

The nearest office of San Joaquin Bank is about 72 miles from the office of Chowchilla Bank. Numerous offices of other banks are located between the applicant banks. Thus, the merger would not appear to eliminate any direct competition between the two banks.

Chowchilla is presently served by two banks, Chowchilla Bank and a branch of Bank of America. In Madera, about 15 miles south of Chowchilla, four of the large California banks operate branch offices, and in Merced, five banks operate six offices.

San Joaquin Bank's application for permission to open a branch office in Merced would indicate that it is interested in opening, and has the capability to open, branch offices *de novo* in the northern section of the San Joaquin Valley. This has experienced substantial growth in the last two years, and the Merced-Chowchilla area is similar to the market it is presently serving.

* * *

SECURITY NATIONAL BANK OF LONG ISLAND, HUNTINGTON, N.Y., AND THE SECOND NATIONAL BANK AND TRUST COMPANY OF HEMPSTEAD, HEMPSTEAD, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Second National Bank and Trust Company of Hempstead, Hempstead, N.Y. (11375), with	$22,884,431	1	
and Security National Bank of Long Island, Huntington, N.Y. (6587), which had	762,647,871	53	
merged Nov. 8, 1968, under charter of the latter bank (6587) and title "Security National Bank." The resulting bank at date of merger had	785,532,302		54

COMPTROLLER'S DECISION

On August 2, 1968, The Second National Bank and Trust Company of Hempstead, Hempstead, N.Y., with assets of $23 million, and the Security National Bank of Long Island, Huntington, N.Y., with assets of $706.5 million, applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of "Security National Bank."

The Second National Bank and Trust Company of Hempstead, the merging bank, was chartered in 1919 and has remained a single-office bank. Notwithstanding its satisfactory earnings, the bank is operating in a very conservative manner and is not meeting the legitimate credit requirements of the area it serves.

The village of Hempstead, headquarters of the merging bank, is located in the central area of Nassau County and has an estimated population of 39,500. Its trade area has a population of 107,000. Between 1950 and 1967, the population of Nassau County, of which Hempstead is the hub, has increased 113 percent; however, the merging bank's deposits have remained relatively unchanged during this period. Light industry, retail, and service organizations comprise the economic base of this area.

Security National Bank of Long Island, Huntington, N.Y., was organized in 1903 and presently operates 49 branches, nine of which are located in Nassau County. Competent management is reflected in the history of the charter bank's good earnings.

Both charter and merging banks compete in the highly active banking community of Nassau County. There are 22 commercial banks in Nassau County operating 215 offices. As of 1967, the charter bank ranked eighth and the merging bank ranked 18th in total deposits. The five largest banks operating branches in the county are New York City-based institutions. Also operating in the county are Franklin National Bank and the National Bank of North America, both of which are much larger than the charter bank. The merging bank cannot compete with these large banks, nor offer their sophisticated services. Competition between applicants is nonexistent because of the distance between their offices.

This merger will benefit the residents of Hempstead by bringing to them the convenient services of a larger bank more able to provide effective banking competition than does the merging bank. By offering expanded bank resources and sophisticated services, the resulting bank expects to attract more commercial enterprises to the Hempstead trading area. Another, though not the least, of the benefits to be derived from this merger will be the resolution of the management succession problem that has been vexing the merging bank.

Applying the statutory criteria to this proposal, it is found to be in the public interest. The application is, therefore, approved.

October 7, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Security National Bank of Long Island ("Security") operates 36 branches in Suffolk County and nine in Nassau County.

The village of Hempstead is served by three banks, Second National and Hempstead Bank (total deposits, $125 million) and a branch of First National City Bank (total deposits, $15 billion). Eight other banks, including large New York banks, operate 13 offices in the contiguous towns of West Hempstead, Rockville Centre, Uniondale, and Garden City.

Security operates a branch 3 miles from the village of Hempstead, but there are three offices of commercial banks in the intervening area, two of which are branch offices of Franklin National Bank (total deposits, $2,171 million), one of the largest banks in Nassau County. Security and Second National have 27 common depositors; Security also has commercial loans to 13 borrowers in the village of Hempstead and to 24 borrowers in towns contiguous to the village of Hempstead. Thus, there is existing direct competition between Security and Second National which will be eliminated by this merger.

As of June 30, 1966, Nassau County, which overstates the relevant geographic market, has 21 banks operating 200 commercial banking offices, and $2.3 billion in deposits. Seven of these banks have total deposits of over $1 billion. Second National, a unit bank, has less than 1 percent of county IPC demand deposits. Thus, the elimination of Second National would appear to have only a limited effect on banking competition in this area.

* * *

Valley National Bank of Long Island, Valley Stream, N.Y., and The Hampton Bays National Bank, Hampton Bays, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Hampton Bays National Bank, Hampton Bays, N.Y. (12987), with	$9,714,282	2	
and Valley National Bank of Long Island, Valley Stream, N.Y. (11881), which had	156,480,526	20	
merged Nov. 8, 1968, under charter and title of the latter bank (11881). The resulting bank at date of merger had	166,194,809		22

COMPTROLLER'S DECISION

On August 13, 1968, the Valley National Bank of Long Island, Valley Stream, N.Y., and The Hampton Bays National Bank, Hampton Bays, N.Y., filed an application with the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Valley National Bank of Long Island was chartered in 1920, and now holds assets of $143.3 million at its head office and 19 branches, which are located in densely populated sections of western Nassau County and eastern Suffolk County. The charter bank's service area is primarily residential, but it also draws support from light industry, as well as retail and service occupations. Many of the area residents commute to work in nearby New York City and its environs.

The Hampton Bays National Bank, Hampton Bays, N.Y., was chartered in 1926, and now holds assets of $9 million at its main office in Hampton Bays and its one branch, which is located in East Quoque. Hampton Bays has a permanent population of approximately 1,900, which is swelled by an estimated 30,000 vacationers in the summertime. East Quoque, with a population of 2,800, lies about 5 miles east of Hampton Bays. With the exception of some small scale commercial fishing, the area is devoted mainly to those service and entertainment occupations usually associated with a resort area. Many of the area's inhabitants commute to work in Riverhead, the county seat, and to nearby government and industrial facilities.

There is virtually no competition between the merging banks. Their main offices are located 75 miles apart and their closest branches are 12 miles apart, with the offices of five other commercial banks between them. Nor can it be said to lessen potential competition, since the charter bank, by virtue of the home office protection rule of New York law, may not establish a branch in Hampton Bays. This merger will increase the charter bank's assets by only 6 percent, and leave its rank unchanged as the 11th largest of the banks that are headquartered in either of these two counties or that are headquartered in New York City and operating branches in one or both of these counties. It is anticipated that consummation of the merger will increase the degree of banking competition in the service area of the merging bank.

When the merger is effected, the banking public in the service area of the merging bank will benefit from the increased lending limit of the resulting institution, as well as from the more complete range of banking services, including dealer and wholesale financing, that the strength and experience of the charter bank will make possible. In addition, management continuity will be assured.

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

OCTOBER 7, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Valley National Bank of Long Island ("Valley National") operates 20 offices in Nassau and Suffolk Counties, on Long Island, N.Y. The Hampton Bays National Bank ("Hampton National") operates two offices, 4 miles apart, in eastern Suffolk County. The chief industry here is tourism.

Offices of Valley National are located about 20 miles east and about 15 miles west of the offices of Hampton National, with several banking offices in the intervening areas. Thus, it appears that there is little, if any, competition between the two banks.

Although New York's home office protection law prevents Valley National from entering Hampton Bays *de novo*, and restricts the number of communities available to Valley National, the bank, which operates a substantial number of offices in Suffolk County, would appear to be a likely *de novo* entrant into the Hampton Bays area. Thus, the proposed merger may eliminate potential competition between the two banks.

* * *

WELLS FARGO BANK, N.A., SAN FRANCISCO, CALIF., AND AZUSA VALLEY SAVINGS BANK, AZUSA, CALIF., AND THE FIRST NATIONAL BANK OF AZUSA, AZUSA, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Azusa Valley Savings Bank, Azusa, Calif., with	$5, 824, 617	1	
The First National Bank of Azusa, Azusa, Calif. (8065), with	5, 718, 186	1	
and Wells Fargo Bank, N.A., San Francisco, Calif. (15660), which had	5, 207, 648, 016	250	
merged Nov. 8, 1968, under charter and title of the latter bank (15660). The resulting bank at date of merger had	5, 219, 127, 819		251

COMPTROLLER'S DECISION

On August 15, 1968, the Azusa Valley Savings Bank and The First National Bank of Azusa, both of Azusa, Calif., and the Wells Fargo Bank, N.A., San Francisco, Calif., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Wells Fargo Bank, N.A., with IPC deposits of $3.5 billion, is the third largest bank in California. Until recently, Wells Fargo confined its operations to the northern part of California. Of its 247 branches, however, five have recently been established in southern California in the sprawling metropolitan area of Los Angeles. The charter bank offers a multitude of modern, specialized banking services designed to meet the needs of the State's growing, heterogeneous economy. Its capable, dynamic management has guided the bank to a strong, sound position in the highly competitive banking markets of California.

The two merging banks, the Azusa Valley Savings Bank and The First National Bank of Azusa, are affiliated through identical stock ownership and boards of directors, and by common management. Both are housed in one building and are operated as one bank. The combined Azusa banks have IPC deposits of approximately $9.7 million. No branches are operated by either of the merging institutions.

The Azusa banks originally served the citrus growing areas around the city of Azusa, which is located 30 miles east of downtown Los Angeles. Although the agricultural economy of Azusa has given way almost completely in the face of the booming residential and industrial growth and expansion in the suburbs of Los Angeles, the Azusa banks maintain their ultraconservative, agriculturally oriented banking policies. Consequently, their earnings record is poor and their range of services is inadequate to meet local banking needs. Further, the present management is elderly and no provisions have been made for management succession. The prospects for future viability of the Azusa banks are very dim.

The competitive effect of the proposed merger will be negligible. Wells Fargo does not compete in Azusa; its closest branch is 12 miles away, in Pasadena, and is not readily accessible to the 52,000 people in the Azusa service area. The merging banks hold only 9.2 percent of the deposits and 5.7 percent of the loans in the Azusa market. Bank of America, on the other hand, holds 44 percent of the deposits and 45 percent of the loans, and United California Bank holds 20 percent and 27 percent, respectively. Four other banks also maintain offices in Azusa and provide significant competition.

The merger will not alter Wells Fargo's competitive position in southern California, nor will it reduce the number of banking alternatives in Azusa. It will, however, provide an additional source of trust services, specialized lending techniques, and data processing services geared to the needs of the growing population and the industrial and commercial economy in and around Azusa.

Applying the statutory criteria to the proposal, it is concluded that the public interest will be served. The merger is, therefore, approved.

October 7, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Wells Fargo, the third largest bank in California, has an extensive merger history. In the past 10 years, it has acquired banks having $702.2 million in deposits and 31 offices.

The Pasadena branch office of Wells Fargo is located only 12 miles from Azusa (population 27,000), the industrial center of eastern San Gabriel Valley. Numerous banks are located in the intervening area, including Bank of America, Security First National Bank, Crocker-Citizens National Bank, and United California Bank. Thus, it does not appear that any significant competition between Wells Fargo and the Azusa banks would be eliminated by the merger. Since the officers, directors, and shareholders of Savings Bank and National Bank are virtually the same, any competition which might otherwise exist between the Azusa banks is inconsequential. In fact, both Azusa banks share the same offices. Hence, the proposed merger will not affect competition between the Azusa banks.

Under California law, statewide branch banking is permitted. Wells Fargo, whose head office is located in San Francisco, has already established a branch office in downtown Los Angeles and indicates an intention to establish future *de novo* branches in Los Angeles County. In addition, as previously noted, Wells Fargo's principal competitors have found the Azusa market favorable because of its rapid population and industrial growth and have established branch offices there. It is reasonable to believe, therefore, that Wells Fargo is a likely *de novo* entrant into the Azusa area at some future time.

* * *

Western Pennsylvania National Bank, Pittsburgh, Pa., and St. Clair Deposit Bank of Pittsburgh, Pittsburgh, Pa.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
St. Clair Deposit Bank of Pittsburgh, Pittsburgh, Pa., with	$11,247,000	1	
was purchased Nov. 8, 1968, by Western Pennsylvania National Bank, Pittsburgh, Pa. (2222), which had	815,952,537	67	
After the purchase was effected, the receiving bank had	827,199,537		68

COMPTROLLER'S DECISION

On July 2, 1968, the Western Pennsylvania National Bank, Pittsburgh, Pa., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of the St. Clair Deposit Bank of Pittsburgh, Pittsburgh, Pa.

Both banks are located in Pittsburgh, a heavily industrialized city, which has a metropolitan area population of 2.5 million. Competition in the financial market by both banks and nonbanking financial institutions is very intense, and is dominated by Mellon National Bank, with resources of $3.9 billion, and Pittsburgh National Bank, with resources of $1.6 billion.

The charter bank is third in size in the Pittsburgh market. Since 1953, when it was a small unit bank serving the city of McKeesport, it has increased in size from $50 million to $806 million, and it operates 67 offices in four of the six counties within the Pittsburgh area market. The charter bank currently holds 10 percent of the deposits and 11.5 percent of the loans in this area. The remarkable success of this bank in challenging the two dominant institutions in Pittsburgh is found largely in its concept of "community banking," developed to serve the numerous submarkets that resulted from the hilly topography of the area.

The selling bank, St. Clair Deposit Bank with IPC deposits of $9.2 million, is located in a self-sufficient municipality within the city of Pittsburgh, known as the Boro of Mt. Oliver. The area is isolated from the surrounding city by hills and the Monongahela River and contains a population of approximately 6,000. Although Mt. Oliver is primarily residential, small wholesale and retail activity exists, generated by consumer needs, and some light industry is located there.

The service area of the selling bank lies principally within the boundaries of Mt. Oliver, but also includes the small areas of Pittsburgh proper known as Arlington and St. Clair. The bank enjoys an excellent reputation and has been managed by a small but competent staff. Now that two of three managing officers are retiring from the bank, the board of directors has determined that it will sell the bank rather than attempt to attract new management from other sources.

The acquisition of the St. Clair bank by the Western Pennsylvania bank will have little effect on competition. Only .14 percent will be added to the market share of the charter bank, and no competition will be eliminated between the two applicant banks. Although the charter bank maintains an office less than 1 mile from the selling bank, the topography and lack of assets between their respective service areas preclude active competition between them. Both Mellon National and Pittsburgh National operate offices in Carrick, on the fringes of the selling bank's service area, which are more accessible to Mt. Oliver and thereby provide more competition than does the charter bank. The valley in which the selling bank is located contains formidable nonbank competitors: savings and loan associations, credit unions, and finance companies. These provide more intensive competition than do other commercial banks.

The purchase of the St. Clair bank will intensify competition in the area served by the selling bank. Although it will have very little impact on the banking structure in the area, it will provide loanable funds to meet the demands that the selling bank cannot supply; it will provide trust services to the residents of Mt. Oliver; and it will extend computerized services to the area.

The excellence of the selling bank prompted several offers from prospective purchasers when the banking community became aware that the St. Clair bank would be sold. The offer by the purchasing bank was considered most favorable, particularly in view of the purchasing bank's history of tailoring its branch services to meet the demands of the surrounding community.

The proposed purchase will not increase the concentration of banking resources in the Pittsburgh area to any appreciable degree, nor have any adverse effect on competition in the area's banking structure. It will benefit the residents of Mt. Oliver. The proposal is, therefore, approved.

OCTOBER 8, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger involves the third largest bank in the Pittsburgh S.M.S.A. and a small unit bank located in the Mt. Oliver-Arlington-St. Clair section of Pittsburgh.

Two branches of Western Bank, one less than a mile away, and the other about 1½ miles away, would appear to compete directly with St. Clair Bank in the Mt. Oliver-Arlington-St. Clair area. This competition would be eliminated by the proposed merger.

Pittsburgh is probably the most concentrated market among the major banking centers in the country. There are 19 banks with offices in the Pittsburgh S.M.S.A. The largest bank, Mellon National Bank & Trust (total assets $3.5 billion), has almost 50 percent of the total deposits, and 65 percent of the area loans. Together, Pittsburgh National Bank, the area's second largest, and Mellon National account for 72 percent of both total deposits and IPC demand deposits, and 74 percent of loans.

Western Bank is, and would continue to be, the third largest in the area, with about 13 percent of area deposits and 12 percent of loans. St. Clair Bank has about 0.2 percent of deposits and 0.2 percent of loans. In terms of IPC demand deposits, the proposed merger would result in an increase in Western's share from 9.8 to 10.0 percent of the Pittsburgh metropolitan area total.

The proposed merger, accordingly, would slightly add to the already very high degree of concentration of commercial banking resources in the Pittsburgh metropolitan area and would result in Western and two larger banks holding about 85 percent of total S.M.S.A. deposits.

* * *

SOUTHERN CALIFORNIA FIRST NATIONAL BANK, SAN DIEGO, CALIF., AND BANK OF LA JOLLA, SAN DIEGO, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of La Jolla, San Diego, Calif., with	$16, 148, 600	2	
and Southern California First National Bank, San Diego, Calif. (3050), which had	598, 495, 991	42	
merged Nov. 15, 1968, under charter and title of the latter bank (3050). The resulting bank at date of merger had	614, 644, 591		44

COMPTROLLER'S DECISION

On July 19, 1968, the Southern California First National Bank, San Diego, Calif., and the Bank of La Jolla, San Diego, Calif., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The charter bank, the Southern California First National Bank, with IPC deposits of $369 million, is headquartered in the city of San Diego and presently ranks, in terms of local deposits, as the second largest bank in the San Diego Standard Metropolitan Statistical Area. The bank was established in 1883 and presently operates 41 branch offices in three counties of southern California, viz., 32 in San Diego County, five in Los Angeles County, and four in Orange County.

San Diego, with an estimated population of 670,000, is the third largest city in the State of California, and is a major seaport. The economic base of the San Diego metropolitan area is highly diversified. It draws support from agriculture, industry, foreign and domestic finance and trade, and many other commercial and service activities, including aircraft and aerospace research and development, fishing, tourism, manufacturing of all types, military establishments, and retail trade.

La Jolla is a residential section of the city of San Diego located 13 miles to the northwest of downtown San Diego. It is an affluent community inhabited by many retired and semiretired individuals of considerable wealth. Industrial activity in this area is limited to research and development projects, and growth is limited by the stringent restrictions placed on new buildings. The San Diego campus of the University of California is located near La Jolla.

The merging bank, the Bank of La Jolla, with IPC deposits of $13 million, was organized in 1962. It presently operates a branch office in Rancho Santa Fe, a high income residential community with a population of 2,800, located about 17 miles to the north of La Jolla. Because of the nature of the banking needs of the area customers of this bank, a major portion of its loan portfolio is concentrated in loans that are made for the purpose of purchasing securities and are secured by stocks and bonds. The merging bank engages in very little real estate lending or installment consumer lending. The bank does not provide trust services.

Intense competition to the participating banks in La Jolla market area is offered by four of the largest banks in the State, which operate nine offices therein. These are Bank of America National Trust and Savings Association, with deposits of $16 billion; Security Pacific National Bank, with deposits of $5 billion; United States National Bank, with deposits of $380 million; and San Diego Trust and Savings Bank, with deposits of $137 million. Approval has been granted to the United California Bank, the fifth largest bank in the State, with deposits of $3.5 billion, to open an office in this area. Considerable competition is also offered by the savings and loan associations operating in the area as well as by the various other financial institutions.

Because of the difference in their size and in the type of services provided by the merging banks, there is no significant amount of competition presently existing between them. While the closest offices of the participants are only three blocks away from each other, convenient banking alternatives are provided by offices of the four large competing banks located within a four-block radius of the merging bank.

This merger, while having little competitive impact in the San Diego metropolitan area, will benefit the residents in the communities served by the merging bank. It will provide another bank better able to meet all the credit needs of the residents of the communities of La Jolla and Rancho Santa Fe. The resulting bank will provide a full range of banking services, including trust services and other specialized services not presently provided by the merging bank.

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

October 8, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

This proposed merger involves two banks operating offices in the city of San Diego. There is an office of Southern California Bank only three blocks from La Jolla Bank's main office in La Jolla, and one 6 miles from its branch office in Rancho Santa Fe. Thus, it is clear that some existing competition between the banks would be eliminated; however, the areas in the vicinity of La Jolla Bank's offices are also currently served by numerous other banks, including branch offices of the large California branch networks.

The San Diego SMSA is now served by 13 banks operating 147 offices. Southern California Bank, with about 22 percent of county commercial bank deposits, is the second largest bank in this market. La Jolla Bank, on the other hand, has less than 1 percent of such deposits; thus, the increase in concentration would not be great. In view of Southern California Bank's size and prominence in the area, however, its absorption of La Jolla Bank, a relatively new competitor in a highly concentrated market is, in our view, anticompetitive.

* * *

Virginia National Bank, Norfolk, Va., and Northampton County Trust Bank, Cape Charles, Va.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Northampton County Trust Bank, Cape Charles, Va., with	$7,084,017	1	
and Virginia National Bank, Norfolk, Va. (9885), which had	749,432,644	78	
merged Nov. 15, 1968, under charter and title of the latter bank (9885). The resulting bank at date of merger had	755,218,352		79

COMPTROLLER'S DECISION

On August 14, 1968, Northampton County Trust Bank, Cape Charles, Va., and Virginia National Bank, Norfolk, Va., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The Virginia National Bank, Norfolk, Va., with IPC deposits of $495.1 million, operates 75 offices widely scattered in 37 different communities across southern and central Virginia. Originally chartered as a State bank in 1867, it converted to a National bank in 1870. It opened numerous branches in Norfolk, and, following an amendment of the Virginia branching statute in 1962 to permit statewide branching by merger, it pursued a policy of aggressive expansion by merger. Today it ranks as the second largest banking institution in the State, with over $665 million in total resources. It is an aggressive institution offering a wide variety of banking services to its various types of customers in the widely scattered regions where it operates. Virginia National's management is experienced, well-regarded, and has good depth. Its capital position is strong and its profits over the last several years have been good.

Cape Charles, Va., with a population of 2,000, is the home of the single-office merging bank. Cape Charles is located in Northampton County, the southernmost of the two Virginia counties on the Eastern Shore. The county's population is estimated at 17,000. Its economy, largely dependent upon agriculture and fishing, is considered static and expected to remain so.

The merging Northampton County Trust Bank has IPC deposits of $4.8 million. It was chartered in 1937, but has shown only modest growth since, although it is the largest of four banks located in the county. Its management, although capable, is very conservative.

It is unlikely that any community now served by the charter bank would be materially affected by this merger. However, the quality of banking service to be made available by the resulting bank in the area now served by the merging bank would be materially improved. A number of specialized services not offered by the merging bank would be made available by the resulting bank, including specialized lending, investment counseling, and extensive trust services. The lending policies of the resulting bank could be expected to differ materially from those of the merging bank. In making capital more readily available, the merger would heighten prospects for industrial development and economic growth in Northampton County. The ready availability of qualified management and other personnel to serve at the Cape Charles office of the resulting bank would be another benefit of the merger.

Because of the small size of the merging bank in relation to the charter bank, the merger would not affect the charter bank's statewide competitive position, or change its ranking as second largest banking institution in Virginia.

By replacing the merging bank with an office of an out-of-county institution, the merger would not result in the elimination of any alternative banking source in Northampton County. By introducing the much stronger and more effective charter bank into the county, convenient availability of complete banking service to the public would be increased, and sharpened competition for banking business in the county could be expected to result. Because of the 30-mile distance separating the merging bank and the nearest office of the charter bank, there is little present competition between the banks that would be eliminated. Since *de novo* branching is prohibited to the charter bank in Northampton County and the adjacent Accomack County, there is no potential competition between the two that would be eliminated.

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

OCTOBER 15, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Virginia National Bank, the largest bank in Virginia, has, since 1963, acquired 17 other banks and now operates 79 offices in 41 communities.

Northampton County is located on the southern tip of the Delmarva Peninsula and is separated from the rest of the State by the Chesapeake Bay. The population of the county (17,000) has remained stable for many years and the predominantly agricultural economy of the county appears to be stagnant.

There appears to be little, if any, direct competition between the merging banks. VNB has no offices in Northampton County and its closest branch to the singe office of Northampton Bank is at Virginia Beach, about 30 miles away, across the Chesapeake Bay.

There are four unit banks in Northampton County, all located at intervals of 8 to 10 miles along the one major north-south Eastern Shore highway. Northampton Bank, the largest bank in the county, had, as of December 31, 1967, about 31 percent of the $16.5 million in total county deposits. The proposed merger might entrench Northampton Bank's competitive position as the largest bank in the county. Under Virginia law, VNB cannot open a *de novo* branch in Northampton County. However, VNB could enter this market by purchasing a smaller bank.

* * *

THE FIRST NATIONAL BANK IN WASHINGTON, WASHINGTON, PA., AND FIRST NATIONAL BANK AND TRUST COMPANY OF WAYNESBURG, WAYNESBURG, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank in Washington, Washington, Pa. (5920), with	$33,714,420	7	
and First National Bank and Trust Company of Waynesburg, Waynesburg, Pa. (13134), which had	17,437,673	1	
consolidated Nov. 18, 1968, under charter of the former bank (5920) and title "First National Bank & Trust Co., Washington, Pa." The resulting bank at date of consolidation had	51,152,092		8

COMPTROLLER'S DECISION

On August 9, 1968, The First National Bank in Washington, Washington, Pa., and the First National Bank and Trust Company, Waynesburg, Pa., applied to the Comptroller of the Currency for permission to consolidate under the charter of the former and with the title "First National Bank & Trust Co., Washington, Pa."

The First National Bank in Washington, with resources of $32.3 million, is headquartered in Washington County in the southwest corner of Pennsylvania. It operates six branches and serves Allegheny and Fayette Counties, as well as Washington County.

The consolidating bank, with resources of $16.8 million, is a single-office bank located in Greene County in the town of Waynesburg, 25 miles south of the charter bank.

The merger will improve the banking prospects in Waynesburg and will thereby benefit the public. Waynesburg is a small town in the depressed area known as Appalachia. Its economy is dependent on mining, farming, and the production of oil and gas, all of which are declining in the areas surrounding Waynesburg. The consolidating bank, with its aging management and conservative policies, has made little effort to attract new business or industries to the area. The charter bank, on the other hand, is centered in an industrialized area and its progressive management will garner benefits for the public in Waynesburg, as it has in Washington, by taking the initiative and encouraging local industrial development. It will also bring additional services, such as trust and computer facilities, to the area.

The competitive effect of this consolidation will be minimal. Competition between the two banks is very slight. Further, the charter bank holds only 7 percent of the loans and 4.8 percent of the IPC deposits in Washington County. The consolidating bank holds 5.9 percent of the loans and 4.5 percent of the IPC deposits in Greene County. The resulting bank will not, therefore, hold an important percentage of banking resources in the total area served by it.

The substitution of a larger, stronger, and more aggressive institution for the consolidating bank will intensify competition in Waynesburg, which has only one other local banking institution, a branch of Gallatin National Bank, which has resources of $130 million.

In the light of the statutory criteria, it is concluded that the proposal is without adverse competitive effects and is in the public interest. The application is, therefore, approved.

OCTOBER 17, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Washington Bank operates seven offices, all within a radius of 20 miles of Washington, in an area whose basic industries are coal mining, the production of oil and gas, and agriculture. Waynesburg Bank's sole office is located 25 miles south of Washington, in the leading county in Pennsylvania in the output of bituminous coal.

The closest office of Washington Bank to Waynesburg Bank is located 15 miles northeast of Waynesburg at Clarksville (population 1,500). There are no banks in the intervening area, although a branch of Gallatin National Bank (total deposits, $117 million) is located at Jefferson (population 1,000), about 8 miles east of Waynesburg, and about 5 miles southeast of Clarksville. Also, two banks now operate in Waynesburg (population 9,300), Waynesburg Bank and Gallatin National Bank; five banks now operate in Washington (population 23,000), four of which have total deposits of over $400 million. Thus, there may be some limited competition between these offices of the merging banks.

Washington Bank is the only bank operating in four other more distant towns, all with populations under 4,000; in two other towns, Washington Bank competes with banks having total deposits of over $100 million.

Pennsylvania law would permit each merging bank to branch *de novo* into the other's service areas; the large banks headquartered in Pittsburgh can also branch *de novo* into all of the counties served by Washington Bank except Greene County. In view of the sizes of the towns and of the competing banks already in these areas, we believe that this merger would have no significant effect on potential competition.

* * *

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank at Stoystown, Stoystown, Pa. (14089), with	$2,983,198	1	....
and The First National Bank of Berlin, Berlin, Pa. (5823), which had	6,528,645	2	....
merged Nov. 18, 1968, under charter of the latter bank (5823) and title "First National Bank of Somerset County." The resulting bank at date of merger had	9,511,843	....	3

COMPTROLLER'S DECISION

On August 8, 1968, The First National Bank at Stoystown, Stoystown, Pa., and The First National Bank of Berlin, Berlin, Pa., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of "First National Bank of Somerset County."

Both participating banks are located in Somerset County in the southwestern part of Pennsylvania. Although the area is primarily rural and agricultural, small industries are beginning to locate there. Recreational and resort facilities also contribute significantly to the economy of the area.

The applicant banks are two of the smaller banks in Somerset County. The charter bank, with IPC deposits of $5.3 million, is headquartered in Berlin, a town of 1,600, and operates one branch in Shanksville. The merging bank, with IPC deposits of $2.1 million, maintains its single office in Stoystown, which has a population of 460.

The steady growth of industry and recreational facilities in Somerset County has created a need for local banks larger than the participants. At the present time both of these banks are loaned to near capacity; the merging bank has lost business because its lending limit is inadequate for local needs. Although this merger will not create a large bank, the resulting bank will be better able to serve the area than can either of the participants separately. The resulting bank will have an increased earning base and lending capability. It will be able to achieve a better utilization of the personnel of both banks and thereby resolve the management succession problem now confronting the Stoystown bank.

The proposed merger will eliminate no competition between the applicant banks. Not only is the merging bank 18 miles from the main office of the charter bank and 9 miles from its branch, but the rural character of their respective service areas isolates each from the other. Banking competition will continue to be provided in the county by the nine other banks in the charter bank's service area, and the nine other banks in the merging bank's service area. While the resulting bank will be the third largest in the county, it can be inferred that it will stimulate competition in the county by challenging the two larger, well-established banks in the areas of customer service and public convenience.

The merger appears to be in the public interest and without adverse competitive effects. It is, therefore, approved.

OCTOBER 14, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Berlin (population 1,600) and Stoystown (population 460) are both located in Somerset County in southern Pennsylvania, an area which is devoted to mining, agricultural, and recreational pursuits.

Berlin Bank's branch in Shanksville (population 350) is 9 miles southeast of Stoystown and there are no banks in the intervening area. Thus, there would appear to be some competition between the merging banks which this merger would eliminate. However, there are eight banking offices within a radius of 10 miles from Stoystown, some of which (at least two) are closer to Stoystown Bank than to Berlin Bank. In view of this fact, plus the small sizes of the banks and the market, we do not believe that this merger will seriously affect competition.

* * *

The First National Bank and Trust Company of Crawfordsville, Crawfordsville, Ind., and Ladoga State Bank, Ladoga, Ind.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Ladoga State Bank, Ladoga, Ind., with	$3,004,586	1	
and The First National Bank and Trust Company of Crawfordsville, Crawfordsville, Ind. (571), which had	24,218,529	2	
merged Nov. 30, 1968, under charter and title of the latter bank (571). The resulting bank at date of merger had	27,223,115		3

COMPTROLLER'S DECISION

On July 31, 1968, the Ladoga State Bank, Ladoga, Ind., and The First National Bank and Trust Company of Crawfordsville, Crawfordsville, Ind., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The charter bank, organized in 1864 and currently holding $18.2 million in IPC deposits, operates one out-of-town branch in Wingate. This bank, the smaller of the two banks headquartered in Crawfordsville, ranks second among the seven banks currently operating in Montgomery County.

Crawfordsville, the home of the charter bank, is the county seat of Montgomery County and has a population of 14,400. Its economy is diversified, with industry and service businesses most prominent. Montgomery County, generally the service area of the bank, has a population of about 30,000. Its economy is based primarily on agriculture and particularly on corn farming.

The merging bank, organized in 1927, has approximately $2 million in IPC deposits and is the only bank in Ladoga. The bank, faced with the imminent retirement of its president, has no successor available to replace him.

Ladoga, home of the merging bank, is situated in the extreme southeast portion of Montgomery County. This town of 1,000, with only one industrial plant employing 15 to 20 persons, depends primarily on the agricultural activities of the surrounding area.

The merger will have little adverse effect on competition. Although one independent banking institution will be eliminated, there will remain as a choice to the banking public six other commercial banks in Montgomery County. The position of the charter bank as second largest bank in the county would be unchanged. Other types of financial institutions, including three savings and loan associations, eight personal loan companies, several major insurance companies, and at least three Federal agencies will also provide competition for the resulting bank. The resulting institution will be better able to compete with the first-ranking bank in the county.

The customers of the merging bank and other residents of the Ladoga community will benefit by gaining the availability of a substantially enlarged borrowing limit needed to meet the area's increasing agricultural credit demands, as well as a number of services not now available, including trust services. The management succession problem now faced by the merging institution will also be solved by making available competent personnel to direct the operation of the Ladoga bank, which will be retained as a branch of the resulting institution.

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

October 8, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The head offices of the banks are about 15 miles apart and there is one bank (total deposits, $1.4 million) in the intervening area. The two merging banks are direct competitors of each other. First National serves an area within a radius of about 20 miles of Crawfordsville, which includes all of Montgomery County, plus bordering areas of adjacent counties. Ladoga Bank serves the area within a radius of about 8 miles of the town of Ladoga. Thus, the service areas of the two banks overlap substantially in the southeastern part of Montgomery County and small parts of contiguous Boone, Hendricks, and Putnam Counties.

Thirteen banks operate 17 offices in the market of First National, the area within a radius of about 20 miles of Crawfordsville; this market has total deposits of $79.6 million. The two banks headquartered in Crawfordsville, Elston Bank and Trust Co. (total deposits, $29.3 million), and First National, hold 37 percent and 26 percent, respectively, of deposits in the area; combined, they account for about 62 percent of such deposits. The third largest bank holds only 8 percent of deposits in this area.

The proposed merger would combine the second largest bank in the area and the seventh largest, which has 3.2 percent of total commercial bank deposits in the area, and increase the share of such deposits held by the area's two largest banks to 65 percent.

Within the narrower market served by Ladoga Bank, an area within a radius of about 8 miles of Ladoga, there are six banks with deposits ranging from $1 to $6.5 million. However, as noted above, larger customers in this area are served by banks outside this area, such as First National.

* * *

AMERICAN FLETCHER NATIONAL BANK AND TRUST COMPANY, INDIANAPOLIS, IND., AND MARION COUNTY NATIONAL BANK, INDIANAPOLIS, IND.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
American Fletcher National Bank and Trust Company, Indianapolis, Ind. (13759), with	$1,145,287,589	43	
and Marion County National Bank, Indianapolis, Ind. (13759), which had	253,299	0	
merged Dec. 31, 1968, under charter of the latter bank (13759) and title "American Fletcher National Bank and Trust Company." The resulting bank at date of merger had	1,145,540,888		43

COMPTROLLER'S DECISION

On October 18, 1968, the American Fletcher National Bank and Trust Company, Indianapolis, Ind., and the Marion County National Bank (organizing), Indianapolis, Ind., filed an application with the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The American Fletcher National Bank and Trust Company, Indianapolis, Ind., with IPC deposits of $594 million, operates 41 branch offices, all of which are located in Indianapolis and surrounding Marion County.

The Marion County National Bank (organizing), Indianapolis, Ind., is a nonoperating institution which was organized in October 1968 as a step in the corporate reorganization of the merging bank. With the exception of directors' qualifying shares, all of the stock of the charter bank is owned by the American Fletcher Corporation, Indianapolis, Ind., an Indiana corporation.

Since the charter bank is a nonoperating institution, approval of this application will have no effect on competition. Service to the public will not be affected by this transaction, as the resulting bank will operate through the personnel and physical facilities of the merging bank. Approval of the merger will, however, facilitate the corporate reorganization of the merging bank.

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

NOVEMBER 25, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Marion County National Bank was organized in October 1968, by American Fletcher Corporation, an Indiana corporation; it has not officially commenced banking operations.

The purpose of the proposed merger is to enable the shareholders of American National to exchange their shares for shares of American Fletcher Corporation, which will then own all the shares of the resulting bank. Thus, the proposed merger is merely a step in the reorganization of American National and will not have an adverse effect on competition.

* * *

Birmingham Trust National Bank, Birmingham, Ala., and Alabama National Bank, Birmingham, Ala.

Name of bank and type of transaction	Total asset	Banking offices	
		In operation	To be operated
Birmingham Trust National Bank, Birmingham, Ala. (14569), with	$348, 066, 839	18	
and Alabama National Bank, Birmingham, Ala. (14569), which had	250, 000	0	
merged Dec. 31, 1968, under charter of the latter bank (14569) and title "Birmingham Trust National Bank." The resulting bank at date of merger had	348, 074, 339		18

COMPTROLLER'S DECISION

On October 18, 1968, the Birmingham Trust National Bank, Birmingham, Ala., and the Alabama National Bank (organizing), Birmingham, 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 Birmingham Trust National Bank was first founded under a State charter in 1887 and converted to a National Association in 1946. This bank, with total assets of $308 million, operates 17 offices in Jefferson County. Birmingham, a city of 341,000 in 1960, includes 722,000 within its metropolitan area that covers Jefferson, Shelby, and Walker Counties. The economic base of this city is diversified among many manufacturing industries and commercial activities. The city, which is now the retail and wholesale center of the State of Alabama, has a promising economic future.

The Alabama National Bank (organizing), Birmingham, Ala., is a nonoperating institution created to facilitate a corporate restructuring of the merging Birmingham Trust National Bank. The resulting bank will have the same management and directorate as the merging bank, and, with the exception of directors' qualifying shares, will be entirely owned by the BTNB Corporation.

Since the charter bank is a nonoperating institution, consummation of the merger will have no effect on competition. The resulting bank will do business through the personnel and physical facilities of the merging bank, and there will be no change in service to the public as the result of this merger. Approval of this application will, however, facilitate the acquisition of the merging bank by BTNB Corporation.

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

November 25, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Birmingham Trust National Bank recently organized the Alabama National Bank, with which it proposes to merge, and the BTNB Corporation, which will own the resulting bank. Thus, this merger is merely a step in a corporate reorganization and will have no effect on competition.

* * *

Capital National Bank, Houston, Tex., and Capital Bank, N.A., Houston, Tex.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Capital National Bank, Houston, Tex. (15528), with	$96, 523, 404	1	
and Capital Bank, N.A., Houston, Tex. (15528), which had	250, 000	0	
merged Dec. 31, 1968, under charter of the latter bank (15528) and title "Capital National Bank." The resulting bank at date of merger had	96, 773, 404		1

COMPTROLLER'S DECISION

On October 14, 1968, the Capital National Bank, Houston, Tex., and the Capital Bank, N.A. (organizing), Houston, Tex., filed an application with the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Houston, with a population of over 1 million, is the Nation's sixth largest city. Its standard metropolitan area is defined as Harris County, an area of 1,730 square miles with a population of about 1.3 million. Houston lies in the heart of what is known as the Upper Texas Gulf Coast. This gulf coast area has undergone a significant change during the past years, becoming predominantly industrial, supported by the largest concentration of oil, gas and petro-chemical refining, manufacturing, and processing facilities in the world. Farming and ranching, construction, transportation, trade, and services continue to play an important role.

The Capital National Bank, with IPC deposits of $59 million, was originally organized in 1965. The bank faces strong commercial banking competition from a number of larger banks operating within its area.

The Capital Bank, N.A., is a new bank in the process of being organized to provide a means to transfer the ownership of the Capital National Bank to the Capital National Corporation. After consummation of this merger, the present shareholders of Capital National Bank will own the capital stock of the holding company, which, in turn, will own all except the directors' qualifying shares in the resulting bank.

Since the charter bank is a nonoperating institution, this merger will have no effect on competition. Service to the public will not be affected.

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

NOVEMBER 25, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Capital Bank, N.A., is a new bank organized solely for the purpose of facilitating the acquisition of Capital National Bank by Capital National Corporation, a newly formed one-bank holding company with powers to diversify into other businesses. The proposed transaction is part of a corporate reorganization and would appear to have no adverse effects on competition.

* * *

FIRST NATIONAL BANK & TRUST COMPANY OF MILLERSBURG, MILLERSBURG, PA., AND THE FIRST NATIONAL BANK OF ELIZABETHVILLE, ELIZABETHVILLE, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank & Trust Company of Millersburg, Millersburg, Pa. (2252), with	$7,577,562	2	....
and The First National Bank of Elizabethville, Elizabethville, Pa. (5563), which had	4,224,555	1	....
consolidated Dec. 31, 1968, under charter of the former bank (2252) and title "Upper Dauphin National Bank." The resulting bank at date of consolidation had	11,802,117	....	3

COMPTROLLER'S DECISION

On August 28, 1968, The First National Bank of Elizabethville, Elizabethville, Pa., and First National Bank & Trust Company of Millersburg, Millersburg, Pa., applied to the Office of the Comptroller of the Currency for permission to consolidate under the charter of the latter and with the title of "Upper Dauphin National Bank."

The charter bank, with assets of $6.8 million, is a unit bank located in Millersburg and has an approved, but as yet unopened, branch to be located 12 miles northeast in Pillow. Millersburg, home of the charter bank, is located in Dauphin County, along the Susquehanna River, approximately 30 miles north of Harrisburg, the State capital. It is a borough of 3,000 and the center of a mountainous region, lined with valleys and hilly countryside, devoted largely to general farming. An additional 19,000 inhabitants live in this surrounding trade area. Although agriculture predominates in the bank's service area, Millersburg is basically a residential and industrial community. Its industries are in the field of tool, reamer, garment and shoe manufacturing, dairy products, and trucking, with an annual payroll exceeding $20 million.

The First National Bank of Elizabethville, with assets of $3.9 million, is a unit bank chartered in 1900. Although it is well-managed, this bank has been for some years a one-man operation. Adequate depth of management has always been a problem.

Elizabethville, the home of the First National Bank of Elizabethville, is a borough of 1,500 people located about 8 miles east of Millersburg. An estimated 7,500 people live in the Elizabethville trade area, whose principal source of income is farming. The farms in the area are growing larger and as a result require expanded lending facilities. A number of wage earners from Elizabethville commute daily to industries located in or near Millersburg.

The merger will enhance competition with the $9 million Millersburg Trust Co., which, in addition to its head office in Millersburg, operates a branch in Elizabethville. Although the consolidating institutions are only 8 miles from each other, their trade areas overlap only slightly, and there is presently little direct competition between them. Because the larger Harrisburg banks have been able to capture loan business in the Millersburg area, the consolidation should have the effect of establishing a stronger competitive force in the area. The other banks in the area will not be adversely affected and will continue to compete for their proportionate share of available banking business.

The communities of both banks would benefit from having a larger combined institution more capable of meeting the present and future banking needs of what should be an expanding economy. The larger lending capability of the resulting bank will be particularly advantageous in the Millersburg area. The greater management resources of the charter bank will resolve the problem in the Elizabethville bank. Trust and computerized services, now available at the charter bank, will also be available to customers in the Elizabethville area. In sum, the consolidation will create a larger, more balanced banking institution, making available a broader range of banking services to its customers in both communities.

Applying the statutory criteria to the proposal, this consolidation is determined to be in the public interest, and is, therefore, approved.

October 25, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Millersburg (population 3,000) and Elizabethville (population 1,500) are located 8 miles apart in northwestern Dauphin County, in central Pennsylvania. This area is principally devoted to farming, but there is considerable industrial activity in Millersburg itself.

The offices of the merging banks are 8 miles apart and there are no banks in the intervening area. Millersburg Trust Company (total deposits, $9 million), with one office in Millersburg and one office in Elizabethville, is the only other bank operating in either city. Millersburg Bank derives about $25,000 in loans and about $195,000 in deposits from the Elizabethville area, and Elizabethville Bank derives about $139,000 in loans and about $109,000 in deposits from the Millersburg area. Thus, there appears to be some existing competition between the banks which would be eliminated by this merger.

Pennsylvania law would permit each bank to open *de novo* offices in the town or towns where the other's offices are located, but the large banks headquartered in Harrisburg could also make such *de novo* entry.

To summarize, in view of the small sizes of both the banks and the towns, we believe that this merger will have only a limited effect on existing competition, and will have no significant effect on potential competition.

* * *

First Union National Bank of North Carolina, Charlotte, N.C., and The First & Citizens National Bank of Elizabeth City, Elizabeth City, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First & Citizens National Bank of Elizabeth City, Elizabeth City, N.C. (4628), with	$28, 381, 954	1	
and First Union National Bank of North Carolina, Charlotte, N.C. (15650), which had	898, 488, 793	122	
merged Dec. 31, 1968, under charter and title of the latter bank (15650). The resulting bank at date of merger had	926, 998, 523		123

COMPTROLLER'S DECISION

On September 20, 1968, the First Union National Bank of North Carolina, Charlotte, N.C., with IPC deposits of $605 million, and The First & Citizens National Bank, Elizabeth City, N.C., with IPC deposits of $20 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The charter bank, First Union National Bank, is headquartered in Charlotte, N.C., and presently operates 114 offices in 58 communities located in 33 of the 100 counties in the State. This bank serves virtually the entire State of North Carolina. The population of the State in 1960 was 4.5 million persons. Although the economy of North Carolina is diversified, agriculture is still a major part of the State's economic structure. Industrial activity is centered mainly in the Piedmont area. Although tobacco products, furniture, and textiles dominate the industrial output of the State, numerous manufacturers of widely diversified products have located in North Carolina in the past decade.

The merging bank, First & Citizens National Bank, operates its single office in Elizabeth City, N.C. This bank serves an area comprised of the five small counties of Camden, Chowan, Currituck, Pasquotank, and Parquimans, all of which are situated in the extreme northeast corner of the State. The population of the five-county area is approximately 59,000 persons and the largest town in the area is Elizabeth City, which has a population of about 14,000 persons. The five-county area served by First & Citizens National Bank is virtually isolated from the mainstream of economic activity of the State of North Carolina. Both from the standpoint of accessibility and distance—Elizabeth City is approximately 40 miles from Norfolk—the five-county area appears to be more closely allied to the Norfolk, Va., market than to the commercial and industrial centers of North Carolina. The basic and primary economic activity of the five-county area is agriculture. There is very little manufacturing. Thus, the five counties have the typical characteristics of an undeveloped, rural area, viz., high unemployment, low per capita income, minimal industrial development, and little commercial activity.

This merger will have an insignificant effect upon the statewide competitive position of the charter bank. First Union National Bank, the third largest bank in the State, with total assets in excess of $845 million, competes vigorously with several aggressive and progressive statewide banking institutions. This competition emanates mainly from Wachovia Bank and Trust Company, the largest bank in the State, with assets of approximately $1.25 billion; North Carolina National Bank, the second largest bank in the State, with assets of $1 billion; and First-Citizens Bank and Trust Company, the fourth largest bank in the State, with assets in excess of $601 million. The regional banks competing in North Carolina are the Planters National Bank, the Southern National Bank, the First National Bank of Eastern North Carolina, the Northwestern Bank, the Central Carolina Bank and Trust Company, and the Branch Banking and Trust Company.

The merging First & Citizens National Bank is in direct competition with several commercial banks with offices within the five-county service area. Wachovia Bank and Trust Company has two branch offices in Elizabeth City. Industrial Bank, a unit bank with assets of $6 million, is also located in Elizabeth City. Competition between First & Citizens National Bank and Industrial Bank is somewhat restricted due to the inability of Industrial under State law to accept demand deposits. The remaining banking offices located within the five-county area are: two branches of Peoples Bank and Trust, with assets of $74 million; one branch of First National Bank of Eastern North Carolina, with assets of $58 million; and the Bank of Currituck, with assets of approximately $4 million. Moreover, significant direct competition comes from commercial banks located in the Norfolk, Va., area, such as Virginia National Bank, which has assets of $712 million. Additionally, competition is generated by three savings and loan associations and several finance companies located within the five counties.

The main offices of First Union National Bank and First & Citizens National Bank are separated by more than 300 miles; the nearest branch office of First Union is more than 100 miles southwest of First & Citizens' single office. The two participating banks are not in competition with each other.

Prior to the recent death of its president and chief executive, First & Citizens National Bank was essentially a "one-man operation." His death has highlighted the fact that the merging bank is confronted with a serious management succession problem. Four of the five senior executive officers, presently active, are over 67 years of age and the fifth officer is in his middle fifties. The merging bank has been unable either to train competent replacements or to attract qualified personnel to succeed these men. The situation is now such that, if an orderly integration of new management into the community is to be accomplished, this problem must be solved immediately. The charter bank, First Union National, by supplying the in-depth managerial talent needed, will provide the immediate and long-range solution to the management replacement problem of the merging bank.

Whether this merger will substantially lessen potential competition between the participating banks hinges primarily on the issue of *de novo* branching into the five-county area. As previously mentioned, the present economic condition of the northeast five-county area is poor, and the indicators reveal little likelihood that this situation will improve in the foreseeable future. Consequently, while statewide branch banking is possible in theory because it is permitted under North Carolina statutes, the economic realities of the situation indicate that *de novo* branching into the area would not be economically feasible. Graphic evidence of the economic unfeasibility of *de novo* branching in the area is provided by the recent closing of the Planters National Bank and Trust Company branch office located in Point Harbor, Currituck County, which is within the five-county service area, 18 months after it was opened. The branch at Point Harbor was closed because it had been a losing operation over the entire 18 month period, and there were no prospects of profitability in the foreseeable future.

This proposed merger will produce a procompetitive effect on the service area in question. At present there is only one commercial bank, Wachovia Bank and Trust Company, located within the five-county area that can offer a full range of banking services. Currently the only competition offered to Wachovia Bank and Trust Company for such services comes from large banking institutions in the Norfolk area; they cannot branch in the area. The introduction of First Union National Bank into the area pursuant to this merger will stimulate competition for Wachovia Bank and Trust Company and the Norfolk banks, by providing another alternative to which the residents may look to furnish a full range of banking services.

This proposed merger is in the public interest. In addition to bringing to the five counties another bank capable of offering a full range of banking services, it will bring additional capital resources which could serve to relieve the current and prospective economic malaise of the area. On balance, it seems clear that this proposed merger will promote the economic life of the immediate five-county area and, in turn, benefit the economy of the State of North Carolina.

In conclusion, the merging bank is confronted with a serious management succession problem that must be rectified. The economy of the area is such that the public will be better served by the entrance of the charter bank into this area. The merger will produce no elimination of banking alternatives to the public. Rather, the charter bank will provide more meaningful competition to Wachovia Bank and Trust Company and the Norfolk banks than the merging bank. *De novo* branching in this area is not economically feasible for the charter bank, now or in the foreseeable future. Therefore, this merger will solve the management succession problem and benefit the community without adversely affecting either existing or potential competition.

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

NOVEMBER 26, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The First Union National Bank of North Carolina, Charlotte, N.C. ("First Union"), the third largest commercial bank in North Carolina, operates 114 offices in 58 communities throughout the State. Since 1958, First Union has acquired 18 other banks with aggregate deposits exceeding $233 million.

The head offices of the merging banks are 306 miles apart and the nearest First Union office is in Wilson, 118 miles from Elizabeth City. Because of the distance between the offices of the merging banks, it would appear that there is little, if any, direct competition between them.

There are three banks operating in Pasquotank County, all in Elizabeth City: Citizens, a branch office of Wachovia Bank and Trust Company (total deposits, $1,183 million), the largest bank in the State, and Industrial Bank (total deposits, $5 million). Within this area, Citizens had the largest share, or 66 percent, of IPC deposits as of June 30, 1966. The nearest towns to Elizabeth City are Hertford (population 2,068), 17 miles southwest, with a branch of Peoples Bank & Trust Company (total deposits, $68 million); Edenton (population 4,458), 23 miles southwest, with a branch of the First National Bank of Eastern North Carolina (total deposits, $78 million), and a branch of Peoples Bank & Trust Company; Moyock (population 1,207), 23 miles north, with Bank of Currituck (total deposits, $3.5 million); and Point Harbor (population 256), 42 miles southeast, with a branch of Planters National Bank & Trust Company (total deposits, $86 million). If these banks, the only other banks in the five-county area, are included in the market, Citizens still held the largest share, or 46 percent, of IPC deposits as of June 30, 1966.

* * *

Simmons First National Bank of Pine Bluff, Pine Bluff, Ark., and Simmons National Bank of Pine Bluff, Pine Bluff, Ark.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Simmons First National Bank of Pine Bluff, Pine Bluff, Ark. (6680), with........	$84, 792, 650	6	....
and Simmons National Bank of Pine Bluff, Pine Bluff, Ark. (6680), which had....	250, 000	0	....
merged Dec. 31, 1968, under charter of the latter bank (6680) and title "Simmons First National Bank of Pine Bluff." The resulting bank at date of merger had....	85, 042, 650	....	6

COMPTROLLER'S DECISION

On October 24, 1968, the Simmons First National Bank of Pine Bluff, Pine Bluff, Ark., and the Simmons National Bank of Pine Bluff (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.

The Simmons First National Bank, with IPC deposits of $57 million, was organized on January 19, 1903, and is located in Pine Bluff, Ark. Pine Bluff, with a population of 60,000, is located in south-central Arkansas on the Arkansas River.

Simmons National Bank of Pine Bluff is being organized to provide a vehicle to transfer ownership of Simmons First National Bank of Pine Bluff to the Simmons First National Corporation. Simmons National Bank of Pine Bluff will not be operating as a commercial bank prior to the merger.

Because Simmons 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.

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

November 29, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Simmons National Bank is currently being organized solely for the purpose of accomplishing a corporate reorganization of Simmons First National Bank. Thus, this merger will have no effect on competition.

* * *

Southern National Bank of North Carolina, Lumberton, N.C., and Southern City National Bank, Lumberton, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Southern National Bank of North Carolina, Lumberton, N.C. (10610), with.....	$149, 491, 881	38	....
and Southern City National Bank, Lumberton, N.C. (10610), which had........	150, 000	0	....
merged Dec. 31, 1968, under charter of the latter bank (10610) and title "Southern National Bank of North Carolina." The resulting bank at date of merger had....	149, 641, 881	....	38

COMPTROLLER'S DECISION

On October 18, 1968, Southern National Bank of North Carolina, Lumberton, N.C., and Southern City National Bank (organizing), Lumberton, N.C., 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 Southern National Bank of North Carolina, with IPC deposits of $115 million, was organized in 1897. It currently operates 33 offices in 23 communities in central North Carolina.

The Southern City National Bank is being organized to provide a vehicle to transfer ownership of Southern National Bank of North Carolina to The North Carolina Southern Corporation. The Southern City National Bank will not be operating as a commercial bank prior to the merger.

Because Southern National Bank of North Carolina 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.

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

NOVEMBER 29, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

[This] * * * merger is part of a transaction which will result in a presently existing bank becoming a subsidiary of a one-bank holding company. Thus, * * * [it] is merely part of a corporate reorganization and as such will have no effect on competition.

* * *

SOUTH SHORE NATIONAL BANK, QUINCY, MASS., AND SHOREBANK N.A., QUINCY, MASS.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
South Shore National Bank, Quincy, Mass. (14798), with	$153, 647, 799	31	....
and Shorebank N.A., Quincy, Mass. (14798), which had	257, 200	0	....
merged Dec. 31, 1968, under charter of the latter bank (14798) and title "South Shore National Bank." The resulting bank at date of merger had	153, 648, 015	....	31

COMPTROLLER'S DECISION

On September 26, 1968, the South Shore National Bank, Quincy, Mass., and the Shorebank N.A. (organizing), Quincy, 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.

South Shore National Bank, with assets of $142 million, has its main office in Quincy, Mass., and is presently operating through its main office and 29 branches. Approval of two additional branches has been granted to the bank. The bank is considered to be well-managed and progressive and has had a history of successful growth with no asset problems. The Shorebank N.A. is being organized for the sole purpose of providing a vehicle to transfer ownership of the South Shore National Bank to a holding company, Shorebank, Inc. Shorebank N.A. is a nonoperating institution at the present time.

South Shore National Bank presently furnishes a complete line of banking services, and all of these services will be rendered by the surviving bank in the same manner and with the same personnel as is presently utilized by the South Shore National Bank. The proposed directors and executive officers of the resulting bank will be the same as those of South Shore National Bank. The banking business to be carried on by the resulting bank will be conducted at the 29 branches of South Shore National Bank presently in existence, plus the two additional branch locations for which approval has been granted by this Office.

Because the proposed merger involves only one operating bank, there can be no adverse effect on competition resulting from the proposed transaction.

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

NOVEMBER 19, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The merger between South Shore and Shorebank N.A. (organizing) is merely a means of making South Shore a wholly owned subsidiary of a one-bank holding company. It will have no effect on competition.

* * *

The Central National Bank of Richmond, Richmond, Va., and Tower National Bank, Richmond, Va.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Central National Bank of Richmond, Richmond, Va. (10080), with	$224,857,416	11	
and Tower National Bank, Richmond, Va. (10080), which had	249,100	0	
merged Dec. 31, 1968, under charter of the latter bank (10080) and title "The Central National Bank of Richmond." The resulting bank at date of merger had	224,864,716		11

COMPTROLLER'S DECISION

On September 16, 1968, The Central National Bank of Richmond, Richmond, Va., and the Tower National Bank (organizing), Richmond, Va., filed an application with the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The Central National Bank of Richmond, with IPC deposits of $136 million, is located in Richmond, Va. Tower National Bank is being organized to transfer ownership of The Central National Bank to Central National Corporation. Tower National Bank will not be operating as a commercial bank prior to the merger.

Because The Central National Bank of Richmond 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.

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

November 26, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Tower National Bank, organized on September 23, 1968, does not now carry on a banking business. It is a wholly owned subsidiary of Central National Corporation, a general business corporation. The sole purpose for the creation of Tower National Bank was to facilitate the change in ownership of Central National Bank to that of a one-bank holding company.

We conclude that the proposed merger would not have an adverse effect upon competition.

* * *

The County Bank N.A., Cambridge, Mass., and The Everett National Bank, Everett, Mass.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Everett National Bank, Everett, Mass. (11510), with	$36,136,990	2	
and The County Bank N.A., Cambridge, Mass. (4771), which had	62,149,531	6	
merged Dec. 31, 1968, under charter and title of the latter bank (4771). The resulting bank at date of merger had	98,286,522		8

COMPTROLLER'S DECISION

On August 16, 1968, the $57 million County Bank, N.A., Cambridge, Mass., and the $34 million Everett National Bank, Everett, Mass., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Cambridge, Mass., with a population of 107,700, is situated on the Charles River opposite downtown Boston, a city of 697,000 people. Cambridge is primarily an industrial and educational center. It is the site of Harvard University, Massachusetts Institute of Technology, and Radcliffe College. Recently Cambridge was selected as the site of the new NASA electronics research center. The community has maintained a stable population. Due to the heavy industrial growth, the steady source of spending generated by college students, and the added income of Government employment, the area economy is viable and growing.

Everett, Mass., a suburb of Boston, is classified as an industrial city with a population presently estimated at

43,000, down slightly from the 1960 census. Employment and income derived therefrom are quite heavily concentrated in the manufacturing, retail, and wholesale trades. The annual payroll in 1966 for its labor force of 11,833 people was $78 million.

The charter bank, organized in 1892, has its head office and a branch in Cambridge, three offices in Somerville, and one in Belmont. It is a relatively small bank, accounting for only 0.45 percent of the total metropolitan Boston area deposits and 0.44 percent of the total area loans. Over 97 percent of its stock is owned by Shawmut Association, Inc., a registered bank holding company.

The merging bank, organized in 1919, has a main office and two branch offices in Everett, accounting for 0.26 percent of the total metropolitan Boston area deposits and 0.31 percent of the total area loans. The Shawmut Association, Inc., also holds a majority interest in this bank by owning 97.3 percent of the shares. While the bank has had no mergers or branches within the last 5 years, growth has been very good.

The proposed merger will not be adverse to the present banking structure of the Boston metropolitan area. All of the offices of the resulting bank will be located in southwestern Middlesex County, an area served by 12 commercial banks operating 35 offices. Included within this region are two very intense competitors, The Harvard Trust Company and the Middlesex Bank, N.A., both having over $170 million in total deposits. The merger would leave the resulting bank with only $78.9 million total deposits, far short of the deposits of the aforementioned banks. In addition, the Boston city banks are acknowledged competitors in this area. Although the city banks are not permitted to branch into Middlesex County, they do provide additional competition in that Middlesex County is contiguous with downtown Boston.

Presently there is very little competition between the applicant banks because their main offices and branches are located in separate communities, which are separated geographically by the Mystic River. This merger is simply a corporate restructuring of two banks that have been commonly owned by Shawmut Association, Inc., for the past 21 years.

The public served by the resultant bank will realize several advantages from the merger. The lending capacity of the resulting bank will be increased, providing greater accommodation to loan requests, some of which have previously been refused as being beyond the lending limits of the present banks. Although each bank offers complete banking services, the merger will improve the quality of services presently offered. Finally, with the combined personnel and managerial talent available to the resulting bank, this merger will increase internal efficiency and establish improved public service.

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

October 23, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The County Bank, N.A., operates six offices in the cities of Cambridge, Somerville, and Belmont, Mass., all located in Middlesex County immediately northwest of Boston, Mass. Everett National Bank operates three offices in Everett, Mass., a northern suburb of Boston in Middlesex County. Both banks have been majority owned subsidiaries of Shawmut Association, Inc., a bank holding company, for more than 20 years.

All of the offices of the merging banks are located in the southwestern Middlesex County, part of the Boston SMSA. This area is now served by about 12 commercial banks operating about 35 offices, including two banks with total deposits of over $150 million. County bank is the third largest bank in the area. The large Boston banks, though not permitted to branch into Middlesex County, also provide competition for nearby banks in that county.

The home offices of the two banks are 4 miles apart and the closest offices of the two banks, in Cambridge and Everett, are approximately 2 miles apart; there are few banking offices in the intervening area. However, the fact both banks have been majority-owned subsidiaries of the same holding company for more than 20 years undoubtedly limits any competition there would otherwise be between these banks. The proposed merger would eliminate the opportunity for competition between the merging banks should such common ownership be terminated in the future.

* * *

THE PEOPLES NATIONAL BANK, GREENVILLE, S.C., AND OCONEE COUNTY BANK, SENECA, S.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Oconee County Bank, Seneca, S.C., with	$4,913,721	1	
and The Peoples National Bank, Greenville, S.C. (10635), which had	89,081,954	13	
merged Dec. 31, 1968, under charter and title of the latter bank (10635). The resulting bank at date of merger had	93,995,675		14

COMPTROLLER'S DECISION

On September 17, 1968, Oconee County Bank, Seneca, S.C., with IPC deposits of $3.3 million, and The Peoples National Bank, Greenville, S.C., with IPC deposits of $62.7 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Greenville, S.C., home of the charter bank, is the county seat of Greenville County and a major trading and supply center for the Piedmont region of the State. Greenville is the second largest city in the State and, together with Spartanburg, located 30 miles northeast of Greenville, constitutes a major industrial complex consisting primarily of textile manufacturing. It is, however, enjoying growing diversification. The population is increasing steadily, unemployment is low, and family income is relatively high.

The charter bank commenced business in 1887 under a State charter and converted to a National bank in 1914. It operates 13 offices throughout the Greenville trade area and is aggressive in seeking out new opportunities to serve the community. Intense competition in the Greenville area is afforded by offices of the $468 million South Carolina National Bank, the $247 million Citizens and Southern National Bank, the $117 million State Bank and Trust Company, as well as several other smaller banks, savings and loan associations, and other types of nonbank financial institutions.

Seneca, the location of the merging bank, is located in Oconee County, about 40 miles southwest of Greenville. It has a present population of 7,000 inhabitants and enjoys a diversified industrial economy supplemented by agriculture and the educational facilities of Clemson University.

The merging bank, chartered in 1954, operates one office. It cannot meet the larger credit requirements of its local customers. Its competition comes from a branch of the $468 million South Carolina National Bank in Seneca.

Since the two applicant banks do not maintain offices in close proximity, there exists no competition between them that would be adversely affected by consummation of the proposed merger.

The proposal would, however, introduce into the trade area of the merging bank another source of full banking services. Banking competition would be enhanced and the need for alternative banking services would be met.

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

NOVEMBER 4, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Peoples maintains its headquarters in Greenville (population 70,500), and all of its branches in Greenville County (population 238,000), which is separated from Oconee County (population 42,100) by Pickens County.

The nearest offices of Peoples and Oconee Bank are 35 miles apart and there are a number of banks operating in the intervening area. Thus, there appears to be no existing competition between the merging banks.

South Carolina law permits statewide branch banking. Thus, Peoples is a potential competitor of Oconee bank through *de novo* branching. However, six banks, including South Carolina National Bank (total deposits, $400 million), First National Bank of South Carolina (total deposits, $181 million), and Southern Bank & Trust Company (total deposits, $40 million), already operate eight offices in Oconee County.

* * *

Third National Bank in Nashville, Nashville, Tenn., and Third State Bank, N.A., Nashville, Tenn.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Third State Bank, N.A., Nashville, Tenn. (13103), with	$250, 000	0	
and Third National Bank in Nashville, Nashville, Tenn. (13103), which had	557, 596, 354	18	
consolidated Dec. 31, 1968, under charter of the former bank (13103) and title "Third National Bank in Nashville." The resulting bank at date of consolidation had	557, 603, 554		18

COMPTROLLER'S DECISION

On October 21, 1968, the Third National Bank in Nashville, Nashville, Tenn., and the Third State Bank, N.A. (organizing), Nashville, Tenn., applied to the Comptroller of the Currency for permission to consolidate under the charter of the latter and with the title of the former.

The Third National Bank in Nashville, Nashville, Tenn., was organized in 1927 and presently holds IPC deposits of $310 million at its main office and 15 branches, all of which are located in the metropolitan Nashville-Davidson County area, which has a population estimated at 469,000.

The Third State Bank, N.A. (organizing), Nashville, Tenn., is being organized as a vehicle to facilitate the acquisition of the Third National Bank in Nashville by the NLT Corporation, a Delaware corporation with its main office in Nashville, Tenn.

Since the charter bank will carry on no banking business unless, and until, the proposed consolidation has been effectuated, no existing or potential competition will be eliminated by the merger. Service to the public will not be affected as the continuing bank will do business through the personnel and physical plant of the Third National Bank in Nashville. Approval of this proposal will, however, facilitate the corporate reorganization of the title bank.

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

November 25, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

[This] * * * merger is part of a transaction which will result in a presently existing bank becoming a subsidiary of a one-bank holding company. Thus, * * * [it] is merely part of a corporate reorganization and as such will have no effect on competition.

* * *

United States National Bank of Oregon, Portland, Oreg., and Unit National Bank of Oregon, Portland, Oreg.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
United States National Bank of Oregon, Portland, Oreg. (4514), with	$1, 704, 138, 209	112	
and Unit National Bank of Oregon, Portland, Oreg. (4514), which had	251, 222	0	
merged Dec. 31, 1968, under charter of the latter bank (4514) and title "United States National Bank of Oregon." The resulting bank at date of merger had	1, 704, 145, 409		112

COMPTROLLER'S DECISION

On October 4, 1968, the United States National Bank of Oregon, Portland, Oreg., and the Unit National Bank of Oregon (organizing), Portland, Oreg., 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 United States National Bank of Portland, Portland, Oreg., was organized in 1891, and now holds IPC deposits of $1,159 million and maintains 110 banking offices throughout the State. Portland, the site of the charter bank's main office, has a population estimated at 384,000, and lies on the Columbia River, about 110 miles southeast of the Pacific Ocean. Due to its excellent transportation facilities, Portland is a major distribution center for the Pacific Northwest. The economy of the State of Oregon is strong, with lumber and wood products of primary importance. It also draws support from such diversified industries as electronics, metals, food processing, and agriculture. The outlook for further industrialization is considered favorable.

The Unit National Bank of Oregon (organizing), Portland, Oreg., was organized in September 1968. This bank is a nonoperating institution, which was created to facilitate a corporate reorganization of the merging bank. The resulting bank will have the same management and directorate as the merging bank, and, with the exception of director's qualifying shares, will be entirely owned by U.S. Bancorp, an Oregon corporation.

Since the charter bank is a nonoperating institution, consummation of the merger will have no effect on competition. The resulting bank will do business through the personnel and physical facilities of the merging bank, and there will be no change in the service to the public as the result of this merger. Approval of this application will, however, facilitate the acquisition of the emerging bank by U.S. Bancorp.

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

NOVEMBER 25, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger of United States National Bank of Oregon ("USNB") into a newly organized bank is part of a transaction which will result in the business of USNB being conducted by a wholly owned subsidiary of U.S. Bancorp, an Oregon business corporation. Thus, this merger is part of a corporate reorganization of USNB, and will have no effect on competition.

* * *

WACHOVIA BANK AND TRUST COMPANY, WINSTON-SALEM, N.C., AND WACHOVIA BANK AND TRUST COMPANY, N.A., WINSTON-SALEM, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Wachovia Bank and Trust Company, Winston-Salem, N.C., with	$1, 617, 645, 559	125	
and Wachovia Bank and Trust Company, N.A., Winston-Salem, N.C. (15673), which had	740, 000	0	
merged Dec. 31, 1968, under charter and title of the latter bank (15673). The resulting bank at date of merger had	1, 618, 385, 559		125

COMPTROLLER'S DECISION

Wachovia Bank and Trust Company, the merging bank, with IPC deposits of $892.3 million, is the largest bank in North Carolina. It maintains its headquarters in Winston-Salem, and it operates 125 additional offices throughout the State. The bank has a long and admirable history of providing progressive banking services to the residents of North Carolina.

Wachovia Bank and Trust Company, N.A., is being organized for the sole purpose of providing a vehicle to transfer the assets and liabilities of the Wachovia Bank and Trust Company to a bank organizing under a Federal charter. Wachovia Bank and Trust Company, N.A., will not have commenced banking operations prior to the merger.

Wachovia Bank and Trust Company presently furnishes a complete line of banking services throughout the State. All of these services will be rendered by the surviving bank in the same manner and with the same personnel now employed by the merging bank. The proposed directors and executive officers of the resulting bank will be the same as those of Wachovia Bank and Trust Company. The banking business of the resulting bank will be carried on at the present locations of the existing bank.

Because the proposed merger involves only one operating bank, there can be no adverse effect on competition resulting from the proposed transaction.

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

NOVEMBER 20, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed transaction involves the reorganization of Wachovia Bank and Trust Company, a State member bank of the Federal Reserve System, under a National bank charter.

The proposed transaction will have no effects upon competition.

* * *

II. Additional Approvals

A. Approved, but in litigation.

DEPOSIT GUARANTY NATIONAL BANK, JACKSON, MISS., AND CITY BANK & TRUST COMPANY, NATCHEZ, MISS.

Name of bank and type of transaction	Total assets	Banking offices in operation
City Bank & Trust Company, Natchez, Miss., with	$24,855,085	4
and Deposit Guaranty National Bank, Jackson, Miss. (15548), which had	393,271,290	21
applied for permission to merge Jan. 31, 1968, under charter and title of the latter bank (15548). The application was approved April 29, 1968. The pending merger was challenged by Justice Department May 28, 1968, and is presently in litigation.		

COMPTROLLER'S DECISION

On January 31, 1968, the City Bank & Trust Company, Natchez, Miss., with IPC deposits of $19.7 million, and the Deposit Guaranty National Bank, Jackson, Miss., with IPC deposits of $233 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The Deposit Guaranty National Bank, the charter bank, obtained a National charter in 1965 and presently operates 21 branch offices. This bank is headquartered in Jackson, which is the business, governmental, and cultural center of the State. The Jackson metropolitan area has a population of approximately 260,000, serviced by three additional banks in Jackson that have a total of 15 branches within the city. Of the 190 commercial banks in the State, only two have total resources of over $100 million and both are located in Jackson; viz., the charter bank and its chief competitor, the First National Bank, Jackson, Miss. The charter bank also receives intense competition from 17 savings and loan associations, 12 major sales finance companies, and 50 credit unions in the area. In addition to this local competition, out-of-State banks from Memphis, Tennessee; New Orleans and Baton Rouge, Louisiana; and Birmingham and Mobile, Alabama, are vigorously competing in this area.

City Bank & Trust Company, the merging bank, was organized in 1909 and presently operates four offices located throughout Natchez. Natchez, with a population of 26,000, is the county seat of Adams County and is located in the southwestern part of the State, on the Mississippi River adjacent to the Louisiana border. The merging bank competes heavily with the Britton and Koontz National Bank, Natchez, and two savings and loan associations located in its area. Because of its port facilities, Natchez has attracted significant industrial activity in recent years and is also the center of the State's oil and gas industry. Although economic conditions have been progressing in the service area of the merging bank, growth has been slow and prospects are only fair. These conditions can be traced directly to the inadequate banking structure of this State.

Mississippi has long been characterized as having many small banks incapable of meeting the basic financial needs of even the modest industries located therein. As a consequence, local industries have been forced to look to the large nearby banking institutions located in New Orleans, Baton Rouge, Memphis, Birmingham, and Mobile, for the sophisticated financial services needed to compete in today's rapidly progressing commercial world. Every effort must be exerted to restrain this exodus of funds from the State, thus enabling them to be used in the economic development of Mississippi. The economy of Mississippi can be strengthened only by financial institutions of sufficient size and capacity to support its internal economic expansion.

The resulting bank will be able to make available greater resources that will attract new industry, retain the old, and thus have a significant impact on the economic and social progress of the community. The purpose to be served, therefore, is to render better banking services to the existing public and business, and, in addition, to attract more industry and recoup the banking business lost to neighboring States. Specifically, the resulting bank will be able to offer a broader range of services to the customers of the merging bank, including automated accounting, expertise in agriculture, timber, oil and gas lending procedures, complete trust facilities, strengthening of existing management, a greater lending capacity, and full service banking not presently available to the merging bank's customers. It will enable the resulting bank to compete more effectively with the banks now operating in the area and thus bring to the residents of Natchez the full benefits that flow from aggressive competition.

It appears that little, if any, competition would be eliminated by the merger, because the closest offices of the charter and merging banks are 49 miles distant. There does not appear any overlapping in the areas presently served by the participants and no banking offices will be eliminated.

Nor will this merger adversely affect potential competition between the banks here involved. It seems eminently clear that the acquiring bank does not now cast a shadow over, nor influence, the present Natchez banking market in regard either to services offered or to rates paid or charged on deposits or loans. Nor does the acquiring bank have any present intent to enter the Natchez market by a *de novo* branch. Such an entry by the acquiring bank could, and in all likelihood, would, when viewed in the light of Mississippi banking history, cause it to lose a substantial amount of its correspondent bank balances from banks that would resent and be fearful of other *de novo* entries into their own market. Such correspondent balances, if lost, would shift to large banks in neighboring States to the ultimate detriment of Mississippi.

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

APRIL 29, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Deposit Guaranty National Bank ("Deposit Guaranty"), the largest bank in Mississippi, proposes to merge City Bank & Trust Company ("City Bank"), the largest bank in Adams County, Miss. (Natchez SMSA).

Natchez (population 26,200) is the principal center and county seat in Adams County (population 40,500), a traditionally agricultural area in southwest Mississippi. It is, however, becoming increasingly industrialized and has already attracted some large manufacturing and industrial firms. City Bank is the largest of only two banks located in this area.

The closest office of Deposit Guaranty is about 49 miles from any office of City Bank; moreover, numerous offices of other banks are located between the applicant banks. Therefore, the merger would not appear to eliminate any significant amount of existing competition between the two banks.

Since Mississippi law permits branch banking within 100 miles of the parent bank, however, Deposit Guaranty is a potential *de novo* entrant into Adams County. As the State's largest bank, Deposit Guaranty has the economic resources to expand *de novo* into the Natchez SMSA, and appears to be one of the two most likely potential entrants into the area. In view of the economic and industrial growth potential in the Natchez SMSA, it would appear that Deposit Guaranty has, in addition, the incentive to expand into that market.

The loss of potential competition which would result from the proposed merger is particularly serious in view of the extremely high level of concentration in Natchez and Adams County, and City Bank's dominant position in this market.

Finally, it should be noted that the second largest bank in Mississippi, the First National Bank of Jackson, merged with four banks in 1966, and has an application pending at this time to merge with the largest bank in Greenwood, with assets of approximately $26 million. Deposit Guaranty and First National Bank of Jackson, already the two largest banks in Mississippi, with 14.3 percent and 13.6 percent, respectively, of total State deposits, are continuing to increase their leading positions through the merger process. This acquisition trend, by reducing the establishment of *de novo* branches by the State's largest banks, will undoubtedly inhibit the development of a more competitive banking structure in local markets throughout the State. Moreover, acquisitions of this type tend to foreclose the creation by smaller banks such as State Bank, which are leading banks in their separate local markets, through merger or internal growth, of banking institutions capable of competing with the largest banks in the State for the business of large commercial and industrial customers.

We conclude, therefore, that the merger would have a significantly adverse effect on potential competition.

* * *

Name of bank and type of transaction	*Total assets*	*Banking offices in operation*
The Bank of Greenwood, Greenwood, Miss., with	$29, 608, 000	2
and First National Bank of Jackson, Jackson, Miss. (10523), which had	348, 838, 463	21
applied for permission to merge Jan. 23, 1968, under charter and title of the latter bank (10523). The application was approved Apr. 29, 1968. The pending merger was challenged by Justice Department May 28, 1968, and is presently in litigation.		

COMPTROLLER'S DECISION

On January 23, 1968, The Bank of Greenwood, Greenwood, Miss., with IPC deposits of $23 million, and the First National Bank of Jackson, Jackson, Miss., with IPC deposits of $210 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Mississippi traditionally has had an agricultural economy with a small amount of agriculture-oriented industry. It has been marked by the lowest wage scales in the country and a generally low level of capital accumulation. In recent years, the introduction of modern farming methods and the increasing mechanization of agriculture have disrupted traditional employment relationships and caused a shift of population from rural to urban areas, which has aggravated the already massive social and economic problems of the State.

Mississippi has embarked on an ambitious, long range program designed to attack its problems by encouraging the entry of business enterprises to the State and by training unemployed or underemployed workers in the skills necessary to meet the demands of these industries. An indispensable element in its program is the creation of an appropriate financial climate, including the availability of commercial banks with the strength and range of services necessary to meet the demands of modern industry. While there are many small banks in Mississippi competing in the retail banking market, only a few banks are capable of providing adequate banking service at the wholesale level. For this reason, many of the State's businesses have long maintained their most important banking relationships in Memphis, Tenn.; New Orleans, La.; and Birmingham, Ala. If the State of Mississippi is to solve its pressing problems by improving its economic base, it must develop banks with the capacity and capability of serving the needs of the industries it hopes to attract to and retain within its borders.

The Bank of Greenwood was organized in 1933, and maintains one branch office in Greenwood. Greenwood, with a population of 25,000, is the seat of Leflore County, which is an area supported by an agricultural economy. It is the most important cotton market in Mississippi and, due to its favorable transportation characteristics, it is also an important distribution center for this part of the State. Efforts are being made to diversify and strengthen its economy by attracting additional industrial plants.

The First National Bank of Jackson, Jackson, Miss., was organized in 1889 and acquired a National charter in 1914. It has 10 branches within the city of Jackson, six branches in the southern part of the State, and four branches in the Greenville area in the west-central part of the State. The city of Jackson, with a population of 260,000, is the capital of Mississippi and lies in the geographical center of the State. The economy of the area is supported by a large number of manufacturing establishments and by Mississippi's expanding oil and gas industry.

There is no significant competition between the merging banks, whose main offices are 94 miles apart. Some 46 miles separate the merging bank from the charter bank's nearest branch at Greenville. In the light of Mississippi banking history, the establishment of a *de novo* branch by the charter bank would not provide a realistic means of entry into the Greenwood area. Such a move would probably cause a massive loss of correspondent banking deposits to the detriment not only of the charter bank, but also of the State of Mississippi; these deposits would, in all probability, leave for banks in neighboring States.

If the merger is consummated, the percentage of banking assets held by the charter bank will be increased only slightly. The resulting bank will continue to face intense competition from Mississippi's largest commercial bank, the Deposit Guaranty National Bank, Jackson, Miss., with deposits of $339 million, and from many other commercial banks, savings institutions, credit unions, and sales finance companies, as well as out-of-State banks.

On consummation of this merger, the residents of Greenwood will have available the financial resources of one of the State's largest commercial banks. The increased lending limit, the availability of a foreign department, and electronic data processing facilities, will aid in attracting further business activity to the Greenwood area. As a branch of the charter bank, the merging bank will make available the services of a strengthened trust department, and increased installment lending, while management continuity will be assured.

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

April 29, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The First National Bank of Jackson ("FN of Jackson") is the second largest bank in Mississippi. In addition to its main office in Jackson, it operates 10 branch offices within the city of Jackson; a branch bank and three branch offices in Greenville, about 90 miles northwest of Jackson; a branch bank and one branch office in McComb, about 75 miles south of Jackson; a branch bank in Tylertown, about 80 miles south of Jackson; and a branch bank and two branch offices in Gloster, about 90 miles southwest of Jackson. These four branch banks are the result of the merger of four banks on January 1, 1966. The deposits of these four banks at the time merged were in excess of $44 million.

The Bank of Greenwood is located in Greenwood, which is approximately 90 miles north of Jackson. Greenwood has experienced a substantial increase in population since 1960 and is the trading center in this section of Mississippi. It is the most important cotton center in Mississippi, but is growing in industrial importance.

Bank of Greenwood is by far the dominant bank in Greenwood and in Leflore County, where Greenwood is located, accounting for approximately 52 percent of the total commercial deposits of the four banks in the city, and 49 percent of total (and 53 percent of IPC demand) deposits of the five banks in the county. Leflore County is a concentrated market, in which the two largest banks hold 68.7 percent of total county commercial bank deposits.

Greenwood is located within 100 miles of Jackson. Hence, under Mississippi banking laws, FN of Jackson may establish a *de novo* branch bank in Greenwood. It may also establish *de novo* branch banks in any city or town of Leflore County, so long as it is within 100 miles of Jackson and has a population in excess of 3,100 or, if less, has no bank in operation there. In view of its resources, capabilities, and incentives, and its demonstrated interest in expanding its operations, FN of Jackson is one of the most probable entrants, by *de novo* branching or by acquisition of a small existing bank, into Leflore County.

The closest branch of FN of Jackson to Greenwood is located in Greenville, 54 miles to the west of Greenwood. In view of the distance between the closest offices of the merging banks, the existing competition between them is probably minimal.

The proposed acquisition of Greenwood Bank would eliminate First National of Jackson as one of the two most likely potential *de novo* entrants into Leflore County. The possibility of such entry is particularly significant in view of the already high concentration of commercial banking in this market and in view of the challenge which such a new entrant might afford to Greenwood Bank's presently dominant position.

Finally, it should be noted that the largest bank in Mississippi, the Deposit Guaranty National Bank of Jackson, merged three banks in 1966, and has an application pending at this time to merge with the largest bank in Natchez with assets of approximately $25 million. FN of Jackson and Deposit Guaranty National Bank, already the two largest banks in Mississippi, with 13.6 percent and 14.3 percent, respectively, of total State deposits, are continuing to increase their leading positions through the merger process. This acquisition trend, by reducing the establishment of *de novo* branches by the State's largest banks, will undoubtedly inhibit the development of a more competitive banking structure in local markets throughout the State. Moreover, acquisitions of this type tend to foreclose the creation by smaller banks such as Greenwood Bank, which are leading banks in their separate local markets, through merger or internal growth, of banking institutions capable of competing with the largest banks in the State for the business of large commercial and industrial customers.

We conclude that the proposed merger of Greenwood Bank would have a significantly adverse effect on potential competition.

* * *

Name of bank and type of transaction	*Total assets*	*Banking offices in operation*
First National Bank of Harford County, Bel Air, Md. (13680), with	$36,355,454	5
and The First National Bank of Maryland, Baltimore, Md. (1413), which had	651,913,448	41
applied for permission to merge Nov. 28, 1967, under charter and title of the latter bank (1413). The application was approved July 19, 1968. The pending merger was challenged by Justice Department Aug. 16, 1968, and is presently in litigation.		

COMPTROLLER'S DECISION

On November 28, 1967, The First National Bank of Maryland, Baltimore, Md., with IPC deposits of $401 million, and First National Bank of Harford County, Bel Air, Md., with IPC deposits of $24 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former. A hearing was held on this application in Bel Air on February 28, 1968.

The Baltimore metropolitan area is the industrial capital of Maryland. This area includes the counties of Harford, Baltimore, Carroll, Howard, and Anne Arundel and the independent city of Baltimore, a major port as well as a manufacturing and distribution center. The economic importance of the area is reflected in the population and industry statistics. Of the 3.6 million population in the State, 55 percent, or about two million, are in the Baltimore metropolitan area. According to the 1963 Census of Manufactures, there were in Maryland a total of 48,297 industries with an average monthly employment of approximately 725,293; of these, 24,552 industries employing 447,102 people were located in or near Baltimore City. The central section of this Standard Metropolitan Statistical Area covers Baltimore City, most of Baltimore County, and the northern part of Anne Arundel County, and includes about 51 percent of the State's industrial plants, 62 percent of industrial employment, 60 percent of industrial payroll, and 60 percent of value added by manufacture. While Maryland ranks 14th nationally in total effective State buying income, the Baltimore metropolitan area ranks 13th among the Nation's metropolitan areas.

The First National Bank of Maryland, organized in 1806, is the second largest commercial bank in Maryland. Prior to the latter part of the 1950's, the bank concentrated its operations in the Baltimore area. Then, it began expanding its facilities and services on a statewide basis as a means of keeping pace with the expanding needs of its industrialized and urbanized State. The charter bank presently operates 41 banking offices and serves practically the entire State of Maryland, and fringe areas of southern Pennsylvania and northern Virginia. Maryland now has several commercial banks which approach statewide status and several more which are regional in scope. Prior to this time, large business concerns had no choice but to do business with banks located in Washington, Philadelphia, and New York to fill their needs.

Harford County, with a population of about 105,000, is strategically situated northeast of the central portion of the Baltimore metropolitan area and just below the Pennsylvania State line, with substantial riparian area on the Chesapeake Bay and the Susquehanna River. This ideal location places the county on the main transportation corridor expanding from New England to the south. The county has been undergoing a transformation from a predominantly agriculturally oriented economy to one more industrial and commercial in composition. It has experienced substantial economic and population growth and prospects for future growth in both respects are very good.

Bel Air, home of the merging bank, with a population of about 5,500, is the seat and retail center for Harford County. Bel Air and its environs are considered to be a bedroom community for persons employed in the Aberdeen-Edgewood area and at the industrial plants located in the northern part of the central section of the Baltimore metropolitan area. In the Aberdeen-Edgewood area, which provides the principal employment opportunities in the county, there are extensive military installations and a large plant of the Bata Shoe Company. Havre de Grace, about 5 miles northeast of Aberdeen, is the only other concentration of population in the county.

The merging First National Bank of Harford County was organized in 1933 and is now the largest bank headquartered in the county. It presently operates five offices: the main office, a drive-in facility and a branch in Bel Air, a branch in Aberdeen, and a branch in Edgewood. In addition to Harford County, this bank includes the eastern edge of Baltimore County and the southern fringe areas of York County, Pa., in its service area. During its first 25 years of existence in an agricultural community, this bank grew to $8 million in resources. Since a new president took over guidance of the bank 10 years ago, it has grown to $33 million. This growth is attributable to the combination of two favorable factors, viz., the dynamism of the president and the rapid economic development of the area.

The growth in the merging bank has created problems for it. To support its growth, the bank's capital has been increased from $820,000 at the end of 1958 to $2,104,000 as of September 30, 1967, by the sale of stock on four occasions. In view of increased operating costs and declining earnings, it cannot pay a sufficient dividend to make another stock offering feasible. The inability of the merging bank to develop its capital structure at a satisfactory rate is beginning to undermine its competitive thrust.

Despite its internal growth, the merging bank has not been able to keep pace with the economic development of the area it serves. It needs more loanable funds to meet the expanding credit requirements of its customers than it has been able to attract from area depositors through its five offices. At year end 1967, 65 percent of its deposits were loaned. If public funds on deposit are not considered, its loan to deposit ratio would be 73 percent and its liquidity but 23 percent. Of its $19.6 million loans outstanding, only 20 percent were commercial and industrial and 75 percent were mortgage loans. Under the restrictions applied to the volume of mortgage loans in National banks, the merging bank finds it has about reached its maximum. Despite its efforts to sell mortgage loans, it was compelled to turn away some 100 mortgage loan applicants during the last half of 1967.

For all its growth, the First National Bank of Harford County has remained essentially a "one-man operation." Though this is a tribute to the capability of the man, it now constitutes a problem for his successor, who recently took office. A bank this size is too large for any one man to have sole management authority. It requires a capable staff with a proper depth in managerial resources. The First National Bank of Harford County does not now have such resources and their acquisition would further squeeze its earnings.

The banking structure of Harford County, together with the competitive forces at work therein, reflects the problems experienced by rural communities when they are engulfed in the suburban sprawl that emanates from nearby metropolitan areas. The growth of Baltimore into the newly created suburbs of Harford County are dislocating its agricultural economy. The locally headquartered banks are not geared to meet the growing demand for funds and services. The six banks headquartered in the county are: the $3 million Aberdeen National Bank, the $5 million Citizens National Bank of Havre de Grace, the $7 million Forest Hill State Bank, the $12 million First National Bank and Trust Company of Havre de Grace, the $23 million Commercial and Savings Bank in Bel Air, and the $34.5 million merging First National Bank of Harford County. These six banks aggregate only $84.5 million in total resources to serve this growing industrial and commercial suburb. None of these banks possess the capacity to provide either the funds or the broad range of services required by some old and growing customers in the area and many new customers entering the area.

The ever-increasing financial needs of both old and new banking customers in this general area are now being served in considerable part by out-of-county banks. Two Baltimore based banks, which operate seven branch offices in the county, serve many of the larger, and some of the smaller, credit customers in the county. These two banks are the $417 million Union Trust Company with one office in Belcamp and the $425 million Equitable Trust Company with offices in Aberdeen, Darlington, Joppatowne, Aberdeen Proving Grounds, and Bel Air, all in Harford County. Three York, Pa., banks also serve the northern reaches of Harford County. They are the $138 million York Bank and Trust Company, the $238 million National Bank and Trust Company of Central Pennsylvania, and the $66 million Southern Pennsylvania National Bank, which maintain offices in Delta, Fawn Grove, and Stewartstown, close to the Maryland-Pennsylvania border.

Because Harford County is a growing industrial and commercial suburb of Baltimore, other out-of-county financial institutions canvass it regularly for prime business accounts. The four large banks in Wilmington, Del., none of which is under $125 million, continually compete for good accounts in Harford County. Four billion-dollar banks in Philadelphia also solicit the area for such loans and deposits that they can garner in competition with the local banks.

The savings and loan associations present a peculiar type of competition for the Harford County banks. Operating in the county and in the Bel Air area are the $360 million Loyola Federal Savings and Loan Association, the $25 million Century Savings and Loan Association, both headquartered in Baltimore, and two smaller local associations. Though these associations compete keenly for the savings dollars of local residents, there is a pervasive reluctance to invest in local home mortgages when higher rates can be obtained elsewhere in other States. This is the trend though Harford County continues to be a capital deficit area.

When this merger is assessed in the light of the banking competition that presently prevails in Harford County, its impact is *de minimis.* The market share of county-generated loans and deposits held by the First National Bank of Harford County, in relation to those held by competitor in-county and out-of-county banks and other financial institutions, is small. Moreover, the record reveals that the acquiring First National Bank of Maryland, for whatever reason, has never solicited business in Harford County. It is clear that the proposed merger will not substantially lessen any presently existing competition between the merging banks.

Whether this merger will substantially lessen potential competition between the participating banks is highly speculative. The record indicates that the present thinking of the management of The First National Bank of Maryland is to avoid a *de novo* entry by branching, because of their view that Harford County, with 22 banking offices serving 105,000 people, or 4,773 per office, already has sufficient banking facilities. To those physically in the county must be added those just across the Pennsylvania line. This Office, in assessing the "convenience and needs of a community," must take into account the possible strain on the solvency of existing institutions which would result from the added competition stemming from establishment of additional offices.

To insist that this proposal will substantially lessen potential competition because the statutes of Maryland make it possible, in theory, for The First National Bank of Maryland to branch *de novo* into Bel Air, is to ignore the realities of banking in Harford County. It is already clear that the county-headquartered banks are facing sharp competition for deposits and the better loans from large out-of-county banks. To insist that another large out-of-county bank add its competitive force to the local banking market by opening new branches is to aggravate the problems of the local banks.

This merger proposal is in the public interest. It will aid the general economy of Harford County. In addition to bringing to Bel Air a larger bank with a substantial reserve of loanable funds and a greater lending capacity, it brings a bank with a greater breadth of services capable of serving a wider spectrum of the banking public. The First National Bank of Maryland will bring to Harford County the loanable funds the area cannot now generate for its own development and will provide it credit for its impending commercial and economic development. On balancing of all factors, it appears that this proposed merger will foster the economic life of the State of Maryland.

Applying the statutory criteria to this proposal, it is found to be in the public interest. The application is, therefore, approved.

JULY 19, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger would unite the First National Bank of Harford County ("Harford National"), the largest commercial bank in Harford County, with the First National Bank of Maryland ("Maryland National"), the second largest bank in the State of Maryland.

Harford County is one of the rapidly growing suburban counties on the northern edge of the Baltimore metropolitan area. In response to this growth, banks headquartered in the city of Baltimore, as well as those headquartered in Harford County, have been expanding throughout the county.

Of the eight banks operating in Harford County, Harford National is the largest, with 31 percent of total deposits in the county. There would appear to be little competition between the merging banks. The closest offices are 16 miles apart in separate counties. Maryland National would appear to be a probable potential entrant into Harford County through *de novo* branching—which is permitted by State law—or by acquisition of a smaller bank.

Potential competition is a significant consideration here because Harford County is already a concentrated banking market. The two largest banks presently have about 53 percent of the total county deposits and the five largest, 85 percent. The bank to be acquired—Harford National—holds the highest proportion of county deposits of all banks in the market, or about 30 percent of IPC demand and 31 percent of total deposits. The proposed merger would, thus, combine the largest competitor in the county with one of the most probable potential entrants into the market. In the circumstances, we conclude that the proposed merger would have a significantly adverse effect on competition in commercial banking in Harford County.

* * *

Name of bank and type of transaction	*Total assets*	*Banking offices in operation*
Bank of Hampton Roads, Newport News, Va., with	$19,862,000	5
and Virginia National Bank, Norfolk, Va. (9885), which had	735,572,976	78
applied for permission to merge Sept. 26, 1968, under charter and title of the latter bank (9885). The application was approved Dec. 27, 1968. The pending merger was challenged by Justice Department Jan. 19, 1969, and is presently in litigation.		

COMPTROLLER'S DECISION

On September 27, 1968, the Bank of Hampton Roads, Newport News, Va., and the Virginia National Bank, Norfolk, Va., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The Newport News-Hampton Standard Metropolitan Statistical Area, consisting of the independent cities of Newport News and Hampton as well as York County, has an estimated population of 282,000. The economy of the area is based primarily on Federal Government activities and port-oriented industries and services.

The Virginia National Bank, Norfolk, Va., with IPC deposits of $566 million, operates 78 offices in southern and central Virginia. The charter bank, opened in 1867, is the second largest banking institution in the State. This financially sound bank, with experienced management, offers a full range of banking services to its customers.

The Bank of Hampton Roads, Newport News, Va., with IPC deposits of $16 million, was chartered in 1934 and operates three branches in Newport News and one branch in Hampton, Va.

The merging bank presently competes in Newport News, with offices of three of the largest banking institutions in the State, which together control more than 90 percent of the bank deposits in the city. These are branches of First and Merchants National Bank, Richmond, Va., and two member banks of Commonwealth Bankshares, Inc., and United Virginia Bankshares, Inc., which are registered bank holding companies. Since 1962 the merging bank has found itself in an increasingly poor competitive position to these three institutions as reflected in its earnings. Economies necessitated by this adverse earnings structure have resulted in an unfavorable salary scale and a reduction in physical plant expansion. The entry of the charter bank into this area would not adversely affect the competitive position of any of the banking institutions in Newport News nor eliminate any banking alternatives.

Although closely integrated in many aspects, the cities of Hampton and Newport News are two distinct banking markets. While the charter bank has eight banking offices in Hampton, it holds less than one percent of the total deposits in Newport News, which is indicative of how little cross-over occurs between the banking public of the two cities.

The relative competitive position of the charter bank will not be changed by the approval of this merger. Competition in Hampton between the subject banks is insignificant, with very few common customers, and due to the present size of the merging bank, the merger would not significantly affect the statewide competitive position of the charter bank.

The proposed merger would represent an additional choice of a broad range of banking services in Newport News, which would be unavailable otherwise, since the charter bank is prohibited by State law from branching *de novo* in that city.

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

DECEMBER 27, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Virginia National, the State's second largest commercial bank, operates eight branch offices in Hampton (population 89,000), the closest of which is only 1½ miles from Hampton Bank's branch office in Hampton. Virginia National does not operate an office in Newport News (population 134,000), where Hampton Bank has four offices, but generates banking business in the Newport News area from its Hampton branches, all of which lie within a radius of 8 miles of the head office of Hampton Bank. Thus, this proposed merger would eliminate direct competition between these banks.

Four banks operate in Hampton. As of June 30, 1966, Virginia National, with eight offices, held the largest share, or 42 percent, of IPC demand deposits and Hampton Bank held the smallest share, or 8 percent of such deposits. The two other banks operating in Hampton have total deposits of $61.5 million and $12.5 million. If this merger were consummated, Virginia National would hold about 50 percent of Hampton's IPC deposits, and two banks would hold about 81 percent of such deposits.

Hampton Bank is the fifth largest of the seven banking organizations operating in the Newport News-Hampton area (i.e., the contiguous independent cities of Hampton and Newport News). As of June 30, 1966, Hampton Bank held the fifth largest share, or 8 percent, of IPC deposits in this area and Virginia National held the fourth largest share, or 12 percent, of such deposits. As of this date, four banks held about 80 percent of such deposits in this market. If this merger were consummated, Virginia National would hold the third largest share, or about 20 percent, of such deposits and four banks would hold about 93 percent.

The proposed merger would eliminate existing direct competition between Hampton Bank and Virginia National in Hampton and in the Newport News-Hampton market, and significantly increase concentration in both these areas. Furthermore, it would eliminate an independent bank from the Hampton-Newport News market. In view of Virginia law, which permits statewide branching only by merger, it is particularly important to preserve existing independent banks in a market as a basis of additional entry, rather than allowing them to be eliminated by merger with existing competitors already in the market.

We conclude that this merger would have a significantly adverse effect on competition.

* * *

B. Approved, but abandoned after litigation.

BANK OF LAS VEGAS, LAS VEGAS, NEV., AND NEVADA NATIONAL BANK OF COMMERCE, RENO, NEV., AND VALLEY BANK OF NEVADA, RENO, NEV.

Name of bank and type of transaction	*Total assets*	*Banking offices in operation*
Bank of Las Vegas, Las Vegas, Nev., with	$129, 943, 000	11
Valley Bank of Nevada, Reno, Nev., with	20, 365, 000	4
and Nevada National Bank of Commerce, Reno, Nev. (15645), which had applied for permission to merge May 20, 1968, under charter of the latter bank (15645) and title "Valley National Bank of Nevada." The application was approved July 26, 1968, but was abandoned by the banks Dec. 24, 1968, after filing of antitrust suit by the Justice Department.	110, 429, 365	19

COMPTROLLER'S DECISION

On May 20, 1968, the Nevada National Bank of Commerce, Reno, Nev., the Bank of Las Vegas, Las Vegas, Nev., and the Valley Bank of Nevada, Reno, Nev., applied to the Comptroller of the Currency for permission to merge under the charter of the Nevada National Bank of Commerce and with the title of the "Valley National Bank of Nevada."

The State of Nevada consists largely of a great arid plateau, dotted with many buttes and basins, and intersected by numerous mountain ranges which generally run in a north-south direction. Although in area Nevada ranks seventh of the 50 States in the Union, in population it ranks 47th with an estimated 500,000 inhabitants. Eighty-six percent of the State's land area is owned by the Federal Government. Tourism, encourged by permissive gambling and liberal divorce statutes, is a very important source of income and a major contributor to State government revenues. Although manufacturing is relatively unimportant in providing employment, the development of new sources of hydroelectric power and the recent entry of large diversified corporations are expected to generate increased industrial activity. Mining, agriculture, and ranching are important economic factors in many areas of the State.

For historical and geographical reasons, the economic life of the State has developed around two widely separated population centers located 450 miles apart. One is the Reno-Sparks metropolitan area located in Washoe County near Lake Tahoe in the northwestern part of the State. This population center accounts for 125,000 residents and is only 130 miles from Sacramento and 221 miles from San Francisco. The other population concentration centers around Las Vegas in Clark County, which is situated in the southeastern part of the State. It has a population of 150,000 persons. This city is 282 miles from Los Angeles. The fact that these two cities are not linked by rail is attributable to the fact that each lies on a different historical trade route west to California, viz., Reno was on the route to San Francisco and Sacramento, and Las Vegas was on the route to Los Angeles.

The differing economic factors that support life in these two cities tend to divide the State of Nevada. The economy of the Reno-Sparks area is well-diversified, as it draws support not only from tourism, but also from agriculture, ranching, mining, and warehousing. The economic life of Clark County is concentrated in the Las Vegas area where the large hotel-casino operations and related tourist-oriented services form the major source of employment. A large Air Force base and some industrial plants located at Henderson, a few miles south of Las Vegas, give additional stimulus to the county's economy. In recent months, Las Vegas has been viewed as a potential site for the construction of major air facilities for international travel in the coming age of the supersonic jet transports. The fact that Nevada has a "free port" status and a liberal tax structure encourages its development and makes it an attractive base of operations for out-of-State distributors.

Nevada appears to be entering a new phase of economic development marked by the consolidation of various resort hotels and other properties under giant corporations, such as the Hughes Tool Company, the Del E. Webb Corporation, and the Continental Connector Corporation. The growth rate of Nevada in recent years, both in terms of population and income, has been far above the national average, and this trend is expected to continue for the foreseeable future. This incipient development may eventually work toward the economic integration of this politically unified area.

The banking structure of Nevada is unique. Whereas this sparsely populated State today has 11 banks, it had none in the early 1930's. At that time, when all local efforts to rehabilitate the closed banks had proved ineffective, California bankers were invited to lend their expertise and they succeeded in establishing the First National Bank of Nevada under the control of the Transamerica Corporation. When the Transamerica Corporation, by court order, was forced to divest itself of some holdings, this bank became a subsidiary of Western Bancorporation, which now controls 23 banks in 11 Western States, with total resources of $8.5 billion. The First National Bank flourished and now controls total deposits of $461 million in 31 offices, more than half of the State's total deposits. Together with the Bank of Nevada, Las Vegas, another subsidiary of Western Bancorporation, these banks control 60 percent of the State's deposits. While Western Bancorporation's market share in Nevada has been declining since the First National Bank of Nevada was established, it now appears that a new, aggressive, and comparably competent bank is needed as a competitor to improve the banking structure.

Since the formation of the First National Bank of Nevada in the 1930's, eight other banks which are now operational have been chartered in the State. This merger is proposed to unite the second, third, and seventh largest banks to create a stronger second bank to compete with the State's largest bank. Since this merger, if consummated, will eliminate two banks and leave the State with seven, the ultimate question is whether or not approval of this application will serve the best interests of the general public of Nevada.

The Nevada National Bank of Commerce, Reno, Nev., under the charter of which this merger is to be accomplished, was organized in 1938 as a State bank with its head office in Elko, Nev. In 1946, it relocated its main office in Reno. This bank, which converted to a national association in 1968, operates 18 branch offices, five acquired through old mergers and 13 *de novo*. It now has total resources of $111 million and total capital of nearly $10 million.

The Nevada National Bank of Commerce has had an unusual number of changes in ownership in recent years. This bank, long owned by two men and their families, was sold in 1963 to the First Western Financial Corporation, a holding company. First Western at that time also owned a substantial savings and loan association, a title company, and an insurance company. When First Western's nonbanking subsidiaries were under financial strain, First Western sold the bank to the newly formed First Bancorporation in 1965 to raise the needed funds. In 1968, a stockholder of First Bancorporation sold his substantial interest to the present owners, who also own the Bank of Las Vegas and the Valley Bank of Nevada.

During the course of these changes in ownership, the progress of the bank was impeded. Although the bank maintained a more than adequate capital structure, its assets deteriorated and its liquidity declined. Because of the uncertainty of its future, senior management has been unable either to recruit capable personnel or to retain its former staff. Management depth and succession constitute this bank's most pressing current problem.

The Nevada National Bank of Commerce has total deposits of $94 million in its 19 offices and total loans of $76 million. Its offices are widely scattered. There are five in the Reno-Sparks area and 10 in outlying rural communities in northern Nevada. Of the three branches it established since 1964 in the Las Vegas area, two have very nominal deposit totals. Its remaining branch is located in the town of Pioche, close to the eastern border of the State. Most of this bank's loans are centered in the consumer installment category and in loans to agricultural, ranching, and mining enterprises.

The Bank of Las Vegas, Las Vegas, Nev., with deposits of $121 million, was organized in 1953 and now operates nine branches, five of which are located in Las Vegas and four in small nearby communities in Clark County. It has never branched in northern Nevada because of the prohibitive costs involved in overcoming the distance factor. The bank has received approval to open a branch at Boulder City, about 23 miles southeast of Las Vegas, in Clark County. The Bank of Las Vegas, which offers a full range of banking services including trust department and computer services, is under aggressive senior management and has ample personnel resources. It has concentrated its lending activity with the large hotel-casino operations in Las Vegas and has made virtually no agricultural loans. While it has experienced steady growth in its market area, its capital growth has not kept pace with its deposit growth.

The Valley Bank of Nevada, Reno, Nev., with deposits of $18 million, was organized in 1963 and operates a branch in Sparks and one at Incline Village, near Lake Tahoe, about 36 miles southwest of Reno. The bank lacks many of the services normally associated with a commercial bank and has not been a strong competitor in the Reno-Sparks area, where it holds less than 5 percent of the commercial banking deposits. It has concentrated its lending activity in the commercial business area, with only a nominal volume of installment consumer loans, and does not serve its customers in the real estate and agricultural lending areas. This bank, too, requires more capital funds.

There will be no substantial lessening of competition between the Bank of Las Vegas and the Valley Bank upon consummation of this proposal. Because all of the offices of the Bank of Las Vegas are located in the southern part of the State in Clark County and all of the offices of Valley Bank of Nevada are located in the northern part of the State, separated by 450 miles of arid land and traversed only by a two-lane highway, there is no present competition between them. Both these banks are under common control; a group of shareholders in the Bank of Las Vegas organized the Valley Bank of Nevada in 1964. Such common ownership precludes effective competition between them. Because these two banks, commonly owned and serving different economic regions of the State, can each branch *de novo* in their own area, there is no reason to believe that there is any potentiality for competition between them to be lessened by this merger.

The competition presented by the Nevada National Bank of Commerce through its 19 offices to the other participating banks is also inconsequential. In the Reno-Sparks area this bank, through five offices, competes only for deposits with the two local offices of the Valley Bank of Nevada. When the scope and range of services offered by these two banks are compared, it is clear they are not fully or effectively competitive. The concentrations manifest in their loan portfolios reveal they do not seek out the same customers; the Nevada National Bank of Commerce is diversified among mortgage, commercial and industrial, consumer installment, and farm loans while Valley Bank of Nevada is primarily limited to commercial and industrial loans—many purchased from the Bank of Las Vegas.

The competition in Las Vegas between the Nevada National Bank and the Bank of Las Vegas is also slight. Although the Nevada National Bank of Commerce may have intended, as a State bank, to compete for the profitable accounts of the hotels and casinos when it entered the area by *de novo* branches, it has learned that without a staff experienced in this specialized lending it cannot profitably service such accounts. Absent its ability to compete for specialized casino loans, Nevada National Bank of Commerce finds its competitive thrust in the Las Vegas market virtually limited to the quest for retail deposits. Such limited competition does not effectively serve the public interest of Clark County.

Whatever slight degree of banking competition may be demonstrated between the participating banks for the savings dollars of the communities they now serve must be considered in the light of the competitive thrust of savings and loan associations and other financial institutions competing in the Nevada markets. There are six savings and loan associations in Nevada which hold $613.8 million in assets derived through 18 offices. Of this volume of assets, 68.2 percent are allocable to Clark County alone. No figures are readily available to measure the competitive impact of insurance companies, credit unions, finance and small loan companies, and lending agencies of the U.S. Government, which are known to compete for both deposits and loans throughout the State.

The effect of this proposal on banking concentration in Nevada will not be adverse on balance. The following table indicates the market share of deposits held by each of the nine commercial banks in the State:

	Offices	*Total deposits (percent)*
Western Bancorporation:		
First National Bank of Nevada	30	50
Bank of Nevada	8	10
Subtotal	38	60
Merging banks:		
Bank of Las Vegas	10	15
Nevada National Bank of Commerce	19	11
Valley Bank of Nevada	3	2
Subtotal	32	28
Other banks:		
Security National Bank of Nevada	9	7
Nevada State Bank	1	3
Pioneer Citizens Bank	2	1
First National Bank, Ely	1	1
Subtotal	13	12
Totals	83	100

These nine banks hold aggregate deposits of $835.9 million in their 83 offices for an average of $10 million per office, although the market shares must be shaded downward when the competition of the savings and loan associations is included. The six savings and loan associations have aggregate share accounts of nearly $613.8 million in 18 offices, or an average of $34 million per office. Even in light of the immediately preceding figures, consummation of the merger will increase the market share of the charter bank. But by increasing charter bank's market share, with its attendant increase in lending limits, amount of loanable funds, and increased strength of management, the effectual monopoly of Western Bancorporation banks in the State will be lessened. It appears to be in the public interest to provide two strong bank organizations to serve an entire State instead of permitting one to continue to do so. Whereas the six largest banks in the State now control 95 percent of total deposits in the State, following the merger the six largest banks will control 99 percent of the deposits, a change of only 4 percent.

The effect of this merger upon the concentration of loans made by the State's commercial banks will be significant, though incalculable. Following the merger the resulting bank will still be able to serve those customers now being served by each of the participating banks individually. The resulting bank will, in addition, be able to meet the needs of many potential borrowers whose only convenient source of credit now is at the First National Bank of Nevada. By offering the large customers of Nevada an alternative source of credit, as this merger will do, the concentration of large loans in one Nevada bank will ultimately decline as true competition comes into play. Even the nonbanking lending institutions in the State will feel the effects of a new competitive thrust for large loans.

This merger, while not substantially lessening competition in any area of the State, will serve the public interest of the entire State. By creating a new statewide banking system, this merger constitutes a new and needed impetus toward the economic unification and integration of the State now only united politically. It will assist in breaking down the historic division of the State into two separate market areas. The resulting bank, the second statewide institution, will provide effective statewide banking competition able to meet the unique credit needs of customers in both the north and the south, and able to transfer and marshal the resources of the State in areas of need in time of seasonal fluctuations.

This merger will help the people indirectly by directly benefiting and strengthening the participating banks. Through this union, the management resources of the Bank of Las Vegas and Valley Bank of Nevada will be made available to the Nevada National Bank of Commerce and the adequate capital of the latter bank can be used to bolster the capital position of the other resulting bank. When recourse is made to raise additional capital, which is expected, it will be much easier for the resulting bank to do so than such attempts by the participating banks individually.

The extended services which the resulting bank can provide to most of the residents of the State beyond those now proffered by each bank indicates that it will be in the public interest. A larger lending limit for the large ranchers in the north and the hotel-casino operators in the south of the State will insure that profit from this business will remain in Nevada. Expansion of computer services, trust department facilities, and specialized credits, including international loans, will develop increased competition with the First National Bank of Nevada and offset its present domination of the State's banking resources.

Applying the statutory criteria to the proposed merger, it is concluded, in the light of the above findings, that it will not substantially lessen any significant amount of existing or potential competition, but will promote the public interest of the State of Nevada by serving the convenience and needs of its residents. The application is, therefore, approved.

July 26, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

This proposed merger would unite the second, third, and seventh largest of nine commercial banks operating in the State of Nevada. Bank of Las Vegas ("Vegas"), the second largest in the State, operates all its offices in Clark County, which is the Las Vegas S.M.S.A. National Bank of Commerce ("Nevada Commerce"), the State's third largest bank, operates five offices in the Reno S.M.S.A. (Washoe County) and three offices in the Las Vegas S.M.S.A. Valley Bank of Nevada ("Valley"), the State's seventh largest bank, operates all its offices in the Reno S.M.S.A.

The metropolitan areas of Reno (approximate population 100,000) and Las Vegas (approximate population 150,000) contain Nevada's principal business areas and together account for approximately 58 percent of the State's total population. Recent population growth in both areas has been rapid and they are the likely areas of future economic growth in Nevada.

There is no direct local banking competition between Valley and Bank of Las Vegas—their closest offices are 450 miles apart—but both have offices within one or two city blocks of offices of Nevada Commerce. Thus, there is clearly direct competition between Nevada Commerce and Vegas and between Nevada Commerce and Valley.

In the Reno S.M.S.A. (which is served by five commercial banks), First National Bank of Nevada, the State's largest bank, accounts for about 62 percent of county commercial bank deposits. Nevada Commerce and Valley hold 16 percent and 6 percent, respectively, of such deposits. Thus, the merger of Nevada Commerce and Valley would increase the share of Nevada Commerce to 22 percent of the area's commercial bank deposits, and it would increase the market share of the two largest banks in this market to 83 percent of all bank deposits in Washoe County.

In the Las Vegas S.M.S.A. (which is also served by five banks), First National Bank of Nevada (which is a subsidiary of Western Bancorporation) holds 41 percent of commercial bank deposits, and Bank of Nevada (another subsidiary of Western Bancorporation) holds 18 percent of such deposits. Vegas and Nevada Commerce account for 26 and 4 percent, respectively, of such deposits. Thus, the proposed merger would increase Nevada Commerce's market share to 30 percent of the area's commercial bank deposits, and would increase the market share of the two largest banks in this market to 72 percent of total deposits (a figure which would increase to 94 percent if Western Bancorporation's other subsidiary, Bank of Nevada, were also included in the total).

Nevada law permits statewide *de novo* branching. One of the principal purposes of this merger is to give Vegas, the dominant bank in the proposal, operational access to the Reno area without having to open *de novo* branches of its own in that area. Vegas has the resources to branch *de novo* and has demonstrated its willingness to do so. Vegas is also the most likely potential *de novo* entrant into the Reno-Sparks area; each of the four Nevada banks not now operating in Washoe County is smaller than Vegas and three of these have no branches at all.

In summary, the proposed transaction would eliminate direct, existing competition between Valley and Nevada Commerce in the Reno S.M.S.A. and between Vegas and Nevada Commerce in the Las Vegas S.M.S.A., and it would significantly increase concentration in commercial banking in these two areas, which are the largest banking markets in the State. In the Reno S.M.S.A. the transaction would also eliminate Vegas, the most likely potential entrant, as a source of potential competition by *de novo* branching.

Accordingly, we conclude that the competitive effects of this proposed transaction would be significantly adverse.

* * *

PENNSYLVANIA NATIONAL BANK AND TRUST COMPANY, POTTSVILLE, PA., AND THE MERCHANTS NATIONAL BANK OF SHENANDOAH, SHENANDOAH, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices in operation*
The Merchants National Bank of Shenandoah, Shenandoah, Pa. (4546), with..............	$12,715,344	1
and Pennsylvania National Bank and Trust Company, Pottsville, Pa. (1663), which had.......	107,938,736	15
applied for permission to merge June 14, 1968, under charter and title of the latter bank (1663). The application was approved Aug. 19, 1968, but was abandoned by the banks Dec. 31, 1968, after filing of antitrust suit by the Justice Department.		

COMPTROLLER'S DECISION

On June 18, 1968, the Merchants National Bank of Shenandoah, Shenandoah, Pa., and the Pennsylvania National Bank and Trust Company, Pottsville, Pa., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The service area of the charter bank includes a three-county area encompassing all of Schuylkill County and the southern portions of Northumberland and Columbia Counties. The economy of this area, previously based exclusively upon the anthracite coal industry, changed to the manufacturing of textiles following World War II and the introduction of light manufacturing. Some agriculture and a little mining is present in various parts of the service area.

Pottsville, with a population of 21,000, is the home of the charter bank. It is located in the center of Schuylkill County and is the county seat. In addition to the county government located in Pottsville, State and Federal agencies operating in the area are headquartered there. Pottsville is the center for this area, which has a 100,000 shopping population. To accommodate this shopping population, Pottsville has built a large city parking lot and two smaller ones, with additional public parking under way. Although the population trend was downward between 1950 and 1960, this has been reversed in recent years. Substantial development and redevelopment has recently occurred, including new construction of low-cost housing, high-rise apartments, a post office, and an office building. In addition many new industries have been brought into the Pottsville area.

The Pennsylvania National Bank and Trust Company, with IPC deposits of $90.3 million, was chartered as a National bank in 1866. Its growth was gradual until a few years ago when it embarked on an ambitious expansion program. Today it has 14 branches, only two of which are *de novo,* and it ranks as the largest bank headquartered in Schuylkill County. The bank's earnings have been good and future prospects appear favorable. This bank is a full-service institution with a managerial staff that is experienced, capable, and in good depth.

Competition in the charter bank's service area is provided by a number of financial institutions including 34 banks. Of these the charter bank, with total resources of $103.5 million, is fifth largest. The American Bank and Trust Company of Pennsylvania, Reading, Pa., with total resources of $389.4 million, is the largest bank and dominates the area, while the Miners National Bank of Wilkes-Barre, Wilkes-Barre, Pa., with total resources of $166.4 million, First National Bank of Wilkes-Barre, Wilkes-Barre, Pa., with total resources of $132.7 million, and the Reading Trust Company, Reading, Pa., with total resources of $115.7 million, rank second, third, and fourth, respectively. In addition, competition is provided by 16 savings and loan associations, the most significant of which is the West Ward Savings and Loan Association, Shamokin, Pa., with total resources of $34 million, which competes directly with the Shamokin branch of the charter bank. Other financial institutions include five credit unions, six sales finance companies, 11 personal loan companies, four factors, and five direct lending agencies of the Federal Government.

Shenandoah, Pa., with a population slightly in excess of 10,500, is the home of the merging bank and is also located in Schuylkill County. The major portion of the bank's service area, which includes a population of 15,000, is within the borough of Shenandoah. The major economic base for Shenandoah is the textile industry, which, as is true for the rest of the county, has developed with the demise of the anthracite coal industry. Shenandoah, however, has not been able to reverse the resulting downward trend of population nor to reduce unemployment, which is 9 percent as compared with 4 percent countywide.

The merging Merchants National Bank of Shenandoah, Shenandoah, Pa., with IPC deposits of $10.8 million, was chartered in 1891 and operates from a single office. While its capital structure is sound, its earnings are slightly below average. The need to adopt a pension plan is present and, if effected, would further cut into earnings. Its management succession is a problem as its chief executive officer is expected to retire in the next 2 years and there appears to be no one at the bank fully capable of replacing him. The bank does not provide trust services and is not otherwise a full-service institution.

Substantial competition in the borough of Shenandoah is provided by the Miners National Bank of Shenandoah and Union National Bank of Shenandoah, with total resources of $8 million and $7 million respectively, as compared with $13 million of total resources for the merging bank, and the First Federal Savings and Loan Association of Hazleton, Hazleton, Pa., with total resources of $30 million. In addition, assorted other financial institutions operate in the borough.

This merger will be in the public interest. In addition to solving the merging bank's management succession problem, which it will face when its chief executive officer retires, it will, for the first time, bring to the borough of Shenandoah a full-service institution capable of meeting effectively all of that community's banking needs, including trust services and consumer installment credit. The entry of the larger, more aggressive charter bank into the Shenandoah area may well be the stimulus needed for the development of the town and the solution of its unemployment problem. This merger will increase the charter bank's lending capacity and enable it to meet more effectively the growing demand for large-scale financing in the Pottsville area without the need for participation with other lending institutions.

Competitively, the service areas of the two banks overlap only to a slight extent and the elimination of competition between them as a result of the merger will be minimal. In the service area of the merging bank, competition with the local savings and loan association, the resources of which are greater than the combined resources of the three commercial banks presently operating there, would be strengthened. Although the charter bank is the largest bank headquartered in Schuylkill County, the presence of the American Bank and Trust Company of Pennsylvania in Reading, with assets of some $382 million, and four branches in the county, places a different perspective upon the charter bank's market position. Although the merger would naturally alter the banking structure of the area, it would not tend to create a monopoly or adversely affect banking competition to an extent that competitors could not continue to grow and prosper. If new industry can be attracted to the area, the competitive effect will be most decidedly beneficial.

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

AUGUST 19, 1968.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Pennsylvania National Bank and Trust Company ("Pennsylvania National"), which holds the largest share of deposits in Schuylkill County, proposes to merge with the Merchants National Bank of Shenandoah ("Merchants"), which operates a single office in Shenandoah, Schuylkill County.

Merchants is the largest of the three commercial banks in Shenandoah, with approximately 45 percent of total deposits. Three of Pennsylvania National's branches are located from 3 to 6 miles from Shenandoah and are the nearest outside banks. Four other offices of Pennsylvania National, including its head office in Pottsville, are located within a 12-mile radius of Shenandoah. An analysis of accounts indicate that the two merging banks compete for business in each other's area. The proposed merger would eliminate their existing direct competition.

Pennsylvania National has approximately 31 percent of total IPC deposits held by commercial banks in Schuylkill County, an area which would appear to overstate the size of the relevant market, since geographical factors tend to insulate banks in the central, north-south axis of the county, in which both Pottsville and Shenandoah are located, from competition from outside banks. The proposed merger would add about 3 percent to Pennsylvania National's already dominant position in Schuylkill County. Moreover, the proposed merger appears to be part of a trend pursuant to which the larger banks in the county have been acquiring the smaller banks, thereby increasing concentration and discouraging the likelihood of new entry.

We conclude that the overall competitive effect of this proposed merger would be substantially adverse, since it would eliminate existing direct competition between the merging banks and would further enhance Pennsylvania National's dominant position in Schuylkill County.

* * *

In 1966, certain merger opinions of the Comptroller were not carried in the Annual Report of that year, as the associated mergers were never consummated due to litigation. In response to requests of students of banking, we are filling this historical gap by including these opinions here.

Provident National Bank, Philadelphia, Pa., and Central-Penn National Bank of Philadelphia, Philadelphia, Pa.

On December 6, 1965, the Central-Penn National Bank of Philadelphia, Philadelphia, Pa., and the Provident National Bank, Philadelphia, Pa., applied to the Office of the Comptroller of the Currency for permission to merge under the charter of the former and with the title of Provident National Bank.

This application to merge is the first filed by banks of significant size to be acted upon by this Office since the passage of the 1966 amendment to the Bank Merger Act. The new law, passed by Congress to moderate the decisions of the Supreme Court in *U.S.* v. *Philadelphia National Bank, et al.*, 374 U.S. 321 (1963) and *U.S.* v. *Lexington,* 376 U.S. 665 (1964), recognizes that traditional antitrust concepts cannot be applied to banking without substantial modification. If a realistic view is to be taken, it must start with a rejection of the traditional antitrust concepts, which Congress has recognized to be inapplicable to the banking industry. Congress, relying on the specialized knowledge of the banking agencies, has given them the task of interpreting the new statutes.

The significant provisions controlling agency action on a bank merger application are set forth in section 5(b) of the new act.[1] This section permits the responsible agency to balance the convenience and needs of the community, considering the managerial and financial resources of the participating banks and the resulting bank, which the merger will serve against the anticompetitive effect the merger may produce. If the convenience and needs of the community to be served clearly outweigh the anticompetitive aspects, the merger must be approved.

The first question to be considered, therefore, is the impact of the proposed merger on competition. Competition among financial institutions, as in other industries, must exist in a certain market referred to in the statute as a "section of the country." The extent of this market is dependent upon the various services provided by financial institutions. Although virtually all banks and other financial institutions compete on the local neighborhood basis for the deposits of the average householder, only the larger institutions can successfully compete in the national market for the large credits of industrial and commercial customers doing business throughout the Nation. Only a limited number of American banks compete in the international market. Thus, in this case, as in every other to arise under the new law, the extent and degree of competition among the applicant banks and other financia institutions must be evaluated in all its aspects. It nc longer suffices to say that since some competitior among banks, either actual or potential, is eliminated the merger is to be condemned.

Although both Provident National Bank anc Central-Penn National Bank, the participants in thi proposal, are headquartered in Philadelphia and botl operate branch bank systems in the four-county are comprised of Philadelphia, Bucks, Delaware, anc Montgomery Counties, as is permitted by State statutes this area does not constitute the "section of the coun try" under the new statute. Although the Suprem Court in the *Philadelphia* case ruled that this four county area was the relevant market when interpretin section 7 of the Clayton Act, the new statute, designe

[1] Section 5(a), which provides that the responsible agency shall not approve a banking merger which would result in a monopoly or constitute an attempt to monopolize the business of banking, is not applicable in this case.

to modify that decision, permits a new and realistic approach. Money, either in the form of savings, deposits, or credits, moves with great ease and rapidity; its flow is not impeded by political boundary lines. The movements of money in and out of a bank are determined by the convenience and needs of its many and varied customers, whose scattered addresses serve to define the extension of the bank's market. Thus, the branch banking laws of the States do not effectively define a bank's market. In this case, while it is proper to examine competition among branches for local retail and household deposits, it is also necessary to view total competition among all financial institutions in the Philadelphia area, including the adjacent sections of New Jersey, as well as in the northeastern part of the United States.

The proximity of New York City, the Nation's financial center, means that the Philadelphia banks also face strong competition from New York banks. Judge Clary, in his district court opinion in the *Philadelphia* case, stated then, as is still more clearly the case today, that:

> The evidence demonstrated beyond peradventure of doubt that the Philadelphia area, plus parts of Delaware and New Jersey, and also New York City, as well as most of the northeastern part of the United States, is the area of active competition for Philadelphia commercial banks and for the proposed merged bank. The testimony discloses that the competitive effect upon all Philadelphia commercial banks will be minimal. The larger bank, however, will be able to compete on better terms and in a better atmosphere with the banks of other cities and states that have been draining this area of banking business which might well be and perhaps properly should be handled here, and which cannot be handled under present circumstances. That it will benefit the city and area has been established clearly by a fair preponderance of the evidence.

Though section 5(b) of the 1966 amendment to the Bank Merger Act bears some resemblance to section 7 of the Clayton Act, the difference is most marked in that the new bank merger statute makes no reference to "line of commerce." The new statute allows consideration of a bank merger in the context of all competing financial institutions operating in the market. It is thus much more realistic than the narrow *Philadelphia* rule. Henceforth, the competitive impact of a bank merger must be assessed in the light of savings banks, insurance companies, savings and loan associations, credit unions, finance companies, small loan companies, factors, and even department stores and mail order houses, that compete for the credit lines or the savings dollar of the public.

The Provident National Bank and the Central-Penn National Bank, respectively the fifth and seventh largest commercial banks in Philadelphia, serve a standard metropolitan statistical area that is the second in size in the eastern United States. The Philadelphia Standard Metropolitan Statistical Area is comprised of Philadelphia County, which is coextensive with the city, Bucks, Chester, Delaware, and Montgomery Counties in Pennsylvania, as well as Burlington, Camden, and Gloucester Counties in New Jersey. This area, an important segment in the rapidly expanding megalopolis of the eastern seaboard, has an estimated population of 4,300,000 people. More than 25 million people live within 100 miles of Philadelphia. Only by evaluating this proposed merger against the social, economic, and financial resources at work in this vast and densely populated area can its impact be assessed. Its competitive effect must be viewed in the light of the overall financial structure of this area; its beneficent effect upon convenience and needs of this area must be seen in the perspective of the commercial, industrial, cultural, and sociological composition of the area.

A comprehensive view of the Philadelphia area economic base reveals that it is comprised not only of many large, medium-sized, and small industrial companies, but also of a wide range of wholesale and retail establishments and service companies, in addition to educational, governmental, and research facilities. The 1963 U.S. Department of Commerce Census of Business gives the following statistics for the Philadelphia area: 8,125 manufacturing plants with a total payroll of $3,320,970,000 and value added of $5,987,310,000; 7,476 wholesale establishments with a payroll of $530,541,000 had sales of $10,252,356,000; 39,358 retail stores with a payroll of $666,822,000 had sales of $5,737,442,000; and 22,809 selected service establishments with payrolls of $321,010,000 had receipts of $1,074,494,000.

This highly diversified Philadelphia area economy presents needs for the widest possible range of banking services. Nearly 90 percent of all classes of manufacturing output as recognized by the U.S. Department of Commerce are represented in this metropolitan area. The proportion of the Nation's value added in five major industries by Philadelphia-based companies is as follows: petroleum and coal, 5.8 percent; apparel, 5 percent; chemicals, 4.6 percent; rubber and plastics, 4.4 percent; and fabricated metals, 5.1 percent.

The significance of manufacturing to the Philadelphia area is attested by the fact that some 35 percent of all gainfully employed workers are on the payrolls of manufacturing plants. The employment profile of the area is as follows: manufacturing durable, 17.3 percent; manufacturing nondurable, 17.6 percent;

trade, 19.8 percent; service and miscellaneous, 15.2 percent; government, 12.9 percent; transportation and utilities, 7 percent; finance, insurance, and real estate, 5.5 percent; and construction, 4.7 percent.

Though manufacturing is especially important to the Philadelphia area, no single segment dominates its economy. Only two industries, electrical machinery and apparel, account individually for more than 10 percent of manufacturing employment. In the electrical equipment field the presence of Electric Storage Battery, I-T-E Circuit Breaker Co., International Resistance and Progress Manufacturing, together with major establishments of Radio Corporation of America, General Electric, Burroughs, Philco, Sperry Rand, and Westinghouse make this area one of the world's greatest concentrations of electrical and electronics manufacturing plants. In the apparel field, the area's second largest manufacturing industry, there are a great many small, independently operated firms, among which are many with a long history in the business.

Other manufacturing industries contribute to the prosperous economic base of this area. There are some 700 metal manufacturers, such as Lukens Steel and Alan Wood Steel. United States Steel also maintains its famous Fairless Works in this area. The Budd Co., long a leading supplier of transportation equipment, is expanding its local operations to include work in metallurgy, electronics, and plastics. Pennsylvania Sugar and Franklin Sugar make the area a leader in sugar refining. Leeds and Northrup, a local firm, manufactures instruments here, as do plants of Honeywell. Chilton and Curtis are great names in publishing. Scott Paper is a Philadelphia-based national leader in the paper industry. SKF Industries makes bearings and has major plants here. Campbell Soup has its headquarters just across from Philadelphia, in Camden, N.J. Much of the manufacturing potential of the Philadelphia area is directed to the production of military supplies and national defense material.

Philadelphia is the site of a U.S. mint and a center for other civilian Federal functions, as well as for activities of the Commonwealth of Pennsylvania.

The wholesale and retail trades employ 19.8 percent of the area workers and account for $15.990 billion in annual sales. Two of the Nation's 10 largest merchandising firms, Acme Markets, with annual sales of $1.161 billion, and Food Fair Stores, with annual sales of $1.105 billion, are among this number.

In the petro-chemical industry, the Philadelphia complex ranks second in the Nation. The two locally headquartered firms in the oil area are Atlantic Refining, with $636 million in annual sales, and Sun Oil, with $838 million in annual sales. Other oil producing and processing firms with plants in the area are Gulf, Mobil, and Sinclair, which are among the country's largest. The chemical industry located in the area has grown spectacularly between 1958 and 1962, when its value added increased 35 percent and its employment increased 12 percent. Recent plant and equipment investments by such firms as Rohm and Haas, Pennsalt, DuPont, and Thiokol indicate the vitality of this industry. Pharmaceutical plants, a specialized chemical industry, have also contributed to Philadelphia's recent growth. The Smith, Kline and French Laboratories, and William H. Rorer have recorded excellent profits. Wyeth; Merck, Sharp and Dohme; McNeil; and other famous firms with manufacturing and research laboratories have contributed to the economy of the area.

The Philadelphia area has become a national center of research and development, especially in the biomedical sciences and electronics, because of the close cooperation among industry, independent research institutions, and the area's colleges and universities. A new science center, near the campuses of Drexel Institute of Technology and the University of Pennsylvania, will further foster and extend this cooperation. The Franklin Institute conducts industrial research in its independent laboratories in chemistry, physics, electronics, and engineering. National Science Foundation data indicate that, in 1962, 3,700 scientists were engaged in research and development in the Philadelphia metropolitan area. Their efforts were concentrated in chemistry, physics, and the biological sciences.

Another very significant factor contributing to the economic base of the Philadelphia Standard Metropolitan Statistical Area is its seaport. This port, which is part of a vast complex stretching from Trenton, N.J., on the north to Wilmington, Del., on the south, serves 13 States in which one-third of the Nation's population lives and works. Having handled 108.9 million short tons in 1964, it ranks second only to New York in total water-borne commerce and is first in foreign comerce. Its importance to the economy of the area can hardly be exaggerated; it provides, directly or indirectly, more than 96,000 jobs, and 20 percent of all manufacturing jobs depend on raw materials received through the port.

The port can accommodate 150 deep-draft vessels at its docks, and a 40-foot channel has been dredged up river to the United States Steel Fairless plant. Three trunkline railroads run direct to shipside and are interconnected by the Philadelphia Belt Line Railroad. Over-the-road service to all parts of the United States and Canada from this port is furnished by approximately 350 motor truck lines. The port has three ore piers with unloading capacity of 5,600 tons per hour; six oil docks with storage capacity of 9,900,000 barrels; two grain elevators with a capacity of 4¾ million bushels; three coal tipples with capacity of 37,500 tons per 8-hour day; 81 warehouses for general storage with 13.5 million square feet of space; and nine cold storage warehouses with nearly 12 million cubic feet of space.

Since colonial days, educational, scientific, and cultural activities have contributed to the economic vitality of Philadelphia and its environs. Today there are 54 colleges and universities, including six major medical schools and 129 hospitals, as well as many other respected scientific and cultural institutions serving the area's needs.

Philadelphia is also a major transportation center. Of the railroads serving the city, the Pennsylvania Railroad and the Reading Co. are locally headquartered. The International Airport, located only 20 minutes from the center of the city, is becoming an attraction for new business development. Philadelphia is also served by a network of superhighways centering on the Pennsylvania and New Jersey Turnpikes.

The city of Philadelphia faces severe problems typical of many American urban centers today. It has experienced a substantial exodus of population to the suburbs and those who moved out have been replaced mostly by unskilled immigrants from the south, who, due to their lack of training, are handicapped in finding employment. Efforts have been made by both government and private citizens to revitalize the economy of Philadelphia, and a number of projects are presently in progress. In the field of housing, a massive plan has been set in motion to replace substandard housing facilities in the city. Steps are also being taken to improve cargo handling facilities.

Against this background of the Philadelphia area's manufacturing, commercial, scientific, and cultural base, it is appropriate to examine the financial resources available to meet its expanding credit needs. Such an examination must, of necessity, encompass not only commercial banks, but also the savings banks, savings and loan associations, insurance companies, small loan companies, credit unions, factors, and other financial institutions.

Such an analysis of the Philadelphia area financial structure must consider the 84 commercial banks, operating 515 offices, with total assets of $8.495 billion; four mutual savings banks having withdrawable balances of $2.861 billion; 260 savings and loan associations with $2.555 billion in total assets; 300 insurance companies, including seven large Philadelphia-based insurance companies with assets of $3.846 billion; 285 credit unions in the city of Philadelphia alone; and about 100 sales finance companies, about 300 small loan companies, and 15 factoring offices, the aggregate Philadelphia resources of which are unavailable. Direct governmental lending agencies are competitive to a lesser extent than the private financial institutions.

Philadelphia, the fourth largest metropolitan area in the Nation, has a relatively low concentration of banking resources. Out of 34 standard metropolitan statistical areas with limited branching, the Philadelphia area ranks only 25th in terms of concentration, based on the five largest banks in each area.

Of the 84 commercial banks located in the Philadelphia area, only three have total deposits of more than $1 billion. The largest of these is the First Pennsylvania Banking and Trust Co., which has total deposits of $1.459 billion and operates 45 branch offices. The second is the Philadelphia National Bank, with deposits of $1.292 billion and 36 offices. Girard Trust Bank, with $1.013 billion in deposits and 50 branches, is third. None of these banks, which rank 19th, 26th, and 37th, respectively, among the Nation's commercial banks, are near the size of the Mellon National Bank of Pittsburgh.

The charter bank, with IPC deposits of $260 million, was originally organized in 1864 as the Central National Bank. It acquired its present title in 1930 when Central National Bank merged with Penn National Bank. During the last 5 years, however, it has had no mergers. The charter bank presently operates 24 offices throughout Philadelphia, Bucks, Montgomery, and Delaware Counties. Central-Penn has specialized in medium-sized local business loans and has built up over the years a strong and experienced commercial loan department. The bank needs additional capital to support its existing volume of business. Its head office is inadequate and congested. The renovated quarters of the resulting bank and its new accounting center will alleviate this problem.

The merging bank, with IPC deposits of $471 million, was originally incorporated in 1922 as Provident Trust Co., of Philadelphia to take over the banking and trust business of Provident Life and Trust Co.; it became a National bank in 1964. The Provident National Bank is presently operating 33 offices throughout Philadelphia, Bucks, Montgomery, and Delaware Counties. Besides being a strongly capitalized bank, Provident has one of the largest trust departments in the Philadelphia area, as well as an established international division, and a specialized construction loan department. Among the remaining area banks, there are 10 with resources of $100 million and over, which assure a satisfactory range of services to the medium-size customer.

Commercial banks compete not only with each other, but with many other types of savings and financial institutions strongly represented in the area. There are four mutual savings banks with head offices in Philadelphia, operating more than 50 branches in the metropolitan area and having withdrawable balances of $2.861 billion. These institutions are well managed, with records of sound operation dating from 111 to 149 years. The Philadelphia Savings Fund Society, the major savings bank, is the largest bank in eastern Pennsylvania. These mutuals have paid a high rate of interest on regular savings accounts, which has contributed much to the amazing growth rate of their savings deposits of 51.9 percent over 1960.

Insured savings and loan associations, with $2.555 billion in total assets, compete vigorously in the metropolitan area for personal savings, and also solicit corporate funds. Emphasizing the savings function, the high dividend rate, Federal insurance and, frequently, valuable premiums on new accounts, they successfully compete with mutual savings and large commercial banks for savings and mortgage loans. There is no area in the city where the commercial banks are not in direct competition with a nearby office of a savings and loan association. Moreover, many out-of-State savings and loan associations from as far away as California solicit deposits by mail, emphasizing the high interest rates offered. First Pennsylvania cited the drain of deposits resulting from such out-of-State competition as a principal reason for its recent decision to offer 5-year, 4½ percent savings bonds, now also offered by most other Philadelphia banks. It is significant that savings deposits and mortgage loans of the eight largest Philadelphia commercial banks amounted in the aggregate to only 16.94 percent and 6.99 percent, respectively, of the combined totals for such banks, the four mutual savings banks, and the insured savings and loan associations in the area as of December 31, 1964.

There are more than 300 insurance companies with offices in the city. The seven largest insurance companies with headquarters in Philadelphia are: Pennsylvania Mutual Life, with assets of $2,068,973,000, mortgage loans of $625,256,000, and policy loans of $140,358,000; Provident Mutual Life, with assets of $989,936,000, mortgage loans of $328,387,000, and policy loans of $58,626,000; Fidelity Mutual Life, with assets of $442,770,000, mortgage loans of $146,061,000, and policy loans of $30,216,000; Philadelphia Life, with assets of $109,355,000, mortgage loans of $36,-822,000, and policy loans of $6,646,000; Presbyterian Ministers' Fund, with assets of $95,760,000, mortgage loans of $19,098,000, and policy loans of $6,428,000; Home Life, with assets of $95,338,000, mortgage loans of $45,612,000, and policy loans of $3,039,000; and Life Insurance Co. of North America, with assets of $44,716,000, mortgage loans of $7,660,000, and policy loans of $1,354,000. The three largest companies have been very active in private placement financing; they are joined in competition for local financing by all of the leading national life insurance companies and many Canadian companies as well. All of these and many smaller companies actively solicit real estate mortgages for investment. Some companies maintain their own mortgage offices in Philadelphia, while others rely upon local mortgage service companies for their supply.

There are reported to be 285 credit unions in the urban Philadelphia area. There are no statistics on the number of credit unions in the entire metropolitan area. Credit unions make the most of their competitive position, emphasizing mutual ownership, low interest rates on loans, in some cases the payroll deduction method of loan repayment and savings, and convenience of access to credit union facilities.

There are about 100 sales finance companies and about 300 small loan and consumer discount companies operating within the service area of the resulting bank. Many of these companies have large branch office systems. Beneficial Finance Co. has 14 offices, Household Finance Corp. has 26 officers, and Ritter Finance Co. has 18 offices. All of these companies compete aggressively with commercial banks for automobile, home modernization, and personal loan financing.

There are 15 factoring companies with offices in the city of Philadelphia. These companies compete in the accounts receivable finance market.

The consummation of the proposed merger will not result in the elimination of a significant amount of competition between the applicant banks. Provident and Central-Penn face branch office competition from the offices of the largest Philadelphia banks rather than from each other, except in the immediate Philadelphia downtown area. For this reason, a minimal number of common accounts exists between them. There are only 28 mutual customers out of a combined total of 3,277 savings accounts with balances of $10,000 or more; nine mutual holders of the new 4½ percent savings certificates of each bank out of a total of 2,512 accounts; eight mutual depositors out of 444 with certificates of deposit; and four mutual customers with open time deposit balances in excess of $10,000 out of 281 accounts. A comparison of all regular checking accounts with balances of $10,000 or more in each bank disclosed only 139 mutual accounts out of 6,614, and a comparison of loan balances of $10,000 or more for each bank disclosed only 32 mutual borrowers out of 3,287. As to consumer credit customers of the two banks, due to the complementary branch systems and differences in the sources of dealer paper, it is doubtful that more than an insignificant overlap is involved.

The following analysis of the dispersion of the branch offices of the applicant banks clearly reveals the limited extent to which the banks compete for the deposits of the small retail customers. As previously noted, Pennsylvania law permits branching into the counties contiguous to the home county, and while both banks operate branch offices in Philadelphia and at least one office in each of the three contiguous counties, the locations of these offices are such that, except in the downtown area, they are not in significant competition with each other. Of the 24 offices Central-Penn presently operates throughout this four-county area, 13 are located in Philadelphia: four downtown, three to the north of the downtown area, four to the west, and two to the south. Provident is presently operating 33 offices in the four-county area, 20 of which are located in Philadelphia: five downtown, one immediately outside of the downtown area, 11 north of the downtown area, two west, and one south. In Delaware County, Provident is well represented with six offices, while Central-Penn has but one. On the other hand, Central-Penn has eight offices in Lower Bucks County, while Provident has two offices in Upper Bucks County. In Montgomery County, Provident has five offices, two in the southwest section, two in the northeast section and one in the west-central part, while Central-Penn has only two offices in the southeastern section of the county. Subsequent discussion will show that the participating banks' branches in these last three counties do not compete with each other because of their locations. These branches, in fact, will complement one another when the merger is consummated.

In downtown Philadelphia, the main office of Central-Penn is located at the corner of Broad and Walnut Streets, only a block away from the main office of Provident at the corner of Broad and Chestnut Streets. Within 0.4 of a mile of Provident's office are eight commercial banks, some with several offices; two savings banks; one savings and loan association; 10 finance and small loan companies; four credit unions; and 12 insurance companies. Central-Penn's office is within 0.3 of a mile of eight commercial banks, one savings bank, six savings and loan associations, 26 finance and small loan companies, two credit unions, and two insurance companies.

Competition also exists among the branch offices of the two banks located at 21 South 12th Street, 12th and Chestnut Streets, and Market and Juniper Streets. These offices are in the same area. However, within 0.3 of a mile from Provident's office at 21 South 12th Street are five commercial banks, three savings banks, two savings and loan associations, 10 finance and small loan companies, and four credit unions. Central-Penn's office at 12th and Chestnut Streets is within 0.5 of a mile of four commercial banks, two savings banks, six savings and loan associations, 16 finance and small loan companies, three credit unions, and one insurance company. Within 0.4 of a mile from Central-Penn's office at Juniper and Market Streets are three commercial banks, a savings bank, three savings and loan associations, six finance and small loan companies, and two insurance companies.

No significant competition exists among any of the other branch offices of the applicant banks, although a few of these are relatively close to each other.

Offices of the two applicant banks located in downtown Philadelphia at 17th and Arch Streets, and at 17th and Chestnut Streets are separated by three long blocks traversing Penn Center, an office redevelopment area. Within 0.3 of a mile from Provident's office are nine commercial banks, three savings banks, 12 savings and loan associations, five finance and small loan companies, and one credit union. Central-Penn's office is within 0.3 of a mile of six commercial banks, three savings banks, one savings and loan association, four finance and small loan companies, three credit unions, and two insurance companies.

Other branch offices of the applicants in downtown Philadelphia, which are located in the same area, are those at Seventh and Chestnut Streets and at Fourth and Chestnut Streets. All the major banks are represented in this section. Within 0.3 of a mile from Central-Penn's office located at Seventh and Chestnut Streets are three commercial banks, a savings bank, three savings and loan associations, three finance and small loan companies, two credit unions, and nine insurance companies. Provident's office located at Fourth and Chestnut Streets is within 0.3 of a mile of seven commercial banks, three savings and loan associations, one finance and small loan company, two credit unions, and one insurance company.

The office of Central-Penn, located at Second and Pine Streets, is seven blocks away, and separated by the Independence National Historical Park, from Provident's office located at Fourth and Chestnut Streets. No competition exists between the two offices because of the distance, difference in neighborhood, and the barrier created by the park. The draw area of the Second and Pine office is principally South Philadelphia rather than downtown Philadelphia. Within a mile from Central-Penn's office are three commercial banks, a savings and loan association, and one finance and small loan company.

In heavily populated West Philadelphia, Central-Penn's office at 58th Street and Baltimore Avenue and Provident's office at 19 South 52d Street are 1.5 miles apart and thus have separate service areas. Within 1 mile of Central-Penn's office are three commercial banks, one savings and loan association, and two finance and small loan companies. Provident's office is within 1.3 miles of three commercial banks, two savings banks, five savings and loan associations, seven finance and small loan companies, four credit unions, and one insurance company.

In North Philadelphia, the office of Central-Penn at Broad Street and Glenwood Avenue and the office of Provident at 3314 Germantown Avenue are 0.7 of a mile apart and are separated by the main tracks of the Pennsylvania Railroad and by Allegheny Avenue, a major thoroughfare. Central-Penn's office serves as the area south of these boundaries and is within 0.6 of a mile of two commercial banks, a savings bank, three savings and loan associations, four finance and small loan companies, and five credit unions. Provident's office, serving the business and population north of Allegheny Avenue and the railroad, is within 0.6 of a mile of four offices of two commercial banks, a savings bank, three savings and loan associations, and two finance and small loan companies.

Central-Penn's office at Fifth and Wyoming Avenue and Provident's office at Broad and Louden Streets are a mile apart and serve different areas which are separated by the Northeast Expressway. The Wyoming office of Central-Penn does not serve the area along Broad Street which is within the service area of the Broad and Louden office of Provident. Likewise, the Provident's office does not serve the business along Fifth Street south of Wyoming Avenue. Central-Penn's office is within 1 mile of three commercial banks, five savings and loan associations, five finance and small loan companies, and one credit union. Provident's office is less than 0.5 of a mile from one commercial bank, one savings bank, two savings and loan associations, four finance and small loan companies, and one credit union.

Central-Penn's office at 7325 Stenton Avenue and Provident's office at 78th Street and Ogontz Avenue are 1.75 miles apart. The road pattern of the area obviates competition between them. Central-Penn's office is within 1.5 miles of three commercial banks, two savings banks, and two savings and loan associations. Provident's office is within 1 mile of nine commercial banks, three savings banks, five savings and loan associations, one finance and small loan company, one credit union, and two insurance companies.

In Delaware County, the office of Central-Penn located at 301 Baltimore Pike, Springfield, and the office of Provident at Hart Lane and Saxer Avenue, Springfield, are approximately 1.2 miles apart. Within 1 mile from Central-Penn's office are four commercial banks, two savings and loan associations, two finance and small loan companies, and a savings bank. Provident's Springfield office is within 2.2 miles of six commercial banks, two savings banks, two savings and loan associations, four finance and small loan companies, and two credit unions.

In Montgomery County, the offices of Central-Penn located at King of Prussia Industrial Park, Upper Merion Township, and the office of Provident at King of Prussia Plaza, Upper Merion Township, are 1.2 miles apart. They are separated by the Pennsylvania Turnpike. Because of limited overpasses and underpasses, these offices are about 2.8 miles apart by either the eastern or western route. Driving this distance during rush hours can take from 15 minutes to half an hour. Central-Penn's Industrial Park office cannot adequately serve the population drawn to the stores in the shopping center. Provident's office is within 1.75 miles of four commercial banks and two savings banks, and within 0.5 of a mile of a savings and loan association, and two finance and small loan companies.

In Bucks County there is no competition between the branches of the participating banks. Although Provident has two offices in the upper part of the county and Central-Penn has eight in the lower part of the county, the closest offices are 18 road miles apart.

Thus, it is evident that the overall competition among the branches of Provident and Central-Penn is not significant. It is pertinent, moreover, to note the kind of branching systems of other Philadelphia banks with which the merging banks must compete. Girard Trust, for example, presently has a total of 50 offices, which cover all sections of Philadelphia and its suburbs. According to Girard's 1965 annual report, "Close to two-thirds of all our deposits are now serviced at branch locations." It thus appears that Girard is handling a higher percentage of its deposits at its branches than is either Central-Penn or Provident.

Quite apart from a narrow consideration of the branching systems of the merging banks, the competitive structure is properly evaluated only when all the financial institutions that are competing for the savings and deposit dollars and the business, real estate, and personal loans are taken into consideration. It has already been shown that all of these financial institutions represent an impressive multiplicity of competitive units and resources. While figures are not available for the resources of all competing financial institutions, the figures that are available indicate that the premerger relative size of Provident is 3.93 percent of total financial institution resources and of Central-Penn is 2.09 percent. The postmerger relative size of the resulting bank will be 6.02 percent.[2] This postmerger relative size, although overstated because of lack of data from some competitors, will not cause, by any reasonable measure, a significant lessening of competition in the resulting bank's market.

This merger, on the contrary, will stimulate competition among the largest banks in the market area. As the Federal Reserve Board said in its decision on the Fidelity Philadelphia-Liberty Real Estate Bank merger in 1963, "the climate of competition would be stimulated by the increased capacity of a large-scale bank, and the range of choices available to customers who require services which can only be rendered by a larger bank would be increased."

We have shown that the competition which would be eliminated by this merger is minuscule. It is now pertinent to examine the procompetitive effect of the merger on the convenience and needs of the Philadelphia market.

The increased lending capacity of the resulting bank will benefit large banking customers through the creation of an additional source of very large loans. The close relationship between competition and convenience and needs of the community is thus demonstrated. The needs of these large customers are better met through the injection of added competition in the large loan market.

The combining of the computer systems of the applicant banks will yield a more efficient data processing operation. Provident, at present, has new data processing equipment on order to replace its present obsolescent equipment. These new computers will adequately take care of business in the foreseeable future. Central-Penn's computers have no backup capacity; this merger will solve the problem of this vulnerability. A direct access system, now being put into service by Central-Penn will enable the resulting bank to provide direct access to its computers from customers sooner than Provident could on its own. With its greater financial resources and larger operations to assume acquisition and startup costs, the resulting bank will be better able to provide the public with the latest advances in data processing services.

Use of the recently renovated Provident main office by the resulting bank will not only increase its efficiency, but will improve customer service. Further, it will eliminate the necessity of a substantial outlay by Central-Penn to obtain adequate headquarters. To do so, according to Central-Penn's preliminary estimate, its annual occupancy costs would increase $250,000.

Since it has been shown that the branch systems of the merging banks are complementary, that an adequate number of alternative sources of financial services exist in the Philadelphia area, and that competition among the large financial institutions will be stimulated, it is concluded that this merger, rather than having an overall adverse effect on competition, will have a favorable effect. Further, the increased ability of the resulting bank to serve the convenience and needs of the Philadelphia area by increased efficiency, by a greater lending capacity, through more adequate banking quarters, and by a generally improved quality of banking services makes this merger desirable. We would be hindering the economic growth of Philadelphia if we failed to give our approval to this merger application.

Pursuant to the 1966 amendment to the Bank Merger Act, we find that the merger of Provident National Bank and Central-Penn National Bank clearly conforms to the statutory criteria and is in the public interest. The application is, therefore, approved.

MARCH 31, 1966.

* * *

[2] These relative size figures are based on the aggregate resources figures of the following financial institutions: Mutual savings banks, $2.861 billion; savings and loan associations, $2.555 billion; insurance companies, $3.847 billion; and commercial banks, $8.495 billion. Provident has total resources of $698.7 million and Central-Penn has resources of $370.4 million.

First National Bank of Hawaii, Honolulu, Hawaii, and Cooke Trust Co., Ltd., Honolulu, Hawaii

On January 3, 1966, the First National Bank of Hawaii, Honolulu, Hawaii, with IPC deposits of $177 million, and the Cooke Trust Co., Ltd., Honolulu, Hawaii, with assets of $4 million, applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The charter bank, First National Bank of Hawaii, serves Hawaii with 38 offices located throughout the State. The Cooke Trust Co. operates from its single unit in downtown Honolulu. It also serves the other parts of Hawaii by correspondence, telephone, and travel by its employees. It competes with three other trust companies in Honolulu and one in Hilo, Hawaii.

The economy of the State of Hawaii, the service area to be considered, is dependent upon three primary factors: tourism, national military defense expenditure, and agriculture (largely sugar cane and pineapple). Future economic growth is estimated at 5.5 percent annually, a decrease from the average 7.5 percent annual growth rate of the past 10 years.

The First National Bank of Hawaii ranks second among a field of seven commercial banking competitors. Its principal competitor is the Bank of Hawaii, which has 43 percent of banking assets in the State. Acquisition of the assets of Cooke Trust Co. by the charter bank would increase the latter's share of total assets by less than one-quarter of 1 percent. The addition of so small a percentage to the charter bank's resources cannot be considered to have a significant effect on competition in the commercial banking community. On the other hand, the merger will enable the charter bank to augment its range of banking services by including fiduciary services for the first time. The resulting bank will hold the same 15 percent market share of trust company assets previously held by the Cooke Trust Co., which makes it third among the five trust companies doing business in the State. The first two companies, the Hawaiian Trust Co., Ltd., and the Bishop Trust Co., Ltd., control respectively 41 percent and 38 percent of trust company assets.

The addition of $4 million in trust assets to the charter bank will have no competitive effect upon other financial institutions. The merger will provide a bank with a somewhat stronger lending power, better able to meet the general credit demands of the communities it serves. Through the branch network of the charter bank and its efficient communication system, it will be possible to make trust department services available to all its customers in the various communities served by the charter bank. Also, the greater capital funds of the resulting bank will provide greater assurance for settlors and beneficiaries of trusts and estates.

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

May 12, 1966.

* * *

The First National Bank of State College, State College, Pa., and the Peoples National Bank of State College, State College, Pa.

On January 25, 1966, The First National Bank of State College and The Peoples National Bank of State College, both of State College, Pa., applied to the Office of the Comptroller for permission to merge under the charter of the former and with the title "Peoples First National Bank of Central Pennsylvania."

The First National, with IPC deposits of $19 million, and Peoples National, with IPC deposits of $15 million, are located in State College, the largest, most densely populated, and fastest growing borough of Centre County. State College's growth is largely due to the expansion of Pennsylvania State University. The university presently has an enrollment of 20,000 students and is continuing a major expansion program.

Centre County constitutes the service area in which the applicant banks operate. It is an area of significant growth in central Pennsylvania. The population increased from 66,000, in 1950, to 79,000 in 1960. The 81 manufacturing firms in Centre County employed 6,000 people in 1964. Many of the farms in the surrounding area have been sold or are under option for residential construction. Of the farms remaining 85 percent are dairy farms. Adequate bus, rail, and air transportation is available to the county. It has a satisfactory network of roads directly connecting the population centers of the county. Moreover, completion of Interstate Route 80 is expected to make Centre County more accessible to the rest of the State and contribute further to its growth.

The applicant banks face intense competition from the other financial institutions in the Centre County area and in particular from the Midstate Bank and Trust Co. Midstate, with IPC deposits of $70.8 million, is the largest bank in Centre County and has an office in State College. The union of the applicants will create a bank better able to compete with Midstate. Strong competition is also offered by the eight other commercial banks in Centre County, which range in size from $17 million to $1 million in IPC deposits. Furthermore, there are four savings and loan associations, four finance companies, and one credit union competing in the area.

The resulting bank will better serve the convenience and needs of the area. Bank management will be strengthened. The larger staff of the resulting bank will afford a greater degree of specialization and experience. Moreover, personnel capable of succeeding the chief executives will be more easily recruited and trained.

Another benefit is the formation of a second convenient banking alternative capable of satisfying the larger credit needs being generated in the area. In addition, greater size will enable the resulting institution to employ automatic data processing to provide a broader range of customer services.

Having considered the proposal in the light of the applicable statutory criteria, the merger is found to be in the public interest. It is, therefore, approved.

MAY 20, 1966.

* * *

FIRST CITY NATIONAL BANK, HOUSTON, TEX., AND SOUTHERN NATIONAL BANK OF HOUSTON, HOUSTON, TEX.

On June 15, 1966, Southern National Bank of Houston, Houston, Tex., with IPC deposits of $48.8 million, and First City National Bank, Houston, Tex., with IPC deposits of $626.8 million, applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter. This opinion sets forth the bases of the decision of this Office, dated September 20, 1966.

Houston, with a metropolitan area population of approximately 1.765 million, is the center of the most populous metropolitan area in the southwestern United States. Its standard metropolitan statistical area is defined by the Census Bureau as Harris, Brazoria, Fort Bend, Liberty, and Montgomery Counties, although the city serves the entire gulf coast. An extraordinary combination of growth factors created a population increase of 65.9 percent between 1950 and 1960. Between 1960 and 1965, the Houston area population increased by 17 percent. The prospects are for continued growth with a projected 1970 population exceeding 2 million.

The genesis of Houston's amazing growth has been its economic diversity, supported by an advantageous geographical location and abundance of natural resources. Founded in 1836, Houston has, at various periods in its history, been economically supported by cotton, cattle and timber, trade and shipping, marketing and manufacturing, and petroleum and chemical refining. Each new activity has taken its place in the Houston economy without replacing its predecessor. Texas Employment Commission figures for the first quarter of 1965 show that 9.7 percent of Houston area workers were employed in durable goods manufacturing, 8.2 percent in nondurable goods manufacturing, 7.1 percent in transportation, 8.3 percent in construction, 8 percent in wholesale trade, 18.6 percent in retail trade, 5.7 percent in finance and insurance, 7.3 percent in business and personal services, 6.9 percent in medical and professional services, 9.3 percent in government, and 10.9 percent in other categories. The following table published in the 1963 U.S. Department of Commerce Census of Business illustrates the diversity of the Houston economy.

In addition to its variety, the Houston economy is marked by great quantitative strength. This power is particularly well-illustrated in manufacturing, where Houston industries account for the following amounts of the Nation's total value added: Petroleum and coal products, 9 percent; petroleum refining, 10.6 percent; chemicals as a whole, 3.4 percent; basic chemicals, 6.9 percent; construction and like equipment, 5.7 percent; and fabricated metal products, 2.5 percent. The Houston area petroleum refining complex is the world's largest and its chemical industry is the Nation's fastest growing. The outlook for these industries continues to be promising because of an abundance of hydrocarbons, salt, sulphur and lime, plus excellent transportation facilities.

Perhaps as much as any single factor, Houston's transportation facilities have played a vital role in the Houston boom. The 50-mile ship channel linking the city to the Gulf of Mexico has particularly benefited the Houston area. Since 1910, the Federal Government has spent $53 million to dredge and maintain the channel, yet customs revenue exceeds the total Federal investment every 2 years. The Port of Houston is the third largest of U.S. seaports in total tonnage moved. Served by 117 steamship lines, which bring more than 4,000 ships to the port annually, Houston's total cargo moved in 1965 was approximately 58 million short tons.

Manufacturing establishments, employees, and value added by major industry groups, Houston SMSA

Industry groups	Establishments Dec. 31, 1963	All employees Dec. 31, 1963	Percent of total employees	Value added by manufacture 1963 ($000)	By percent total value added
Manufacturing	2, 197	106, 059	100. 0	1, 889, 693	100. 0
Food and kindred products	187	11, 221	10. 6	218, 786	11. 6
Textile mill products	10	535	. 5	3, 295	. 2
Apparel and related products	56	1, 348	1. 3	8, 776	. 5
Lumber and wood products	149	2, 328	2. 2	14, 090	. 7
Furniture and fixtures	80	1, 653	1. 6	13, 263	. 7
Paper and allied products	37	3, 163	3. 0	42, 381	2. 2
Printing and publishing	252	5, 764	5. 4	53, 870	2. 8
Chemical and allied products	180	16, 174	15. 2	601, 657	31. 8
Petroleum and allied products	31	10, 505	9. 9	321, 942	17. 0
Rubber and plastics products	48	1, 431	1. 3	14, 237	. 8
Stone, clay, and glass products	130	4, 852	4. 6	61, 751	3. 3
Primary metal industry	65	9, 670	9. 1	131, 869	7. 0
Fabricated metal products	306	13, 611	12. 8	134, 498	7. 1
Machinery, except electrical	400	14, 890	14. 0	205, 542	10. 9
Electrical machinery	79	2, 079	2. 0	27, 311	1. 4
Transportation equipment	68	2, 141	2. 0	17, 809	. 9
Instruments and related products	48	1, 054	1. 0	10, 956	. 6
Miscellaneous manufacturing	69	587	. 6	5, 337	. 3
Administrative and auxiliary	....	2, 961	2. 8	....	....
				Payroll ($000)	*Sales ($000)*
Wholesale trade	2, 583	NA	....	171, 266	3, 694, 963
Retail trade	13, 082	NA	....	190, 443	1, 731, 921
Selected services	8, 506	NA	....	80, 342	273, 399

In addition to the oceangoing freight, access to the intracoastal channel provides Houston with low-cost barge transportation. This 1,777-mile waterway links the city with some 9,812 miles of waterway in the Mississippi River region, and 2,100 miles of waterway into the Gulf south. In 1963 inland waterway tonnage in the Houston area exceeded 22 million net tons.

In air transportation, Houston is well served by 10 airlines, which had total passenger arrivals and departures of 2.6 million in 1965. The present Houston International Airport is already strained by heavy traffic, and a second airport, Houston Intercontinental Airport, is now under construction on a 7,000-acre tract in north Harris County. With facilities to handle both subsonic and supersonic air transportation, the new airport is designed to accommodate the anticipated growth of area traffic.

Houston also offers good surface transportation. Six major rail systems serve the city and total freight handled by rail in 1965 was 18.9 million short tons, a 24 percent increase over 1960. Motor freight is provided by 34 common carrier trucklines, as well as by a number of specialized carriers, including 41 oil equipment haulers, 14 tank trucklines, 17 household carriers, and 20 miscellaneous specialized carriers. Five bus systems provided hourly service in all directions. A $500 million freeway system will extend 245.5 miles in the form of inner and outer loops around the city with connections from Houston's downtown center to provide quick, efficient access to the entire metropolitan area.

The transmission of oil and gas is also a major factor in the Houston economy. The city is the hub of a pipeline network, which includes 40 crude oil pipelines and 29 products pipelines. Ten natural gas pipeline companies headquartered in the city and four other companies having national operations in Houston account for a quarter of the national gas pipeline firms.

The rapidly expanding Houston business climate served by these transportation and transmission facilities has required an enormous amount of construction. In 1965, the value of building permits ranked Houston third in the Nation. Nonresidential construction contract awards in that year totaled $377.4 million. From 1960 to 1965, the total of such awards was $1.8 billion. The estimated value of residential units completed in 1965 was $222.6 million, and from 1960 to 1965, was $1.1 billion. While suburban areas have spawned substantial business areas of their own, the downtown section of Houston has added about 10 million square feet of new building space since 1950 and the workday population has increased by more than 80,000 persons to an estimated 180,000 in 1965.

New business developments in Houston indicate that the momentum of the economy's growth will not diminish. Humble Oil and Refinery Co. has commenced an industrial, commercial, and residential complex on 30,000 acres within the metropolitan area, which is expected to require \$1.4 billion in total capital investment, \$1 billion annually in sales, 25,000 new jobs, and \$166 million annually in new payroll by 1984. This development surrounds the NASA Manned Space Craft Center, which now has 5,000 employees with an annual estimated payroll of \$60 million. NASA has granted procurement contracts totaling \$25.4 million in 1965 to Houston area concerns.

Another major entry into the Houston area is a new United States Steel Co. manufacturing facility. This project will require an initial \$150 million investment for plant and related facilities covering 15,000 acres.

The full importance of the Houston economy is manifestly evident when comparison is made with the two other large metropolitan areas in Houston's section of the country, Dallas and New Orleans. The following table indicates that Houston surpasses both the other cities in most of the important economic indicators.

In addition to capital investment and production facilities, Houston is an educational, cultural, and recreation center. There are more than 36,000 students in 20 Houston area colleges and universities, including the noted Rice University, the large University of Houston, and the famed Baylor University College of Medicine. A new center for the performing arts, Jones Hall, provides one of the finest such facilities in the country. The Houston Symphony is one of the leading American orchestras, and four legitimate theaters give performances throughout the year. The Museum of Fine Arts has an extensive and varied collection. Spectator sports are well represented by the Oilers of the American Football League, the Astros of the National Baseball League and intercollegiate games. Sports facilities include numerous parks and playgrounds, golf courses, swimming pools, and tennis courts, as well as lakes and the Gulf of Mexico. These facets of Houston create a pleasant environment which should insure Houston's place as a major population center of the southwestern United States.

This description of the Houston economy indicates an area of unusual vigor with heavy and sophisticated demands on its facilities and resources. These needs are remarkably well met in almost every phase of the Houston economy, with the exception of financial institutions.

The entire State of Texas, and Houston in particular, is handicapped in providing indigenous financing to local industries and businesses by the archaic State branch banking laws which forbid any establishment or operation of branch banks in Texas. This artificial restraint has prevented the downtown banks from following their customers to the suburbs and from generating new business among the many commercial and industrial establishments operating in the suburban shopping centers and industrial complexes. The result of this impediment has been to limit unduly the accumulation of capital resources by the urban commercial banks, thus preventing some businesses from obtaining funds for investment in new facilities, or driving them to financial centers outside the area that are able to meet their needs.

The fact that there are 115 banks in the Houston SMSA demonstrates the dispersion of banking resources. Many of these banks, most of which have resources under \$10 million, are located in suburban areas where branching would be a logical method of expansion.

The largest Houston banks have had particular difficulty in meeting their responsibilities. Although the area ranks 13th in population in the Nation, the charter bank, the largest bank in the area, ranks 41st nationally. The Texas National Bank of Commerce,

	Houston	*Dallas*	*New Orleans*
Composite indexes of economic importance	1	2	3
Composite indexes of amount of growth	1	2	3
Total city population corporate limits, 1964	1, 091, 800	802, 600	663, 500
Population ranking among U.S. cities, 1964	6	9	15
Absolute increase in city population, 1964/1950	495, 637	368, 138	93, 055
Total metropolitan area population, 1964	1, 652, 800	1, 310, 600	997, 400
Abolute increase in metropolitan area population, 1964/1950	708, 200	560, 000	277, 500
Percent population increase in metropolitan area population, 1964/1950	76. 7	76. 3	45. 5
Total value added by manufacture, 1963	\$1, 889, 693, 000	\$1, 164, 721, 000	\$627, 018, 000
Total bank demand deposits, 1964	1, 613, 633, 200	1, 369, 165, 700	659, 730, 900
Total building permit values, 1964	321, 700, 000	193, 500, 000	105, 300, 000

which is the second largest Houston bank, stands 52d nationally. The failure of the Houston banks to keep pace with the growth of its area has led to unfortunate results. Cities with more satisfactory banking facilities can attract industry which needs large-scale financing. Moreover, many local projects are simply unable to obtain financing due to the preference of large banks in other areas for projects in those areas.

In the past year, the charter bank was forced to decline or divert over $31 million in loans requested by sound and prosperous local companies because its loan limit was not sufficient. Because of its inadequate size relative to the community it serves, First City was also forced to participate over $77 million more in loans.

The merging bank also found itself unable to cope with the demands of its customers. Southern National was forced to participate almost $16 million of loans last year because of its inadequate size. Its lending limit, in an area of such unparalleled growth as Houston, is $600,000.

With the rational means of expanding—i.e. branching—foreclosed to the applicant banks, growth adequate to meet the increasingly heavy demands of the Houston community is available only through merger. The transaction must, however, meet the criteria of the Bank Merger Act, as amended.

The effect of the merger upon competition must be considered in judging the application. The Houston area is marked by intense competition among a plethora of financial institutions. There are 115 commercial banks, with total resources of $4.386 billion in the Houston metropolitan area, 23 savings and loan associations in Harris County with total savings accounts of $758.2 million, 240 credit unions with assets of $120.9 million, 232 finance company offices, 13 factors, and 12 small business development companies. Harris County alone, which contains the downtown Houston area, has 85 individual unit banks. In addition, 50 insurance companies domiciled in the Houston metropolitan area and many others operating there make loans estimated at hundreds of millions of dollars. The largest mortgage banking firm in this country, which services $1.4 billion of loans, and four other large mortgage companies, which service an additional $1.4 billion of loans, are headquartered in the Houston metropolitan area. All of these institutions vie for the loans and savings dollars of the potential Houston area customers of the applicant banks. A further indication of the strong competition is that in 1965 the largest single financer of new cars purchased in Harris County was GMAC, which financed 11.5 percent of the cars financed. The charter bank financed but 2.7 percent of the new cars financed, and Southern National financed only 0.5 percent.

The intense competition is particularly well-illustrated by the fact that, in an eight-block area in downtown Houston where both applicant banks are located, there are eight banks either larger than, or of comparable size to, Southern National. In the same area, there are five other, similar downtown banks which provide adequate retail banking services. All 13 competing banks are easily and quickly reached by walking or using the shoppers special bus, which traverses the downtown area at five minute intervals. In addition, there are eight savings and loan home offices, and one savings and loan branch within this eight-block area. These offices, together with the numerous suburban offices of financial institutions, indicate that a very wide range of choices will remain after this merger. Indeed, in the period from 1956 to 1965, the percentage of total assets, deposits and loans in the Houston area held by the largest Houston banks declined substantially as pointed out in the following table:

	Concentration in commercial banking					
	1956 (percent)			*1965 (percent)*		
	Assets	*Deposits*	*Loans*	*Assets*	*Deposits*	*Loans*
Top 3 banks	62.6	61.6	63.1	57.4	56.6	54.6
Top 5 banks	75.8	75.2	76.4	63.9	63.1	62.4
Top 10 banks	82.0	81.5	82.8	71.6	70.9	71.1

	Decrease in concentration (percent)			*Increase in concentration after merger (percent)*		
	Assets	*Deposits*	*Loans*	*Assets*	*Deposits*	*Loans*
Top 3 banks	8	8	13	3.3	3.5	3.8
Top 5 banks	15	15	18	3.0	3.1	3.3
Top 10 banks	12	12	12	2.6	1.7	1.7

	Decrease in concentration remaining (percent)		
	Assets	*Deposits*	*Loans*
Top 3 banks	4.7	4.5	9.2
Top 5 banks	12.0	11.9	14.7
Top 10 banks	9.4	10.3	10.3

It has been alleged in advisory reports from other agencies that the applicant banks have affiliates whose deposits and loans should be added to those of the applicant banks for the purpose of determining concentration. While it is true that certain interests owning shares in the applicant banks also own shares of some smaller banks in the Houston area, each of these banks operates independently. They have, for example, turned down participation loans offered by the applicant banks. In no case does any officer or director of one of the applicant banks own as much as 50 percent of a smaller bank. Some of these smaller banks do have close relationships with the applicant banks, but these correspondent type relations are common among independent banks. Because these so-called affiliate banks operate independently with an independent board of directors, we cannot include them in determining the percentage of concentration of the applicant banks in the Houston area market.

Competition for accounts is not confined to the Houston area. Both of the applicant banks are primarily wholesale banks and thus compete in the national market. It is widely held in the banking profession that accounts of $100,000 or over are considered to be wholesale accounts because their size permits them to take advantage of the best banking conditions in any part of the country. Statements from other quarters that such accounts do not actively shop among major banks, regardless of geography, only indicate a lack of familiarity with the operations of financial institutions, particularly commercial banking. The charter bank has 76 percent of its IPC demand deposits in large accounts of $100,000 and over, and the merging bank has 71 percent of its IPC demand deposits in the over $100,000 accounts. Loans in excess of $100,000 represent 79 percent of First City's total commercial and industrial loans, and 78 percent of Southern's total commercial and industrial loans. First City has 42 percent of its lines of credit, or $63 million, extending to firms operating beyond the Houston metropolitan area. In the $100,000 and over IPC demand deposit accounts, individuals and firms with headquarters outside the Houston SMSA accounted for 41.2 percent of First City's accounts and 34.5 percent of Southern National's accounts.

In correspondent accounts, the charter bank has 535 deposit accounts totaling $113.937 million. Four hundred and twenty of these accounts are from American banks outside the Houston SMSA, and 47 are from foreign banks. Southern National has deposit accounts from 41 banks outside the Houston SMSA totaling $4.533 million, and from 25 banks within the SMSA totaling $8.452 million.

Although it is difficult to document because of private bank records, competition by major banks located in other financial centers is vigorous in Houston. Banks in New York, Boston, Chicago, and Dallas and on the west coast enter the Houston area and obtain sizeable loans. A 1957 Federal Reserve study, for example, reported that New York banks held $375 million of loans to Houston borrowers, the largest amount of out-of-city loans made by New York banks that year. This intense competition from out-of-State banks has not abated over the years, but has, in fact, increased in vigor.

It is clear then that the effect of the merger upon competition will not be adverse in the Houston area, as there will remain a wealth of choices for financial services in the downtown and suburban areas. In the wholesale banking market, which is the specialty of both applicant banks, the merger will be a salutary influence on competition because of the increased ability of the resulting bank to compete effectively with other large wholesale banks.

Another factor that must be considered under the Bank Merger Act is the management of the applicant banks. The charter bank, while well managed in the past, now finds itself seriously understaffed, largely due to recent deaths and retirement of its officers. There are no immediate prospects for relief, apart from the merger, because many of the charter bank's key officers are near the retirement age. Recruitment from outside is both difficult, because of the national shortage of qualified bank personnel, and uncertain, because of internal morale problems when new employees are systematically brought in above First City's present personnel.

The infusion of personnel from the merging bank will alleviate this problem. With respect to age, the average age of Southern National's executives is 10 years below the average age of First City's, and Southern National's executives are grouped in age brackets and job categories where First City has the greatest needs. After merger, the resulting bank will be able to staff adequately its existing departments and expand into broader areas of service which are required in the Houston area.

The increment in services will permit a greater response to the convenience and needs of the Houston community. There are a number of areas in which the applicant banks do not offer adequate service, or any service, but where the combined resources and manpower of the resulting bank would permit the offering of these services.

Neither of the banks offers long-term permanent real estate loans. The combined construction loan staffs of the applicant banks will enable the resulting bank to expand into a permanent real estate loan operation. These loans could be handled for the bank's own portfolio, for investments by trusts which the bank is servicing, and as a means to enlarge mortgage servicing to other institutions.

The resulting bank will also be able to offer more comprehensive automated services to the Houston community than either applicant bank now offers. While both banks have been primarily occupied with internal operational needs in the automation area and the provision of such services to other banks, the combining of the banks will permit expansion into professional billing, insurance premium processing, brokerage accounting, and other areas. Commercial accounting services, which will be expanded or originally offered by the resulting bank, include payroll, receivables, payables, and general ledger accounting services.

Another major advantage of the merger will be the development of a substantial international department. Although the four largest banks in Houston now offer some foreign banking services, they are not adequate for the international commerce generated in the Houston area. With the increased manpower and facilities of the resulting bank, establishment of foreign agency offices and organization of an Edge Act subsidiary for expanding foreign activities become feasible for the resulting bank. With the increasing importance of Houston as a foreign trade center and the continuous overseas expansion of the oil and gas industry, much of it based in Houston, the development of a strong international department by the resulting bank will be a notable service to the community.

A new department will be created to handle equipment leasing financing. The charter bank has not had personnel to handle this business to any appreciable extent and the merging bank has been impeded by a lack of loanable funds. This new department will offer increased competition to the Houston area banks now offering this service.

The trust department of the resulting bank will be strengthened by the merger. Corporate trust services concerned with debenture issues and various types of secured corporate indentures will be offered to the customers of the merging bank. The charter bank's collective investment programs, and services to local mutual funds and development funds would be expanded. The establishment of a real estate investment trust would be within the capability of the resulting bank's trust department.

The applicant banks also expect to increase the activities of the investment department now operated by the charter bank. There should be greater participation in the municipal bond dealer area, as well as in the purchase and sale of government bonds and Federal agency obligations. In addition, the resulting bank could provide expanded money desk, Federal funds, and negotiable certificates of deposit services.

Thus, it is evident that the convenience and needs of the Houston area banking community will be considerably enhanced by the proposed merger. The increased size and complexities of the Houston economy demand these new and improved banking services. We, therefore, find that any anticompetitive effects of this transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the Houston area community, and the application is approved.

NOVEMBER 10, 1966.

* * *

APPENDIX B

Statistical Tables

Statistical Tables

Table B–1

Comptrollers of the Currency, 1863 to the present

No.	Name	Date of appointment	Date of resignation	State
1	McCulloch, Hugh	May 9, 1863	Mar. 8, 1865	Indiana
2	Clarke, Freeman	Mar. 21, 1865	July 24, 1866	New York
3	Hulburd, Hiland R.	Feb. 1, 1867	Apr. 3, 1872	Ohio
4	Knox, John Jay	Apr. 25, 1872	Apr. 30, 1884	Minnesota
5	Cannon, Henry W.	May 12, 1884	Mar. 1, 1886	Minnesota
6	Trenholm, William L.	Apr. 20, 1886	Apr. 30, 1889	South Carolina
7	Lacey, Edward S.	May 1, 1889	June 30, 1892	Michigan
8	Hepburn, A. Barton	Aug. 2, 1892	Apr. 25, 1893	New York
9	Eckels, James H.	Apr. 26, 1893	Dec. 31, 1897	Illinois
10	Dawes, Charles G.	Jan. 1, 1898	Sept. 30, 1901	Illinois
11	Ridgely, William Barret	Oct. 1, 1901	Mar. 28, 1908	Illinois
12	Murray, Lawrence O.	Apr. 27, 1908	Apr. 27, 1913	New York
13	Williams, John Skelton	Feb. 2, 1914	Mar. 2, 1921	Virginia
14	Crissinger, D. R.	Mar. 17, 1921	Apr. 30, 1923	Ohio
15	Dawes, Henry M.	May 1, 1923	Dec. 17, 1924	Illinois
16	McIntosh, Joseph W.	Dec. 20, 1924	Nov. 20, 1928	Illinois
17	Pole, John W.	Nov. 21, 1928	Sept. 20, 1932	Ohio
18	O'Connor, J. F. T.	May 11, 1933	Apr. 16, 1938	California
19	Delano, Preston	Oct. 24, 1938	Feb. 15, 1953	Massachusetts
20	Gidney, Ray M.	Apr. 16, 1953	Nov. 15, 1961	Ohio
21	Saxon, James J.	Nov. 16, 1961	Nov. 15, 1966	Illinois
22	Camp, William B.	Nov. 16, 1966	....	Texas

Table B–2

Administrative Assistants to the Comptroller of the Currency and Deputy Comptrollers of the Currency

No.	Name	Dates of tenure		State
	ADMINISTRATIVE ASSISTANTS TO THE COMPTROLLER			
1	Larsen, Arnold E.	Dec. 24, 1961	July 1, 1962	Nebraska
2	Faulstich, Albert J.	July 2, 1962	July 18, 1965	Louisiana
3	Chase, Anthony G.	July 21, 1965	Feb. 25, 1967	Washington
4	Wickman, Wayne G.	Feb. 27, 1967	Aug. 17, 1968	Texas
5	Nicoll, John	Aug. 19, 1968	....	New York
	DEPUTY COMPTROLLERS OF THE CURRENCY			
1	Howard, Samuel T.	May 9, 1863	Aug. 1, 1865	New York
2	Hulburd, Hiland R.	Aug. 1, 1865	Jan. 31, 1867	Ohio
3	Knox, John Jay	Mar. 12, 1867	Apr. 24, 1872	Minnesota
4	Langworthy, John S.	Aug. 8, 1872	Jan. 3, 1886	New York
5	Snyder, V. P.	Jan. 5, 1886	Jan. 3, 1887	New York
6	Abrahams, J. D.	Jan. 27, 1887	May 25, 1890	Virginia
7	Nixon, R. M.	Aug. 11, 1890	Mar. 16, 1893	Indiana
8	Tucker, Oliver P.	Apr. 7, 1893	Mar. 11, 1896	Kentucky
9	Coffin, George M.	Mar. 12, 1896	Aug. 31, 1898	South Carolina
10	Murray, Lawrence O.	Sept. 1, 1898	June 27, 1899	New York
11	Kane, Thomas P.	June 29, 1899	Mar. 2, 1923	Dist. of Columbia
12	Fowler, Willis J.	July 1, 1908	Feb. 14, 1927	Indiana
13	McIntosh, Joseph W.	May 21, 1923	Dec. 19, 1924	Illinois
14	Collins, Charles W.	July 1, 1923	June 30, 1927	Illinois
15	Stearns, E. W.	Jan. 6, 1925	Nov. 30, 1928	Virginia
16	Awalt, F. G.	July 1, 1927	Feb. 15, 1936	Maryland
17	Gough, E. H.	July 6, 1927	Oct. 16, 1941	Indiana
18	Proctor, John L.	Dec. 1, 1928	Jan. 23, 1933	Washington
19	Lyons, Gibbs	Jan. 24, 1933	Jan. 15, 1938	Georgia
20	Prentiss, William, Jr.	Feb. 24, 1936	Jan. 15, 1938	California
21	Diggs, Marshall R.	Jan. 16, 1938	Sept. 30, 1938	Texas
22	Oppegard, G. J.	Jan. 16, 1938	Sept. 30, 1938	California
23	Upham, C. B.	Oct. 1, 1938	Dec. 31, 1948	Iowa
24	Mulroney, A. J.	May 1, 1939	Aug. 31, 1941	Iowa
25	McCandless, R. B.	July 7, 1941	Mar. 1, 1951	Iowa
26	Sedlacek, L. H.	Sept. 1, 1941	Sept. 30, 1944	Nebraska
27	Robertson, J. L.	Oct. 1, 1944	Feb. 17, 1952	Nebraska
28	Hudspeth, J. W.	Jan. 1, 1949	Aug. 31, 1950	Texas
29	Jennings, L. A.	Sept. 1, 1950	May 16, 1960	New York
30	Taylor, W. M.	Mar. 1, 1951	Apr. 1, 1962	Virginia
31	Garwood, G. W.	Feb. 18, 1952	Dec. 31, 1962	Colorado
32	Fleming, Chapman C.	Sept. 15, 1959	Aug. 31, 1962	Ohio
33	Haggard, Hollis S.	May 16, 1960	Aug. 3, 1962	Missouri
34	Camp, William B.	Apr. 2, 1962	Nov. 15, 1966	Texas
35	Redman, Clarence B.	Aug. 4, 1962	Oct. 26, 1963	Connecticut
36	Watson, Justin T.	Sept. 3, 1962	....	Ohio
37	Miller, Dean E.	Dec. 23, 1962	....	Iowa
38	DeShazo, Thomas G.	Jan. 1, 1963	....	Virginia
39	Egertson, R. Coleman	July 13, 1964	June 30, 1966	Iowa
40	Blanchard, Richard J.	Sept. 1, 1964	....	Massachusetts
41	Park, Radcliffe	Sept. 1, 1964	June 1, 1967	Wisconsin
42	Faulstich, Albert J.	July 19, 1965	....	Louisiana
43	Motter, David C.	July 1, 1966	....	Ohio
44	Gwin, John D.	Feb. 21, 1967	....	Mississippi

TABLE B-3

Regional Administrators of National banks

Region	Name	Headquarters	States
1	Elmer J. Peterman	Boston, Mass	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.
2	Charles M. Van Horn	New York, N.Y	New Jersey, New York.
3	R. Coleman Egertson	Philadelphia, Pa	Pennsylvania, Delaware.
4	John W. Shaffer, Jr	Cleveland, Ohio	Indiana, Kentucky, Ohio.
5	Page Cranford	Richmond, Va	District of Columbia, Maryland, North Carolina, Virginia, West Virginia.
6	Joseph M. Ream	Atlanta, Ga	Florida, Georgia, South Carolina.
7	Joseph G. Lutz	Chicago, Ill	Illinois, Michigan.
8	William A. Robson	Memphis, Tenn	Alabama, Arkansas, Louisiana, Mississippi, Tennessee.
9	Douglas T. Bushman	Minneapolis, Minn	Minnesota, North Dakota, South Dakota, Wisconsin.
10	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	Kenneth W. Leaf	Portland, Oreg	Alaska, Idaho, Montana, Oregon, Washington.
14	Arnold E. Larsen	San Francisco, Calif	California, Hawaii, Nevada.

Table B–4

Changes in the structure of the National banking system, by States, 1863–1968

	Organized and opened for business 1863–1968	Consolidated and merged under 12 U.S.C. 215		Insolvencies	Liquidated	12 U.S.C. 214		In operation Dec. 31, 1968
		Consolidated	Merged			Converted to State banks	Merged or consolidated with State banks	
United States	15, 687	694	351	2, 819	6, 726	89	292	4, 716
Alabama	203	4	3	45	62	0	0	89
Alaska	8	0	0	0	2	0	1	5
Arizona	32	1	0	6	21	0	1	3
Arkansas	165	1	2	39	55	0	0	68
California	603	20	34	66	391	3	17	72
Colorado	265	5	0	56	86	0	0	118
Connecticut	136	11	6	7	69	0	14	29
Delaware	32	0	0	1	18	0	8	5
District of Columbia	38	8	0	7	13	0	0	10
Florida	292	2	1	43	42	0	0	204
Georgia	204	8	0	42	87	5	0	62
Hawaii	7	1	0	0	4	0	0	2
Idaho	112	0	1	35	65	0	2	9
Illinois	974	19	5	227	297	5	1	420
Indiana	447	14	2	98	205	1	4	123
Iowa	562	4	0	205	243	7	1	102
Kansas	456	6	0	77	198	4	0	171
Kentucky	250	11	2	37	110	8	2	80
Louisiana	121	4	0	16	53	0	0	48
Maine	127	8	5	13	79	0	1	21
Maryland	156	3	10	17	69	0	9	48
Massachusetts	383	41	9	28	207	0	11	87
Michigan	350	11	3	77	157	0	4	98
Minnesota	513	8	0	116	192	1	0	196
Mississippi	98	5	3	16	34	0	0	40
Missouri	322	12	1	58	148	4	1	98
Montana	205	4	1	76	76	0	0	48
Nebraska	412	2	0	83	199	1	0	127
Nevada	18	1	0	4	8	0	1	4
New Hampshire	85	3	2	5	23	0	0	52
New Jersey	440	49	18	59	151	1	19	143
New Mexico	97	1	1	25	37	0	0	33
New York	1, 018	124	64	130	441	8	75	176
North Carolina	161	8	20	44	58	0	9	22
North Dakota	263	3	0	100	118	0	0	42
Ohio	719	32	14	112	335	2	6	218
Oklahoma	775	12	0	85	454	4	0	220
Oregon	153	2	3	31	102	0	4	11
Pennsylvania	1, 287	100	82	211	491	2	74	327
Rhode Island	68	3	1	2	58	0	0	4
South Carolina	134	8	8	43	49	0	2	24
South Dakota	224	13	1	93	81	2	0	34
Tennessee	220	9	0	36	94	2	2	77
Texas	1, 326	45	1	142	574	25	4	535
Utah	46	4	0	6	19	3	2	12
Vermont	85	3	2	17	29	1	6	27
Virginia	280	23	38	28	74	0	10	107
Washington	243	18	8	51	138	0	1	27
West Virginia	197	11	0	38	68	0	0	80
Wisconsin	295	9	0	54	115	0	0	117
Wyoming	78	0	0	12	26	0	0	40
Virgin Islands	1	0	0	0	0	0	0	1
Puerto Rico	1	0	0	0	1	0	0	0

Table B-5

Charters, liquidations, and changes in issued capital stock of National banks, calendar 1968

	Number of banks	Capital stock		Capital notes and debentures
		Common	Preferred	
Increases:				
Banks newly chartered:				
Primary organizations	*31	$8, 050, 000		
Reorganizations				
Conversion of State banks	13	102, 037, 678		$75, 447, 300
Capital stock:				
Preferred: 3 cases by new issue			$2, 823, 210	
Common:				
547 cases by statutory sale		38, 335, 671		
657 cases by statutory stock dividends		238, 608, 420		
4 cases by statutory consolidation		545, 000		
40 cases by statutory merger		35, 961, 825	3, 928, 750	25, 000, 000
4 cases by conversion of preferred stock		46, 575		
54 cases by conversion of capital notes		934, 109		
Capital notes and debentures: 60 cases by new issue				230, 297, 000
Total increases	44	424, 519, 278	6, 751, 960	330, 744, 300
Decreases:				
Banks ceasing operations:				
Voluntary liquidations:				
Succeeded by National banks	†3	2, 853, 120		500, 000
Succeeded by State banks	2	100, 000		
No successor				
Conservatorship: Absorbed by State banks				
Statutory consolidations	‡6			
Statutory mergers	§41			
Converted into State banks	12	2, 469, 125		
Merged or consolidated with State banks	19	7, 817, 660		1, 100, 000
Insolvent				
Capital stock:				
Preferred: Retired			3, 121, 500	
Common: Converted to common stock			676, 368	
77 cases by statutory reduction		1, 626, 961		
4 cases by statutory consolidation		867, 500		
9 cases by statutory merger		1, 478, 905		
Capital notes and debentures:				
Retirements				278, 369, 798
Converted to common stock				4, 667, 626
Total decreases	83	17, 213, 271	3, 797, 868	284, 637, 424
Net change	—39	407, 306, 007	2, 954, 092	46, 106, 876
Charters in force Dec. 31, 1967, and issued capital	4, 756	5, 321, 746, 605	55, 377, 875	1, 235, 115, 585
Charters in force Dec. 31, 1968, and issued capital	4, 717	5, 729, 052, 612	58, 331, 967	1, 281, 222, 461

*Includes 16 reorganized banks with capital stock of $3,855,000.
†Includes one voluntary liquidation pursuant to corporate reorganization.
‡Includes 1 consolidated reorganized bank.
§Includes 15 merged reorganized banks.

Note: Premium on sale of common stock	$105, 583, 135	(537 cases)
Premium on converted capital notes	3, 733, 518	(54 cases)
	109, 316, 653	(591 cases)

TABLE B–6

*Applications for National bank charters, approved and rejected, by States, calendar 1968**

	Approved	Rejected
ALABAMA		
Fort Rucker National Bank, Fort Rucker	Jan. 18	
ARKANSAS		
Dumas		Mar. 25
FLORIDA		
United National Bank of Dadeland, Dadeland Shopping Center, Dade County	Feb. 27	
Sarasota		Apr. 1
Hialeah		May 28
Palm Springs		June 26
Citizens First National Bank of Citrus County, Inverness	Dec. 5	
Eglin National Bank, Fort Walton Beach	Dec. 11	
ILLINOIS		
The First National Bank of McHenry, McHenry	Mar. 29	
Elgin		Apr. 3
Peoples National Bank of Springfield, Springfield	Dec. 20	
MINNESOTA		
First Plymouth National Bank, Minneapolis	Aug. 16	
Roseville		Dec. 6
MISSISSIPPI		
Baldwyn		Nov. 25
MISSOURI		
Independence		Dec. 3
NEW JERSEY		
Mount Laurel		July 11
The Pennsville National Bank, Pennsville	Aug. 1	
NORTH CAROLINA		
Gastonia		Feb. 5
OKLAHOMA		
Tulsa		Apr. 10
SOUTH CAROLINA		
Hartsville		Apr. 15
SOUTH DAKOTA		
Mitchell		Mar. 12
TENNESSEE		
Jamestown		Nov. 26
TEXAS		
Great Southwest National Bank of Arlington, Arlington	Apr. 26	
Pharr		July 9
Community National Bank, Austin	July 25	
UTAH		
Second National Bank of Layton, Layton	Dec. 20	
VIRGINIA		
Mechanicsville		Apr. 15
WASHINGTON		
Columbia Center National Bank, Kennewick	June 5	
Kennewick		June 5
Everett		Nov. 15
WEST VIRGINIA		
The Suncrest National Bank, Morgantown	Apr. 10	
St. Albans		Aug. 16
WISCONSIN		
University National Bank of Eau Claire, Eau Claire	July 9	
New Berlin		July 9
Greendale		Sept. 4

* Excludes conversions, and charters to be issued pursuant to corporate reorganizations.

TABLE B–7

Applications for National bank charters to be issued pursuant to corporate reorganizations, by States, calendar 1968

	Approved	Rejected
ALABAMA		
Alabama National Bank, Birmingham	Oct. 4	....
ARKANSAS		
Simmons National Bank of Pine Bluff, Pine Bluff	Oct. 23	....
CALIFORNIA		
First National Bank of San Diego, San Diego	Oct. 14	....
B. A. National Bank, San Francisco	Oct. 28	....
WF National Bank, San Francisco	Nov. 27	....
CONNECTICUT		
Pearl Street National Bank, Hartford	Oct. 1	....
FLORIDA		
Marine National Bank of Jacksonville, Jacksonville	May 23	....
GEORGIA		
Atlanta National Bank, Atlanta	Dec. 10	....
The Bank of the South National Association, Atlanta	Dec. 20	....
ILLINOIS		
Continental National Bank, Chicago	Nov. 21	....
American National Bank of Chicago, Chicago	Nov. 29	....
INDIANA		
Marion County National Bank, Indianapolis	Oct. 14	....
Tower National Bank, Indianapolis	Nov. 26	....
MAINE		
Middle Street National Bank, Portland	Oct. 7	....
MARYLAND		
Bay National Bank, Baltimore	Dec. 18	....
MASSACHUSETTS		
Shorebank N.A., Quincy	Sept. 18	....
County Bank of Worcester, National Association, Worcester	Oct. 31	....
Mechanics National Bank, Worcester	Dec. 3	....
Commonwealth Bank, N.A., Boston	Dec. 5	....
NEBRASKA		
Capital City National Bank, Lincoln	Oct. 23	....
NEW YORK		
The City Bank of New York, National Association, New York	July 18	....
NEW YORK—continued		
National Bank of Westchester, White Plains	Aug. 21	....
Peoples Bank of Long Island, National Association, Patchogue, New York	Oct. 25	....
NORTH CAROLINA		
Queen City National Bank, Charlotte	Mar. 29	....
American-Security National Bank, Charlotte	Aug. 27	....
Wachovia Bank and Trust Company, N. A., Winston-Salem	Sept. 17	....
Southern City National Bank, Lumberton	Sept. 27	....
Financial National Bank, Jacksonville	Oct. 25	....
OKLAHOMA		
Union Security National Bank of Tulsa, Tulsa	Nov. 21	....
Liberty Bank, National Association, Oklahoma City	Dec. 16	....
OREGON		
Unit National Bank of Oregon, Portland	Sept. 9	....
PENNSYLVANIA		
New National Bank, Pittsburgh	Oct. 22	....
William Penn National Bank, Pittsburgh	Oct. 22	....
RHODE ISLAND		
Hope National Bank, Providence	June 26	....
SOUTH CAROLINA		
Citizens National Bank, Charleston	Oct. 15	....
TENNESSEE		
The Second National Bank of Memphis, Memphis	Sept. 20	....
Third State Bank, N. A., Nashville	Oct. 17	....
American National Bank of Nashville, Nashville	Dec. 5	....
TEXAS		
Capital Bank, National Association, Houston	Sept. 27	....
Southern Bank, National Association, Houston	Dec. 4	....
VIRGINIA		
Staunton Bank, N. A., Staunton	July 31	....
Tower National Bank, Richmond	Sept. 9	....
Main Street National Bank, Richmond	Oct. 25	....
Apple City National Bank, Winchester	Dec. 17	....

Table B–8

*Newly organized National banks, by States, calendar 1968**

Charter No.	Title and location of bank	Total capital accounts
	Total, United States: 15 banks	$9,387,000
	ALABAMA	
15658	Fort Rucker National Bank, Fort Rucker	800,000
	FLORIDA	
15666	Beach National Bank, Fort Myers Beach	600,000
15644	Citizens National Bank of Naples, Naples	500,000
15647	Munroe and Chambliss National Bank of East Ocala, Ocala	500,000
	Total: 3 banks	1,600,000
	GEORGIA	
15651	First National Bank of Trion, Trion	360,000
	ILLINOIS	
15655	First National Bank of Northbrook, Northbrook	800,000
15654	Suburban National Bank of Palatine, Palatine	350,000
	Total: 2 banks	1,150,000
	LOUISIANA	
15642	Parish National Bank of Bogalusa, Bogalusa	500,000
15692	First National Bank of Port Allen, Port Allen	750,000
	Total: 2 banks	1,250,000
	MISSISSIPPI	
15672	First National Bank of Ocean Springs, Ocean Springs	500,000
	MISSOURI	
15657	Swope Parkway National Bank, Kansas City	750,000
	NEW HAMPSHIRE	
15652	Community National Bank of Rochester, Rochester	625,000
	NEW JERSEY	
15646	Peoples National Bank of Denville, Denville Township	1,500,000
	TEXAS	
15691	Community National Bank, Austin	600,000
	UTAH	
15643	Pioneer National Bank, Logan	252,000

*Excludes charters issued pursuant to corporate reorganizations.

TABLE B–9

*National bank charters issued and mergers consummated pursuant to corporate reorganizations, by States, calendar 1968**

Effective date of merger (M) or consolidation (C)	*Operating bank* *New bank* *Resulting bank*	*Total capital accounts*	*Total assets*
	ALABAMA		
	Birmingham Trust National Bank, Birmingham Alabama National Bank, Birmingham Charter issued Dec. 26, 1968		
Dec. 31, 1968 (M)	Birmingham Trust National Bank, Birmingham	$23, 020, 662	$348, 074, 339
	ARKANSAS		
	Simmons First National Bank of Pine Bluff, Pine Bluff Simmons National Bank of Pine Bluff, Pine Bluff Charter issued Dec. 31, 1968		
Dec. 31, 1968 (M)	Simmons First National Bank of Pine Bluff, Pine Bluff	7, 113, 874	85, 042, 650
	INDIANA		
	American Fletcher National Bank and Trust Company, Indianapolis Marion County National Bank, Indianapolis Charter issued Dec. 26, 1968		
Dec. 31, 1968 (M)	American Fletcher National Bank and Trust Company, Indianapolis	66, 910, 699	1, 145, 540, 888
	MASSACHUSETTS		
	South Shore National Bank, Quincy Shorebank N.A., Quincy Charter issued Dec. 20, 1968		
Dec. 31, 1968 (M)	South Shore National Bank, Quincy	9, 101, 765	153, 648, 015
	NEW YORK		
	First National City Bank, New York The City Bank of New York, N.A., New York Charter issued Oct. 31, 1968		
Oct. 31, 1968 (M)	First National City Bank, New York	1, 399, 083, 150	15, 356, 968, 574
	NORTH CAROLINA		
	North Carolina National Bank, Charlotte American-Security National Bank, Charlotte Charter issued Nov. 4, 1968		
Nov. 4, 1968 (M)	North Carolina National Bank, Charlotte	69, 505, 440	1, 195, 873, 270
	Southern National Bank of North Carolina, Lumberton Southern City National Bank, Lumberton Charter issued Dec. 31, 1968		
Dec. 31, 1968 (M)	Southern National Bank of North Carolina, Lumberton	9, 862, 615	149, 641, 881
	Wachovia Bank and Trust Company, Winston-Salem Wachovia Bank and Trust Company, N.A., Winston-Salem Charter issued Dec. 20, 1968		
Dec. 31, 1968 (M)	Wachovia Bank and Trust Company, N.A., Winston-Salem	133, 316, 897	1, 618, 151, 949

*See footnote at end of table.

TABLE B-9—Continued

*National bank charters issued and mergers consummated pursuant to corporate reorganization, by States, calendar 1968**

Effective date of merger (M) or consolidation (C)	*Operating bank* *New bank* *Resulting bank*	*Total capital accounts*	*Total assets*
	OREGON		
	United States National Bank of Oregon, Portland Unit National Bank of Oregon, Portland Charter issued Dec. 31, 1968		
Dec. 31, 1968 (M)	United States National Bank of Oregon, Portland	$102, 301, 235	$1, 704, 145, 409
	RHODE ISLAND		
	Industrial National Bank of Rhode Island, Providence Hope National Bank, Providence Charter issued Sept. 16, 1968		
Sept. 18, 1968 (M)	Industrial National Bank of Rhode Island, Providence	67, 589, 296	909, 355, 410
	TENNESSEE		
	Third National Bank in Nashville, Nashville Third State Bank, N.A., Nashville Charter issued Dec. 26, 1968		
Dec. 31, 1968 (C)	Third National Bank in Nashville, Nashville	48, 723, 024	557, 603, 554
	TEXAS		
	Capital National Bank, Houston Capital Bank, National Association, Houston Charter issued Dec. 31, 1968		
Dec. 31, 1968 (M)	Capital National Bank, Houston	5, 886, 127	103, 760, 966
	VIRGINIA		
	The Central National Bank of Richmond, Richmond Tower National Bank, Richmond Charter issued Dec. 31, 1968		
Dec. 31, 1968 (M)	The Central National Bank of Richmond, Richmond	20, 219, 303	224, 864, 716
	The National Valley Bank of Staunton, Staunton Staunton Bank, N.A., Staunton Charter issued Oct. 29, 1968		
Nov. 1, 1968 (M)	The National Valley Bank of Staunton, Staunton	3, 274, 956	24, 291, 747

*A North Carolina merger involved two operating banks, First Union National Bank of North Carolina, Charlotte, and The National Bank of Alamance of Graham, Graham, and a bank formed pursuant to a corporate reorganization, Queen City National Bank, Charlotte (see Table B-16). A charter was issued to Marine National Bank of Jacksonville, Florida, in a corporate reorganization (see Table B-11).

Table B–10

*State chartered banks converted to National banks, calendar 1968**

Charter No.	Title and location of bank	State	Effective date of charter 1968	Outstanding capital stock	Surplus, undivided profits and reserves	Total assets
	Total: 13 banks			$102, 039, 703	$218, 509, 913	$5, 680, 538, 616
15645	Nevada National Bank of Commerce, Reno. Conversion of Nevada Bank of Commerce	Nev.	Jan. 31	3, 359, 600	5, 667, 662	111, 378, 616
15648	Phillipsburg Trust Co., National Association. Conversion of Phillipsburg Trust Co.	N.J.	Feb. 15	206, 025†	388, 152	12, 418, 980
15649	State National Bank of Platteville. Conversion of State Bank of Platteville	Wis.	Mar. 19	50, 000	423, 555	8, 313, 854
15656	McLachlen National Bank, Washington. Conversion of McLachlen Banking Corp.	D.C.	July 5	1, 000, 000	1, 349, 081	35, 960, 278
15659	First National Bank of Wayzata. Conversion of North Shore State Bank of Wayzata	Minn.	Aug. 1	200, 000	264, 219	3, 561, 153
15660	Wells Fargo Bank, National Association, San Francisco. Conversion of Wells Fargo Bank.	Calif.	Aug. 15	90, 795, 090	194, 519, 534	5, 218, 872, 632
15661	First National Bank, Southaven. Conversion of Commonwealth Bank	Miss.	Sept. 3	250, 000	261, 930	2, 517, 616
15662	American National Bank & Trust Co. of South Bend. Conversion of American Bank & Trust Co.	Ind.	Sept. 6	1, 250, 000	2, 267, 139	53, 689, 662
15663	Coahoma National Bank, Clarksdale. Conversion of Coahoma Bank & Trust Co.	Miss.	Sept. 9	450, 000	1, 437, 231	25, 647, 650
15665	First National Bank, Siloam Springs. Conversion of Bratt-Wasson Bank	Ark.	Sept. 30	250, 000	391, 621	10, 929, 757
15667	First Citizens National Bank, Belmont. Conversion of The Bank of Belmont	Miss.	Oct. 31	60, 000	237, 907	3, 992, 944
15671	Peoples Union Bank & Trust Co., National Association, McKeesport. Conversion of Peoples Union Bank & Trust Co.	Pa.	Nov. 8	3, 868, 988	11, 081, 991	190, 224, 359
15674	Industrial National Bank, Tallahassee. Conversion of Industrial Savings Bank of Tallahassee	Fla.	Dec. 4	300, 000	219, 891	3, 031, 115

*Wachovia Bank and Trust Company of Winston-Salem, North Carolina, became a National bank, Wachovia Bank and Trust Company, N.A., during a corporate reorganization pursuant to the establishment of a one-bank holding company (see Table B–9).

†Represents capital stock of State bank. The National bank's capital stock, following conversion, was less by $2,025.

Table B–11

National banks reported in voluntary liquidation, calendar 1968

Title and location of bank	Date of liquidation	Total capital accounts of liquidated banks
Total: 5 National banks		$3, 193, 526
The National Bank of Lanark, Ill. (14297), absorbed by Exchange State Bank, Lanark, Ill.	Jan. 2	298, 101
Silverlake National Bank, Los Angeles, Calif. (15388), absorbed by Republic National Bank of California, Los Angeles, Calif. (15331)	Feb. 29	1, 295, 454
Central National Bank of Jacksonville, Fla. (14744), absorbed by Marine National Bank of Jacksonville, Fla. (15653)	May 27	747, 333
Pacific Industrial National Bank of South El Monte, South El Monte, Calif. (15320), absorbed by City National Bank, Beverly Hills, Calif. (14695)	Aug. 30	646, 922
The First National Bank of Okeana, Ohio (9450), absorbed by The Citizens Bank, Hamilton, Ohio	Oct. 9	205, 716

TABLE B–12

National banks merged or consolidated with State banks, calendar 1968

Title and location of bank	*Effective date, 1968*	*Total capital accounts of National banks*
Total: 19 banks		$24,341,020
The Grove City National Bank, Grove City, Pa. (5501) merged into Northwest Pennsylvania Bank & Trust Co., Oil City, Pa	Jan. 5	1,245,822
The National Bank of Topton, Topton, Pa. (8223) merged into Peoples Trust City Bank, Reading, Pa	Mar. 1	1,573,034
The First National Bank of McAdoo, McAdoo, Pa. (8619) merged into American Bank & Trust Co. of Pennsylvania, Reading, Pa	Mar. 15	472,459
Peoples National Bank of Gloucester, Gloucester, Va. (15002) merged into Southern Bank of Norfolk, Norfolk, Va	May 4	472,828
The First National Bank of Lancaster, S.C. (14967) merged into The Anderson Bank of Dillon, Dillon, S.C., under the title "Citizens Bank of South Carolina"	June 28	392,242
First National Bank of Independence, Independence, Oreg. (3979) merged into Citizens Valley Bank, Albany, Oreg	July 1	716,278
The Chalfont National Bank, Chalfont, Pa. (12582) merged into Bucks County Bank & Trust Co., Perkasie, Pa	July 1	743,811
American National Bank of Killeen, Killeen, Tex. (15044) merged into First State Bank, Killeen, Tex., and under title of "American State Bank"	July 26	518,466
Englewood National Bank & Trust Co., Englewood, N.J. (15498) merged into The Midland Bank & Trust Co., Paramus, N.J	Aug. 16	2,043,978
The Farmers National Bank of Manchester, Manchester, Ohio (9091) merged into The Farmers Bank & Savings Co., Peebles, Ohio, and under the title "The Farmers Bank"	Aug. 31	229,183
The Peoples National Bank & Trust Co., of Norristown, Norristown, Pa. (2581) merged into the American Bank & Trust Co. of Pennsylvania, Reading, Pa	Sept. 20	4,097,416
The First Navajo National Bank, Holbrook, Ariz. (1398) merged into The Bank of Tucson, Tucson, Ariz., and under the title "Great Western Bank & Trust Co."	Sept. 30	1,702,740
Northern Westchester National Bank, Chappaqua, N.Y. (12746) merged into Bankers Trust Co., New York, N.Y	Nov. 29	1,966,545
The Kerhonkson National Bank, Kerhonkson, N.Y. (10855) merged into Kingston Trust Co., Kingston, N.Y	Nov. 29	813,093
Russell County National Bank, Honaker, Va. (13880) merged into Washington Trust Bank, Bristol, Va.	Nov. 30	811,721
The Union National Bank of Franklinville, Franklinville, N.Y. (2755) merged into The First Trust Co. of Allegany County, Wellsville, N.Y., under the title "First Trust Union Bank"	Dec. 3	831,947
Litchfield County National Bank, New Milford, Conn. (1193) merged into The Colonial Bank & Trust Co., Waterbury, Conn	Dec. 6	3,338,174
County National Bank, Blackville, S.C. (15560) merged into American Bank & Trust, Orangeburg, S.C.	Dec. 30	554,116
Fidelity National Bank, Arlington, Va. (15254) merged into The American Bank, Woodbridge, Va	Dec. 31	1,817,167

TABLE B–13

National banks converted into State banks, calendar 1968

Title and location of bank	*Effective date, 1968*	*Total capital accounts of National banks*
Total: 12 banks	....	$6,457,626
Westmont National Bank, Houston, Tex. (15238), converted into Liberty Bank, Houston	Feb. 1	499,315
First National Bank in Marietta, Marietta, Ohio (13971), converted into The First Bank of Marietta	Feb. 19	1,052,391
The First National Bank of Mackinaw, Mackinaw, Ill. (8732), converted into First Security Bank	Mar. 4	179,043
The First National Bank of Bartlett, Bartlett, Tex. (5422), converted into First Bank & Trust Co. of Bartlett	Mar. 30	275,804
The First National Bank of Lebanon, Lebanon, Ill. (12366), converted into Lebanon Trust & Savings Bank	Apr. 30	386,943
Gonzales National Bank, Gonzales, Tex. (14762), converted into Gonzales Bank	May 1	491,677
Draper National Bank, Draper, Utah (15357), converted into Draper Bank & Trust	May 31	323,368
The First National Bank of Oglesby, Oglesby, Tex. (12652), converted into Oglesby State Bank, Oglesby	July 1	90,162
The First National Bank of Ripley County, Batesville, Ind. (7824), converted into First Bank & Trust Co. of Batesville	Sept. 6	698,093
Metropolitan National Bank, Kansas City, Mo. (15261), converted into The Metropolitan Bank	Oct. 19	594,480
Lumbermen's National Bank of Houston, Houston, Tex. (15578), converted into Greenway Bank & Trust of Houston	Dec. 9	957,858
Texas National Bank of Temple, Temple, Tex. (15061), converted into Texas Bank & Trust of Temple	Dec. 9	908,492

TABLE B–14

Purchases of State banks by National Banks, calendar 1968

Title and location of banks	*Effective date, 1968*	*Total capital accounts of State banks*
Total: 7 banks	....	$5,764,192
The National Bank of Commerce of Seattle, Wash. (4375), purchased the Grandview Security Bank, Grandview, Wash	Jan. 26	339,898
The Citizens & Southern National Bank, Savannah, Ga. (13068), purchased the Commercial & Savings Bank of Augusta, Ga	Mar. 30	1,627,000
Bank of America National Trust & Savings Association, San Francisco, Calif. (13044), purchased the New St. Croix Savings Bank, Christiansted, St. Croix, U.S. Virgin Islands	June 17	45,557
Zions First National Bank, Salt Lake City, Utah (4341), purchased The Bank of Spanish Fork, Spanish Fork, Utah	Aug. 30	1,041,437
Seattle-First National Bank, Seattle, Wash. (11280), purchased the First State Bank, LaCrosse, Wash	Aug. 30	455,000
San Joaquin Valley National Bank, Tulare, Calif. (15357), purchased the State Bank of Chowchilla, Chowchilla, Calif	Nov. 8	770,300
Western Pennsylvania National Bank, Pittsburgh, Pa. (2222), purchased St. Clair Deposit Bank of Pittsburgh, Pa	Nov. 8	1,485,000

Table B-15

Consolidations of National banks, or National and State banks, calendar 1968

Effective date	Consolidating banks Resulting bank	Outstanding capital stock	Surplus	Undivided profits and reserves	Total assets
Total: 6 consolidations					
	CALIFORNIA				
July 26	First San Francisco Bank, San Francisco	$3,000,000	$2,500,000	$708,451	$38,942,689
	Commonwealth National Bank of San Francisco, San Francisco (15330)	3,632,500	1,816,250	356,661	25,109,943
	Commonwealth National Bank, San Francisco (15330)	3,000,000	2,500,000	708,451	64,017,245
	MASSACHUSETTS				
Oct. 31	Safety Fund National Bank, Fitchburg (2153)	1,000,000	2,000,000	1,043,497	30,721,009
	First National Bank of Gardner (884)	350,000	650,000	231,999	13,655,612
	First Safety Fund National Bank, Fitchburg (2153)	1,315,000	2,685,000	1,275,496	44,376,621
	NEW YORK				
Feb. 27	Citizens National Bank, Wellsville (4988)	669,500	1,000,000	152,223	26,985,159
	Cuba National Bank, Cuba (1143)	100,000	400,000	91,335	6,637,076
	Citizens National Bank & Trust Co., Wellsville (4988)	944,500	1,200,000	268,558	33,622,236
	PENNSYLVANIA				
Nov. 1	First National Bank, Williamsport (175)	350,000	1,150,000	679,138	32,968,320
	Danville National Bank, Danville (1078)	200,000	800,000	170,737	14,956,831
	Fidelity National Bank of Pennsylvania, Williamsport (175)	550,000	1,950,000	849,875	47,925,151
Nov. 18	First National Bank, Washington (5920)	530,000	1,070,000	788,966	33,714,420
	First National Bank & Trust Co., Waynesburg (13134)	250,000	1,100,000	619,170	17,437,673
	First National Bank & Trust Co., Washington (5920)	1,000,000	2,000,000	1,358,136	51,152,092
Dec. 31	First National Bank & Trust Co., Millersburg (2252)	150,000	200,000	368,517	7,577,562
	First National Bank of Elizabethville (5563)	125,000	137,500	61,115	4,224,555
	Upper Dauphin National Bank, Millersburg (2252)	425,000	337,500	279,632	11,802,117

Table B-16

Mergers of National banks, or National and State banks, by States, calendar 1968*

Effective date	*Merging banks / Resulting bank*	*Outstanding capital stock*	*Surplus*	*Undivided profits and reserves*	*Total assets*
Total: 49 merger actions					
	ALABAMA				
Sept. 30	Farmers and Merchants Bank, Madison	$125, 000	$100, 000	$3, 814	$2, 477, 868
	The First National Bank of Huntsville, Huntsville (4067)	1, 300, 000	2, 700, 000	1, 024, 050	73, 370, 422
	The First National Bank of Huntsville, Huntsville (4067)	1, 357, 470	2, 700, 000	1, 195, 393	75, 642, 957
	CALIFORNIA				
July 1	Pacific National Bank of San Francisco, San Francisco (12579)	7, 153, 080	8, 541, 420	4, 574, 450	253, 610, 154
	Security First National Bank, Los Angeles (2491)	131, 100, 000	143, 900, 000	91, 146, 944	5, 403, 516, 787
	Security Pacific National Bank, Los Angeles (2491)	140, 000, 000	160, 000, 000	86, 409, 706	5, 654, 748, 903
June 6	Bellflower National Bank, Bellflower (15484)	683, 500	446, 000	297, 510	10, 231, 228
	Southern California First National Bank, San Diego (3050)	6, 321, 970	11, 578, 030	13, 927, 777	534, 007, 753
	Southern California First National Bank, San Diego (3050)	6, 711, 565	12, 288, 435	14, 254, 787	544, 238, 981
Sept. 3	Continental Bank, Beverly Hills	2, 106, 413	1, 380, 605	597, 371	19, 618, 149
	County National Bank, Orange (15265)	1, 391, 660	867, 997	328, 247	13, 856, 174
	United States National Bank, San Diego (10391)	9, 700, 000	9, 500, 000	2, 327, 000	409, 452, 288
	United States National Bank, San Diego (10391)	13, 033, 830	9, 500, 000	5, 974, 448	457, 143, 885
Oct. 18	Civic National Bank, Marina Del Ray (15323)	500, 000	109, 000	0	7, 182, 077
	Surety National Bank, Encino (15369)	1, 100, 000	600, 000	265, 693	15, 344, 094
	Surety National Bank, Encino (15369)	1, 475, 000	600, 000	275, 253	22, 201, 171
Oct. 31	Sequoia National Bank of San Mateo County, Redwood City (15341)	900, 000	398, 000	205, 061	14, 217, 261
	The Bank of California N.A., San Francisco (9655)	18, 983, 630	41, 016, 370	13, 792, 340	1, 752, 081, 514
	The Bank of California N.A., San Francisco (9655)	19, 433, 630	42, 066, 370	13, 795, 402	1, 763, 889, 630
Nov. 8	Azusa Valley Savings Bank, Azusa	50, 000	75, 000	402, 916	5, 824, 617
	The First National Bank of Azusa, Azusa (8065)	100, 000	100, 000	323, 013	5, 718, 186
	Wells Fargo Bank, N.A., San Francisco (15660)	90, 795, 090	159, 204, 910	45, 270, 392	5, 207, 648, 016
	Wells Fargo Bank, N.A., San Francisco (15660)	91, 025, 090	159, 379, 910	45, 916, 321	5, 219, 127, 819
Nov. 15	Bank of La Jolla, San Diego	823, 580	414, 736	41, 251	16, 148, 600
	Southern California First National Bank, San Diego (3050)	6, 711, 565	12, 338, 685	15, 111, 690	598, 495, 991
	Southern California First National Bank, San Diego (3050)	7, 040, 995	12, 951, 505	15, 449, 007	614, 644, 591
	ILLINOIS				
July 10	El Paso National Bank, El Paso (13631)	70, 000	110, 000	71, 563	4, 695, 749
	The Woodford County National Bank of El Paso, El Paso (5510)	125, 000	175, 000	95, 426	4, 088, 038
	Woodford County National Bank of El Paso, El Paso (5510)	200, 000	200, 000	246, 988	8, 783, 787

*See footnote at end of table.

TABLE B-16—Continued

Mergers of National banks, or National and State banks, by States, calendar 1968*

Effective date	Merging banks Resulting bank	Outstanding capital stock	Surplus	Undivided profits and reserves	Total assets
	INDIANA				
Nov. 30	Ladoga State Bank, Ladoga	$25,000	$125,000	$59,370	$3,004,586
	The First National Bank & Trust Co. of Crawfordsville, Crawfordsville (571)	250,000	750,000	679,769	24,218,529
	The First National Bank & Trust Co. of Crawfordsville, Crawfordsville (571)	290,625	875,000	723,513	27,223,115
	IOWA				
Oct. 31	Oran Savings Bank, Oran	25,000	70,000	125,824	1,454,957
	The First National Bank of Oelwein, Oelwein (5778)	250,000	500,000	364,696	16,672,505
	The First National Bank of Oelwein, Oelwein (5778)	300,000	600,000	422,708	18,017,321
	MAINE				
Aug. 2	Rumford Bank & Trust Co., Rumford	731,975	620,920	0	22,708,508
	First National Bank of Portland, Portland (4128)	4,288,350	5,711,650	2,696,759	133,206,282
	Maine National Bank, Portland (4128)	5,020,330	6,386,245	2,643,078	155,914,790
	MASSACHUSETTS				
Dec. 31	The Everett National Bank, Everett (11510)	466,650	1,149,950	351,814	36,136,990
	The County Bank N.A., Cambridge (4771)	1,600,000	2,500,000	897,729	62,149,531
	The County Bank N.A., Cambridge (4771)	2,266,640	4,223,360	476,142	98,286,522
	MARYLAND				
Sept. 30	Western Maryland Trust Co., Frederick	300,000	700,000	382,026	19,976,522
	Maryland National Bank, Baltimore (13745)	15,665,060	32,899,181	26,969,887	1,012,575,235
	Maryland National Bank, Baltimore (13745)	16,015,060	33,599,181	27,301,913	1,031,022,181
	MISSISSIPPI				
July 31	Bank of Brooksville, Brooksville	86,565	223,608	61,574	4,993,996
	The National Bank of Commerce of Columbus, Columbus (10361)	375,000	750,000	62,499	14,177,146
	The National Bank of Commerce of Columbus, Columbus (10361)	673,130	762,043	225,284	19,573,016
	NEW HAMPSHIRE				
Oct. 31	The First National Bank of Hillsborough, Hillsboro (1688)	100,000	200,000	99,308	6,023,001
	The Mechanicks National Bank of Concord, Concord (2447)	500,000	1,000,000	567,423	20,345,484
	The Mechanicks National Bank of Concord, Concord (2447)	600,000	1,200,000	680,195	26,305,301
	NEW JERSEY				
Mar. 22	Merchantville National Bank & Trust Co., Merchantville (8323)	346,500	800,000	420,030	23,932,299
	Colonial National Bank, Haddonfield (14457)	2,514,060	2,714,490	463,039	91,348,325
	Colonial National Bank, Haddonfield (14457)	3,027,060	3,517,940	533,119	115,280,624

*See footnote at end of table.

TABLE B-16—Continued

Mergers of National banks, or National and State banks, by States, calendar 1968*

Effective date	*Merging banks Resulting bank*	*Outstanding capital stock*	*Surplus*	*Undivided profits and reserves*	*Total assets*
	NEW JERSEY—continued				
Oct. 11	The Hackettstown National Bank, Hackettstown (1259)	$180,000	$300,000	$286,309	$11,676,992
	The First National Bank of Washington, Washington (860)	250,000	1,000,000	707,524	21,524,032
	The Warren County National Bank, Washington (860)	430,000	1,300,000	993,833	33,201,024
	NEW MEXICO				
Aug. 9	The First National Bank of Hatch, Hatch (12879)	100,000	100,000	64,939	2,431,826
	First National Bank of Dona Ana County, Las Cruces (7720)	900,000	900,000	583,801	52,943,885
	First National Bank of Dona Ana County, Las Cruces (7720)	1,000,000	1,000,000	648,740	35,195,514
	NEW YORK				
Feb. 29	The State of New York National Bank, Kingston (955)	1,000,000	2,000,000	1,183,734	40,294,541
	The Fallkill National Bank & Trust Co., Poughkeepsie (15641)	600,000	900,000	683,069	21,272,556
	The State of New York National Bank, Kingston (15641)	1,650,000	2,900,000	1,816,803	61,567,098
June 28	The First National Bank of Woodridge, Woodridge (11059)	200,000	325,000	72,047	7,189,025
	County National Bank, Middletown (13956)	2,743,755	2,995,000	1,277,718	140,779,142
	County National Bank, Middletown (13956)	2,923,755	3,320,000	1,347,265	147,968,167
Nov. 8	The Second National Bank & Trust Co. of Hempstead, Hempstead (11375)	390,000	610,000	1,459,041	22,884,431
	Security National Bank of Long Island, Huntington (6587)	10,226,695	20,167,045	6,603,958	762,647,871
	Security National Bank, Huntington (6587)	10,860,445	20,777,045	7,819,248	785,532,302
Nov. 8	The Hampton Bays National Bank, Hampton Bays (12987)	144,900	287,800	255,119	9,714,282
	Valley National Bank of Long Island, Valley Stream (11881)	3,255,465	6,000,000	3,061,809	156,480,526
	Valley National Bank of Long Island, Valley Stream (11881)	3,472,815	6,287,800	3,244,478	166,194,809
	NORTH CAROLINA				
Feb. 24	Bank of Rich Square, Rich Square	25,000	125,000	88,996	2,010,476
	The Planters National Bank & Trust Co., Rocky Mount (10608)	1,820,200	3,183,065	1,080,281	92,488,951
	The Planters National Bank & Trust Co:, Rocky Mount (10608)	1,880,200	3,319,800	1,122,541	94,499,427
Mar. 22	First National Bank in Henderson, Henderson (13636)	150,000	450,000	100,255	11,650,742
	Southern National Bank of North Carolina, Lumberton (10610)	3,165,890	4,017,279	1,236,365	116,138,807
	Southern National Bank of North Carolina, Lumberton (10610)	3,428,390	4,354,779	1,395,663	127,875,765

*See footnote at end of table.

TABLE B-16—Continued

Mergers of National banks, or National and State banks, by States, calendar 1968*

Effective date	Merging banks Resulting bank	Outstanding capital stock	Surplus	Undivided profits and reserves	Total assets
	NORTH CAROLINA—continued				
May 4	First Union National Bank of North Carolina, Charlotte (9164)	$15, 369, 075	$23, 915, 354	$6, 156, 584	$794, 118, 610
	The National Bank of Alamance of Graham, Graham (8844)	300, 000	400, 000	238, 702	15, 666, 900
	Queen City National Bank, Charlotte (15650)	200, 000	40, 000	10, 000	258, 700
	First Union National Bank of North Carolina, Charlotte (15650)	15, 906, 575	24, 071, 703	6, 651, 437	807, 535, 510
Sept. 19	First State Bank & Trust Co., Bessemer City	160, 000	335, 000	65, 233	8, 940, 759
	Commercial State Bank, Laurinburg	220, 000	360, 000	121, 242	10, 554, 223
	First Union National Bank of North Carolina, Charlotte (15650)	15, 906, 575	24, 071, 703	6, 194, 810	852, 486, 078
	First Union National Bank of North Carolina, Charlotte (15650)	16, 343, 825	24, 769, 770	6, 359, 848	872, 019, 941
Dec. 31	The First and Citizens National Bank of Elizabeth City, Elizabeth City (4628)	200, 000	800, 000	1, 678, 701	28, 381, 954
	First Union National Bank of North Carolina, Charlotte (15650)	16, 343, 825	24, 769, 770	6, 520, 003	898, 488, 793
	First Union National Bank of North Carolina, Charlotte (15650)	17, 123, 825	25, 000, 000	8, 198, 068	926, 998, 523
	OHIO				
Jan. 31	The First National Bank of Dalton, Dalton (6372)	100, 000	100, 000	474, 469	9, 684, 035
	The National Bank of Orrville, Orrville (13742)	363, 000	500, 000	426, 921	15, 622, 355
	First National Bank of Orrville-Dalton, Orrville (13742)	553, 000	510, 000	901, 390	25, 306, 390
Mar. 30	The Bradford National Bank, Bradford (14077)	100, 000	200, 000	35, 625	4, 183, 534
	The Miami Citizens National Bank & Trust Co., Piqua (1061)	1, 000, 000	1, 000, 000	536, 845	30, 814, 691
	The Miami Citizens National Bank & Trust Co., Piqua (1061)	1, 150, 000	1, 350, 000	372, 470	34, 998, 225
	OREGON				
Mar. 4	Grant County Bank, John Day	255, 000	545, 000	223, 558	9, 881, 461
	First National Bank of Oregon, Portland (1553)	34, 864, 063	40, 135, 938	23, 851, 042	1, 578, 377, 249
	First National Bank of Oregon, Portland (1553)	35, 246, 563	44, 753, 438	19, 860, 830	1, 587, 947, 145
	PENNSYLVANIA				
Jan. 20	Industrial National Bank of West York, York (8938)	350, 000	1, 000, 000	555, 974	19, 666, 500
	First National Bank & Trust Co., Red Lion (5184)	500, 000	1, 800, 000	870, 153	46, 369, 885
	Southern Pennsylvania National Bank, Red Lion (5184)	900, 000	2, 800, 000	1, 376, 127	66, 036, 385
Feb. 9	Brookline Savings & Trust Co., Pittsburgh	1, 403, 125	4, 212, 500	475, 554	67, 156, 190
	Western Pennsylvania National Bank, Pittsburgh (2222)	12, 721, 550	23, 278, 450	8, 087, 097	727, 748, 437
	Western Pennsylvania National Bank, Pittsburgh (2222)	16, 650, 300	23, 349, 700	7, 936, 755	787, 415, 643
Mar. 15	National-Dime Bank of Shamokin, Shamokin (6942)	400, 000	400, 000	463, 186	15, 454, 138
	Pennsylvania National Bank & Trust Co., Pottsville (1663)	2, 345, 000	2, 700, 000	1, 114, 437	90, 301, 863
	Pennsylvania National Bank & Trust Co., Pottsville (1663)	2, 645, 000	3, 100, 000	1, 677, 623	105, 756, 001

*See footnote at end of table.

TABLE B-16—Continued

Mergers of National banks, or National and State banks, by States, calendar 1968*—Continued

Effective date	*Merging banks Resulting bank*	*Outstanding capital stock*	*Surplus*	*Undivided profits and reserves*	*Total assets*
	PENNSYLVANIA—continued				
May 1	Farmers' and Merchants' Bank, New Oxford	$50,000	$500,000	$179,207	$6,642,670
	Cumberland County National Bank & Trust Co., New Cumberland (14542)	1,333,120	2,767,664	458,281	78,126,590
	Cumberland County National Bank & Trust Co., New Cumberland (14542)	1,645,620	3,054,380	588,273	84,769,260
Nov. 18	The First National Bank at Stoystown, Stoystown (14089)	100,000	100,000	71,977	2,983,198
	The First National Bank of Berlin, Berlin (5823)	100,000	300,000	204,791	6,528,645
	The First National Bank of Somerset County, Berlin (5823)	160,000	440,000	276,768	9,511,843
	SOUTH CAROLINA				
Dec. 31	Oconee County Bank, Seneca	100,000	250,000	156,031	4,913,721
	The Peoples National Bank, Greenville (10635)	1,737,750	2,835,000	2,229,017	89,081,954
	The Peoples National Bank, Greenville (10635)	1,887,750	3,085,000	2,211,048	93,995,675
	SOUTH DAKOTA				
Jan. 4	American National Bank & Trust Co., Rapid City (14099)	1,800,000	1,800,000	1,294,624	69,801,553
	The National Bank of South Dakota, Sioux Falls (12881)	2,000,000	2,000,000	1,314,473	84,579,022
	National Bank of South Dakota, Sioux Falls (12881)	4,000,000	4,000,000	2,209,098	154,465,506
	TEXAS				
June 28	Bank of the Southwest, Midland	500,000	500,000	183,874	5,221,294
	The Midland National Bank, Midland (6410)	1,750,000	2,250,000	540,047	64,406,993
	The Midland National Bank, Midland (6410)	2,150,000	2,850,000	723,921	69,628,288
	VERMONT				
June 28	Montpelier Savings Bank & Trust Co., Montpelier	200,000	356,000	253,448	13,222,077
	The Howard National Bank & Trust Co., Burlington (1698)	2,310,000	2,310,000	2,021,373	96,050,667
	The Howard National Bank & Trust Co., Burlington (1698)	2,643,350	2,643,350	2,163,784	109,272,744
	VIRGINIA				
Feb. 16	The Colonial National Bank of Alexandria, Alexandria, (15172)	600,000	300,000	24,840	7,780,752
	Mount Vernon National Bank & Trust Co. of Fairfax County, Annandale (14893)	1,500,000	2,262,650	1,499,178	90,308,410
	Mount Vernon National Bank & Trust Co. of Fairfax County, Annandale (14893)	2,100,000	2,562,650	1,524,018	97,693,952
Feb. 24	Planters Bank & Trust Co. of Farmville, Farmville	120,000	320,000	120,982	7,096,555
	The Fidelity National Bank, Lynchburg (1522)	4,100,140	5,100,000	2,691,316	162,642,350
	The Fidelity National Bank, Lynchburg (1522)	4,320,640	5,420,000	2,711,798	169,238,694
Mar. 14	Bank of Charlotte County, Drakes Branch	50,000	65,000	35,276	2,432,599
	The Fidelity National Bank, Lynchburg (1522)	4,320,640	5,420,000	2,700,821	173,439,384
	The Fidelity National Bank, Lynchburg (1522)	4,362,640	5,493,000	2,739,771	175,873,340

*See footnote at end of table.

TABLE B-16—Continued

Mergers of National banks, or National and State banks, by States, calendar 1968*

Effective date	Merging banks Resulting bank	Outstanding capital stock	Surplus	Undivided profits and reserves	Total assets
	VIRGINIA—continued				
Mar. 29	The Bank of New Hope, New Hope	$50, 000	$150, 000	$56, 067	$1, 945, 531
	National Bank & Trust Co., Charlottesville (10168)	1, 383, 805	3, 000, 000	1, 880, 493	80, 494, 442
	National Bank & Trust Co., Charlottesville (10618)	1, 433, 805	3, 150, 000	1, 936, 560	82, 381, 723
Apr. 27	Chesapeake Banking Co., Lively	50, 000	120, 000	32, 289	2, 118, 298
	The Lancaster National Bank, Irvington (5290)	170, 000	163, 000	102, 182	4, 164, 427
	Chesapeake National Bank, Kilmarnock (5290)	290, 400	212, 600	142, 574	6, 437, 859
June 29	Farmers and Merchants Bank of Lawrenceville, Lawrenceville	462, 500	737, 500	221, 944	18, 912, 595
	The National Bank of Woodstock, Woodstock (11941)	100, 000	200, 000	46, 052	6, 023, 401
	Virginia National Bank, Norfolk (9885)	10, 241, 150	27, 883, 850	11, 435, 565	680, 855, 421
	Virginia National Bank, Norfolk (9885)	10, 672, 650	28, 952, 350	11, 703, 561	705, 731, 615
Aug. 31	First National Bank of Arlington, Arlington (14660)	1, 089, 000	1, 261, 000	231, 495	36, 858, 934
	First National Bank of Vienna, Vienna (14965)	300, 000	300, 000	148, 272	9, 188, 397
	Suburban National Bank of Virginia, Fairfax County (14965)	1, 314, 000	1, 636, 000	379, 768	46, 047, 331
Nov. 15	Northampton County Trust Bank, Cape Charles	150, 000	325, 000	88, 376	7, 084, 017
	Virginia National Bank, Norfolk (9885)	10, 672, 650	28, 952, 350	11, 965, 970	749, 432, 644
	Virginia National Bank, Norfolk (9885)	10, 785, 150	29, 314, 850	12, 054, 346	755, 218, 352
	WASHINGTON				
July 26	Bank of Washougal, Washougal	75, 000	195, 000	68, 089	5, 177, 233
	National Bank of Washington, Tacoma (3417)	7, 218, 263	9, 381, 738	5, 044, 739	389, 564, 631
	National Bank of Washington, Tacoma (3417)	7, 368, 263	9, 531, 738	5, 082, 828	394, 664, 546

*Excludes mergers involving only one operating bank, effected pursuant to corporate reorganizations.

TABLE B-17

*Mergers resulting in National banks, by assets of acquiring and acquired banks, 1960–68**

Assets of acquiring bank†	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	Total
Under $10 million	75	0	0	0	0	75
$10 million to $24.9 million	93	11	0	0	0	104
$25 million to $49.9 million	73	27	6	0	0	106
$50 million to $99.9 million	82	28	12	2	0	124
$100 million and over	166	105	30	16	12	329
Total	489	171	48	18	12	‡738

*Includes all forms of acquisitions involving two or more operating banks, from May 13, 1960 through Dec. 31, 1968.
†In each transaction, the bank with larger total assets was considered to be the acquiring bank.
‡Comprises 712 transactions, 11 involving 3 banks, 6 involving 4 banks, and 1 involving 5 banks.

Table B-18

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1968

Charter No.	Title and location of bank	Branches opened for business		
		Local	Other than local	Total
	Total	232	665	897
	ALABAMA			
7417	The First National Bank of Alexander City, Alexander City	1	....	1
14569	Birmingham Trust National Bank, Birmingham	1	....	1
9614	The Leeth National Bank of Cullman, Cullman	1	....	1
14414	State National Bank of Alabama, Decatur	....	3	3
15267	Peoples National Bank of Huntsville, Huntsville	1	....	1
4067	The First National Bank of Huntsville, Huntsville	....	1	1
15635	First Colbert National Bank, Leighton	....	1	1
1814	The First National Bank of Montgomery, Montgomery	2	....	2
4838	The Isbell National Bank of Talladega, Talladega	....	1	1
7558	The Talladega National Bank, Talladega	....	1	1
6173	The City National Bank of Tuscaloosa, Tuscaloosa	....	1	1
	ARIZONA			
3728	First National Bank of Arizona, Phoenix	....	2	2
14324	The Valley National Bank of Arizona, Phoenix	1	3	4
	ARKANSAS			
14389	The First National Bank in Blytheville, Blytheville	1	....	1
1950	The First National Bank of Fort Smith, Fort Smith	1	....	1
13949	The First National Bank in Little Rock, Little Rock	1	....	1
13958	Union National Bank of Little Rock, Little Rock	1	....	1
15665	First National Bank, Siloam Springs	....	1	1
15257	Commercial National Bank of Texarkana, Texarkana	1	....	1
	CALIFORNIA			
15437	Bakersfield National Bank, Bakersfield	....	2	2
14670	Community National Bank, Bakersfield	1	....	1
14695	City National Bank, Beverly Hills	....	1	1
15434	Commercial National Bank, Buena Park	....	1	1
11282	The First National Bank of Cloverdale, Cloverdale	....	1	1
15089	First National Bank of Daly City, Daly City	1	1	2
15450	National Bank of Agriculture, Delano	....	4	4
15239	Gateway National Bank, El Segundo	....	1	1
15369	Surety National Bank, Encino	....	1	1
15329	Humboldt National Bank, Eureka	....	1	1
15478	Mechanics National Bank, Huntington Park	....	1	1
15585	Bank of Long Beach, National Association, Long Beach	1	....	1
15506	Pan American National Bank of East Los Angeles, Los Angeles	1	....	1
15331	Republic National Bank of California, Los Angeles	2	....	2
2491	Security Pacific National Bank, Los Angeles	3	19	22
15182	Community National Bank of Fresno County, Mendota	....	1	1
15235	Newport National Bank, Newport Beach	1	1	2
15180	Security National Bank, Oakland	....	1	1
15276	Palm Springs National Bank, Palm Springs	....	1	1
3050	Southern California First National Bank, San Diego	1	4	5
10391	United States National Bank, San Diego	....	3	3
13044	Bank of America National Trust & Savings Association, San Francisco	....	10	10
9655	The Bank of California, National Association, San Francisco	1	4	5
15330	Commonwealth National Bank, San Francisco	2	1	3
1741	Crocker-Citizens National Bank, San Francisco	1	5	6
13178	Liberty National Bank, San Francisco	1	....	1
15451	Commercial National Bank of San Leandro, San Leandro	....	1	1
15660	Wells Fargo Bank, National Association, San Francisco	30	222	252
2158	The First National Bank of San Jose, San Jose	....	1	1
15047	Redwood National Bank, San Rafael	....	1	1
15357	San Joaquin Valley National Bank, Tulare	....	1	1
15443	National Bank of Whittier, Whittier	....	2	2

TABLE B-18—Continued

Domestic branches entering the National banking system,[1] by de novo opening, merger, or conversion, by States, calendar 1968

Charter No.	Title and location of bank	Branches opened for business		
		Local	Other than local	Total
	CONNECTICUT			
335	The Connecticut National Bank, Bridgeport	....	1	1
4	The State National Bank of Connecticut, Bridgeport	....	1	1
1338	Hartford National Bank & Trust Co., Hartford	....	1	1
1184	The New Britain National Bank, New Britain	....	1	1
2	The First New Haven National Bank, New Haven	....	1	1
227	The Second National Bank of New Haven, New Haven	....	1	1
15584	The Atlantic National Bank, Stamford	1	....	1
	DISTRICT OF COLUMBIA			
15656	McLachlen National Bank, Washington	3	....	3
3524	The National Bank of Washington, Washington	1	....	1
5046	The Riggs National Bank of Washington, D.C., Washington	1	....	1
	GEORGIA			
1559	The First National Bank of Atlanta, Atlanta	1	....	1
9617	The Fulton National Bank of Atlanta, Atlanta	1	....	1
1860	The First National Bank & Trust Co. of Augusta, Augusta	1	....	1
13068	The Citizens and Southern National Bank of Georgia, Savannah	1	5	6
13472	The Liberty National Bank & Trust Co. of Savannah, Savannah	1	....	1
	IDAHO			
1668	The Idaho First National Bank, Boise	....	1	1
	ILLINOIS			
13464	First National Bank & Trust Co. in Alton, Alton	1	....	1
11283	The First National Bank & Trust Co. of Barrington, Barrington	1	....	1
11478	The St. Clair National Bank of Belleville, Belleville	1	....	1
14178	The National Bank of Bloomington, Bloomington	1	....	1
2829	The Champaign National Bank, Champaign	1	....	1
13805	The First National Bank in Columbia, Columbia	1	....	1
4920	The First National Bank of Decatur, Decatur	1	....	1
5089	The Millikin National Bank of Decatur, Decatur	1	....	1
10319	The First National Bank of Des Plaines, Des Plaines	1	....	1
241	First Galesburg National Bank & Trust Co., Galesburg	1	....	1
13705	First National Bank of Joliet, Joliet	1	....	1
1872	The Union National Bank of Macomb, Macomb	1	....	1
15511	Pekin National Bank, Pekin	1	....	1
3296	Commercial National Bank of Peoria, Peoria	1	....	1
5193	The First National Bank of Rantoul, Rantoul	1	....	1
14533	Central National Bank & Trust Co. of Rockford, Rockford	1	....	1
1723	The First National Bank & Trust Co. of Tuscola, Tuscola	1	....	1
	INDIANA			
571	The First National Bank & Trust Co. of Crawfordsville, Crawfordsville	....	1	1
206	The First National Bank of Elkhart County, Elkhart	1	1	2
7725	Lincoln National Bank & Trust Co. of Fort Wayne, Fort Wayne	....	1	1
15455	Bank of Indiana, National Association, Gary	....	1	1
13759	American Fletcher National Bank & Trust Co., Indianapolis	....	2	2
869	Merchants National Bank & Trust Co. of Indianapolis, Indianapolis	2	2	4
984	The Indiana National Bank of Indianapolis, Indianapolis	....	1	1
14519	First National Bank, Kokomo	....	1	1
11148	Purdue National Bank of Lafayette, Lafayette	....	1	1
13580	The National Bank of Logansport, Logansport	1	....	1
2234	The Merchants National Bank of Muncie, Muncie	1	....	1
15662	American National Bank & Trust Co. of South Bend, South Bend	4	....	4

TABLE B-18—Continued

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1968

Charter No.	Title and location of bank	Branches opened for business		
		Local	Other than local	Total
	IOWA			
2511	The Merchants National Bank of Cedar Rapids, Cedar Rapids	1	....	1
15085	East Des Moines National Bank, Des Moines	1	....	1
2307	Iowa-Des Moines National Bank, Des Moines	1	....	1
317	The First National Bank of Dubuque, Dubuque	1	....	1
2763	First National Bank, Fort Dodge	....	1	1
13697	First National Bank, Iowa City	1	....	1
5778	The First National Bank of Oelwein, Oelwein	....	1	1
3124	The Security National Bank of Sioux City, Sioux City	1	....	1
10139	The Toy National Bank of Sioux City, Sioux City	1	....	1
	KANSAS			
13924	The Citizens National Bank in Independence, Independence	1	....	1
14959	Seneca National Bank of Wichita, Wichita	1	....	1
	KENTUCKY			
6769	The First National Bank of Columbia, Columbia	1	....	1
3381	The Citizens National Bank of Danville, Danville	1	....	1
12295	The Harlan National Bank, Harlan	....	1	1
109	First National Bank of Louisville, Louisville	....	1	1
14320	Liberty National Bank & Trust Co. of Louisville, Louisville	....	1	1
	LOUISIANA			
13737	City National Bank of Baton Rouge, Baton Rouge	1	....	1
9834	Louisiana National Bank of Baton Rouge, Baton Rouge	2	....	2
14168	First National Bank in De Ridder, De Ridder	1	....	1
4154	The First National Bank of Lake Charles, Lake Charles	....	1	1
14593	West Carroll National Bank of Oak Grove, Oak Grove	1	....	1
3595	The First National Bank of Shreveport, Shreveport	1	....	1
14989	First National Bank of Slidell, Slidell	....	1	1
	MAINE			
1437	Merchants National Bank of Bangor, Bangor	1	....	1
2311	The Camden National Bank, Camden	1	....	1
2749	The First National Bank of Houlton, Houlton	1	....	1
4128	Maine National Bank, Portland	....	7	7
13768	Northern National Bank, Presque Isle	....	1	1
	MARYLAND			
1244	The Farmers National Bank of Annapolis, Annapolis	....	1	1
1413	The First National Bank of Maryland, Baltimore	2	3	5
13745	Maryland National Bank, Baltimore	1	7	8
14864	State National Bank of Bethesda, Bethesda	....	1	1
2498	The National Bank of Cambridge, Cambridge	....	1	1
2547	The Denton National Bank, Denton	....	1	1
14856	Potomac National Bank, Potomac	....	1	1
14937	American National Bank of Maryland, Silver Spring	....	1	1
15249	Chesapeake National Bank, Towson	....	1	1
	MASSACHUSETTS			
1049	Northeast National Bank, Amesbury	....	2	2
15399	Commonwealth National Bank, Boston	....	1	1
200	The First National Bank of Boston, Boston	....	1	1
779	Plymouth-Home National Bank, Brockton	1	....	1
4771	The County Bank N.A., Cambridge	....	1	1

Table B-18—Continued

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1968

Charter No.	Title and location of bank	Branches opened for business: Local	Other than local	Total
	MASSACHUSETTS—continued			
614	Middlesex County National Bank, Everett		1	1
2153	First Safety Fund National Bank, Fitchburg	1	1	2
2618	The Hudson National Bank, Hudson		1	1
1014	Bay State Merchants National Bank of Lawrence, Lawrence	1	1	2
6077	Union National Bank, Lowell	1		1
5944	Manufacturers National Bank of Bristol County, North Attleboro		1	1
14798	South Shore National Bank, Quincy	1		1
308	Third National Bank of Hampden County, Springfield		2	2
15005	Hampshire National Bank of South Hadley, South Hadley		1	1
	MICHIGAN			
15164	Huron Valley National Bank, Ann Arbor	1		1
14933	National Bank & Trust Co. of Ann Arbor, Ann Arbor	1		1
14185	Security National Bank of Battle Creek, Battle Creek		1	1
13522	The Citizens National Bank of Cheboygan, Cheboygan	1		1
14925	City National Bank of Detroit, Detroit	1	1	2
13738	Manufacturers National Bank of Detroit, Detroit		2	2
13671	National Bank of Detroit, Detroit	1	3	4
14740	First National Bank of East Lansing, East Lansing		1	1
3256	The First National Bank of Menominee, Menominee	1		1
15575	Union Bank & Trust Co. (National Association), Grand Rapids		1	1
14032	Michigan National Bank, Lansing		1	1
15444	Livonia National Bank, Livonia	1		1
12027	The Union National Bank & Trust Co. of Marquette, Marquette	1		1
4840	National Lumberman's Bank & Trust Co., Muskegon		1	1
14773	National Bank of Royal Oak, Royal Oak	1		1
1918	Second National Bank of Saginaw, Saginaw		1	1
15403	Valley National Bank of Saginaw, Saginaw		1	1
14934	The Empire National Bank of Traverse City, Traverse City	1		1
15008	Troy National Bank, Troy	1		1
	MISSISSIPPI			
15667	First Citizens National Bank, Belmont		1	1
15663	Coahoma National Bank, Clarksdale	2	2	4
10361	The National Bank of Commerce of Columbus, Columbus		2	2
9040	The First National Bank of Pontotoc, Pontotoc	1		1
15479	First Citizens National Bank, Tupelo	1		1
	MISSOURI			
14528	St. Louis County National Bank, Clayton	1		1
	NEBRASKA			
13148	The Farmers National Bank of Central City, Central City	1		1
15435	West Omaha National Bank, Omaha	1		1
	NEVADA			
15645	Nevada National Bank of Commerce, Reno	3	15	18
	NEW HAMPSHIRE			
2447	Mechanicks National Bank of Concord, Concord		1	1
559	The Cheshire National Bank of Keene, Keene		1	1
1520	The Merchants National Bank of Manchester, Manchester	1		1
15100	White Mountain National Bank of North Conway, North Conway		1	1
	NEW JERSEY			
12019	Peoples National Bank & Trust Co. of Belleville, Belleville	1		1
1222	Mechanics National Bank of Burlington County, Burlington		1	1

Table B-18—Continued

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1968

Charter No.	Title and location of bank	Branches opened for business		
		Local	Other than local	Total
	NEW JERSEY—continued			
2076	The National Union Bank of Dover, Dover	....	1	1
13893	Edgewater National Bank, Edgewater	1	....	1
15430	Raritan Valley National Bank, Edison Township	1	....	1
15255	First Bank & Trust Co., National Association, Fords	....	1	1
15570	The Hackensack Trust Co., National Association, Hackensack	1	....	1
14457	Colonial National Bank, Haddonfield	....	1	1
3878	Amboy-Madison National Bank, Madison Township	1	....	1
10376	Keansburg-Middletown National Bank, Middletown	1	1	2
15297	New Jersey National Bank & Trust Co., Neptune	1	....	1
925	The Sussex and Merchants National Bank of Newton, Newton	....	1	1
12732	The First National Bank of North Bergen, North Bergen	2	....	2
15648	Phillipsburg Trust Co., National Association, Phillipsburg	1	....	1
2257	The Monmouth County National Bank, Red Bank	....	1	1
3922	The City National Bank & Trust Co. of Salem, Salem	....	1	1
3709	The Broad Street National Bank of Trenton, Trenton	1	....	1
13039	The Security National Bank of Trenton, Trenton	1	....	1
14667	The First National Bank of Tuckerton, Tuckerton	....	1	1
860	The Warren County National Bank, Washington	....	1	1
	NEW MEXICO			
7720	First National Bank of Dona Ana County, Las Cruces	....	1	1
	NEW YORK			
1301	National Commercial Bank & Trust Co., Albany	....	1	1
10029	First National Bank of Bay Shore, Bay Shore	....	1	1
15625	First-City National Bank of Binghamton, Binghamton	....	1	1
15080	Liberty National Bank & Trust Co., Buffalo	1	1	2
13952	Lincoln National Bank, Buffalo	1	....	1
3817	The Canandaigua National Bank & Trust Co., Canandaigua	....	1	1
11854	Peninsula National Bank, Cedarhurst	....	1	1
1349	The Chester National Bank, Chester	....	1	1
15464	First National Bank of East Hampton, East Hampton	....	1	1
14800	Ellenville National Bank, Ellenville	....	1	1
886	Genesee Valley National Bank & Trust Co. of Geneseo, Geneseo	1	....	1
7699	Glens Falls National Bank & Trust Co., Glens Falls	....	2	2
1399	The National Bank of Orange and Ulster Counties, Goshen	....	1	1
6587	Security National Bank, Huntington	....	7	7
7703	National Bank of North America, New York	....	1	1
13956	County National Bank, Middletown	....	2	2
12997	Franklin National Bank, Mineola	....	1	1
2370	The Chase Manhattan Bank (National Association), New York	2	2	4
1461	First National City Bank, New York	3	1	4
15641	The State of New York National Bank, Poughkeepsie	....	1	1
15556	First National Bank of Rochester, Rochester	....	1	1
1226	The Mohawk National Bank of Schenectady, Schenectady	....	1	1
15558	Community National Bank & Trust Co. of Richmond, New York	1	....	1
963	The Union National Bank of Troy, Troy	....	1	1
11881	Valley National Bank of Long Island, Valley Stream	....	1	1
4988	The Citizens National Bank & Trust Co., Wellsville	....	1	1
10525	National Bank of Westchester, White Plains	....	1	1
	NORTH CAROLINA			
8953	The First National Bank of Asheboro, Asheboro	....	1	1
15650	First Union National Bank of North Carolina, Charlotte	1	15	16
13761	North Carolina National Bank, Charlotte	1	9	10
13779	The Citizens National Bank in Gastonia, Gastonia	....	1	1
4597	First National Bank of Catawba County, Hickory	....	1	1
14676	First National Bank of Eastern North Carolina, Jacksonville	....	3	3
10610	Southern National Bank of North Carolina, Lumberton	....	5	5
10608	The Planters National Bank & Trust Co., Rocky Mount	....	1	1

TABLE B-18—Continued

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1968

Charter No.	Title and location of bank	Branches opened for business		
		Local	Other than local	Total
	OHIO			
14579	First National Bank of Akron, Akron	1	1	2
3721	First National City Bank of Alliance, Alliance	1		1
5075	The Northeastern Ohio National Bank, Ashtabula		2	2
13740	The Citizens National Bank of Byran, Byran	1		1
14761	Society National Bank of Cleveland, Cleveland	1		1
7621	The City National Bank & Trust Co. of Columbus, Columbus	1	1	2
7745	The Huntington National Bank of Columbus, Columbus	2	1	3
1788	The First National Bank, Dayton, Dayton		2	2
10	The Third National Bank & Trust Co. of Dayton, Dayton		1	1
2604	The Winters National Bank & Trust Co. of Dayton, Dayton		2	2
9675	The First National Bank of Fairborn, Fairborn	1		1
36	The First National Bank of Findlay, Findlay	1		1
15591	Tri-County National Bank, Fostoria		2	2
8228	The First National Bank of Harrison, Harrison		1	1
4336	The Citizens National Bank of Ironton, Ironton		1	1
98	The First National Bank of Ironton, Ironton		1	1
14290	The Lorain National Bank, Lorain		1	1
2577	The First National Bank of Mansfield, Mansfield		1	1
13687	The First National Bank in Massillon, Massillon	1		1
3234	Clermont National Bank, Milford		1	1
14323	The First National Bank in Mount Gilead, Mount Gilead	1		1
13742	First National Bank of Orrville-Dalton, Orrville		1	1
14686	The Lake County National Bank of Painesville, Painesville	1		1
1061	The Miami Citizens National Bank & Trust Co., Piqua		1	1
973	The Farmers National Bank of Salem, Salem	1		1
4792	The Third National Bank of Sandusky, Sandusky	1		1
1929	First National Bank of Shelby, Shelby	1		1
14586	First National Bank of Toledo, Toledo	1		1
3825	The First National Bank & Trust Co., Troy	1		1
13490	The First National Bank of Washington Court House, Washington Court House	1		1
1997	The Clinton County National Bank & Trust Co. of Wilmington, Wilmington		1	1
13586	The Union National Bank of Youngstown, Youngstown		1	1
	OKLAHOMA			
5354	The First National Bank of Chandler, Chandler	1		1
5985	The Citizens National Bank of El Reno, El Reno	1		1
12044	Central National Bank & Trust Co. of Enid, Enid	1		1
9954	The Peoples National Bank of Kingfisher, Kingfisher	1		1
13480	The Fourth National Bank of Tulsa, Tulsa	1		1
9942	The National Bank of Commerce of Tulsa, Tulsa	1		1
	OREGON			
15583	Crater National Bank of Medford, Medford		4	4
1553	First National Bank of Oregon, Portland	1	3	4
15491	Great Western National Bank, Portland		1	1
4514	United States National Bank of Oregon, Portland	1	6	7
	PENNSYLVANIA			
6645	The Merchants National Bank of Allentown, Allentown		1	1
247	The First National Bank of Altoona, Altoona		1	1
5823	First National Bank of Somerset County, Berlin		1	1
12526	The Cheltenham National Bank, Cheltenham		1	1
9034	The First National Bank of Coopersburg, Coopersburg		1	1
12967	The Dale National Bank, Dale		1	1
4011	The East Stroudsburg National Bank, East Stroudsburg		1	1
870	Marine National Bank, Erie		1	1
14156	Community National Bank of Somerset County, Hooversville		1	1
3987	The Conestoga National Bank, Lancaster		1	1

Table B-18—Continued

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1968

Charter No.	Title and location of bank	Branches opened for business		
		Local	Other than local	Total
	PENNSYLVANIA—continued			
14133	Commercial National Bank of Westmoreland County, Latrobe	....	1	1
15671	Peoples Union Bank & Trust Co., National Association, McKeesport	5	12	17
2252	First National Bank & Trust Co. of Millersburg, Millersburg	....	1	1
2223	County National Bank of Montrose, Montrose	....	1	1
562	First National Bank of Lawrence County at New Castle, New Castle	1	....	1
14542	Cumberland County National Bank & Trust Co., New Cumberland	....	1	1
539	The Philadelphia National Bank, Philadelphia	2	5	7
6301	Mellon National Bank & Trust Co., Pittsburgh	1	2	3
252	Pittsburgh National Bank, Pittsburgh	....	1	1
705	The Union National Bank of Pittsburgh, Pittsburgh	1	2	3
2222	Western Pennsylvania National Bank, Pittsburgh	2	6	8
478	The First National Bank of Pittston, Pittston	....	1	1
1663	Pennsylvania National Bank & Trust Co., Pottsville	....	1	1
5184	First National Bank & Trust Co., Red Lion	....	1	1
77	Northeastern Pennsylvania National Bank & Trust Co., Scranton	....	1	1
8764	The McDowell National Bank of Sharon, Sharon	....	1	1
7560	The Merchants and Manufacturers National Bank of Sharon, Sharon	....	1	1
7511	The First National Bank of State College, State College	....	1	1
5034	Gallatin National Bank, Uniontown	....	1	1
5920	First National Bank & Trust Co., Washington	....	1	1
552	National Bank of Chester County & Trust Co., West Chester	....	1	1
30	The First National Bank of Wilkes-Barre, Wilkes-Barre	1	1	2
175	Fidelity National Bank of Pennsylvania, Williamsport	....	1	1
2958	The Drovers & Mechanics National Bank of York, York	....	1	1
694	National Bank & Trust Co. of Central Pennsylvania, York	....	1	1
	RHODE ISLAND			
1302	Industrial National Bank of Rhode Island, Providence	....	2	2
	SOUTH CAROLINA			
14425	The Citizens and Southern National Bank of South Carolina, Charleston	....	2	2
2044	The South Carolina National Bank of Charleston, Charleston	....	3	3
14135	The Southern National Bank of Orangeburg, Orangeburg	1	....	1
15619	National Bank of Commerce of Spartanburg, Spartanburg	....	1	1
10660	The National Bank of South Carolina of Sumter, Sumter	....	1	1
	SOUTH DAKOTA			
2980	First National Bank of Aberdeen, Aberdeen	1	....	1
3393	The First National Bank in Sioux Falls, Sioux Falls	1	....	1
12881	National Bank of South Dakota, Sioux Falls	....	1	1
15639	United National Bank of Vermillion, Vermillion	1	....	1
	TENNESSEE			
1603	The First National Bank of Clarksville, Clarksville	1	....	1
14279	The Blount National Bank of Maryville, Maryville	....	1	1
2221	The First National Bank of McMinnville, McMinnville	1	....	1
336	The First National Bank of Memphis, Memphis	1	....	1
13681	National Bank of Commerce in Memphis, Memphis	1	....	1
	UTAH			
4341	Zions First National Bank, Salt Lake City	1	1	2
	VERMONT			
1698	The Howard National Bank & Trust Co., Burlington	....	2	2
1197	The Merchants National Bank of Burlington, Burlington	1	....	1

TABLE B-18—Continued

Domestic branches entering the National banking system, by de novo opening, merger, or conversion, by States, calendar 1968

Charter No.	Title and location of bank	Branches opened for business: Local	Other than local	Total
	VIRGINIA			
7093	Alexandria National Bank, Alexandria	1	....	1
14893	Mount Vernon National Bank & Trust Co. of Fairfax County, Annandale	....	2	2
12229	The National Bank of Blacksburg, Blacksburg	1	....	1
10618	National Bank & Trust Co., Charlottesville	1	2	3
5591	The Culpeper National Bank, Culpeper	1	....	1
15315	Fairfield National Bank of Highland Springs, Highland Springs	....	1	1
5290	Chesapeake National Bank, Kilmarnock	....	3	3
6031	The First National Bank of Luray, Luray	1	....	1
1522	The Fidelity National Bank, Lynchburg	....	2	2
7206	The First National Bank of Martinsville and Henry County, Martinsville	1	....	1
15461	First National Bank of Norfolk, Norfolk	1	....	1
10194	Seaboard Citizens National Bank, Norfolk	....	1	1
9885	Virginia National Bank, Norfolk	....	6	6
6018	First National Bank of Purcellville	1	....	1
10080	The Central National Bank of Richmond, Richmond	....	1	1
15027	Richmond National Bank, Richmond	....	1	1
15567	Second National Bank of Richmond, Richmond	1	....	1
11817	The Colonial-American National Bank of Roanoke, Roanoke	1	....	1
15117	Security National Bank of Roanoke, Roanoke	....	1	1
14824	Fairfax County National Bank, Seven Corners	....	3	3
9764	The First National Bank of Troutville, Troutville	....	1	1
14965	Suburban National Bank of Virginia, Vienna	....	1	1
	VIRGIN ISLANDS			
14335	Virgin Islands National Bank, Charlotte Amalie	....	2	2
	WASHINGTON			
15233	Valley National Bank of Auburn, Auburn	....	1	1
7474	The Bellingham National Bank, Bellingham	1	1	2
4375	The National Bank of Commerce of Seattle, Seattle	....	3	3
13230	The Pacific National Bank of Seattle, Seattle	....	1	1
14394	Peoples National Bank of Washington, Seattle	....	6	6
11280	Seattle-First National Bank, Seattle	1	3	4
13331	First National Bank in Spokane, Spokane	1	....	1
4668	Old National Bank of Washington, Spokane	....	1	1
12292	Puget Sound National Bank, Tacoma	1	1	2
3417	National Bank of Washington, Tacoma	....	1	1
	WISCONSIN			
1749	First National Bank of Appleton, Appleton	....	1	1
13202	The First National Bank of Bangor, Bangor	....	1	1
2725	The First National Bank & Trust Co. of Beloit, Beloit	1	....	1
15381	Brookfield National Bank, Brookfield	....	1	1
11783	The Burlington National Bank, Burlington	....	2	2
2125	The First National Bank of Chippewa Falls, Chippewa Falls	....	2	2
12124	The First National Bank of Eagle River, Eagle River	....	1	1
13645	The American National Bank & Trust Co. of Eau Claire, Eau Claire	....	2	2
8281	First Wisconsin National Bank of Eau Claire, Eau Claire	....	1	1
873	The First National Bank of Elkhorn, Elkhorn	....	1	1
555	First Wisconsin National Bank of Fond Du Lac, Fond Du Lac	....	1	1
15057	American National Bank of Green Bay, Green Bay	....	1	1
2132	Kellogg-Citizens National Bank of Green Bay, Green Bay	....	1	1
749	The Rock County National Bank of Janesville, Janesville	....	1	1
212	The First National Bank of Kenosha, Kenosha	....	1	1
64	First Wisconsin National Bank of Milwaukee, Milwaukee	....	1	1
5458	Marine National Exchange Bank of Milwaukee, Milwaukee	....	1	1
14829	Southgate National Bank of Milwaukee, Milwaukee	....	1	1
9419	The First National Bank of Port Washington, Port Washington	....	1	1
14314	Shawano National Bank, Shawano	....	1	1
1086	First National Bank of Waukesha, Waukesha	....	1	1
14906	Mayfair National Bank of Wauwatosa, Wauwatosa	....	1	1

Table B–19

Domestic branches of National banks closed, by States, calendar 1968

Charter No.	Title and location of bank	Branches closed		
		Local	Other than local	Total
	Total	29	54	83
	ARIZONA			
12198	The First Navajo National Bank, Holbrook	....	4	4
3728	First National Bank of Arizona, Phoenix	....	1	1
	CALIFORNIA			
15450	National Bank of Agriculture, Delano	....	4	4
2491	Security Pacific National Bank, Los Angeles	....	1	1
15388	Silverlake National Bank, Los Angeles	1	....	1
13044	Bank of America National Trust & Savings Association, San Francisco	1	4	5
9655	The Bank of California, National Association, San Francisco	6	2	8
1741	Crocker-Citizens National Bank, San Francisco	....	2	2
15660	Wells Fargo Bank, National Association, San Francisco	....	2	2
	CONNECTICUT			
1193	Litchfield County National Bank, New Milford	2	3	5
	IOWA			
13991	First National Bank in Fairfield, Fairfield	1	....	1
5778	The First National Bank of Oelwein, Oelwein	1	....	1
	MASSACHUSETTS			
11510	The Everett National Bank, Everett	1	....	1
79	Worcester County National Bank, Worcester	....	1	1
	MICHIGAN			
15286	First National Bank of Wyoming, Wyoming	1	1	2
	MISSISSIPPI			
11898	The Commercial National Bank & Trust Co. of Laurel, Laurel	1	....	-
	NEW YORK			
15080	Liberty National Bank & Trust Co., Buffalo	2	....	2
12746	Northern Westchester National Bank, Chappaqua	....	7	7
222	First National Bank & Trust Co. of Ithaca, Ithaca	1	....	1
10855	The Kerhonkson National Bank, Kerhonkson	....	2	2
	NORTH CAROLINA			
13761	North Carolina National Bank, Charlotte	....	1	1
10608	The Planters National Bank & Trust Co., Rocky Mount	....	1	1
	OHIO			
13905	The Central National Bank of Cambridge, Cambridge	1	....	1
	PENNSYLVANIA			
2900	The Farmers National Bank & Trust Co. of Boyertown, Boyertown	....	1	1
12582	The Chalfont National Bank, Chalfont	1	....	1
5501	The Grove City National Bank, Grove City	1	....	1
2581	The Peoples National Bank & Trust Co. of Norristown, Norristown	1	8	9
6301	Mellon National Bank & Trust Co., Pittsburgh	....	1	1
8223	The National Bank of Topton, Topton	1	1	2

TABLE B-19—Continued

Domestic branches of National banks closed, by States, calendar 1968

Charter No.	Title and location of bank	Branches closed		
		Local	Other than local	Total
	SOUTH CAROLINA			
15560	County National Bank, Blackville	....	2	2
14967	The First National Bank of Lancaster, Lancaster	1	....	1
	UTAH			
4670	The First National Bank of Logan, Logan	1	....	1
	VIRGINIA			
15254	Fidelity National Bank, Arlington	2	....	2
15002	Peoples National Bank of Gloucester, Gloucester	....	1	1
11694	Valley National Bank, Harrisonburg	1	....	1
13880	Russell County National Bank, Honaker	....	2	2
15139	The First National Bank, Narrows	....	1	1
9885	Virginia National Bank, Norfolk	1	....	1
	WISCONSIN			
14906	Mayfair National Bank of Wauwatosa, Wauwatosa	....	1	1

TABLE B–20

Principal assets, liabilities, and capital accounts of National banks, by deposit size, year end 1967 and 1968

[Dollar amounts in millions]

	Number of banks	Total assets	Cash and cash items	Loans and discounts	Securities		Fixed assets	Deposits			Capital stock	Capital notes and debentures	Surplus, undivided profits, and reserves
					Total	U.S. Government obligations		Total	Demand	Time and savings			
1968													
Total	4, 716	$296, 594	$50, 953	$154, 862	$76, 871	$35, 300	$4, 363	$257, 884	$134, 629	$123, 255	$5, 752	$1, 256	$14, 516
Banks with deposits of—													
Less than $1.0	23	21	5	9	7	5	0	19	15	4	1	0	2
1.0 to 1.9	160	295	51	125	111	87	4	256	154	102	9	0	26
2.0 to 4.9	841	3, 376	506	1, 560	1, 211	791	50	3, 018	1, 578	1, 441	81	0	240
5.0 to 9.9	1, 219	9, 931	1, 364	4, 681	3, 523	2, 011	160	8, 976	4, 376	4, 601	210	2	588
10.0 to 24.9	1, 348	23, 271	3, 111	11, 300	7, 935	4, 108	393	21, 063	9, 942	11, 121	473	15	1, 250
25.0 to 49.9	543	20, 680	2, 806	10, 237	6, 756	3, 221	360	18, 686	8, 922	9, 764	413	33	1, 018
50.0 to 99.9	266	20, 180	2, 894	10, 160	6, 338	2, 966	333	18, 208	8, 748	9, 460	416	40	963
100.0 to 499.9	244	57, 870	10, 572	29, 368	15, 671	7, 322	935	51, 621	28, 353	23, 268	1, 175	149	2, 786
Over 500.0	72	160, 970	29, 645	87, 421	35, 319	14, 787	2, 128	136, 036	72, 542	63, 495	2, 975	1, 018	7, 642
1967													
Total	4, 758	263, 375	46, 634	136, 753	69, 656	34, 308	3, 876	231, 374	123, 038	108, 336	5, 367	1, 235	13, 128
Banks with deposits of—													
Less than $1.0	32	29	7	11	11	9	0	26	21	5	1	0	3
1.0 to 1.9	195	350	60	153	130	99	4	304	183	121	12	0	31
2.0 to 4.9	1, 000	3, 964	593	1, 874	1, 400	929	64	3, 528	1, 883	1, 645	105	0	286
5.0 to 9.9	1, 279	10, 323	1, 422	4, 923	3, 687	2, 139	177	9, 315	4, 622	4, 693	236	1	620
10.0 to 24.9	1, 254	21, 789	2, 906	10, 695	7, 517	4, 032	381	19, 697	9, 455	10, 241	458	16	1, 198
25.0 to 49.9	472	18, 007	2, 431	8, 895	6, 001	3, 056	309	16, 254	7, 934	8, 320	372	28	906
50.0 to 99.9	230	17, 315	2, 486	8, 635	5, 594	2, 888	288	15, 647	7, 761	7, 886	372	29	812
100.0 to 499.9	226	51, 542	9, 339	26, 317	14, 143	6, 952	838	46, 118	25, 874	20, 244	1, 104	147	2, 496
Over 500.0	70	140, 055	27, 389	75, 250	31, 173	14, 204	1, 816	120, 485	65, 305	55, 181	2, 707	1, 014	6, 777

NOTE: Data may not add to totals because of rounding.

Table B–21

Dates of reports of condition of National banks, 1914–68

[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

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-22

Total and principal assets of National banks, by States, June 29, 1968

[Dollar amount in millions]

	Number of banks	Total assets	Cash assets*	U.S. Government obligations, net	State and local securities, net	Other securities, net	Loans and discounts, net	Federal funds sold†	Direct lease financing
United States	4, 742	$265, 497	$44, 787	$31, 627	$30, 630	$6, 285	$140, 690	$3, 113	$460
Alabama	88	2, 933	495	452	381	77	1, 446	15	—
Alaska	5	324	46	53	39	11	156	5	0
Arizona	4	2, 106	222	170	207	35	1, 312	75	1
Arkansas	67	1, 330	230	176	175	34	673	4	—
California	77	32, 700	4, 816	2867	3, 773	931	18, 538	397	179
Colorado	118	2, 754	466	332	268	39	1, 542	19	4
Connecticut	30	2, 408	380	175	336	52	1, 370	14	1
Delaware	5	30	4	9	—	1	14	1	0
District of Columbia	9	1, 892	335	451	126	43	868	26	0
Florida	202	7, 205	1, 291	1, 126	880	408	3, 153	117	1
Georgia	62	3, 589	627	328	345	66	2, 030	28	11
Hawaii	2	531	85	57	81	15	266	5	2
Idaho	9	819	96	90	110	12	484	4	—
Illinois	421	22, 945	3, 376	3, 342	2, 554	740	11, 938	240	64
Indiana	123	5, 941	1, 125	1, 002	580	178	2, 812	123	7
Iowa	102	1, 939	376	306	197	65	936	20	1
Kansas	171	2, 304	357	410	296	96	1, 073	26	—
Kentucky	80	1, 838	318	306	218	42	896	22	1
Louisiana	48	3, 309	642	587	390	59	1, 525	34	1
Maine	21	553	66	60	93	5	308	7	—
Maryland	48	2, 392	438	312	260	51	1, 248	34	3
Massachusetts	88	7, 409	1, 403	529	918	89	4, 017	207	5
Michigan	98	10, 640	1, 410	1, 427	1, 117	264	6, 066	107	12
Minnesota	195	5, 512	929	682	658	165	2, 926	29	7
Mississippi	36	1, 275	224	172	149	30	655	7	—
Missouri	98	4, 757	946	610	542	75	2, 389	85	16
Montana	48	747	88	122	90	16	401	8	—
Nebraska	127	2, 050	361	258	204	109	1, 055	17	—
Nevada	4	668	86	93	82	8	370	2	—
New Hampshire	53	614	83	91	60	3	344	21	—
New Jersey	145	8, 437	1, 017	1, 080	1, 411	223	4, 429	97	2
New Mexico	34	811	126	125	89	21	416	9	1
New York	181	43, 618	9, 973	3, 599	4, 039	567	23, 147	525	80
North Carolina	23	2, 581	424	213	341	66	1, 466	4	1
North Dakota	42	668	74	118	80	19	356	3	0
Ohio	220	11, 683	1, 650	1, 733	1, 661	291	6, 018	101	15
Oklahoma	220	3, 884	692	621	478	127	1, 811	68	5
Oregon	12	3, 217	449	367	360	53	1, 860	1	5
Pennsylvania	331	17, 324	2, 324	2, 212	2, 463	334	9, 357	196	18
Rhode Island	4	949	85	78	148	6	604	5	0
South Carolina	26	1, 201	215	162	114	20	643	13	0
South Dakota	34	742	93	136	73	17	400	3	—
Tennessee	77	4, 432	788	599	458	57	2, 354	52	—
Texas	539	16, 890	3, 298	2, 005	1, 929	457	8, 465	203	3
Utah	12	833	132	67	117	16	470	5	3
Vermont	27	389	35	47	45	9	240	6	—
Virginia	111	4, 287	570	537	508	104	2, 398	65	1
Washington	27	4, 498	686	418	536	42	2, 621	22	4
West Virginia	80	1, 255	173	301	145	36	550	18	1
Wisconsin	117	3, 737	589	514	447	88	1, 980	19	5
Wyoming	40	493	66	91	48	8	262	2	—
Virgin Islands	1	55	5	9	10	—	29	0	0
District of Columbia—all‡	14	2, 910	517	626	219	54	1, 400	35	0

*Cash, balances with other banks, and cash items in process of collection.

†Includes securities purchased under agreements to resell.

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

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

TABLE B–23

Total and principal liabilities of National banks, by States, June 29, 1968

[Dollar amounts in millions]

	Total liabilities	*Total deposits*	*Demand deposits, total*	*Time and savings deposits, total*	*Demand deposits, IPC**	*Time deposits, IPC*	*Federal funds purchased†*
United States	$244, 994	$229, 028	$117, 296	$111, 732	$87, 595	$98, 695	$4, 371
Alabama	2, 691	2, 612	1, 437	1, 175	1, 091	1, 093	15
Alaska	303	300	148	152	115	92	0
Arizona	1, 963	1, 898	784	1, 114	650	1, 030	16
Arkansas	1, 215	1, 173	698	475	531	444	16
California	30, 647	28, 686	11, 465	17, 221	9, 603	14, 439	579
Colorado	2, 543	2, 459	1, 265	1, 194	999	1, 059	33
Connecticut	2, 225	2, 122	1, 185	937	1, 053	858	6
Delaware	28	27	12	15	12	15	0
District of Columbia	1, 756	1, 711	1, 040	671	900	654	9
Florida	6, 676	6, 441	3, 522	2, 939	2, 630	2, 650	64
Georgia	3, 282	3, 108	1, 840	1, 268	1, 359	1, 138	68
Hawaii	479	472	236	236	162	185	0
Idaho	763	744	345	399	265	399	—
Illinois	21, 143	19, 087	9, 673	9, 414	7, 442	8, 388	542
Indiana	5, 521	5, 218	2, 798	2, 420	1, 892	2, 292	160
Iowa	1, 795	1, 757	978	779	675	727	14
Kansas	2, 092	2, 061	1, 179	882	786	777	7
Kentucky	1, 686	1, 656	953	703	775	664	2
Louisiana	3, 017	2, 945	1, 791	1, 154	1, 287	968	14
Maine	503	474	245	229	215	219	7
Maryland	2, 206	2, 101	1, 249	852	944	809	43
Massachusetts	6, 790	5, 992	3, 893	2, 099	2, 990	1, 836	149
Michigan	9, 990	9, 620	3, 734	5, 886	3, 045	5, 144	131
Minnesota	5, 119	4, 743	2, 336	2, 407	1, 638	2, 253	213
Mississippi	1, 169	1, 098	693	405	447	387	45
Missouri	4, 334	4, 090	2, 493	1, 597	1, 756	1, 478	170
Montana	695	662	297	365	233	340	6
Nebraska	1, 880	1, 828	1, 074	754	763	739	27
Nevada	615	600	287	313	219	288	0
New Hampshire	557	526	318	208	265	198	—
New Jersey	7, 825	7, 566	3, 492	4, 074	2, 864	3, 906	40
New Mexico	747	725	407	318	316	277	5
New York	40, 030	35, 027	20, 705	14, 322	12, 824	11, 794	1, 012
North Carolina	2, 401	2, 233	1, 199	1, 034	952	881	66
North Dakota	622	609	250	359	203	340	1
Ohio	10, 769	10, 381	4, 810	5, 571	3, 754	5, 192	77
Oklahoma	3, 531	3, 437	1, 977	1, 460	1, 421	1, 309	41
Oregon	3, 007	2, 875	1, 180	1, 695	1, 011	1, 428	32
Pennsylvania	15, 748	14, 941	6, 729	8, 212	5, 456	7, 473	180
Rhode Island	877	836	309	527	239	494	15
South Carolina	1, 104	1, 051	787	264	653	246	1
South Dakota	689	673	304	369	231	335	—
Tennessee	4, 072	3, 833	2, 105	1, 728	1, 420	1, 458	75
Texas	15, 501	14, 772	8, 625	6, 147	6, 358	5, 127	349
Utah	770	732	309	423	233	353	22
Vermont	359	347	124	223	108	219	—
Virginia	3, 958	3, 834	1, 733	2, 101	1, 409	1, 961	8
Washington	4, 186	3, 998	1, 971	2, 027	1, 618	1, 992	59
West Virginia	1, 137	1, 100	571	529	429	522	11
Wisconsin	3, 477	3, 340	1, 524	1, 816	1, 197	1, 593	34
Wyoming	451	435	200	235	145	215	6
Virgin Islands	51	50	15	35	12	18	1
District of Columbia—all‡	2, 692	2, 602	1, 565	1, 037	1, 369	1, 006	28

*IPC deposits are those of individuals, partnerships, and corporations.

†Includes securities sold under agreements to repurchase.

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

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

Table B–24

Capital accounts of National banks, by States, June 29, 1968

[Dollar amounts in millions]

	Total capital accounts	Debentures	Preferred stock	Common stock	Surplus	Undivided profits	Reserves
United States	$20, 503	$1, 390	$59	$5, 505	$9, 000	$3, 840	$709
Alabama	242	0	0	75	100	56	11
Alaska	21	—	0	6	7	7	1
Arizona	143	26	0	35	58	23	1
Arkansas	115	5	0	33	46	28	3
California	2, 053	140	0	519	943	422	29
Colorado	211	4	—	64	94	48	1
Connecticut	183	11	0	48	92	31	1
Delaware	2	—	—	1	1	—	—
District of Columbia	136	1	0	36	70	28	1
Florida	529	25	0	193	213	82	16
Georgia	307	60	0	66	107	45	29
Hawaii	52	12	0	9	18	11	2
Idaho	56	0	0	19	30	7	—
Illinois	1, 802	13	3	587	807	251	141
Indiana	420	12	0	99	190	112	7
Iowa	144	1	0	38	63	39	3
Kansas	212	4	—	60	91	54	3
Kentucky	152	0	0	32	76	40	4
Louisiana	292	8	3	66	162	52	1
Maine	50	0	0	19	18	12	1
Maryland	186	3	0	47	81	49	6
Massachusetts	619	11	0	153	321	102	32
Michigan	650	47	3	169	317	95	19
Minnesota	393	17	0	124	154	92	6
Mississippi	106	6	0	27	67	5	1
Missouri	423	26	0	110	164	113	10
Montana	52	1	0	20	20	11	—
Nebraska	170	3	—	44	63	56	4
Nevada	53	0	0	21	19	10	3
New Hampshire	57	—	0	12	30	14	1
New Jersey	612	28	—	169	290	112	13
New Mexico	64	1	0	20	20	11	12
New York	3, 588	718	41	825	1, 317	483	204
North Carolina	180	15	0	44	89	30	2
North Dakota	46	1	0	15	18	11	1
Ohio	914	27	0	261	445	175	6
Oklahoma	353	21	—	94	135	100	3
Oregon	210	0	0	79	84	42	5
Pennsylvania	1, 576	62	5	309	813	326	61
Rhode Island	72	—	0	18	32	22	0
South Carolina	97	0	—	24	51	21	1
South Dakota	53	—	0	17	22	14	—
Tennessee	360	19	0	97	163	75	6
Texas	1, 389	55	2	453	574	266	39
Utah	63	0	0	19	33	11	0
Vermont	30	1	1	9	10	8	1
Virginia	329	2	0	100	156	70	1
Washington	312	0	0	104	129	74	5
West Virginia	118	—	0	26	60	27	5
Wisconsin	260	3	0	83	114	52	8
Wyoming	42	1	0	6	20	14	1
Virgin Islands	4	0	0	—	2	2	—
District of Columbia—all*	218	13	0	49	105	49	2

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

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

TABLE B–25

Total and principal assets of National banks, by States, Dec. 31, 1968

[Dollar amounts in millions]

	Number of banks	Total assets	Cash assets*	U.S. Government obligations, net	State and local securities, net	Other securities, net	Loans and discounts, net	Federal funds sold†	Direct lease financing
United States	4, 716	$296, 594	$50, 953	$35, 300	$34, 704	$6, 867	$154, 862	$4, 397	$542
Alabama	89	3, 218	558	471	422	108	1, 550	36	—
Alaska	5	332	38	49	56	12	162	1	—
Arizona	3	2, 356	267	213	235	36	1, 430	103	—
Arkansas	68	1, 489	290	199	182	47	709	20	—
California	72	41, 198	5, 989	4, 041	4, 704	913	23, 340	547	214
Colorado	118	3, 137	613	389	288	53	1, 658	32	4
Connecticut	29	2, 635	438	197	376	48	1, 475	17	1
Delaware	5	31	4	10	1	1	14	—	0
District of Columbia	10	2, 003	339	440	158	48	911	57	0
Florida	204	8, 382	1, 684	1, 189	1, 067	440	3, 586	178	3
Georgia	62	4, 035	805	346	358	68	2, 256	21	11
Hawaii	2	569	81	61	105	10	287	0	3
Idaho	9	896	111	117	122	12	503	8	0
Illinois	420	24, 980	3, 679	3, 497	2, 828	797	12, 888	421	76
Indiana	123	6, 588	1, 353	1, 022	619	172	3, 061	232	7
Iowa	102	2, 094	444	334	203	73	984	14	1
Kansas	171	2, 530	428	433	323	116	1, 148	28	1
Kentucky	80	2, 059	357	355	243	35	973	56	1
Louisiana	48	3, 617	772	586	422	57	1, 635	67	1
Maine	21	621	106	67	83	7	332	10	—
Maryland	48	2, 581	510	325	283	50	1, 300	57	3
Massachusetts	87	8, 092	1, 412	679	1, 196	104	4, 244	179	4
Michigan	98	11, 538	1, 542	1, 615	1, 172	266	6, 588	101	13
Minnesota	196	6, 375	1, 280	763	697	211	3, 248	59	15
Mississippi	40	1, 426	253	202	159	28	726	17	—
Missouri	98	5, 494	1, 178	741	588	146	2, 609	107	16
Montana	48	829	112	143	107	19	415	11	—
Nebraska	127	2, 290	451	298	240	103	1, 139	13	1
Nevada	4	733	105	110	89	22	378	1	—
New Hampshire	52	674	111	96	55	6	376	19	0
New Jersey	143	9, 202	1, 212	1, 223	1, 487	254	4, 663	170	2
New Mexico	33	885	140	141	92	21	440	25	1
New York	176	46, 100	9, 434	3, 876	4, 671	623	24, 807	512	88
North Carolina	22	2, 937	555	242	390	77	1, 589	10	5
North Dakota	42	729	91	138	92	24	366	1	0
Ohio	218	12, 761	1, 835	1, 877	1, 789	299	6, 451	260	18
Oklahoma	220	4, 309	873	639	512	134	1, 945	115	6
Oregon	11	3, 654	497	430	483	63	2, 043	3	5
Pennsylvania	327	18, 737	2, 599	2, 269	2, 762	387	9, 947	304	21
Rhode Island	4	1, 049	118	86	165	5	651	2	0
South Carolina	24	1, 354	280	170	128	34	686	20	0
South Dakota	34	805	103	156	94	21	410	—	—
Tennessee	77	4, 877	1, 018	642	495	81	2, 461	40	—
Texas	535	19, 395	4, 254	2, 232	2, 191	502	9, 326	349	4
Utah	12	919	163	74	109	17	509	19	3
Vermont	27	439	49	48	40	9	265	20	—
Virginia	107	4, 685	668	565	570	119	2, 604	47	1
Washington	27	4, 942	789	513	578	48	2, 777	23	3
West Virginia	80	1, 314	181	301	157	36	574	29	1
Wisconsin	117	4, 075	689	571	454	98	2, 125	26	4
Wyoming	40	557	91	109	53	11	269	9	1
Virgin Islands	1	67	7	10	14	—	33	1	0
District of Columbia—all‡	14	3, 009	508	604	262	56	1, 451	61	0

*Cash, balances with other banks, and cash items in process of collection.

†Includes securities purchased under agreements to resell.

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

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

Table B–26

Total and principal liabilities of National banks, by States, Dec. 31, 1968

[Dollar amounts in millions]

	Total liabilities	*Total deposits*	*Demand deposits, total*	*Time and savings deposits, total*	*Demand deposits IPC**	*Time deposits, IPC*	*Federal funds purchased†*
United States	$275, 070	$257, 884	$134, 629	$123, 255	$101, 765	$107, 716	$5, 23[illegible]
Alabama	2, 969	2, 891	1, 636	1, 255	1, 232	1, 160	1[illegible]
Alaska	310	303	151	152	125	98	[illegible]
Arizona	2, 212	2, 071	915	1, 156	744	1, 085	8[illegible]
Arkansas	1, 369	1, 335	834	501	638	470	[illegible]
California	38, 708	36, 211	14, 605	21, 606	12, 192	17, 752	74[illegible]
Colorado	2, 919	2, 823	1, 530	1, 293	1, 190	1, 159	4[illegible]
Connecticut	2, 451	2, 353	1, 311	1, 042	1, 154	913	[illegible]
Delaware	28	28	13	15	13	15	[illegible]
District of Columbia	1, 855	1, 811	1, 104	707	945	687	1[illegible]
Florida	7, 822	7, 546	4, 173	3, 373	3, 013	2, 972	11[illegible]
Georgia	3, 720	3, 541	2, 100	1, 441	1, 535	1, 313	5[illegible]
Hawaii	516	509	245	264	196	204	[illegible]
Idaho	838	819	400	419	307	419	—
Illinois	23, 120	20, 982	10, 803	10, 179	8, 380	9, 078	44[illegible]
Indiana	6, 147	5, 793	3, 184	2, 609	2, 143	2, 488	18[illegible]
Iowa	1, 943	1, 916	1, 109	807	786	771	[illegible]
Kansas	2, 306	2, 278	1, 339	939	886	825	[illegible]
Kentucky	1, 901	1, 866	1, 110	756	910	709	[illegible]
Louisiana	3, 318	3, 222	2, 002	1, 220	1, 436	1, 033	3[illegible]
Maine	569	545	288	256	239	250	[illegible]
Maryland	2, 385	2, 280	1, 371	909	1, 087	852	4[illegible]
Massachusetts	7, 457	6, 739	4, 493	2, 246	3, 402	1, 933	21[illegible]
Michigan	10, 816	10, 461	4, 298	6, 163	3, 404	5, 400	11[illegible]
Minnesota	5, 971	5, 696	3, 035	2, 661	1, 997	2, 445	13[illegible]
Mississippi	1, 316	1, 248	792	456	533	429	4[illegible]
Missouri	5, 059	4, 742	3, 071	1, 671	2, 026	1, 551	22[illegible]
Montana	774	740	343	397	271	370	1[illegible]
Nebraska	2, 113	2, 058	1, 242	816	889	796	2[illegible]
Nevada	679	659	319	340	251	315	[illegible]
New Hampshire	614	583	358	225	288	213	[illegible]
New Jersey	8, 565	8, 289	4, 066	4, 223	3, 361	4, 044	2[illegible]
New Mexico	819	798	454	344	353	299	[illegible]
New York	42, 476	37, 496	21, 957	15, 539	14, 876	12, 589	1, 26[illegible]
North Carolina	2, 748	2, 599	1, 419	1, 180	1, 134	969	4[illegible]
North Dakota	682	665	285	380	244	364	[illegible]
Ohio	11, 811	11, 368	5, 381	5, 987	4, 290	5, 474	14[illegible]
Oklahoma	3, 945	3, 853	2, 263	1, 590	1, 658	1, 403	3[illegible]
Oregon	3, 439	3, 313	1, 332	1, 981	1, 117	1, 502	2[illegible]
Pennsylvania	17, 117	16, 335	7, 598	8, 737	6, 237	7, 867	24[illegible]
Rhode Island	974	901	343	558	283	513	4[illegible]
South Carolina	1, 255	1, 186	885	301	726	282	1[illegible]
South Dakota	750	732	334	398	272	366	[illegible]
Tennessee	4, 503	4, 136	2, 446	1, 690	1, 655	1, 490	9[illegible]
Texas	17, 980	16, 963	10, 315	6, 648	7, 454	5, 530	59[illegible]
Utah	855	821	375	446	275	379	1[illegible]
Vermont	406	396	152	244	127	232	[illegible]
Virginia	4, 348	4, 201	1, 966	2, 235	1, 608	2, 086	3[illegible]
Washington	4, 615	4, 396	2, 210	2, 186	1, 828	2, 137	7[illegible]
West Virginia	1, 193	1, 154	595	559	459	550	1[illegible]
Wisconsin	3, 806	3, 674	1, 813	1, 861	1, 402	1, 687	1[illegible]
Wyoming	513	498	245	253	180	229	[illegible]
Virgin Islands	61	60	20	40	15	19	[illegible]
District of Columbia—all‡	2, 779	2, 704	1, 628	1, 076	1, 419	1, 039	1[illegible]

*IPC deposits are those of individuals, partnerships, and corporations.

†Includes securities sold under agreements to repurchase.

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

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

TABLE B–27

Capital accounts of National banks, by States, Dec. 31, 1968

[Dollar amounts in millions]

	Total capital accounts	*Debentures*	*Preferred stock*	*Common stock*	*Surplus*	*Undivided profits*	*Reserves*
United States	$21, 524	$1, 256	$58	$5, 694	$9, 747	$4, 051	$718
Alabama	249	0	0	76	104	59	10
Alaska	22	—	0	6	8	7	1
Arizona	144	26	0	34	58	26	—
Arkansas	120	5	0	33	48	30	4
California	2, 490	214	0	649	1, 125	467	35
Colorado	218	4	—	64	96	52	2
Connecticut	184	10	0	49	98	27	—
Delaware	3	0	0	1	1	1	—
District of Columbia	148	1	2	37	78	29	1
Florida	560	27	0	197	228	92	16
Georgia	315	60	0	66	108	49	32
Hawaii	53	12	0	9	19	11	2
Idaho	58	0	0	19	31	8	—
Illinois	1, 859	20	—	592	836	264	147
Indiana	441	12	0	103	200	117	9
Iowa	151	1	0	39	65	42	4
Kansas	224	7	—	61	93	59	4
Kentucky	158	0	0	32	83	39	4
Louisiana	299	8	3	67	163	57	1
Maine	52	0	0	19	19	13	1
Maryland	196	3	0	50	87	49	7
Massachusetts	635	12	0	154	333	105	31
Michigan	722	99	4	171	321	111	16
Minnesota	404	19	0	125	156	98	6
Mississippi	110	6	0	28	74	1	1
Missouri	435	26	0	110	171	118	10
Montana	55	1	0	20	21	13	—
Nebraska	177	3	—	45	64	60	5
Nevada	54	0	0	21	20	13	—
New Hampshire	60	—	0	12	32	14	2
New Jersey	637	28	—	173	301	119	16
New Mexico	66	1	0	20	20	12	13
New York	3, 624	444	41	829	1, 601	514	195
North Carolina	189	15	0	46	93	32	3
North Dakota	47	1	0	15	18	12	1
Ohio	950	27	0	264	463	191	5
Oklahoma	364	21	—	96	137	107	3
Oregon	215	0	0	80	83	52	—
Pennsylvania	1, 620	62	5	315	884	296	58
Rhode Island	75	—	0	18	32	25	—
South Carolina	99	0	0	24	51	23	1
South Dakota	55	—	0	17	23	15	—
Tennessee	374	19	0	99	171	78	7
Texas	1, 415	55	2	455	584	273	46
Utah	64	0	0	19	34	11	—
Vermont	33	1	1	9	12	9	1
Virginia	337	2	0	103	160	70	2
Washington	327	0	0	107	133	82	5
West Virginia	121	1	0	26	62	28	4
Wisconsin	269	3	0	83	120	55	8
Wyoming	44	1	0	6	21	15	1
Virgin Islands	6	0	0	—	4	2	—
District of Columbia—all*	230	13	1	50	112	52	2

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

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

Table B–28

Loans and discounts of National banks, by States, Dec. 31, 1968

[Dollar amounts in millions]

	Loans and discounts, net	Reserves	Loans and discounts, gross	Loans secured by real estate	Loans to financial institutions	Loans to purchase or carry securities	Loans to farmers	Commercial and individual loans	Personal loans to individuals	Other loans
United States	$154, 862	$3, 160	$158, 022	$37, 703	$9, 771	$5, 008	$4, 870	$61, 937	$34, 321	$4, 412
Alabama	1, 550	35	1, 585	261	82	31	38	510	578	85
Alaska	162	6	168	72	—	4	—	55	36	1
Arizona	1, 430	20	1, 450	397	71	2	169	458	346	7
Arkansas	709	13	722	182	23	14	53	219	222	9
California	23, 340	398	23, 738	7, 234	1, 142	418	687	9, 399	4, 342	516
Colorado	1, 658	27	1, 685	331	105	35	213	509	475	17
Connecticut	1, 475	27	1, 502	503	33	37	3	425	432	69
Delaware	14	—	14	8	0	0	—	2	4	—
District of Columbia	911	17	928	312	108	16	—	253	204	35
Florida	3, 586	60	3, 646	782	168	127	56	1, 268	1, 149	96
Georgia	2, 256	43	2, 299	421	143	28	19	875	768	45
Hawaii	287	4	291	133	2	5	4	78	55	14
Idaho	503	9	512	155	5	13	91	99	144	5
Illinois	12, 888	329	13, 217	2, 278	1, 256	788	336	6, 223	2, 048	288
Indiana	3, 061	60	3, 121	1, 041	205	49	76	782	897	71
Iowa	984	19	1, 003	264	36	18	202	225	232	26
Kansas	1, 148	18	1, 166	172	49	18	267	368	280	12
Kentucky	973	17	990	262	47	19	60	254	329	19
Louisiana	1, 635	30	1, 665	291	127	59	21	698	421	48
Maine	332	7	339	118	4	3	9	103	97	5
Maryland	1, 300	23	1, 323	398	85	36	18	384	381	21
Massachusetts	4, 244	95	4, 339	621	278	44	5	2, 337	901	153
Michigan	6, 588	123	6, 711	2, 701	469	156	49	1, 757	1, 385	194
Minnesota	3, 248	55	3, 303	863	268	79	164	1, 128	697	104
Mississippi	726	16	742	142	18	16	36	270	235	25
Missouri	2, 609	45	2, 654	506	239	90	105	1, 049	615	50
Montana	415	9	424	116	3	2	85	98	118	2
Nebraska	1, 139	23	1, 162	148	37	35	386	299	239	18
Nevada	378	4	382	134	7	5	10	108	116	2
New Hampshire	376	7	383	96	5	2	5	120	148	7
New Jersey	4, 663	102	4, 765	1, 907	168	144	12	1, 175	1, 236	123
New Mexico	440	10	450	79	13	7	46	156	139	10
New York	24, 807	656	25, 463	3, 955	2, 165	1, 546	81	13, 708	3, 116	892
North Carolina	1, 589	32	1, 621	228	57	28	23	772	488	25
North Dakota	366	8	374	126	2	2	69	91	80	4
Ohio	6, 451	124	6, 575	1, 929	305	129	82	1, 814	2, 089	227
Oklahoma	1, 945	35	1, 980	388	91	48	178	727	474	74
Oregon	2, 043	29	2, 072	520	114	21	103	871	405	38
Pennsylvania	9, 947	195	10, 142	2, 854	532	158	126	3, 763	2, 305	404
Rhode Island	651	8	659	305	28	—	—	170	122	34
South Carolina	686	14	700	101	29	14	13	246	276	21
South Dakota	410	12	422	107	5	1	132	89	85	3
Tennessee	2, 461	47	2, 508	374	185	64	44	884	911	46
Texas	9, 326	173	9, 499	1, 072	674	590	446	4, 231	2, 170	316
Utah	509	8	517	181	21	11	22	170	102	10
Vermont	265	4	269	125	1	3	9	54	73	4
Virginia	2, 604	45	2, 649	802	92	32	53	674	907	89
Washington	2, 777	52	2, 829	680	167	20	153	1, 110	649	50
West Virginia	574	13	587	206	14	5	7	126	222	7
Wisconsin	2, 125	46	2, 171	745	95	29	53	659	502	88
Wyoming	269	5	274	65	2	3	51	85	66	2
Virgin Islands	33	—	33	17	0	0	0	11	5	—
District of Columbia—all*	1, 451	23	1, 474	471	170	34	—	376	371	52

*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–29

Income and expenses of National banks, by States, year ended Dec. 31, 1968*

[Dollar amounts in thousands]

	United States	*Alabama*	*Alaska*	*Arizona*	*Arkansas*	*California*	*Colorado*	*Connecticut*	*Delaware*	*District of Columbia*	*Florida*	*Georgia*	*Hawaii*
Number of banks	4, 716	89	5	3	68	72	118	29	5	10	204	62	2
Current operating revenue:													
Interest and dividends on—													
U.S. Government obligations	$1, 622, 859	$22, 311	$2, 676	$9, 495	$8, 901	$178, 589	$17, 739	$8, 518	$468	$21, 501	$58, 290	$17, 626	$2, 710
Other securities	1, 415, 134	16, 085	2, 167	9, 606	7, 735	215, 036	12, 032	15, 195	27	6, 335	50, 870	15, 778	3, 651
Interest and discount on loans†	9, 990, 384	107, 715	13, 010	97, 934	47, 940	1, 543, 419	111, 691	97, 152	1, 022	59, 599	233, 259	152, 470	19, 853
Service charges and other fees on banks' loans	234, 048	2, 040	958	2, 703	310	51, 229	3, 172	1, 659	43	2, 135	8, 686	5, 086	1, 637
Service charges on deposit accounts	629, 950	9, 968	1, 811	8, 318	4, 179	132, 109	10, 671	7, 760	70	5, 004	21, 365	14, 723	1, 290
Other service charges, commissions, fees, and collection and exchange charges	269, 888	2, 448	1, 316	3, 181	1, 279	36, 165	3, 261	2, 819	13	1, 005	6, 809	13, 180	539
Trust department	493, 308	4, 179	146	3, 166	1, 030	65, 007	9, 701	9, 096	0	4, 254	13, 783	7, 726	1, 005
Other current operating revenue	342, 276	1, 909	299	1, 626	796	70, 345	5, 937	1, 953	23	4, 110	12, 501	4, 615	1, 024
Total current operating revenue	14, 997, 847	166, 655	22, 383	136, 029	72, 170	2, 291, 899	174, 204	144, 152	1, 666	103, 943	405, 563	231, 204	31, 709
Current operating expenses:													
Salaries and wages:‡													
Officers	1, 022, 508	13, 681	2, 389	10, 372	7, 279	164, 076	14, 782	12, 177	153	7, 569	30, 596	17, 517	2, 557
Employees other than officers	1, 911, 230	23, 267	3, 863	21, 119	9, 198	306, 625	23, 659	23, 458	266	13, 003	52, 308	34, 697	4, 710
Number of officers	*82, 597*	*1, 132*	*143*	*908*	*659*	*14, 109*	*1, 198*	*907*	*20*	*511*	*2, 572*	*1, 368*	*188*
Number of employees other than officers	*397, 270*	*5, 620*	*673*	*4, 491*	*2, 338*	*60, 263*	*5, 056*	*4, 777*	*102*	*2, 488*	*12, 352*	*7, 199*	*1, 045*
Officer and employee benefits—pensions, hospitalization, social security, insurance, etc	449, 982	5, 530	666	4, 509	2, 062	67, 906	4, 504	6, 011	41	2, 276	11, 431	10, 972	1, 682
Fees paid to directors and members of executive, discount and other committees	47, 162	783	37	111	574	1, 279	962	608	18	425	2, 012	843	104
Interest on time and savings deposits	5, 304, 329	49, 084	6, 183	49, 024	19, 336	941, 932	54, 255	40, 767	529	29, 103	129, 919	59, 748	10, 513
Interest and discount on borrowed money§	308, 576	503	35	1, 954	960	45, 013	2, 123	1, 224	1	1, 036	5, 981	5, 004	49
Net occupancy expense of bank premises	553, 259	5, 891	947	5, 582	3, 370	97, 889	7, 329	7, 410	81	4, 108	12, 786	11, 985	1, 424
Furniture and equipment—depreciation, rents, servicing, uncapitalized costs, etc	374, 319	5, 251	927	3, 501	2, 638	47, 767	6, 197	4, 714	65	2, 583	14, 116	7, 258	1, 316
Other current operating expenses	1, 537, 597	18, 655	2, 349	14, 698	9, 369	187, 755	21, 184	16, 916	198	12, 936	49, 216	30, 862	3, 721
Total current operating expenses	11, 508, 962	122, 645	17, 396	110, 870	54, 786	1, 860, 242	134, 995	113, 285	1, 352	73, 039	308, 365	178, 886	26, 076
Net current operating earnings	3, 488, 885	44, 010	4, 987	25, 159	17, 384	431, 657	39, 209	30, 867	314	30, 904	97, 198	52, 318	5, 633

See footnotes at end of table.

Table B–29—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1968*

	United States	*Alabama*	*Alaska*	*Arizona*	*Arkansas*	*California*	*Colorado*	*Connecticut*	*Delaware*	*District of Columbia*	*Florida*	*Georgia*	*Hawaii*
Recoveries, transfers from valuation reserves, and profits:													
On securities:													
Profits and securities sold or redeemed	$48, 378	$1, 230	$9	$122	$505	$2, 271	$614	$209	$4	$566	$1, 033	$373	$1
Recoveries	3, 928	1	0	0	0	18	79	0	0	0	49	0	0
Transfers from valuation reserves	22, 179	358	0	0	0	37	150	202	0	0	155	2, 186	0
On loans:													
Recoveries	5, 962	111	0	0	78	653	226	2	7	14	79	24	0
Transfers from valuation reserves	29, 121	57	0	0	25	313	1	375	0	0	421	309	0
All other	69, 119	465	132	1, 708	163	7, 744	517	455	4	539	3, 120	1, 417	265
Total recoveries, transfers from valuation reserves and profits	178, 687	2, 222	141	1, 830	771	11, 036	1, 587	1, 243	15	1, 119	4, 857	4, 309	266
Losses, chargeoffs, and transfers to valuation reserves:													
On securities:													
Losses on securities sold	308, 885	3, 107	428	4, 813	736	20, 193	1, 851	2, 855	20	320	7, 900	8, 807	496
Chargeoffs on securities not sold	6, 886	14	0	0	35	622	172	0	1	0	338	29	0
Transfers to valuation reserves	33, 821	256	0	0	13	8, 036	0	12	0	17	297	145	0
On loans:													
Losses and chargeoffs	9, 726	343	0	0	127	652	181	1	21	0	207	34	0
Transfers to valuation reserves	559, 688	6, 663	824	8, 923	2, 829	81, 569	6, 690	5, 812	2	2, 427	19, 762	12, 386	1, 257
All other	107, 575	2, 121	143	606	985	21, 298	718	706	5	830	3, 217	3, 256	180
Total losses, chargeoffs, and transfers to valuation reserves	1, 026, 581	12, 504	1, 395	14, 342	4, 725	132, 370	9, 612	9, 386	49	3, 594	31, 721	24, 657	1, 933

Net income before related taxes	2, 640, 991	33, 728	3, 733	12, 647	13, 430	310, 323	31, 184	22, 724	280	28, 429	70, 334	31, 970	3, 966
Taxes on net income:													
Federal	611, 450	8, 885	974	1, 182	3, 108	47, 219	8, 587	3, 565	54	12, 194	15, 612	7, 497	−14
State	97, 985	1, 659	4	241	0	32, 749	1, 655	2, 339	3	0	0	0	122
Total taxes on net income	709, 435	10, 544	978	1, 423	3, 108	79, 968	10, 242	5, 904	57	12, 194	15, 612	7, 497	108
Net income before dividends	1, 931, 556	23, 184	2, 755	11, 224	10, 322	230, 355	20, 942	16, 820	223	16, 235	54, 722	24, 473	3, 858
Cash dividends declared:													
On common stock	892, 934	10, 535	547	6, 774	3, 374	117, 872	9, 676	8, 267	43	6, 535	17, 686	12, 310	2, 061
On preferred stock	4, 344	0	0	0	0	0	0	0	0	301	0	0	0
Total cash dividends declared	897, 278	10, 535	547	6, 774	3, 374	117, 872	9, 676	8, 267	43	6, 836	17, 686	12, 310	2, 061
Net income after dividends	1, 034, 278	12, 649	2, 208	4, 450	6, 948	112, 483	11, 266	8, 553	180	9, 399	37, 036	12, 163	1, 797
Capital accounts ‖	20, 585, 402	241, 163	20, 534	142, 201	115, 535	2, 184, 329	211, 763	181, 781	2, 409	138, 489	531, 446	306, 605	51, 486
Ratios:													
Net income before dividends to capital accounts (percent)	9. 38	9. 61	13. 42	7. 89	8. 93	10. 55	9. 89	9. 25	9. 26	11. 72	10. 30	7. 98	7. 49
Total current operating expenses to total current operating revenue (percent)	76. 74	73. 59	77. 72	81. 50	75. 91	81. 17	77. 49	78. 59	81. 15	70. 27	76. 03	77. 37	82. 24

See footnotes at end of table.

TABLE B-29—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1968*

	Idaho	*Illinois*	*Indiana*	*Iowa*	*Kansas*	*Kentucky*	*Louisiana*	*Maine*	*Maryland*	*Massachusetts*	*Michigan*	*Minnesota*	*Mississippi*
Number of banks	9	420	123	102	171	80	48	21	48	87	98	196	40
Current operating revenue:													
Interest and dividends on—													
U.S. Government obligations	$5, 405	$159, 334	$48, 963	$15, 068	$23, 115	$16, 105	$29, 958	$3, 148	$15, 932	$33, 845	$72, 523	$32, 579	$8, 625
Other securities	4, 298	125, 982	26, 319	8, 640	13, 013	9, 314	15, 797	3, 061	11, 181	35, 071	49, 571	30, 199	6, 985
Interest and discount on loans†	34, 468	798, 771	204, 597	65, 124	76, 971	64, 285	107, 916	23, 690	88, 172	285, 376	413, 580	201, 869	49, 855
Service charges and other fees on banks' loans	1, 215	12, 230	4, 466	754	791	1, 037	1, 246	407	2, 295	5, 203	7, 664	4, 132	239
Service charges on deposit accounts	3, 519	27, 157	13, 130	4, 514	6, 208	4, 070	8, 301	1, 831	7, 505	18, 640	19, 688	11, 493	4, 799
Other service charges, commissions, fees, and collection and exchange charges	1, 816	16, 520	7, 589	2, 277	2, 262	851	3, 702	355	1, 379	15, 252	8, 419	10, 966	2, 725
Trust department	360	51, 965	9, 646	2, 598	2, 213	2, 375	1, 960	1, 615	3, 131	19, 003	15, 928	12, 147	1, 087
Other current operating revenue	399	31, 489	4, 850	1, 607	1, 670	1, 391	2, 990	589	1, 313	12, 873	7, 785	4, 974	2, 907
Total current operating revenue	51, 480	1, 223, 448	319, 560	100, 582	126, 243	99, 428	171, 870	34, 696	130, 908	425, 263	595, 158	308, 359	77, 222
Current operating expenses:													
Salaries and wages:‡													
Officers	4, 639	68, 463	24, 519	10, 331	12, 972	8, 383	12, 073	3, 033	9, 125	28, 437	27, 892	22, 075	6, 469
Employees other than officers	6, 629	131, 343	41, 837	11, 370	12, 452	12, 573	21, 847	5, 325	20, 101	65, 414	79, 281	32, 535	9, 768
Number of officers	*391*	*5, 039*	*1, 934*	*851*	*1, 146*	*799*	*890*	*267*	*782*	*2, 127*	*1, 896*	*1, 796*	*557*
Number of employees other than officers	*1, 502*	*25, 068*	*9, 083*	*2, 730*	*2, 994*	*3, 068*	*4, 898*	*1, 255*	*4, 523*	*13, 451*	*16, 188*	*7, 353*	*2, 232*
Officer and employee benefits—pensions, hospitalization, social security, insurance, etc	1, 573	34, 356	8, 576	2, 712	3, 161	2, 739	4, 815	1, 219	3, 751	15, 380	16, 808	8, 720	2, 228
Fees paid to directors and members of executive, discount and other committees	110	3, 969	1, 329	514	920	626	848	259	579	1, 094	1, 349	1, 216	461
Interest on time and savings deposits	17, 094	473, 731	103, 133	32, 639	37, 589	28, 901	49, 650	9, 425	32, 238	101, 258	261, 531	114, 474	18, 094
Interest and discount on borrowed money§	116	28, 663	7, 572	650	800	508	2, 251	309	3, 444	25, 020	15, 601	10, 754	1, 317
Net occupancy expense of bank premises	1, 272	32, 008	12, 492	3, 524	3, 882	3, 736	7, 001	1, 654	6, 304	18, 035	22, 028	9, 358	2, 475
Furniture and equipment—depreciation, rents, servicing, uncapitalized costs, etc	1, 561	25, 067	10, 104	3, 746	3, 602	3, 121	5, 403	1, 287	4, 201	11, 479	12, 935	9, 223	3, 734
Other current operating expenses	5, 630	110, 266	37, 255	12, 160	12, 721	11, 553	21, 944	4, 433	16, 568	39, 706	54, 910	30, 125	12, 903
Total current operating expenses	38, 624	907, 866	246, 817	77, 646	88, 099	72, 140	125, 832	26, 944	96, 311	305, 823	492, 335	238, 480	57, 449
Net current operating earnings	12, 856	315, 582	72, 743	22, 936	38, 144	27, 288	46, 038	7, 752	34, 597	119, 440	102, 823	69, 879	19, 773

Recoveries, transfers from valuation reserves, and profits:													
On securities:													
Profits and securities sold or redeemed	80	4, 957	1, 626	402	347	417	1, 129	238	168	345	983	831	247
Recoveries	2	2, 589	7	14	6	2	0	2	21	20	62	114	3
Transfers from valuation reserves	158	819	1, 868	59	412	33	416	15	1, 200	193	227	144	6
On loans:													
Recoveries	2	212	175	26	213	56	77	11	94	34	47	352	44
Transfers from valuation reserves	0	392	1, 649	39	110	47	41	23	2, 233	3, 245	341	180	83
All other	26	3, 952	2, 400	538	287	1, 399	1, 536	200	2, 065	3, 181	1, 682	1, 549	445
Total recoveries, transfers from valuation reserves and profits	268	12, 921	7, 725	1, 078	1, 375	1, 954	3, 199	489	5, 781	7, 018	3, 342	3, 170	828
Losses, chargeoffs, and transfers to valuation reserves:													
On securities:													
Losses on securities sold	706	38, 266	5, 324	588	1, 086	552	536	770	2, 287	13, 578	9, 819	5, 842	669
Chargeoffs on securities not sold	0	241	156	81	126	114	233	9	46	33	58	744	27
Transfers to valuation reserves	0	7, 712	1, 804	38	15	496	308	10	0	902	0	0	461
On loans:													
Losses and chargeoffs	1	690	259	178	542	39	110	1	441	43	101	207	40
Transfers to valuation reserves	1, 300	47, 612	14, 656	3, 104	4, 209	3, 811	6, 678	813	5, 689	21, 733	18, 204	10, 417	3, 726
All other	360	5, 827	2, 437	621	577	1, 372	1, 381	407	1, 519	6, 407	2, 045	2, 374	1, 593
Total losses, chargeoffs, and transfers to valuation reserves	2, 367	100, 348	24, 636	4, 610	6, 555	6, 384	9, 246	2, 010	9, 982	42, 696	30, 227	19, 584	6, 516
Net income before related taxes	10, 757	228, 155	55, 832	19, 404	32, 964	22, 858	39, 991	6, 231	30, 396	83, 762	75, 938	53, 465	14, 085
Taxes on net income:													
Federal	2, 867	66, 864	14, 292	5, 763	9, 931	6, 701	13, 220	1, 141	9, 399	19, 511	12, 542	11, 049	4, 536
State	546	0	0	0	764	0	0	0	136	7, 683	4, 013	5, 875	0
Total taxes on net income	3, 413	66, 864	14, 292	5, 763	10, 695	6, 701	13, 220	1, 141	9, 535	27, 194	16, 555	16, 924	4, 536
Net income before dividends	7, 344	161, 291	41, 540	13, 641	22, 269	16, 157	26, 771	5, 090	20, 861	56, 568	59, 383	36, 541	9, 549
Cash dividends declared:													
On common stock	3, 147	68, 856	15, 369	5, 359	7, 321	5, 801	9, 291	2, 505	7, 720	30, 527	24, 672	18, 620	5, 385
On preferred stock	0	5	0	0	18	0	146	0	0	0	193	0	0
Total cash dividends declared	3, 147	68, 861	15, 369	5, 359	7, 339	5, 801	9, 437	2, 505	7, 720	30, 527	24, 865	18, 620	5, 385
Net income after dividends	4, 197	92, 430	26, 171	8, 282	14, 930	10, 356	17, 334	2, 585	13, 141	26, 041	34, 518	17, 921	4, 164
Capital accounts ‖	55, 856	1, 805, 198	422, 466	145, 054	212, 851	152, 738	290, 256	50, 257	186, 212	621, 639	666, 806	393, 173	104, 995
Ratios:													
Net income before dividends to capital accounts (percent)	13. 15	8. 93	9. 83	9. 40	10. 46	10. 58	9. 22	10. 13	11. 20	9. 10	8. 91	9. 29	9. 09
Total current operating expenses to total current operating revenue (percent)	75. 03	74. 21	77. 24	77. 20	69. 79	72. 56	73. 21	77. 66	73. 57	71. 91	82. 72	77. 34	74. 39

See footnotes at end of table.

Table B-29—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1968*

	Missouri	*Montana*	*Nebraska*	*Nevada*	*New Hampshire*	*New Jersey*	*New Mexico*	*New York*	*North Carolina*	*North Dakota*	*Ohio*	*Oklahoma*	*Oregon*	*Pennsylvania*
Number of banks	98	48	127	4	52	143	33	176	22	42	218	220	11	327
Current operating revenue:														
Interest and dividends on—														
U.S. Government obligations	$34, 067	$6, 473	$14, 349	$4, 612	$4, 069	$51, 789	$6, 311	$171, 243	$12, 152	$6, 106	$91, 615	$30, 143	$17, 885	$106, 108
Other securities	22, 820	4, 027	10, 094	3, 519	2, 031	58, 504	3, 822	183, 962	15, 653	3, 859	72, 912	20, 925	16, 863	101, 088
Interest and discount on loans†	161, 147	28, 671	76, 671	28, 219	26, 690	293, 266	31, 842	1, 539, 081	104, 429	23, 980	398, 337	133, 838	131, 817	632, 392
Service charges and other fees on banks' loans	2, 084	743	559	1, 019	268	5, 397	471	34, 487	99, 28	291	5, 305	2, 221	3, 987	11, 570
Service charges on deposit accounts	5, 382	2, 863	4, 721	2, 600	2, 784	23, 493	3, 306	55, 318	7, 154	2, 113	25, 764	10, 656	14, 073	22, 687
Other service charges, commissions, fees, and collection and exchange charges	3, 400	1, 100	3, 194	654	593	6, 428	1, 272	31, 197	3, 985	1, 192	7, 994	3, 309	2, 687	10, 972
Trust department	11, 617	287	3, 209	1, 251	688	13, 605	840	85, 279	4, 102	531	17, 221	4, 400	4, 537	43, 220
Other current operating revenue	7, 125	426	2, 217	795	617	4, 882	774	78, 498	2, 340	362	8, 319	3, 181	2, 855	14, 857
Total current operating revenue	247, 642	44, 590	115, 014	42, 669	37, 740	457, 364	48, 638	2, 179, 065	159, 743	38, 434	627, 467	208, 673	194, 704	942, 894
Current operating expenses:														
Salaries and wages:‡														
Officers	17, 060	4, 528	12, 468	3, 789	3, 496	31, 183	4, 607	99, 209	13, 901	3, 360	38, 618	20, 560	17, 320	58, 202
Employees other than officers	31, 136	4, 457	12, 174	5, 637	5, 100	64, 346	6, 786	281, 391	24, 579	3, 438	76, 788	22, 745	26, 153	108, 814
Number of officers	*1, 261*	*385*	*1, 012*	*363*	*309*	*2, 503*	*393*	*6, 390*	*1, 162*	*306*	*2, 894*	*1, 796*	*1, 654*	*5, 020*
Number of employees other than officers	*6, 729*	*1, 046*	*2, 900*	*1, 308*	*1, 264*	*14, 022*	*1, 600*	*49, 015*	*5, 784*	*870*	*16, 778*	*5, 358*	*5, 434*	*23, 244*
Officers and employee benefits—pensions, hospitalization, social security, insurance, etc	6, 254	1, 422	3, 461	1, 047	1, 238	15, 265	1, 315	73, 709	5, 439	999	14, 690	5, 753	5, 758	27, 646
Fees paid to directors and members of executive, discount and other committees	966	263	723	81	323	2, 380	295	2, 670	476	256	2, 186	1, 112	165	4, 422
Interest on time and savings deposits	73, 056	15, 602	34, 252	12, 921	9, 103	156, 043	13, 841	834, 617	49, 639	16, 573	216, 951	66, 612	77, 628	344, 159
Interest and discount on borrowed money§	10, 113	580	1, 144	157	163	1, 812	351	49, 948	4, 650	103	8, 578	2, 357	2, 222	16, 601
Net occupancy expense of bank premises	7, 877	1, 475	3, 549	2, 186	1, 670	20, 290	1, 972	81, 052	6, 100	1, 328	19, 700	6, 777	7, 621	32, 088
Furniture and equipment—depreciation, rents, servicing, uncapitalized costs, etc	6, 442	1, 111	4, 229	1, 241	1, 117	12, 415	1, 643	37, 540	5, 322	849	14, 042	5, 987	4, 985	22, 940
Other current operating expenses	25, 158	5, 984	12, 918	5, 131	5, 020	48, 138	6, 898	204, 936	19, 482	3, 738	75, 294	22, 671	16, 180	95, 002
Total current operating expenses	178, 062	35, 422	84, 918	32, 190	27, 230	351, 872	37, 708	1, 665, 072	129, 588	30, 644	466, 847	154, 574	158, 032	709, 874
Net current operating earnings	69, 580	9, 168	30, 096	10, 479	10, 510	105, 492	10, 930	513, 993	30, 155	7, 790	160, 620	54, 099	36, 672	233, 020

Recoveries, transfers rom valuation reserves, and profits:														
On securities:														
Profits and securities sold or redeemed	1,630	143	374	91	331	2,736	202	6,136	286	103	1,448	1,538	64	2,817
Recoveries	23	18	6	0	10	51	3	499	17	37	118	61	0	21
Transfers from valuation reserves	9	336	1,229	38	0	513	0	266	0	0	4,973	0	0	926
On loans:														
Recoveries	39	149	57	0	8	149	40	319	13	6	120	485	8	214
Transfers from valuation reserves	1,982	14	218	40	5	442	12	904	1,529	4	4,469	111	0	538
All other	1,391	404	437	459	393	1,159	310	9,092	4,667	70	1,473	226	429	4,594
Total recoveries, transfers from valuation reserves and profits	5,074	1,064	2,321	628	747	5,050	567	17,216	6,512	220	12,601	2,421	501	9,110
Losses, chargeoffs, and transfers to valuation reserves:														
On securities:														
Losses on securities sold	5,063	715	2,347	862	302	7,271	250	85,630	4,080	528	13,193	1,613	5,130	22,317
Chargeoffs on securities not sold	108	8	170	0	6	1,003	7	459	24	46	263	39	0	236
Transfers to valuation reserves	96	297	143	0	7	367	0	314	72	0	2,321	300	0	286
On loans:														
Losses and chargeoffs	62	196	40	0	3	281	102	415	25	4	214	779	19	321
Transfers to valuation reserves	9,574	774	4,232	3,179	1,304	11,232	1,328	85,680	7,379	1,033	20,717	7,939	5,626	32,475
All other	1,329	227	634	988	605	3,433	391	6,867	2,021	149	2,343	739	1,298	9,855
Total losses, chargeoffs, and transfers to valuation reserves	16,232	2,217	7,566	5,029	2,227	23,587	2,078	179,365	13,601	1,760	39,051	11,409	12,073	65,490
Net income before related taxes	58,422	8,015	24,851	6,078	9,030	86,955	9,419	351,844	23,066	6,250	134,170	45,111	25,100	176,640
Taxes on net income:														
Federal	20,474	2,145	7,651	1,545	2,754	17,568	2,532	54,799	3,161	1,396	32,585	10,835	3,550	40,190
State	1,612	7	0	0	0	0	0	30,800	376	186	0	1,236	2,350	0
Total taxes on net income	22,086	2,152	7,651	1,545	2,754	17,568	2,532	85,599	3,537	1,582	32,585	12,071	5,900	40,190
Net income before dividends	36,336	5,863	17,200	4,533	6,276	69,387	6,887	266,245	19,529	4,668	101,585	33,040	19,200	136,450
Cash dividends declared:														
On common stock	17,663	3,407	7,113	2,640	2,131	29,120	2,618	139,230	9,788	2,230	40,640	13,729	10,718	68,457
On preferred stock	0	0	6	0	0	6	0	3,181	0	0	0	21	0	302
Total cash dividends declared	17,663	3,407	7,119	2,640	2,131	29,126	2,618	142,411	9,788	2,230	40,640	13,750	10,718	68,759
Net income after dividends	18,673	2,456	10,081	1,893	4,145	40,261	4,269	123,834	9,741	2,438	60,945	19,290	8,482	67,691
Capital accounts‖	423,023	52,745	170,971	49,714	57,258	611,513	63,894	3,515,765	181,258	46,097	915,689	352,850	210,733	1,576,255
Ratios:														
Net income before dividends to capital accounts (percent)	8.59	11.12	10.06	9.12	10.96	11.35	10.78	7.57	10.77	10.13	11.09	9.36	9.11	8.66
Total current operating expenses to total current operating revenue (percent)	71.90	79.44	73.83	75.44	72.15	76.93	77.53	76.41	81.12	79.73	74.40	74.07	81.17	75.29

See footnotes at end of table.

Table B-29—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1968*

	Rhode Island	*South Carolina*	*South Dakota*	*Tennessee*	*Texas*	*Utah*	*Vermont*	*Virginia*	*Washington*	*West Virginia*	*Wisconsin*	*Wyoming*	*Virgin Islands*	*District of Columbia—all △*
Number of banks	4	24	34	77	535	12	27	107	27	80	117	40	1	14
Current operating revenue:														
Interest and dividends on—														
U.S. Government obligations	$4, 047	$7, 257	$7, 081	$29, 473	$101, 734	$4, 141	$2, 304	$28, 723	$22, 778	$13, 546	$26, 389	$4, 590	$450	$29, 364
Other securities	5, 713	5, 022	3, 585	20, 762	87, 176	4, 817	1, 710	22, 573	23, 146	6, 116	17, 970	2, 068	449	9, 755
Interest and discount on loans†	41, 094	47, 795	28, 590	158, 113	598, 816	32, 976	17, 202	169, 839	191, 323	39, 196	133, 540	19, 560	2, 222	93, 876
Service charges and other fees on banks' loans	693	822	226	3, 526	11, 055	1, 761	324	6, 202	6, 275	533	2, 019	338	607	2, 419
Service charges on deposit accounts	1, 943	5, 243	2, 525	9, 190	33, 658	2, 892	1, 317	12, 011	20, 654	1, 687	6, 055	1, 682	56	7, 884
Other service charges, commissions, fees, and collection and exchange charges	301	1, 931	1, 619	7, 049	14, 768	1, 885	186	4, 299	8, 033	684	4, 198	729	101	1, 700
Trust department	2, 325	2, 006	641	6, 159	24, 422	1, 036	316	7, 538	8, 569	1, 552	4, 565	271	0	7, 601
Other current operating revenue	1, 734	698	700	2, 129	14, 240	311	198	3, 583	4, 025	896	5, 864	497	178	4, 535
Total current operating revenue	57, 850	70, 774	44, 967	236, 401	885, 869	49, 819	23, 557	254, 768	284, 803	64, 210	200, 600	29, 735	4, 063	157, 134
Current operating expenses:														
Salaries and wages:‡														
Officers	2, 833	8, 025	4, 635	16, 956	68, 726	2, 693	1, 933	19, 971	22, 723	5, 413	15, 350	3, 098	292	10, 685
Employees other than officers	6, 170	13, 252	4, 385	31, 863	91, 556	5, 463	3, 068	32, 647	46, 819	7, 087	24, 710	3, 252	766	19, 694
Number of officers	*227*	*695*	*417*	*1, 449*	*6, 060*	*243*	*196*	*1, 810*	*1, 923*	*498*	*1, 157*	*261*	*23*	*717*
Number of employees other than officers	*1, 471*	*3, 273*	*1, 113*	*7, 403*	*19, 723*	*1, 423*	*775*	*8, 110*	*9, 352*	*1, 691*	*5, 921*	*744*	*170*	*3, 838*
Officer and employee benefits—pensions, hospitalization, social security, insurance, etc	2, 214	2, 895	1, 441	6, 952	21, 420	1, 071	730	7, 595	10, 233	1, 457	5, 476	699	175	3, 499
Fees paid to directors and members of executive, discount and other committees	126	373	211	672	4, 371	168	197	1, 427	390	571	949	348	11	585
Interest on time and savings deposits	23, 441	9, 704	15, 913	67, 523	281, 543	19, 190	9, 175	88, 277	88, 482	20, 120	77, 973	10, 315	1, 526	43, 837
Interest and discount on borrowed money§	1, 380	637	117	10, 000	27, 405	1, 379	59	1, 855	3, 319	216	2, 299	221	22	1, 755
Net occupancy expense of bank premises	1, 764	2, 797	1, 636	8, 567	27, 240	1, 646	876	9, 737	11, 993	2, 006	7, 415	1, 174	152	6, 888
Furniture and equipment—depreciation, rents, servicing, uncapitalized costs, etc	1, 208	2, 992	1, 380	7, 681	23, 332	1, 219	542	7, 252	8, 414	1, 271	6, 434	880	55	3, 763
Other current operating expenses	4, 742	9, 599	4, 259	29, 592	107, 328	4, 958	2, 178	28, 045	29, 279	7, 287	21, 905	3, 390	452	18, 953
Total current operating expenses	43, 878	50, 274	33, 977	179, 806	652, 921	37, 787	18, 758	196, 806	221, 652	45, 428	162, 511	23, 377	3, 451	109, 659
Net current operating earnings	13, 972	20, 500	10, 990	56, 595	232, 948	12, 032	4, 799	57, 962	63, 151	18, 782	38, 089	6, 358	612	47, 475

Recoveries, transfers from valuation reserves, and profits:														
On securities:														
Profits and securities sold or redeemed	14	366	67	5, 398	2, 278	260	41	457	1, 213	593	1, 004	81	0	583
Recoveries	0	0	0	3	41	4	1	9	1	1	5	10	0	2
Transfers from valuation reserves	0	108	0	775	2, 104	0	0	1, 384	491	13	3	373	0	0
On loans:														
Recoveries	0	3	26	55	1, 349	7	21	84	44	109	27	93	0	17
Transfers from valuation reserves	0	56	1	1, 953	1, 567	0	17	25	4, 801	19	521	9	0	15
All other	15	148	289	788	3, 792	96	314	576	848	215	870	273	2	576
Total recoveries, transfers from valuation reserves and profits	29	681	383	8, 972	11, 131	367	394	2, 535	7, 398	950	2, 430	839	2	1, 193
Losses, chargeoffs, and transfers to valuation reserves:														
On securities:														
Losses on securities sold	2, 752	299	558	3, 972	5, 161	327	286	5, 490	6, 289	477	2, 244	174	6	431
Chargeoffs on securities not sold	0	3	9	701	298	0	9	33	295	26	54	10	0	0
Transfers to valuation reserves	0	176	0	622	5, 712	0	0	2, 223	253	20	0	90	0	17
On loans:														
Losses and chargeoffs	0	3	10	28	2, 342	0	53	176	86	126	25	198	0	0
Transfers to valuation reserves	2, 721	2, 158	927	7, 876	34, 906	2, 008	521	9, 020	9, 482	2, 054	3, 157	1, 059	231	4, 002
All other	245	1, 045	600	2, 241	5, 888	223	147	2, 031	2, 508	262	417	98	6	1, 069
Total losses, chargeoffs, and transfers to valuation reserves	5, 718	3, 684	2, 104	15, 440	54, 307	2, 558	1, 016	18, 973	18, 913	2, 965	5, 897	1, 629	243	5, 519
Net income before related taxes	8, 283	17, 497	9, 269	50, 127	189, 772	9, 841	4, 177	41, 524	51, 636	16, 767	34, 622	5, 568	371	43, 149
Taxes on net income:														
Federal	1, 099	6, 453	3, 174	14, 272	58, 502	2, 895	1, 067	8, 606	13, 389	5, 793	6, 789	1, 594	−47	18, 196
State	571	420	305	0	0	220	115	0	0	0	1, 998	0	0	0
Total taxes on net income	1, 670	6, 873	3, 479	14, 272	58, 502	3, 115	1, 182	8, 606	13, 389	5, 793	8, 787	1, 594	−47	18, 196
Net income before dividends	6, 613	10, 624	5, 790	35, 855	131, 270	6, 726	2, 995	32, 918	38, 247	10, 974	25, 835	3, 974	418	24, 953

See footnotes at end of table.

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TABLE B-29—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1968*

	Rhode Island	South Carolina	South Dakota	Tennessee	Texas	Utah	Vermont	Virginia	Washington	West Virginia	Wisconsin	Wyoming	Virgin Islands	District of Columbia—all △
Cash dividends declared:														
On common stock	$4,219	$4,842	$3,222	$12,490	$67,851	$3,769	$1,092	$16,043	$13,483	$3,732	$10,764	$1,690	0	$10,490
On preferred stock	0	0	0	0	134	0	31	0	0	0	0	0	0	301
Total cash dividends declared	4,219	4,842	3,222	12,490	67,985	3,769	1,123	16,043	13,483	3,732	10,764	1,690	0	10,791
Net income after dividends	2,394	5,782	2,568	23,365	63,285	2,957	1,872	16,875	24,764	7,242	15,071	2,284	$418	14,162
Capital accounts‖	72,831	96,575	53,647	360,659	1,380,179	62,650	30,558	327,924	312,881	117,312	260,404	42,366	4,409	219,775
Ratios:														
Net income before dividends to capital accounts (percent)	9.08	11.00	10.79	9.94	9.51	10.74	9.80	10.04	12.22	9.35	9.92	9.38	9.48	11.35
Total current operating expenses to total current operating revenue (percent)	75.85	71.03	75.56	76.06	73.70	75.85	79.63	77.25	77.83	70.75	81.01	78.62	84.94	69.79

*Includes all banks operating as National banks at year end, and full year data for those State banks converting to National banks during the year.
†Includes revenues from the sale of Federal funds.
‡Number of employees at year end excluding building employees.
§Includes expenses incurred in purchasing Federal funds.
‖Includes the aggregate book value of debentures, preferred stock, common stock, surplus, undivided profits, and reserves. These are averages from the June and December call dates in the year indicated and the previous December call date.
△Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

TABLE B-30

Income and expenses of National banks, by deposit size, year ended Dec. 31, 1968*

[Dollar amounts in thousands]

	Banks operating full year with deposits in December 1968, of—								
	Total	*$2,000.0 and under*	*$2,000.1 to $5,000.0*	*$5,000.1 to $10,000.0*	*$10,000.1 to $25,000.0*	*$25,000.1 to $50,000.0*	*$50,000.1 to $100,000.0*	*$100,000.1 to $500,000.0*	*Over $500,000.0*
Number of banks	4, 716	185	839	1, 219	1, 348	543	266	244	72
Total deposits	$257, 884, 000	$275, 000	$3, 018, 000	$8, 976, 000	$21, 063, 000	$18, 686, 000	$18, 208, 000	$51, 621, 000	$136, 037, 000
Capital stock (par value)	5, 752, 000	10, 000	81, 000	210, 000	473, 000	413, 000	416, 000	1, 175, 000	2, 974, 000
Capital accounts†	21, 524, 000	38, 000	321, 000	800, 000	1, 738, 000	1, 464, 000	1, 419, 000	4, 110, 000	11, 634, 000
Current operating revenue:									
Interest and dividends on—									
U.S. Government obligations	1, 622, 859	4, 303	36, 576	94, 453	192, 478	155, 374	141, 640	343, 334	654, 701
Other securities	1, 415, 134	778	12, 765	47, 130	124, 245	120, 628	114, 144	279, 789	715, 655
Interest and discount on loans‡	9, 990, 384	9, 684	108, 754	322, 937	770, 586	684, 120	671, 319	1, 923, 532	5, 499, 452
Service charges and other fees on banks' loans	234, 048	74	1, 048	3, 715	13, 731	13, 133	15, 534	42, 767	144, 046
Service charges on deposit accounts	629, 950	883	9, 246	30, 530	71, 256	61, 185	48, 975	133, 979	273, 896
Other service charges, commissions, fees, and collection and exchange charges	269, 888	321	3, 441	8, 623	18, 841	16, 095	18, 009	56, 804	147, 754
Trust department	493, 308	0	155	744	6, 315	17, 414	26, 720	106, 024	335, 936
Other current operating revenue	342, 276	198	1, 914	5, 332	16, 407	14, 629	18, 038	52, 733	233, 025
Total current operating revenue	14, 997, 847	16, 241	173, 899	513, 464	1, 213, 859	1, 082, 578	1, 054, 379	2, 938, 962	8, 004, 465

See footnotes at end of table.

TABLE B-30—Continued

Income and expenses of National banks, by deposit size, year ended Dec. 31, 1968*

[Dollar amounts in thousands]

	Banks operating full year with deposits in December 1968, of—								
	Total	*$2,000.0 and under*	*$2,000.1 to $5,000.0*	*$5,000.1 to $10,000.0*	*$10,000.1 to $25,000.0*	*$25,000.1 to $50,000.0*	*$50,000.1 to $100,000.0*	*$100,000.1 to $500,000.0*	*Over $500,000.0*
Current operating expenses:									
Salaries and wages:§									
Officers	$1, 022, 508	$3, 513	$26, 204	$58, 886	$114, 506	$91, 820	$83, 457	$214, 073	$430, 049
Employees other than officers	1, 911, 230	1, 366	17, 704	55, 973	138, 649	130, 501	129, 364	402, 400	1, 035, 273
Number of officers	*82, 597*	*537*	*2, 973*	*5, 965*	*10, 643*	*7, 632*	*6, 874*	*16, 177*	*31, 796*
Number of employees other than officers	*397, 270*	*457*	*4, 827*	*14, 317*	*34, 727*	*31, 610*	*30, 455*	*90, 072*	*190, 805*
Officer and employee benefits—pensions, hospitalization, social security, insurance, etc.	449, 982	375	3, 974	12, 589	31, 125	29, 705	29, 456	92, 561	250, 197
Fees paid to directors and members of executive, discount and other committees	47, 162	387	2, 883	6, 737	10, 916	7, 040	4, 896	8, 018	6, 285
Interest on time and savings deposits	5, 304, 329	3, 829	52, 338	171, 497	422, 963	376, 814	373, 576	934, 506	2, 968, 806
Interest and discount on borrowed money‖	308, 576	22	332	698	2, 580	4, 216	7, 449	37, 567	255, 712
Net occupancy expense of bank premises	553, 259	706	6, 934	20, 059	48, 131	43, 347	42, 721	114, 436	276, 925
Furniture and equipment—depreciation, rents, servicing, uncapitalized costs, etc.	374, 319	364	3, 974	12, 080	29, 393	28, 561	31, 465	99, 479	169, 003
Other current operating expenses	1, 537, 597	2, 051	20, 562	59, 027	143, 735	128, 984	120, 266	333, 373	729, 599
Total current operating expenses	11, 508, 962	12, 613	134, 905	397, 546	941, 998	840, 988	822, 650	2, 236, 413	6, 121, 849
Net current operating earnings	3, 488, 885	3, 628	38, 994	115, 918	271, 861	241, 590	231, 729	702, 549	1, 882, 616
Recoveries, transfers from valuation reserves, and profits:									
On securities:									
Profits and securities sold or redeemed	48, 378	30	554	2, 388	6, 332	5, 101	4, 437	11, 795	17, 741
Recoveries	3, 928	1	57	418	354	222	152	215	2, 509
Transfers from valuation reserves	22, 179	2	13	365	608	1, 683	2, 016	8, 427	9, 065

On loans:									
Recoveries	5,962	403	1,320	1,572	1,263	387	134	80	803
Transfers from valuation reserves	29,121	23	177	604	1,539	1,218	3,290	4,685	17,585
All other	69,119	20	587	2,142	5,613	5,829	5,671	12,586	36,671
Total recoveries, transfers from valuation reserves and profits	178,687	479	2,708	7,489	15,709	14,440	15,700	37,788	84,374
Losses, chargeoffs, and transfers to valuation reserves:									
On securities:									
Losses on securities sold	308,885	60	1,309	3,979	10,942	15,218	14,382	52,531	210,464
Chargeoffs on securities not sold	6,886	7	186	551	1,253	329	333	828	3,399
Transfers to valuation reserves	33,821	5	13	372	1,081	2,190	2,620	6,439	21,101
On loans:									
Losses and changeoffs	9,726	688	3,236	2,538	2,043	624	178	17	402
Transfers to valuation reserves	559,688	278	6,402	20,912	50,890	41,180	38,745	99,504	301,777
All other	107,575	106	999	3,623	7,414	7,871	7,182	23,432	56,948
Total losses, chargeoffs, and transfers to valuation reserves	1,026,581	1,144	12,145	31,975	73,623	67,412	63,440	182,751	594,091
Net income before related taxes	2,640,991	2,963	29,557	91,432	213,947	188,618	183,989	557,586	1,372,899
Taxes on net income:									
Federal	611,450	627	6,469	21,270	51,226	45,377	42,083	149,197	295,201
State	97,985	53	565	1,831	3,613	3,242	2,796	9,031	76,854
Total taxes on net income	709,435	680	7,034	23,101	54,839	48,619	44,879	158,228	372,055
Net income before dividends	1,931,556	2,283	22,523	68,331	159,108	139,999	139,110	399,358	1,000,844
Cash dividends declared:									
On common stock	892,934	852	8,040	22,778	54,672	53,019	50,444	173,045	530,084
On preferred stock	4,344	0	0	5	104	11	31	311	3,882
Total cash dividends declared	897,278	852	8,040	22,783	54,776	53,030	50,475	173,356	533,966
Net income after dividends	1,034,278	1,431	14,483	45,548	104,332	86,969	88,635	226,002	466,878

*Includes newly organized National banks opened during 1968.
†This includes the aggregate book value of debentures, preferred and common stock, surplus, undivided profits, and reserves.
‡Includes revenues from sale of Federal funds.
§Excludes building employees; number of employees are as of the end of the year.
||Includes expenses incurred in purchasing Federal funds.

Table B–31

Capital accounts, net profits, and dividends of National banks, 1944–68

[Dollar amounts in thousands]

Year (last call)	Number of banks	Capital stock (par value)*			Total capital accounts*	Net profits before dividends	Cash dividends		Ratios (percent)			
		Preferred	Common	Total			On preferred stock	On common stock	Net profits before dividends to capital accounts	Cash dividends to net profits before dividends	Cash dividends on preferred stock to preferred capital	Total cash dividends to capital accounts
1944	5,031	$110,597	$1,440,519	$1,551,116	$4,114,972	$411,844	$5,296	$139,012	10.01	35.04	4.79	3.51
1945	5,023	80,672	1,536,212	1,616,884	4,467,618	490,133	4,131	151,525	10.97	31.76	5.12	3.48
1946	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	4.18
1964	4,773	27,281	4,135,789	4,163,070	14,297,834	1,213,284	1,319	591,491	8.49	48.86	4.83	4.15
1965	4,815	28,697	4,600,390	4,629,087	16,111,704	1,387,228	1,453	681,802	8.61	49.25	5.06	4.24
1966	4,799	29,120	5,035,685	5,064,805	17,971,372	1,582,535	1,348	736,591	8.81	46.63	4.63	4.11
1967	4,758	38,081	5,224,214	5,262,295	19,095,324	1,757,491	2,124	794,056	9.20	45.30	5.58	4.17
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	4.36

*These are averages of data from the Reports of Condition of the previous December, and June and December of the respective years.

Note: For earlier data, see *Annual Reports of the Comptroller of the Currency*, 1938, p. 115, and 1963, p. 306.

TABLE B-32

Loans losses and recoveries of National banks, 1945–68

[Dollar amounts in thousands]

Year	Total loans end of year	Losses and chargeoffs*	Recoveries†	Net losses or recoveries (+)	Ratio of net losses or net recoveries (+) to loans
					Percent
1945	$13,948,042	$29,652	$37,392	+$7,740	+0.06
1946	17,309,767	44,520	41,313	3,207	.02
1947	21,480,457	73,542	43,629	29,913	.14
1948	23,818,513	50,482	31,133	19,349	.08
1949	23,928,293	59,482	26,283	33,199	.14
1950	29,277,480	45,970	31,525	14,445	.05
1951	32,423,777	53,940	31,832	22,108	.07
1952	36,119,673	52,322	32,996	19,326	.05
1953	37,944,146	68,533	36,332	32,201	.08
1954	39,827,678	67,198	41,524	25,674	.06
1955	43,559,726	68,951	39,473	29,478	.07
1956	48,248,332	78,355	37,349	41,006	.08
1957	50,502,277	74,437	39,009	35,428	.07
1958	52,796,224	88,378	50,205	38,173	.07
1959	59,961,989	80,507	54,740	25,767	.04
1960	63,693,668	181,683	51,506	130,177	.20
1961	67,308,734	164,765	52,353	112,412	.17
1962	75,548,316	157,040	59,423	97,617	.13
1963	83,388,446	190,188	68,464	121,724	.15
1964	95,577,392	239,319	113,635	125,684	.13
1965	116,833,479	276,737	86,911	189,826	.16
1966	126,881,261	341,505	100,625	240,880	.19
1967	136,752,887	391,691	112,434	279,257	.20
1968	154,862,018	405,656	148,376	257,280	.17
Average for 1945–68	60,499,690	136,869	57,019	79,850	.13

*Excludes transfers to valuation reserves beginning in 1948.
†Excludes transfers from valuation reserves beginning in 1948.

NOTE: For earlier data, see *Annual Report of the Comptroller of the Currency*, 1947, p. 100.

TABLE B-33

Securities losses and recoveries of National banks, 1945–68

[Dollar amounts in thousands]

Year	*Total securities end of year*	*Losses and chargeoffs**	*Recoveries†*	*Net losses or recoveries (+)*	*Ratio of net losses to securities*
					Percent
1945	$55, 611, 609	$74, 627	$54, 153	$20, 474	0. 04
1946	46, 642, 816	74, 620	33, 816	40, 804	. 09
1947	44, 009, 966	69, 785	25, 571	44, 214	. 10
1948	40, 228, 353	55, 369	25, 264	30, 105	. 07
1949	44, 207, 750	23, 595	7, 516	16, 079	. 04
1950	43, 022, 623	26, 825	11, 509	15, 316	. 04
1951	43, 043, 617	57, 546	6, 712	50, 834	. 12
1952	44, 292, 285	76, 524	9, 259	67, 265	. 15
1953	44, 210, 233	119, 124	8, 325	110, 799	. 25
1954	48, 932, 258	49, 469	9, 286	40, 183	. 08
1955	42, 857, 330	152, 858	15, 758	137, 100	. 32
1956	40, 503, 392	238, 997	13, 027	225, 970	. 56
1957	40, 981, 709	151, 152	5, 806	145, 346	. 35
1958	46, 788, 224	67, 455	12, 402	55, 053	. 12
1959	42, 652, 855	483, 526	18, 344	465, 182	1. 09
1960	43, 852, 194	154, 372	21, 198	133, 174	. 30
1961	49, 093, 539	51, 236	10, 604	40, 632	. 08
1962	51, 705, 503	47, 949	6, 350	41, 599	. 08
1963	52, 601, 949	45, 923	7, 646	38, 277	. 07
1964	54, 366, 781	86, 500	4, 117	82, 383	. 15
1965	57, 309, 892	67, 898	4, 650	63, 248	. 11
1966	57, 667, 429	302, 656	5, 635	297, 021	. 52
1967	69, 656, 371	149, 545	6, 400	143, 145	. 21
1968	76, 871, 528	344, 068	4, 815	339, 253	. 44
Average for 1945–68	49, 212, 925	123, 817	13, 673	110, 144	. 22

*Excludes transfers to valuation reserves beginning in 1948.
†Excludes transfers from valuation reserves beginning in 1948.
NOTE: For eariler data, see *Annual Report of the Comptroller of the Currency*, 1947, p. 100.

Table B–34

Assets and liabilities of National banks, date of last report of condition, 1950–68

[Dollar amounts in thousands]

Year	Number of banks	Total assets	Cash and due from banks	U.S. Government obligations	Other securities	Loans and discounts, net	Other assets	Total deposits	Liabilities for borrowed money	Other liabilities	Capital	Surplus, undivided profits and reserves
1950...	4, 965	$97, 240, 093	$23, 813, 435	$35, 691, 560	$7, 331, 063	$29, 277, 480	$1, 126, 555	$89, 529, 632	$76, 644	$1, 304, 828	$2, 001, 650	$4, 327, 339
1951...	4, 946	102, 738, 560	26, 012, 158	35, 156, 343	7, 887, 274	32, 423, 777	1, 259, 008	94, 431, 561	15, 484	1, 621, 397	2, 105, 345	4, 564, 773
1952...	4, 916	108, 132, 743	26, 399, 403	35, 936, 442	8, 355, 843	36, 119, 673	1, 321, 382	99, 257, 776	75, 921	1, 739, 825	2, 224, 852	4, 884, 369
1953...	4, 864	110, 116, 699	26, 545, 518	35, 588, 763	8, 621, 470	37, 944, 146	1, 416, 802	100, 947, 233	14, 851	1, 754, 099	2, 301, 757	5, 107, 759
1954...	4, 796	116, 150, 569	25, 721, 897	39, 506, 999	9, 425, 259	39, 827, 678	1, 668, 736	106, 145, 813	11, 098	1, 889, 416	2, 485, 844	5, 618, 398
1955...	4, 700	113, 750, 287	25, 763, 440	33, 690, 806	9, 166, 524	43, 559, 726	1, 569, 791	104, 217, 989	107, 796	1, 488, 573	2, 472, 624	5, 463, 305
1956...	4, 659	117, 701, 982	27, 082, 497	31, 680, 085	8, 823, 307	48, 248, 332	1, 867, 761	107, 494, 823	18, 654	1, 716, 373	2, 638, 108	5, 834, 024
1957...	4, 627	120, 522, 640	26, 865, 134	31, 338, 076	9, 643, 633	50, 502, 277	2, 173, 520	109, 436, 311	38, 324	1, 954, 788	2, 806, 213	6, 278, 004
1958...	4, 585	128, 796, 966	26, 864, 820	35, 824, 760	10, 963, 464	52, 796, 224	2, 347, 698	117, 086, 128	43, 035	1, 999, 002	2, 951, 279	6, 717, 522
1959...	4, 542	132, 636, 113	27, 464, 245	31, 760, 970	10, 891, 885	59, 961, 989	2, 557, 024	119, 637, 677	340, 362	2, 355, 957	3, 169, 742	7, 132, 375
1960...	4, 530	139, 260, 867	28, 674, 506	32, 711, 723	11, 140, 471	63, 693, 668	3, 040, 499	124, 910, 851	110, 590	3, 141, 088	3, 342, 850	7, 755, 488
1961...	4, 513	150, 809, 052	31, 078, 445	36, 087, 678	13, 005, 861	67, 308, 734	3, 328, 334	135, 510, 617	224, 615	3, 198, 514	3, 577, 244	8, 298, 062
1962...	4, 505	160, 657, 006	29, 683, 580	35, 663, 248	16, 042, 255	75, 548, 316	3, 719, 607	142, 824, 891	1, 635, 593	3, 446, 772	3, 757, 646	8, 992, 104
1963...	4, 615	170, 233, 363	28, 634, 500	33, 383, 886	19, 218, 063	83, 388, 446	5, 608, 468	150, 823, 412	395, 201	5, 466, 572	4, 029, 243	9, 518, 935
1964...	4, 773	190, 112, 705	34, 065, 854	33, 537, 250	20, 829, 531	95, 577, 392	6, 102, 678	169, 616, 780	299, 308	5, 148, 422	4, 789, 943	10, 258, 252
1965...	4, 815	219, 102, 608	36, 880, 248	31, 895, 565	25, 414, 327	116, 833, 479	8, 078, 989	193, 859, 973	172, 087	7, 636, 524	6, 089, 792	11, 334, 232
1966...	4, 799	235, 996, 034	41, 689, 580	30, 354, 996	27, 312, 433	127, 453, 846	9, 185, 179	206, 456, 287	1, 105, 147	9, 975, 692	6, 299, 133	12, 159, 775
1967...	4, 758	263, 374, 709	46, 633, 658	34, 307, 948	35, 348, 423	136, 752, 887	10, 331, 793	231, 374, 420	296, 821	11, 973, 852	6, 602, 519	13, 127, 097
1968...	4, 716	296, 593, 618	50, 952, 691	35, 299, 808	41, 571, 720	154, 862, 018	13, 907, 381	257, 883, 926	689, 087	16, 496, 707	7, 008, 482	14, 515, 416

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-35

Total assets of foreign branches of National banks, year end 1953–68*

[Dollar amounts in thousands]

1953	$1,682,919	1961	$1,780,926
1954	1,556,326	1962	2,008,478
1955	1,116,003	1963	2,678,717
1956	1,301,883	1964	3,319,879
1957	1,342,616	1965	7,241,068
1958	1,405,020	1966	9,364,278
1959	1,543,985	1967	11,856,316
1960	1,628,510	1968	16,021,617

*Includes military facilities operated abroad by National banks in 1966 and thereafter.

Table B-36

Foreign branches of National banks, 1960–68

End of year	*Number of branches operated by National banks*	*National bank branches as a percentage of total foreign branches of U.S. banks*	*End of year*	*Number of branches operated by National banks*	*National bank branches as a percentage of total foreign branches of U.S. banks*
1960	93	75.0	1964	138	76.7
1961	102	75.6	1965	196	93.5
1962	111	76.6	1966	230	94.3
1963	124	77.5	1967	278	95.5
			1968	355	95.0

Table B-37

Assets and liabilities of foreign branches and military facilities of National banks, Dec. 31, 1968: consolidated statement

[Dollar amounts in thousands]

Cash and cash items	$235,646	Total demand deposits	$2,205,503
Due from banks (time and demand)	2,290,515	Total time deposits	9,379,875
Securities	320,273	U.S. Government deposits	255,157
Loans and discounts	6,649,255	Certified checks, officers' checks, official checks	73,102
Customers' liability on acceptances	589,376		
Fixed assets	77,839	Total deposits	11,913,637
Other assets	156,911		
Due from head office and branches (gross)	5,701,802	Other liabilities and borrowed funds	351,669
		Liabilities on acceptances	595,394
Total	16,021,617	Due to head office and branches (gross, including capital)	3,160,917
		Total	16,021,617

Table B–38

*Common trust funds, by States, 1967 and 1968 **

	Number of banks with common trust funds		Number of common trust funds		Number of account participations		Total assets of funds (millions)		Percent change in assets	
	1967	1968	1967	1968	1967	1968	1967	1968	1966–67	1967–68
Total United States	539	602	1, 195	1, 429	316, 947	343, 590	$8, 347. 5	$9, 553. 5	9. 7	14. 4
Alabama	7	7	13	16	2, 118	2, 338	22. 6	28. 0	17. 1	23. 9
Alaska	1	1	1	1	51	51	0. 6	0. 7	50. 0	16. 7
Arizona	4	4	13	13	2, 858	3, 131	82. 4	107. 7	15. 7	30. 7
Arkansas	3	4	4	8	1, 026	1, 141	11. 9	14. 8	16. 7	24. 4
California	11	13	36	41	25, 949	26, 847	613. 0	716. 7	17. 6	16. 9
Colorado	14	16	30	34	6, 304	6, 630	199. 8	230. 1	20. 2	15. 2
Connecticut	16	17	34	44	7, 338	9, 007	198. 5	261. 1	18. 5	31. 5
Delaware	3	3	9	11	3, 169	3, 260	83. 1	94. 2	—9. 4	13. 4
District of Columbia	6	6	12	12	3, 109	3, 041	99. 1	104. 4	17. 3	5. 3
Florida	16	21	31	52	4, 009	4, 734	85. 5	105. 4	16. 5	23. 3
Georgia	10	10	22	22	5, 214	5, 667	119. 1	137. 9	11. 8	15. 8
Hawaii	3	3	7	8	1, 617	1, 790	27. 4	37. 2	19. 6	35. 8
Idaho	3	3	5	5	677	923	7. 5	12. 4	214. 3	65. 3
Illinois	16	22	38	56	10, 999	13, 003	455. 9	520. 7	12. 6	14. 2
Indiana	15	17	34	42	4, 646	5, 116	83. 7	107. 1	24. 6	28. 0
Iowa	3	4	7	9	948	1, 249	21. 6	30. 0	36. 7	38. 9
Kansas	6	7	12	14	770	948	13. 9	16. 9	46. 3	21. 6
Kentucky	7	8	16	19	2, 788	3, 076	50. 6	62. 9	17. 7	24. 3
Louisiana	2	3	2	6	314	408	3. 9	6. 2	5. 4	59. 0
Maine	8	9	19	21	2, 688	2, 836	66. 9	76. 7	8. 3	14. 6
Maryland	7	7	17	18	6, 991	6, 524	179. 2	178. 6	7. 2	—. 3
Massachusetts	24	28	54	62	14, 029	14, 908	513. 0	552. 5	7. 9	7. 7
Michigan	13	14	40	43	8, 653	10, 319	216. 0	290. 5	—6. 8	34. 5
Minnesota	10	13	27	38	6, 513	7, 286	124. 6	168. 7	28. 1	35. 4
Mississippi	2	3	5	7	1, 403	1, 913	19. 5	29. 1	68. 1	49. 2
Missouri	10	10	26	26	11, 287	11, 658	295. 8	327. 7	7. 3	10. 8
Montana	3	4	5	6	672	730	7. 6	9. 9	18. 7	30. 3
Nebraska	4	5	7	9	1, 731	2, 607	37. 7	56. 8	26. 5	50. 7
Nevada	1	1	3	3	508	554	8. 5	9. 4	19. 7	10. 6
New Hampshire	4	4	6	6	339	364	11. 4	13. 2	11. 8	15. 8
New Jersey	19	22	39	49	7, 659	7, 863	127. 1	151. 9	16. 0	19. 5
New Mexico	4	3	8	9	1, 362	1, 584	26. 3	31. 4	24. 6	19. 4
New York	25	26	80	84	28, 575	30, 244	1, 530. 4	1, 613. 4	8. 1	5. 4
North Carolina	11	11	24	27	9, 599	10, 052	191. 0	221. 9	15. 5	16. 2
North Dakota	3	3	8	8	751	839	6. 5	7. 9	91. 2	21. 5
Ohio	28	33	75	96	12, 194	13, 624	348. 1	405. 1	24. 0	16. 4
Oklahoma	6	6	16	16	1, 570	1, 732	38. 0	49. 7	27. 5	30. 8
Oregon	4	4	13	13	5, 236	5, 500	98. 2	107. 6	15. 3	9. 6
Pennsylvania	83	88	154	173	64, 008	67, 628	1, 372. 3	1, 531. 2	—3. 7	11. 6
Rhode Island	3	3	10	13	2, 065	2, 282	51. 7	58. 2	13. 9	12. 6
South Carolina	3	3	7	7	2, 298	2, 233	27. 4	29. 7	89. 0	8. 4
South Dakota	5	5	9	9	757	822	7. 4	9. 2	13. 8	24. 3
Tennessee	10	9	15	15	2, 657	2, 386	54. 5	49. 2	12. 4	—9. 7
Texas	33	44	63	86	10, 419	12, 291	287. 6	362. 2	20. 7	25. 9
Utah	5	5	10	10	2, 550	2, 680	29. 3	32. 7	17. 2	11. 6
Vermont	7	6	12	13	941	1, 078	9. 5	10. 8	10. 5	13. 7
Virginia	25	26	50	61	8, 589	9, 632	194. 6	235. 2	7. 9	20. 9
Washington	7	7	21	22	6, 529	6, 740	137. 7	154. 5	15. 0	12. 2
West Virginia	9	11	10	17	1, 338	1, 614	17. 1	20. 6	21. 3	20. 5
Wisconsin	17	19	36	47	9, 132	10, 649	132. 3	163. 3	14. 2	23. 4
Wyoming	0	1	0	2	0	58	0	0. 4	0	....

* These figures were derived from a survey of banks and trust companies operating common trust funds. Data are for the last valuation date in 1967 and 1968.

Note: Data may not add to totals because of rounding.

TABLE B-39

Trust assets and income of National banks, by States, calendar 1968

	Accounts where National banks exercise investment responsibility (Dollar amounts in millions)*				*Trust department income (Dollar amounts in thousands)*
	Number of banks	*Employee benefit accounts†*	*Other trust accounts‡*	*Total trust accounts***	
Total United States	1,671	$41,006	$72,453	$113,458	$493,308
Alabama	28	195	782	977	4,179
Alaska	4	18	12	30	146
Arizona	2	34	452	487	3,166
Arkansas	30	21	226	247	1,030
California	16	4,016	9,477	13,493	65,007
Colorado	29	205	1,130	1,335	9,701
Connecticut	11	277	1,602	1,879	9,096
Delaware	0	0	0	0	0
District of Columbia §	6	253	1,103	1,356	4,254
Florida	78	271	2,767	3,038	13,783
Georgia	26	267	984	1,251	7,726
Hawaii	1	24	110	134	1,005
Idaho	3	15	39	54	360
Illinois	156	6,337	5,966	12,303	51,965
Indiana	93	336	1,848	2,184	9,646
Iowa	44	64	356	420	2,598
Kansas	45	42	386	427	2,213
Kentucky	53	40	294	334	2,375
Louisiana	21	110	206	316	1,960
Maine	17	28	238	266	1,615
Maryland	11	119	515	634	3,131
Massachusetts	54	1,391	2,557	3,948	19,003
Michigan	33	2,984	2,282	5,266	15,928
Minnesota	20	880	1,647	2,527	12,147
Mississippi	18	45	167	212	1,087
Missouri	36	692	2,166	2,857	11,617
Montana	11	4	41	45	287
Nebraska	18	130	462	591	3,209
Nevada	3	5	173	178	1,251
New Hampshire	22	6	133	139	688
New Jersey	89	238	1,579	1,817	13,605
New Mexico	16	16	186	202	840
New York	76	12,648	8,447	21,094	85,279
North Carolina	14	209	630	839	4,102
North Dakota	10	11	61	72	531
Ohio	55	1,367	3,652	5,019	17,221
Oklahoma	38	207	788	995	4,400
Oregon	2	194	615	810	4,537
Pennsylvania	141	4,655	9,166	13,821	43,220
Rhode Island	2	161	332	493	2,325
South Carolina	9	93	385	477	2,006
South Dakota	8	15	58	73	641
Tennessee	28	127	1,183	1,309	6,159
Texas	138	1,450	3,634	5,084	24,422
Utah	2	73	137	209	1,036
Vermont	11	3	46	50	316
Virginia	53	171	1,194	1,366	7,538
Washington	11	323	1,253	1,577	8,569
West Virginia	30	18	296	315	1,552
Wisconsin	36	215	641	856	4,565
Wyoming	13	3	49	52	271

*As of December 1968.

†Employee benefit accounts include all accounts where the bank acts as trustee, regardless of whether investments are partially, or wholly, directed by others. Insured plans or portions of plans funded by insurance are omitted, as are employee benefit accounts held as agent.

‡Includes all accounts, except employee benefit accounts and corporate accounts, in which the bank acts in the following, or similar, capacities: Trustee (regardless of whether investments are directed by others), executor, administrator, guardian; omits all agency accounts and accounts where the bank acts as registrar of stocks and bonds, assignees, receiver, safekeeping agent, custodian, escrow agent, or in similar capacities.

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

**Data may not add to totals because of rounding.

APPENDIX C

Addresses and Selected Congressional Testimony of the Comptroller of the Currency

Addresses and Selected Congressional Testimony of the Comptroller of the Currency

Remarks of William B. Camp, Comptroller of the Currency, Before the Florida Bankers Association, Bal Harbour, Fla., March 22, 1968

The Business of Banking

One of the most precious freedoms we enjoy in our country is the liberty of the individual to choose a career and to pursue it. In the world of industry and commerce, this principle finds expression in the latitude to enter any field of production or distribution and to serve any class of consumers. The phenomenal achievements of our economy are thought by many to rest more on the great national markets we have opened to all forms of enterprise than upon any other single factor. The advances in communication and transportation we have experienced have made this, more than ever, a reality.

Under the influence of this freedom, we have developed the arts of specialization more highly than any other nation. You who live in the State of Florida have seen the fruits of these developments. Your wonderful year-round climate has come increasingly within the reach of the growing numbers of our citizens who can afford the pursuits of leisure and the comforts of retirement, and this has enabled you to exploit these advantages to a high degree. The technological advances, which have been made possible by the strength of our economy, have enabled us to explore beyond the boundaries of Earth, and Florida, as a result of its strategic location, has stood in the forefront of these pioneering endeavors, which hold untold promise for the future.

One aspect of the banking business, branch banking, has been drawing increased attention in recent years. Understandably, this attention has been centered in those States which impose the most severe limitations on branching. In many of these States, there has been a growing movement in recent years to liberalize the laws relating to branch banking. This movement has, so far, met with varied success, but it has been gaining force. It would be worthwhile to examine the reasons for this support, and the merits of this policy.

Branch banking is not a new issue in our country, even though in other industrialized countries this form of bank expansion has had general acceptance for many years. Much of the discussion of branch banking in recent years has been clouded by questions of existing law, by the divided authority over banks, and by the varied interests of competing banks and their nonbank rivals. But there is a genuine issue of public policy here, which must be faced if we are to resolve this question properly.

The success with which we improve the mobility of our financial resources will vitally affect our future capacity to advance the well-being of our citizens. Because human and material resources are not always as mobile, it is especially important that financial resources should move quickly and sensitively to the points at which they may be used to best advantage. This places a particular responsibility upon the local banker and his capacities, for it is upon his capabilities, his alertness, his judgment, and his initiative, that the pace of enterprise in his community will be highly dependent. For this reason, there is broad public concern to see that the banking system throughout the Nation operates at the highest level of efficiency.

Traditionally, we have relied upon the forces of individual initiative and private enterprise to search out the most effective and most efficient means of utilizing our productive capacity in serving consumer needs. But in banking, this freedom does not exist. The structure of banking is under public control—no bank may be formed, branch, or merge without the approval of a public authority.

This places upon the banking authorities the responsibility for determining the best combinations of the various means of bank expansion in particular banking markets, according to the growing and changing needs for banking services and facilities in those markets, and bearing in mind the fact that the initiative for expansion still remains with the individual bank. Branching represents but one of the means for providing an expansion of banking facilities and services, and it is in this light that branching policy should be viewed. If this method is foreclosed, the pressure of demand may force the use of other—and in some instances less efficient—

means of expanding available financial services. The growth of affiliate and satellite banking, holding companies, and many of our nonbank financial institutions, reflects in some degree the limitations which have been placed upon bank expansion through branching.

Much of the discussion of branch banking has been diverted from the basic issues of economy and efficiency because of the fear by many smaller banks that more liberal branching would lead to their extinction, and because of the differences in branching laws among the various States.

Nothing in our experience, however, would confirm the fears of smaller banks. Indeed, the record shows that the restriction of branching, where there are market deficiencies, encourages the chartering of new banks, the formation of branching substitutes, and the growth of nonbank financial institutions.

Bankers have long been accustomed to giving advice. But, lately, they have been getting a lot of advice on how to run their own business, not so much from the regulatory authorities, who are also accustomed to giving advice, but from their competitors. Strangely enough, some of these same competitors have been striving mightily to become more like bankers—a form of flattery that I am sure we all appreciate.

A generation of bankers whose experience embraced the unsettling years of the Great Depression and the restrictive banking legislation of that period, were taught to view the conduct of banking operations with extreme caution—almost with a sense of guilt for the reverses of the early thirties, which more accurately could have been ascribed to the deficiencies of monetary policy and the lack of a system of deposit insurance. Under the influence of this constricting counsel, and during a period in which the Nation experienced its most rapid rate of technological advance and economic growth, the banking industry responded slowly, and only spasmodically, to the revolutionary changes that were taking place.

The nonbank financial institutions were not so reserved in taking advantage of the opportunities which appeared. They grew more rapidly than commercial banks in this period, and they took many new forms designed to meet emerging consumer demands.

Today, a new generation of bankers is appearing on the horizon—a generation with only a dim recollection of past fears, highly trained in modern-day skills, alive to the opportunities for the expansion and modernization of banking services, and insistent upon exploring these opportunities. In the regulatory agencies, we have sought to reshape the pattern of public controls, so that all new avenues for the performance of financial services that banks may safely pursue are held open.

Not unnaturally, this new force in the banking industry has met opposition from competitors, although, interestingly, not from the consumers of banking services. The banking industry has a great unutilized potential, and it represents a formidable latent factor in all financial markets. The question we face is: How far should the extension of banking functions be limited, and by what standards?

The paramount issue is to determine the public interest. It is repugnant to the most basic principles of our private enterprise economy to restrict entry or competition in any market, unless that competition is destructive of the very freedom of initiative that we seek to sustain.

There is a great deal of confusion, or at least of pretense, on this point. Entry into banking and bank expansion are restricted, and we closely supervise the conduct of banking operations. But these controls are designed solely to safeguard the solvency and liquidity of the banking system. It is of the most critical importance, in the dynamic economy that our banking industry serves, to make certain that, within these limits, banking initiative is fully preserved.

It is an extremely delicate task to regulate an industry without destroying or seriously impairing its will to explore and experiment. And it is easy enough for both the regulator and the regulated to fall into the comfortable habit of imposing and accepting rigid rules of conduct under the illusion that the industry can be insulated from the inexorable tests of the marketplace. But where an industry fails to adapt to the times—and particularly where a regulated industry faces competition from unregulated rivals, as is true of banking—the consequences are likely to be crippling.

During the past three decades, we have witnessed dramatic changes in our society, in our economy, and in our relationships with the world around us. There have been profound effects upon the demand for financial services, and the banking industry is only now in the process of catching up with these events.

The demand for financial services, which lies at the base of the business of banking, is dependent upon the income and tastes of individuals, the state of technology, and the capital needs of industry and commerce. These are self-generating processes, and they are constantly undergoing change.

As incomes rise, a nation is able to devote more of its resources to capital-intensive means of production, to undertake more research devoted to the advance of technology, and to spend more on the training of its citizens. As a consequence, incomes tend to rise further, and the process is repeated. In the course of these events, tastes change, new products and new industries emerge, and the economy becomes more highly industrialized and more highly specialized.

More significantly for our purpose, the demands for financial services constantly grow and change. Individuals with rising incomes save more, invest more, purchase more durable goods (which often involves borrowing in anticipation of higher incomes), and set aside more for the education of their children and for sickness, retirement, and old age. The financing requirements of industry and commerce also rise as new technology is developed and put to work, new industries emerge, new products are introduced, and new markets are penetrated and explored. Modern production and distribution methods require ever more highly trained personnel and more expensive instrumentation.

The response of financial markets has been to develop a host of new instruments and institutions to bring together more effectively those who have resources to lend or invest, and those who manage or utilize these resources. It is to this environment that the banking industry of our country has had to adapt, in the face of rising competition for the resources they dispense and the services they offer—a competition that is, on the whole, less restrained by regulatory barriers. The recent resurgence of banking initiative in vastly broadening the range of its services reflects the efforts of the banking industry to meet the challenge of today's world of finance—to employ the most expert personnel and advanced technology feasible, and to react more sensitively and more quickly to changing consumer needs and competitive pressures.

A few illustrations may serve to indicate the manner in which the banking industry, now alive to its potential, has moved to improve its effectiveness and its efficiency. In order to compete more forcefully for the funds which constitute the raw material of their operations, many banks have introduced and expanded the use of certificates of deposit, issued preferred stock, capital debentures, and promissory notes, and expended greater efforts to attract savings accounts. They have entered more vigorously the long-neglected consumer loan and mortgage markets, and they have inaugurated credit card and overdraft facilities in order to make their services available more conveniently to a broader range of consumers. To accommodate the growing number of our citizens who travel, either for business or pleasure, there has been a notable expansion of travel check and related travel facilities. Mobile services have been undertaken in order to make banking facilities more readily available. And collective investment of managing agency accounts has brought the expertise of banks within the reach of many small investors.

To serve the growing and changing financial requirements of the world of industry and commerce, banks have entered the fields of leasing and factoring, and they have participated more actively in the financing of our foreign trade. As they have applied computer technology to their own operations, they have offered these services to others in order to make the most efficient use of these facilities. Comparable extensions have been made of the services of the increasing number of expert and specialized personnel on the staffs of banks, and payroll and accounting functions have been performed for many more customers. And to assist more effectively in meeting the pressing financial needs of local governmental instrumentalities at minimum costs, banks have underwritten revenue bonds and participated in community development loans.

This list of expanded banking services could be greatly enlarged, and it will grow if banks are allowed to shape their operations in response to the demands of today's more sophisticated financial managers, both individual and corporate. Commercial banks are best equipped, among our financial institutions, to perform the wide variety of financial services which our growing and dynamic economy requires. Their greater awareness of these opportunities, and their alert and energetic response to these prospects, is the dominant characteristic of recent banking history. It is eloquent testimony to the foresight and enterprise of the new generation of bankers who have made their influence felt throughout the financial community, a development that should be commended and encouraged.

This is a time of testing for democratic societies—a testing of whether we shall be able to achieve the goals we have set while preserving the liberty of the individual. At home, we face growing aspirations by many of our less fortunate citizens who find it difficult to earn a place in the age of technology. Abroad, our national interests and the principles which are vital to our survival are undergoing severe challenge. We need, as never before, to harness fully our great productive potential. Every means of improving these endeavors should be fostered and supported.

The banking system of our country is a critical component of our industry and commerce. We cannot afford the luxury of allowing this pervasive instrumentality, which reaches into the daily lives of all our citizens, and affects the efficiency and pace of enterprise throughout the economy, to be hampered in the full and prudent exercise of its productive capacity. All of us have a stake in this goal to search out every opportunity for the banking industry to extend and improve its service to the community and to the Nation.

REMARKS OF WILLIAM B. CAMP, COMPTROLLER OF THE CURRENCY, BEFORE THE TEXAS BANKERS ASSOCIATION, SAN ANTONIO, TEX., MAY 14, 1968

A New Era for Banking

It is particularly appropriate in this setting, close to our southern border, that we should honor our long and close association with the States of Latin America. Over the years, as our interests and our influence have spread throughout the world, we have preserved a special place for our relationships with these countries. Common purposes and shared ambitions bind us together, and we have forged among us intimate ties in pursuit of these aims.

Our neighbors to the south are facing now many of the same problems that we confronted at an earlier time, as we sought to develop our industrial potential and bring its benefits to more and more of our citizens. Indeed, they are endeavoring to absorb and apply, in a much shorter period, the many and great advances in technology that have emerged during the past century. Fortunately, they are endowed with abundant resources, and a rich future awaits them.

Our own history of this great country demonstrates the crucial importance of an alert and aggressive banking system in this process of industrialization. Without it, a nation's resources will lie fallow and the skills and talents of its people will be unrealized. The task of fashioning and refashioning an effective banking system is a continuing one. Progress in a nation's society and economy alters the demands placed upon its banking system, and necessitates adaptive shifts in its policies and practices. We are now, in our country, undergoing precisely such changes.

It is a familiar experience in our private enterprise system to observe the march of technological advance, to witness the opening up of new industries and the introduction of new products, to see demands change and markets expand, and to note changing requirements for specialized skills and talents. In this process of industrial progress, there have been through the years pervasive changes in the structure of industry, in business policies and practices, in the size of markets, and in the capacities and location of our population. Some industries, or units of industries, have fallen before the competition they faced, while others have risen to new prominence and success. Underlying and supporting these advances has been the basic freedom of private initiative which we have provided and preserved in our society.

A banking system capable of supporting and serving an economy with such energy and vitality must itself display the same qualities of initiative and enterprise. For, as we have learned from our experience, if banks falter in this task, others will be alert to take up the opportunities that are left untouched or unfulfilled.

In the past, the limitations placed upon the range of banking functions have encouraged the rise of nonbank financial institutions, and thus produced new groups with competitive interests to be served through political action. Here again the public interest would best be served by insuring the fullest use of the great potential of the banking system to serve consumer needs—within the limitations of bank solvency and liquidity.

Some seek assurance that the added competition of banks in performing new functions will produce measurable benefits. But it is the restriction of competition, and not its furtherance, which requires defense and justification. In financial, as in other markets, the presumption lies in favor of maximizing competition, and banks should not be excluded from any financial market which they may safely and prudently serve.

Both the structure of the banking industry—that is to say, the number, size, and location of its units—and its operating functions are affected by these factors which make change and adaptation more difficult. There were periods during the early history of our banking system when entry was relatively free and branching was not overtly restricted. But eventually all forms of bank expansion came under direct and explicit public control. The pattern of the banking structure that emerged during the latter part of the past century and the earlier part of this century was characterized by the formation of a great number of small, independent banks. This pattern was not unlike that which developed in most of our industry and commerce during this same period, and was perhaps well suited to the needs and technologies of *that* time. But dramatic changes have taken place since then in the factors affecting the most proficient banking structure, and the banking system has not been entirely free to adapt to these changes.

The constantly accelerating pace of our technological advance, the continuing improvement in our facilities for communication and transportation, the growth and relocation of our population, the rise of new industries and the introduction of new products, the increasing penetration of foreign markets, and the growing affluence of our people—all of these forces have profoundly affected the structure of our industry and commerce and placed new and insistent demands upon our financial institutions. More significantly, in terms of our own special concern, they have brought deep-seated changes in the ideal banking structure, and rising pressures to attain this ideal.

Essentially, the impetus to transform our banking structure has been founded on the appearance of demands for financial services at many new locations, the growth and increasing variety of these demands, and the opportunities to apply new technology and highly specialized personnel in the performance of these services. Among the three principal means of meeting these requirements, the formation of new banks is often the path of least resistance. Indeed, in many locations it remains the only choice open to the regulatory authorities where there exist unfulfilled demands for banking facilities. Yet, new-bank formation is far from the wisest choice in many circumstances.

Many banking markets are constantly opening up throughout the country that are either too small, or have insufficient, unserved potential to support a new bank profitably. Even where markets are large enough, moreover, we have often found that initiative is lacking to form a new bank of the required strength, either because of inadequate capital, poor prospects of recruiting capable management, or sheer failure of enterprise by the organizers.

In these circumstances, branching is the only proper means of meeting consumer needs, and existing banks are in the best position to meet the initial developmental costs in new markets. They have the trained personnel to be assigned to these markets and can better afford the risks of exploring potentials as yet not fully realized. And they can often provide efficiently and profitably a range of services beyond the reach of new independent banks.

The question of efficiency has become increasingly a matter of the utmost concern in shaping our banking structure. The same factors that have led to industrial and business units of larger size and broader geographic scope are making their influence felt in the financial community.

If the trained men and women needed to provide the most effective and efficient banking services are to be attracted to this industry, and the new technology constantly emerging in our economy is to be properly applied to banking, we shall have to allow banks to grow to a size sufficient to meet the competition for personnel and to utilize the most advanced methods and techniques of operation. Only large banks, moreover, can effectively serve the financial requirements of the growing number of industrial and commercial enterprises whose operations are spreading throughout our broad national markets, and even beyond our shores.

Those who suffer most from the weaknesses of the banking structure are the individual communities and their citizens whose full potential lies unseen or unexplored because of an insufficiency of locally accessible financing. But these deficiencies are also a matter of national concern—for wherever any of our productive power remains at a low ebb, it diminishes us all!

There are some who fear that broader authority to branch will spell the decline of the smaller bank. This, however, is contrary to our experience. There are many services that efficiently operated, smaller banks are best fitted to perform, and they have a special appeal that larger banks can never fully supplant.

Merger is the third means through which the banking structure may be altered to create more proficient and strengthened instrumentalities to serve the Nation's financial needs. The closely related question of merger policy is now in a state of transition. The recent legislation which many thought would resolve this issue has not yielded the anticipated results. The division of authority over bank mergers, and the application to a regulated industry of concepts suitable only for fully competitive industries, continue to hamper the exercise of proper regulatory choices and create uncertainties which urgently call for clarification.

As is true of the other methods of bank expansion, merger is often the preferred choice of means to improve the provision of banking services. If this path is blocked by arbitrary definitions of banking markets, or obstructed by merely numerical standards of the required degree of competition—if what are described as the banking factors become secondary—then the banking authorities will in some instances have to rely more heavily on less efficient means to shape the banking structure. The growth of bank holding companies and of chain and satellite banking reflects in some measure the efforts to compensate for the limitations placed on mergers, as well as those imposed on branching. The road to a fully effective banking system would be greatly smoothed if the regulatory agencies were empowered to select the best means—and I emphasize best means—of reaching the new markets that are constantly emerging for financial services and facilities.

Comparable problems have arisen in defining and regulating the range of services that banks may properly offer. In the gloom of the depression years of the early thirties, when I first started with this Office, the view took hold that the way to assure the safety of banks was to impose severe restrictions on the scope of their operations. This attitude of fear was echoed by many in the banking industry, and a number of banks became mere repositories for government securities. This mold became difficult to break, since it was supported not only by bankers who sought a safe retreat from the swirling forces of new demands and new competition, but also by pressures from other financial institutions that arose to serve the emerging markets that banks were largely neglecting.

Over the past three decades, this Nation has experienced the most exuberant growth of its history, and this growth has been accompanied by an enormous expansion and proliferation in the demands for financial services. Rising personal incomes have placed in the hands of more and more of our citizens resources to save and invest. Durable goods of increasing variety and new homes have absorbed growing proportions of personal expenditures and greatly expanded the demands for consumer financing and home mortgages. Augmented educational requirements and intensified efforts to anticipate and prepare for the costs of sickness, retirement, and old age have opened up many new markets for financial services of increasing degrees of sophistication.

This new age of technology and the growth of national and international markets for our industry and commerce have brought both swelling new needs for financing and greater expertise of corporate management in fulfilling these requirements. These forces have spawned a host of highly specialized financial instruments and financial markets. And they have generated as well a variety of participants in these markets, including the more knowledgeable of the corporate financial managers.

For most of this period of evolution, the banking industry has stood largely aside from the new opportunities that were arising. During the past several years, however, a new spirit has enlivened and animated the banking community. More responsive regulatory policies have inspired significant changes in banking attitudes and practices. The competitive drive symbolic of our industrial progress has found renewed expression in this industry long thwarted by outmoded concepts of its role and its capacities. An aggressive, confident outlook has supplanted the doubts and uncertainties of the past, and a vigorous new competitor has appeared in many of the financial markets from which their initiative had been withheld.

We see evidence of this new vitality in all phases of banking operations. Banks have become more energetic and forceful competitors for the resources they require to sustain and expand the scope of their operations. They have introduced or expanded the use of certificates of deposit, capital debentures, and promissory notes, and fought more strenuously to attract savings deposits, in order to accommodate their operations more sensitively to the varied needs of savers and investors. They have sought to apply the most advanced technology to the handling and processing of the instruments of their operations and the records and data they require for effective management. And they have undertaken more active recruitment programs, and provided the incentives necessary to improve the calibre of their personnel.

These efforts have been reflected in more assiduous pursuit of new markets and new functions. Long-neglected consumer loan and mortgage markets have been penetrated and developed. Credit card and check guarantee facilities have been introduced in programs to bring banking services more conveniently within the reach of a broader range of consumers. Travel check and related travel services, as well as a variety of mobile facilities, have been expanded in response to growing needs and opportunities in these fields. And the expert investment-management capacities of banks have been adapted to the wants of the increasing number of small investors in our society.

The surging requirements of industry and commerce have also been the targets of the revitalized spirit of enterprise in the banking industry. Leasing and factoring services have multiplied. Foreign trade financing has been more actively pursued as our exports have mounted. The application of computer technology to banking has promoted the performance of payroll and accounting functions for their customers, as well as the leasing of excess computer capacity. Larger staffs of expert personnel have provided the base for a broader range of advisory services to industry and commerce. Local governments have been aided through the underwriting of bond issues and the extension of community development loans.

These are but illustrative of the rebirth of initiative in banking, but they demonstrate both the unrealized potential during past years of neglect, and the shining promise of a banking industry now imaginatively attuned to a more vital role in the Nation's progress. In this search to enlarge the range of activities in which banks may put to work their unmatched capacities to perform financial services—as well as in their efforts to expand into growing new markets and develop or combine into units of the most efficient size—we are witnessing the finest expressions of a renaissance of those qualities of innovation and initiative that have fired the engines of enterprise throughout our society.

There is perhaps nothing in the human condition that is more difficult to accept than change, and no change arouses more opposition than that which comes from an unexpected quarter. This no doubt accounts in large part for the resistance banks have encountered in achieving their new stature. But the revived assertiveness of banks has demonstrated once again the virtues of enlivened competition. We properly expect of banks a degree of prudency in their operations beyond that required in most other industries, but it is both imprudent and wasteful to constrain this industry from the performance of any financial function that will not impair its solvency and liquidity. Indeed, we all have a positive responsibility to see that no obstacles hamper the effective functioning of this crucial component in the advance of our society and our economy.

The developing countries represented at this HemisFair know, perhaps better than most of us in this country, how essential to the well-being of a people are highly developed and responsive financial institutions and mechanisms. The history of industrialized countries has demonstrated again and again the acute importance of their banking systems to their progress. We must work jointly for the full realization of the great potential of this industry. Our aim should be to fashion and sustain a banking system that responds swiftly to new demands, that alertly applies new techniques which enhance proficiency of operations, and that persistently searches for new functions that may be performed safely and prudently.

These goals are consonant with the high traditions of our private enterprise system. Nothing less will enable the banking system to fulfill its essential role in the Nation's future. I am confident that we are entering a new era of achievement in banking that will far outdistance our accomplishments of the past, of which we may be justly proud.

In closing, I wish to assure you that as Comptroller of the Currency, and the person charged with administering and regulating the National banking laws, our Office will continue to be responsive to the efforts of the banking industries to serve the evergrowing needs of their communities and our great Nation.

REMARKS OF WILLIAM B. CAMP, COMPTROLLER OF THE CURRENCY, BEFORE THE DISTRICT OF COLUMBIA BANKERS CONVENTION, THE HOMESTEAD, HOT SPRINGS, VA., JUNE 15, 1968

One of the most heartening impressions I have formed, wherever I go, is based on the evidence I see of the strength and soundness of our National banking system, and indeed of the healthy growth and steady progress of the commercial banking system as a whole.

I am confident that this is because the banks of this Nation are remarkably alert in anticipating and meeting the needs of the customers they serve. New tools, new techniques, and new methods of approach to the business of banking help make this possible. But it takes the imagination and ingenuity of progressive management to put these processes to effective use. Management, in turn, is spurred by the healthy, competitive spirit that drives individuals to the better performance of any job they undertake. And the inevitable result is to produce the greatest possible good—at the lowest possible price—for the public they serve.

This kind of progress is as old as our Nation, which long ago committed itself and its people to the competitive free enterprise system. This progress has not always gone forward at the same pace, but it has always gone forward in the same direction. Bluntly speaking, free enterprise is a system of economic selfishness; but it is a selfishness that, to borrow from Lincoln, has added the fuel of interest to the fire of American genius. This is a form of enlightened self interest that, in a not very mysterious manner, has done more to raise the economic standards of mankind than has any system of economic altruism ever devised.

American free enterprise is a far cry from the *laissez-faire* economic philosophy of Adam Smith, which flourished during the first century of our country's independence. The essential difference lies in our recognition of the economic complexities and strains that have grown out of a highly mechanized industrialization, and in our meeting them with measures based upon essentially American principles.

All of our history demonstrates the vital importance of an alert and aggressive banking system in our steady progress of industrial growth. Without it, any nation's resources will lie dormant, and the skills and talents of its people will find no effective means of expression. Once begun, however, the job of shaping and reshaping an effective banking system has no foreseeable end. At each stage of our expanding growth, the progress we have made lays new demands upon the banking system that helped to bring about the achievements realized. At almost any moment in time, therefore, the good banker is challenged with the necessity to become a better banker, and the goal of becoming the best often seems as elusive as ever.

Undoubtedly, the mainspring of the effective activity of our free enterprise system is *initiative*, and as I said before, that initiative stems from self interest. Americans are free to buy and sell, to change their jobs and start new businesses, to advertise and market their goods and services—and all of us have benefited greatly from these freedoms, because each knows that the greater his efforts, the greater will be the rewards for himself and his family.

A banking system able to support and serve an economy growing with such boundless energy as ours must take on the same qualities of initiative and enterprise. If it does not, other financial institutions will be quick to seize the opportunities that are overlooked or left unsatisfied.

Each of you, I am sure, knows examples of this within your own experience. And I am well aware of the particularly keen frustrations that arise when initiative is shackled by what are regarded as artificial barriers to normal patterns of growth and expansion.

A national magazine recently commented on one such predicament faced by District of Columbia bankers in their efforts to follow their customers at least as close to the suburbs as they are permitted by law to branch. At the same time, it noted that District bankers have been diligent in branching within the District in places where employment concentrations are high, thus adding the lure of convenience to the advice to "bank where you work." With the Washington banks operating 93 branches throughout the District, the publication appeared willing to give the D.C. bankers as a whole a solid "A" for effort in this regard, although it cast some doubts on the achievements accomplished. In any event, it brought to national attention a situation with which all of you are uncomfortably familiar.

Similar, if not identical, problems exist in many other sections of the country as well. The growth and relocation of population centers, the formation of new industries to produce new products, the expansion of communication and transportation facilities, the increased requirements for higher job skills, the growing affluence of our people and the variety of leisure activities open to them, technological improvements in industrial processes—all of these forces and developments have placed insistent new demands upon the financial institutions of the Nation.

The manner in which alert and progressive banks have met these demands has encouraged and heartened all of us who believe that banks should be free to provide the widest variety of financial services possible, as long as they offer no threat to bank solvency and liquidity. The range of these services is constantly expanding, due partly to a new spirit of increased awareness of the opportunities represented, and partly to regulatory policies ever more responsive to the needs of the banks and of their customers. From time to time, individual banks which feel hampered by what they regard as restrictive policies of one regulatory system apply for conversion to another. I might say in this connection, that the Comptroller's Office welcomes these expressions of free choice in whichever system seems best suited to serve the public needs.

Evidence of this new vitality in all phases of banking activity is readily apparent. Banks across the country have become more skillful and active competitors for the resources they need to sustain and enlarge the scope of their activities. They have vastly enlarged the use of certificates of deposit, capital debentures, and promissory notes, and they have searched more actively for ways to attract savings deposits, in order to adjust to and accommodate the needs of savers and investors.

The banks have sought to apply the most advanced technology to the handling and processing of the instruments of their operations and to the records and data they require for effective management. They also have undertaken more active recruitment programs and they are providing the incentives necessary to improve the calibre of their personnel.

All these efforts have been reflected in a much more diligent pursuit of new markets and new functions. In many cases, long-neglected consumer loan and mortgage markets have been developed and expanded. Credit card and check guarantee facilities have been introduced in growing volume to bring banking services closer to a broader range of consumers.

In this connection, our Office compiles data twice each year from information supplied by National banks with call report data. The most recent totals at the end of 1967 showed that the total credit outstanding at National banks under credit card and other revolving credit plans had reached $984.6 million. This represented a 17.5 percent increase over the total for October 4, 1967, and a 50.3 percent increase over April 25, 1967, when the first such report was made.

A breakdown of the December 30 total showed that it was made up of $635.9 million in credit outstanding under credit card plans at 187 National banks, and $348.7 million in credit outstanding under other revolving credit plans at 420 National banks. If the present trend continues, this form of service to customers will take on increased significance in the months and years ahead.

In addition, travel check operations and related travel services, as well as a variety of mobile facilities, have been expanded steadily in response to growing needs and opportunities in these fields. Moreover, the expert investment-management capacities of banks have been more widely adapted to the wants of the increasing number of small investors in our society. The *Invest In America* program, and others like it, are increasingly successful in showing anyone who works for his money how he can put his money to work for him. Such programs have the full support of the National banking system, whose continued strength and capacity for service depends directly on the public's understanding of, and participation in, our system of competitive free enterprise.

The growing requirements of industry and commerce also have inspired the revitalized spirit of enterprise in the banking industry. Leasing and factoring services have multiplied. Foreign trade financing has been more actively pursued as our exports have increased.

The application of computer technology to banking has promoted the performance of payroll and accounting services for their customers, as well as the leasing of excess computer capacity. Larger staffs of expert personnel have provided the base for a broader range of advisory services to industry and commerce. Local governments have been aided immensely through the underwriting of sound bond issues and the extension of community development loans. And wherever competition from banks in the underwriting field has led to lower financing costs, individual taxpayers have benefited directly and substantially.

All these examples are but illustrative of the rebirth of initiative in banking, but they demonstrate both the unrealized potential during past years of neglect, and the shining promise of a banking industry now imaginatively attuned to a more vital role in the Nation's progress. In this search to enlarge the range of activities in which banks may put to work their unmatched capacities to perform financial services, as well as in their efforts to expand into growing new markets and develop or combine into units of the most efficient size, we are witnessing the finest expressions of the renaissance of those qualities of innovation and initiative that have fired the engines of enterprise throughout our society. The revived assertiveness of banks has demonstrated once again the advantages that flow to the public from enlivened competition.

The question of efficiency increasingly has become a matter of the utmost concern in determining the shape of our banking structure. The same factors that have led to industrial and business units of larger size and broader geographic scope are making their influence felt in the financial community.

If trained people needed to provide the most effective and efficient banking services are to be attracted and held to this industry, and if the new technology constantly emerging in our economy is to be properly applied to banking, then banks must be expected to grow to a size sufficient to meet the competition for personnel, and to utilize the most advanced methods and techniques of operation. In many cases, only larger banks can effectively serve the financial requirements of the growing number of industrial and commercial enterprises whose operations are spreading throughout our broad national markets and beyond our shores as well.

When reasonably planned, soundly conceived, and broadly beneficial combinations of banking assets are proposed, they frequently incur the hostility of those whose concept of competition is limited solely to the numbers of units involved. It is easy—and superficial in my judgment—to focus attention on the *quantity* of competing banking units that now exist and to conclude that any lessening of these numbers will act as a restraint on trade. Quite often, the *quality* of effective competition that can result from a beneficial merger is either minimized or overlooked entirely by those who are hostile to size alone.

Yet those who suffer most from arbitrary restraints on growth by both merger and branching processes are the individual communities and their citizens whose full potential remains unrealized because of an insufficiency of locally accessible financing. These deficiencies may be local in nature, but they are also a matter of national concern, for wherever any of our productive power remains at a low ebb, it diminishes our total national effort.

I believe, therefore, that we must continue to work for the full realization of the great potential of the banking industry. Our aim should be to fashion and sustain a banking system that responds swiftly to new demands and opportunities, that alertly applies new techniques which enhance proficiency of operations, and that persistently searches for new functions that can be performed safely and prudently. In the process, I believe that growth in size of units, through effective combination of complementary functions, is a necessary corollary to growth in service capacity.

These goals are fully consonant with the best traditions of our private free enterprise system. Nothing less will allow our banking system to fulfill its essential role in the Nation's future. Remarkable as our past has been, I am confident that we are entering a new era of achievement in banking service that will far outdistance any other accomplishment we have known.

I am well aware that you and other leaders of the American economy are facing a task of unique difficulty if the future path of American civilization is to be traversed without the loss of more and more freedom and independence.

If our problems are to be solved through the democratic process of intelligent, self-disciplined action by our people as a whole, there must be leaders in thought and action to whom the people can look for both precept and example. You bankers fit that role, for by setting a true standard for others to follow, you can reorient the attitude of American business and the American people with respect to worthwhile economic goals and enlightened means to attain them.

George Bernard Shaw once cynically observed: "Liberty means responsibility. That is why most men dread it."

The American people, under the leadership of those best suited by training and position to lead, can and must prove themselves worthy of liberty in accomplishing and discharging their responsibilities. Only in this way can we preserve the fundamentals of the free, unregimented economic system that has been the wonder of the world.

Remarks of Justin T. Watson, First Deputy Comptroller of the Currency, Before the Texas Bankers Association, Houston, Tex., June 21, 1968

Bank Accounting and Reporting

As most of you perhaps know, in May of 1967 the Comptroller's Office issued an accounting regulation which is applicable to all banks under our supervision. Our objective is, of course, to disclose meaningful information to shareholders, prospective investors, and the analysts. This led one prominent financial analyst to remark that recent developments in bank reporting compared to that of the current fashions among the ladies. Both seemed to be galloping rapidly toward full disclosure. The rising hemline in banking is revealing certain aspects of operations and the disclosure of interior reserves which bankers used to consider strictly private. Today, privacy is no longer possible and it helps to have the kind of legs the girl-watchers watch. Some bankers don't like so much of the leg exposed, and want the hemline dropped. Some financial analysts think we are too Victorian, while some Certified Public Accountants (CPA) think we are trying to show off the wrong thing, and they are making suggestions that we direct our energies toward revealing other parts of the anatomy of a bank.

Until quite recently, bank accounting and reporting was ultraconservative. The "old school" banker thought a bank ought to be better than it looked. These conservative concepts were also condoned by the regulatory authorities, whose prime concern seemed to be liquidating values. Accordingly, it was considered virtuous to write off assets and create "fat" reserves. Sometimes these reserves were in the form of valuation reserves, cashiers checks, savings accounts, and even trust accounts.

These reserves could then be used for many and sundry purposes, including the absorption of charges which should have been disclosed in the operating statement. In many instances the reserves were a convenient place to hide unwelcome news from stockholders. One banker referred to this method of accounting as "Concealment Accounting." Had there been adequate disclosure, the enterprising and sophisticated investor could have, at least, constructed an adjusted balance sheet for his own use.

I think all of us in the banking industry recognize the need for full disclosure and more uniform methods of accounting and reporting. The trend has been in the right direction over the past several years. A few years ago the Comptroller's Office made an analysis of the annual reports of the major National banks. Actually, disclosure was considered fairly good, but some banks left out certain material which would seem pertinent to the sophisticated investor and analyst. The basic difficulty seemed to be the lack of uniformity in reporting, and consequently, it was difficult to analyze banks on a comparable set of factors, because the information just wasn't there across-the-board.

Our accounting regulation was conceived by the Comptroller's National Advisory Committee to correct some of these problems. The Committee felt that there was need for banks to make more adequate disclosure, and that a greater degree of accounting uniformity would also be beneficial.

A committee of prominent bankers highly experienced in the accounting and reporting areas was formed to draft an accounting regulation. They were assisted by six members of the Comptroller's Office. The Committee Chairman was Clarence Baumhefner, Executive Vice President and Cashier of the Bank of America. In his introductory remarks, Mr. Baumhefner indicated the Committee would concentrate its attention on the following:

(1) The more significant items of accounting and reporting;

(2) The impact on the interested and affected groups—depositors, shareholders, general public, accountants, and analysts;

(3) Objectivity and sound business judgment; and

(4) A desired high degree of conformity in the preparation of reports to supervisory authorities, shareholders, and the public. Also kept in mind were the current instructions for the preparation of call reports and income and dividend reports and the possible revision of these reports, the various statistical series now being maintained, the recommendations of the ABA Committee on Accounting Practices, the recommendations of the Bank Administration Institute Accounting Commission, and the requirements of Regulation F on State-member banks, and comparable FDIC regulation on non-member banks.

The principal matters they considered were the format of statements, the accounting and reporting of reserve for bad debts, the accounting for and reporting of securities transactions, the consolidation of statements of subsidiaries and affiliates with the parent bank, the coordinating of reporting requirements of National banks, and accrual accounting.

The first draft was distributed to all banks under our jurisdiction for comment in the early part of 1967. It was also placed in the *Federal Register* to give other interested parties the same opportunity. The Office received approximately 250 responses offering various suggestions. The majority of the respondents favored our objective.

On May 1 of last year, Comptroller of the Currency William B. Camp put into effect the new accounting and reporting regulation for National banks (formally known as Part 18—Form and Content of Financial Statements). In our Office, we believe that the promulgation of this regulation represents a giant step forward in bank accounting and reporting. Most of the comments made by bankers, financial journalists, and financial analysts likewise attribute great importance to our regulation.

The rationale underlying the entire regulation is that stockholders of *all* National banks have a right to obtain *freely* such information as is necessary to evaluate the operations and the condition of their institutions. It appeared to us that the most appropriate vehicle to insure that such information would be freely available was the bank annual report to stockholders. Therefore, in contrast to other agencies' regulations under the 1964 amendments to the Securities Exchange Act, every provision of the Comptroller's accounting regulation applies *directly* to the annual report to stockholders. The annual report, then, becomes the bank's required report under the regulation.

The Comptroller's philosophy is that the widow with $1,000 invested in the smallest bank in the country has as much right to accurate information about her investment as does the metropolitan financier with many millions invested. Consequently, the Comptroller's regulation applies to all 4,800 National banks, regardless of size or number of shareholders. It thus goes far beyond the minimum requirements of the 1964 Act: under that Act, prior to May 1, 1967, "covered" banks were those with more than 750 stockholders; after that date the cutoff was 500 stockholders. Approximately 500 of the 4,800 National banks are "covered" banks by that criterion. Over 95 percent of State banks have less than 500 stockholders, and thus are not covered under the Federal Reserve's Regulation F or the FDIC's equivalent regulation.

With the advent of the Comptroller's regulation, for the first time a Federal banking agency required *all* the banks under its jurisdiction to file meaningful annual reports to stockholders. In broadest outline, our regulation prescribes detailed formats for a balance sheet, statement of earnings, reconcilement of capital, and reconcilement of reserves, each required to be incorporated in the annual report to stockholders. It also specifies a number of accounting methods and procedures to be used in maintaining records and preparing reports, such as accrual accounting and consolidation of subsidiaries.

Once it was determined that the Comptroller's regulation should apply to all National banks, it was apparent that our goal should be to secure sufficient uniformity among bank reports to allow meaningful comparisons, while still allowing a desirable degree of management discretion in arriving at precise report formats. This approach is best illustrated in the balance sheet presented in the regulation. Twenty-eight numbered accounts are listed, some with a number of sub-items. However, 12 specified accounts *may* be combined in a prescribed fashion with other accounts, if the disappearing account has a value of less than 3 percent of total assets. For example, "obligations of Federal agencies" may be combined with "other securities", and "mortgages payable" may be combined with "funds borrowed". None of these combinations are required. In fact, I should emphasize that the regulation throughout "specifies the form and *minimum* content" of financial statements. The regulation enjoins management to furnish, in addition to the minimum information, "such further material information as is necessary to make the required statements not misleading."

Accounting authorities, without exception, hold that accrual accounting offers a more accurate and more refined picture of the operations of a firm than does cash accounting. The Comptroller's regulation not only encourages accrual accounting by all National banks, but also establishes a timetable which assures significant progress toward that goal. All National banks with $100 million in total resources must prepare their reports for fiscal years beginning after December 31, 1967, on the basis of accrual accounting. A year later the cutoff drops to $50 million in resources, and to $25 million the following year. Thus, by 1970, all National banks with $25 million or more in resources will be on accrual accounting.

Equally important, every National bank, regardless of size, must either place its installment loans on the accrual basis for fiscal years beginning in 1968, or disclose, in a footnote to its balance sheet, the amount of unearned income on installment loans carried in its capital accounts. It is anticipated that this provision will induce a number of smaller banks to convert—not, I hasten to add, from National to State, but from a cash to an accrual basis.

This may be an appropriate moment to acknowledge that we have received a few scattered complaints from small National banks to the effect that they will be at a competitive disadvantage relative to their small State bank competitors, who need not make similar disclosures. First, we are optimistic that we are both on the side of the angels and with the wave of the future in this matter; we would expect that the State banks will be making similar reports, either voluntarily or involuntarily, in the not too distant future. Second, even in the interim before this happens, the Comptroller does not believe that the National banks will be at a disadvantage. He has urged them to use their disclosure as an affirmative competitive weapon—as demonstrable proof to their current and prospective customers that they, at least, have nothing to hide.

Getting back to the accounting procedures described in the regulation, National banks are required to consolidate all "majority-owned significant subsidiaries." Significant subsidiaries are those in which either the parent's investment exceeds 5 percent of the parent's equity capital, or the parent's proportion of the subsidiary's gross operating revenue exceeds 5 percent of the parent's gross operating revenue. All majority-owned bank premises subsidiaries, whether or not meet ing the test of significance, must be consolidated. Thi requirement, in my opinion, is an important step i the disclosure process. As you know, many banks hav formed affiliated real estate companies which hav incurred sizeable indebtedness upon bank premise Now this indebtedness will be disclosed. There wer other situations where banks formed affiliate real estat companies which also incurred mortgage indebtednes upon the premises. After the indebtedness was incurre the affiliate was collapsed and title to the premise was taken by the bank subject to the lien. In thes situations, National banks are required to repor this indebtedness, even though a bank is not legall liable for the debt. National banks have the option c consolidating nonsignificant, majority-owned subsid iaries if they are considered an integral unit wit the parent. Alternative methods of handling minorit interests in consolidated subsidiaries are provided i the regulation. With regard to income from foreig subsidiaries and foreign branches, it shall be reporte only when remittable to the parent bank, unless th parent consolidates each item of revenue and expens

The regulation prescribes that any premium on a investment security be amortized by charges to oper ating income in such a manner that it be entirel extinguished at or before maturity of the securit Banks are given the option of accreting bond discoun If they do so, and the amount of accretion is 5 per cent or more of bond income, the amount of net oper ating income after taxes resulting from accretion mus be disclosed in the statement of earnings. This provi sion illustrates well how the regulation seeks to achiev adequate disclosure within the framework of a desira ble degree of management discretion.

Banks which maintain a trading account may repor their securities in the account on the same basis as i used for tax purposes. A bank which values its tradin account securities at cost must show their market valu in a footnote to the balance sheet. If either the valu of trading account securities exceeds 3 percent of tot assets, or the trading account income exceeds 5 pe cent of gross operating revenue (the two materialit tests built into the regulation), the trading accoun and its income must be separately reported on th balance sheet and the statement of earnings. The reg ulation conforms with traditional bank accounting i requiring that securities profits and losses should b reported after applicable income taxes as nonoperat ing additions or deductions.

The Comptroller made a special effort to ease th burden of the new accounting and reporting require ments on medium-sized and small National banks. The timetable for the changeover to a full accrual basis, already discussed, is one illustration of this, since it gives the medium-sized banks more time to prepare for the shift. Banks with less than $5 million in total resources are given two options in connection with the required financial statements. In lieu of the prescribed format of the statement of earnings, these small banks may elect to substitute the first eight items of the Report of Income and Dividends. Second, these same small banks may substitute the *entire* Report of Income and Dividends, front and back, for the statement of earnings *and* the reconcilement of capital and reserves. The Income and Dividend Report must be filed annually with the Comptroller by all National banks. Thus, for those small National banks which would find preparation of a second income statement in a different format a burdensome task, the need to do so is removed. On the other hand, the right of the stockholders of small banks to secure meaningful income data is respected; the Report of Income and Dividends *per se* has not been public information heretofore, nor has there been, except for the comparatively few "covered" banks, any other provision to require income data to be furnished to bank stockholders.

The prescribed statement of earnings sets forth the principal income and expense items separately. Management is given the option of combining any item not meeting the regulation's materiality test with the "other income" or "other expense" accounts, as appropriate. The figure for net operating earnings before income tax is stated, followed by the deduction of income taxes applicable to net earnings. The computation and deduction of this applicable tax is the principal departure in the Comptroller's prescribed statement of earnings from the aforementioned Report of Income and Dividends (I and D Report). Since all National banks with more than $5 million in total resources must compute and report this applicable tax figure, and since a number of these banks are on a cash basis for tax purposes, it was necessary to develop an accounting and reporting procedure to be applied to the statement of earnings of these banks. In essence, this procedure allows such banks to defer and capitalize the previous year's tax expense. This deferred expense, to be shown as a separate item in the balance sheet, is to be charged to undivided profits over a period of up to 10 years.

The statement of earnings in the Comptroller's regulation calls for the disclosure of net operating earnings per share. Following additions and deductions of nonoperating transactions, on a net after tax basis, the statement concludes with the amount transferred to the undivided profits account.

The regulation also requires the reconcilement of book capital accounts, and perhaps more importantly, requires the reconcilement of valuation and contingency reserves. It is our opinion that shareholders should be fully informed with respect to valuation and contingency reserves. In many cases, valuation reserves have been built up without regard to the possible loss or value depreciation in the assets. Consequently, in many cases, valuation reserves are really capital and the shareholder is entitled to receive full disclosure in order to evaluate his investment. We are requiring current year and previous year reconcilements on reserve for loan losses pursuant to the Internal Revenue Service's formula, other valuation reserves on loans, valuation reserves on securities, and other contingency reserves, whether they be a capital reserve or an interior reserve. The reconcilement must be shown on a gross basis, and therefore, it will be disclosed to the reader the amount of losses charged, recoveries credited, and the transfers to and from these reserve accounts.

We realize our regulation is not perfect, both from the standpoint of accounting theory and full disclosure principles. However, we believe it is a forward step in the evolutionary process toward fuller disclosure.

Apparently, The American Institute of Certified Public Accountants thought it was quite imperfect. In March of this year, this organization issued a document entitled "Audit of Banks." The publication set forth certain accounting principles and statement formats, which must be adhered to if commercial bank audits are to receive an unqualified certificate. Among the more important proposals is the requirement that a provision be made above the line for loan losses. If the provision so determined exceeds the Treasury formula, the future tax benefit must be recorded as an asset. If the provision so determined is less than the Treasury formula, the additional provision less related tax benefit must be credited to undivided profits, and included in the capital funds section of the balance sheet. The amount "above the line" would be based on management's judgment and herein we feel the trouble lies.

Annual loan loss figures could be juggled with the result that comparability of net operating income figures would lose its meaningfulness. The Comptroller's Office recognizes the principle that a provision for loan losses in the current period would be a desirable and fair presentation of the results of that period. However, the solutions recommended, due to their lack of uniformity, detract from the desired end. It is the opinion of the Comptroller's Office that conformity and general acceptance are better served by a "below the line after tax provision," as prescribed by the supervisory agencies and applicable to all banks as allowed by the Internal Revenue Service.

Similarly, we are concerned over the accountant's position supporting the deferral and amortization method of accounting for certain securities gains and losses. The Committee's document indicates that either the completed transaction theory or the deferral and amortization method is acceptable.

We take, along with the other regulatory agencies, strong opposition to the deferral and amortization method. We do not feel it gives an accurate picture of what has happened to a bank's earnings during the year on a completed transaction basis, nor of a bank's sound net worth at the end of a year. The capitalization of losses as an asset is particularly disturbing, as in our opinion, it overstates the net worth of the bank, and the deferred losses cannot be used to liquidate depositors' claims. In our opinion, deferred losses can represent only a claim against capital and are not a realizable asset. We find it difficult to see that the deferral and amortization method better informs either the investor or the depositor, except perhaps through a study of the trends on yields and investments. When securities proceeds or losses are realized and reported through the income statement as is now required, the capital accounts reflect the shareholder's equity and the depositors margin of protection as of the statement date.

Also, we cannot understand why it is advocated that this accounting concept be applied to securities transactions only. If profits and losses represent adjustments of yields, it is not clear why a conversion of funds from investments into loans would represent the same adjustment from a total performance standpoint.

There are other practical difficulties. Many large banks use the pooled fund approach in asset management. There is a constant adjustment taking place in the securities portfolio to take care of liquidity requirements, seasonal and cyclical fluctuations, and investment considerations. In most cases, these are elements of serious consideration involved in a decision to sell or buy securities. This makes precise identification nebulous, and it seems at best that earnings reported would be an approximation of circumstances, with considerable latitude for choices, whichever alternative is most favorable for an individual bank from a reporting standpoint.

Also, the proposed reform contemplates a change in the income statement where emphasis would be placed on the "bottom line" or net income figure. The document states the income statement must include actual gains and losses, as well as regular earnings. There is also an earnings data per share section, which would not only include net operating earnings, but also securities gains and losses, income before extraordinary items, extraordinary items, and finally net income per share, as well.

I think the Comptroller's Office, in formulating its accounting regulation, was primarily interested in disclosure rather than the form of presentation. I might mention that at the annual shareholders meeting of Morgan Guaranty, a stockholder asked the Chairman to comment on the suggestion that earnings per share be computed to reflect nonoperating additions and deductions, rather than being computed on net earnings as it is at present. The Chairman noted that Morgan Guaranty, in compliance with the Federal Reserve Board requirements, uses the latter method. He said the important thing is that all the relevant information is made available, so that stockholders and others "can work it out either way they want to." I think this statement pretty much expresses the opinion of our Office, at least for the present.

While the proposed income statement is not entirely without merit, we are inclined to believe, together with many bankers, that such a presentation might limit the flexibility of banks with respect to making investment moves for tax advantages. If the average shareholder could be educated to the fact that such moves are highly desirable, and accrue to his benefit notwithstanding the fact that net income per share might fluctuate violently, the proposition might be more palatable.

As I mentioned earlier, bank accounting and reporting seems to be going through an evolutionary process. Considerable progress has been made in the past few years, but we believe it is equally important to proceed with due deliberation in order that the responsibilities of the industry, the regulatory authorities, and the accounting profession receive careful consideration before each modification is effected.

Remarks of William B. Camp, Comptroller of the Currency, Before the National Bank Division of the American Bankers Association 94th Annual Convention, Chicago, Ill., September 30, 1968

The phenomenal achievements of our economy are thought by many to rest more on the great national markets we have opened to all forms of enterprise than upon any other single factor. The advances in communication and transportation we have experienced have made this, more than ever, a reality.

Under the influence of this freedom, we have developed the arts of specialization more highly than any other Nation. The technological advances which have been made possible by the strength of our economy have enabled us to explore beyond the boundaries of Earth.

We are witnessing today comparable efforts on the part of the banking industry—throughout the Nation—to realize more fully its highly specialized capacity to perform a broader range of financial functions so essential to the further progress of our economy. These responses to long-neglected opportunities have spurred the introduction of many new banking services and facilities—and have provoked some to question the appropriate role of the banking system in our society. What, exactly, it is being asked, is the proper scope of the business of banking?

As you gentlemen know, the Federal Reserve Board recently announced a change in its position on some of the significant banking issues of our time. I was indeed very pleased by this announcement, for the questions of public policy that underlie these issues are vital to the future of banking, and it is well that bankers and bank supervisors should be alert to their importance.

The form of change is often confused with its substance, and this is often encouraged by opponents who find the form a more plausible and convenient target than the substance itself. Precisely such a situation now prevails in the field of banking.

One of the most notable phenomena of recent years has been the lateral expansion of banking into allied fields of finance. To carry out this expansion, an increasing number of banks have found it more suitable and more efficient to form one-bank holding companies. Rivals who have found little success in attacking the substantive basis of these expanded activities have now in some instances deployed their forces against the organizational measure employed in their performance. But there should be no mistake about their real objective.

These developments in banking have coincided with a greatly expanded use of the conglomerate form of organization in other fields of enterprise. But it is an interesting fact that the acquisition of banks by nonfinancial organizations has not aroused the same opposition as comparable actions on the part of banks. Most serious in its implications is the suggestion that one-bank holding companies should come under the controls of the holding company act.

That act, as you know, was designed to place under direct public control the acquisition of two or more banks by a bank holding company. Its purpose was to forestall the use of the holding company device to circumvent other existing limitations on the merger of banks. Its aim was to preserve—not to destroy—banking competition. The one-bank holding company, on the other hand, is designed to enable banks to compete more effectively in offering new forms of financial service.

If the locus and form of bank regulation were to be shifted merely because of the organizational measures adopted in order to gain greater efficiency of operations in a widening field of endeavors, the effect would be to penalize many of those banks which have been most energetic in responding to the burgeoning needs of the public for expanded financial services. They would suffer not only an added layer of public controls, but they would be subjected to supervision under a statute that presumes their efforts might be anticompetitive, and by an agency whose outlook and personnel, except of recent date, is principally concerned with matters of monetary policy. I believe it is fair to say that such a move would be unlikely to serve the public interest—and, indeed, might damage it seriously.

The holding company device is not in itself harmful to the public interest—but only in some of the ways in which it may be used. Indeed, if this device represents the most effective and most efficient means of undertaking a prudent and useful expansion of banking services, it should be lauded as beneficial to the public interest. Specific controls have already been imposed on the use of holding companies to effect the merger of competing banks. But this is obviously not the issue that concerns those who favor the regulation of one-bank holding companies. What does concern them is the desire to retard the expansion of banks into related financial fields by blocking the use of one of the more effective devices that may be utilized for this purpose. That is the real target, and we must be aware of that fact.

For several years now, the banking industry has lived with a wide assortment of efforts to contain its reborn initiative and enterprise. Some have questioned its lawful powers—others, its probity and wisdom. But this has always been the burden of those who seek to explore new fields of endeavor, to test new markets for their services. Even thought we applaud innovation and ingenuity—at least in principle—as perhaps no other nation, new rivals are seldom welcomed. And where an industry is under public control, added means are at hand to still the forces of enterprise.

But the record of banking within the past few years speaks for itself on the policy of allowing bankers broad discretion in selecting the services they wish to offer and the means of doing so, subject only to the limiting requirement of maintaining solvency and liquidity and the confinement of their efforts to related fields of finance. A revitalized banking industry, released from longstanding fetishes, has enormously expanded the range and depth of its financial services to the public, and it has accomplished this with a constantly rising rate of earnings, which is the ultimate test of the judgment it has exercised.

I have no doubt that some will continue to question the wisdom of the course that has been chosen, and that efforts will be sustained to divert or restrain the competitive power of the banking industry. Nor do I anticipate that the decisions of bankers will magically become free of error. But I do believe that it will continuously become more difficult to argue with the fact that bankers will demonstrate their capacity to enlarge the scope of their activities prudently, and without impairment of the vital necessity to preserve their solvency and liquidity. Indeed, the diversification of their activities, and their greater responsiveness to changing demands, should insure an even greater degree of stability in their performance.

It is of the utmost concern to the Nation that this should prove to be so. We have never stood in greater need of a maximum performance by our private economy. And I do not need to remind this audience of the critical role that banking plays in achieving this performance. What I should like to emphasize is that the hard-won new spirit of initiative in banking may not be self-regenerative—it is likely to require deliberate design and persistent effort. Bankers must assert their determination to hold the gains that have been achieved, and continue the enlargement of their activities as new opportunities appear.

The banking system of our country comprises, potentially, the most effective and most efficient means of bringing to the broadest range of consumers the entire spectrum of financial services, and none of these services which it is safe and prudent to offer should be beyond the authority of banks. If bankers do not speak up in defense of this principle, it may well be impaired or eroded. Such efforts would be fully consonant with the philosophy of our private enterprise system, which calls for the fullest and most efficient use of our productive capacity.

We have come a long way in the past few years in realizing these aims for banking. New markets have been opened, new services have been introduced—but, more significantly, the banking industry has adopted a new attitude towards its responsibilities and its opportunities. It has set its goals high in terms of the needs of today and the requirements of the future. It is this pioneering spirit—this vision to see what lies ahead—that needs most to be preserved and encouraged if the banking industry is to fulfill its potential for service to the Nation.

I am happy to be able to report that the National banking system, indeed the entire commercial banking system of this country, is in sound condition, enthusiastic and alert to its opportunities, and fully capable, in my opinion, of meeting the many challenges of our changing society. This is eloquent testimony to the foresight and enterprise felt throughout the financial community, a development that should be commended and encouraged.

In the years to come, the technological and social changes we are likely to experience, and the burdens this Nation may have to assume, portend to exceed any we have known. An alert, responsive, and fully effective banking system will be indispensable if we are to meet these new challenges which lie ahead. We should not allow ourselves to be diverted from this most urgent task.

Remarks of Dean E. Miller, Deputy Comptroller of the Currency for Trusts, Before the Western Regional Conference of the American Bankers Association, Phoenix, Ariz., October 10, 1968

A favorite topic of discussion and reflection these days is performance. The preoccupation with this subject arguably has a number of roots, I suppose, but you can boil down most of them to "competition." Competition is a wonderful thing. It is the basis of our economic system. We have a large and well-established division of our Justice Department, and an extensive system of statutes and rules of common law all devoted to the preservation and encouragement of competition. It plays a very important part in the activities of trust departments, and rightfully so. And today, more than ever before, we are observing these pressures for performance, as a result of the competitive forces among banks, and also between banks and their nonbanking rivals.

One of the aspects of this increasing emphasis upon performance which is being manifested, and very closely watched by us, concerns the operation of collec tive investment funds. This is true both as to pooled employee benefit funds and traditional common trust funds. In both cases, although certainly much more so as to the former, the pressure of the competitor for the business represented by various trust department fiduciary accounts has led to an emphasis upon performance of these funds. In many respects this is very beneficial. Attempts to improve performance based upon more effective investment analysis, or increased efficiencies, for example, contribute significantly and beneficially to the health of trust departments, as well as to their competitive position. On the other hand, this drive could lead down roads which are best not traveled by a corporate fiduciary.

Now please understand what I am saying. I do not think that bank trust departments that get involved in this performance drive are heading down the road to ruin. Rather, I am suggesting to you the possibility that this may be one of the alternatives ahead if you choose to make the wrong turn at one of the forks in the road.

In the performance of our regulatory activities with reference to collective investment funds—with both traditional common trust funds and pooled employee benefit trusts—we have observed the development by many banks of funds designed to permit these banks to better serve their customers, and in so doing, meet the claims, as well as the actual services being performed, by the competition. The various types of special purpose funds have now become common. The newest is the so-called "special situation fund," which in itself has achieved a fairly broad measure of acceptance. We have a number of plans for such funds on file in our Office, and our information is that there are others in existence. It is somewhat startling to one accustomed to traditionalistic trust patterns of thought, as a bank supervisor must be, to read some of the investment clauses being written into such funds. A word which continually leaps out at us is the prudent man's antithesis, "speculative". In some cases, the word itself may not appear, but the sum total of the words used to describe the permissible investments amounts to the same thing. The investment authorities are so broadly drawn that limitations of any kind appear to be absent. Now I am aware that in the usual case the actual investments made for an account are much more conservative than the authority of the governing instrument would permit. I would hope that such is the case in these particular funds. As a matter of fact, I know that it is, presently.

Accordingly, I am not here today to attempt to state from my "infinite wisdom" that this type of a pooled employee benefit fund, or this type of a traditional common trust, is inherently evil, or even something which banks should eschew. I *would* like to indicate that I am curious to know if they trouble you. Further, I would respectfully submit that it might be a good thing for you, collectively and individually, to step back occasionally and see where competitive pressures may be leading you in this field.

If, as many of you may have already concluded, or are apt to conclude in the not too far distant future, these special situation funds are a device which must be developed in increasing measure in order to permit you to meet the competition, it is obvious that there should be a certain amount of restraint and judgment exercised in carrying out this resolve. We have put into effect this conclusion by suggesting to banks which have submitted to us plans including the word "speculative" in their clauses, that that word be removed. A concomitant step is to suggest, in the cases of plans which have provisions which add up to the same result, that appropriate amendments be made. I now ask you, is this being antediluvian? Is it letting form prevail over substance? It is my belief that rather, it is a useful supplement to effective self-control, to require banks not to establish instruments which make the sky the limit.

The foregoing are no more than limited judgments upon my part, which are based upon my own estimate of what might occur somewhere down the road. They are not, I once again emphasize, based upon what is here today. I solicit your comments and your advice in this matter.

Remarks of John D. Gwin, Deputy Comptroller of the Currency, Before the Fall Convention of the New Hampshire Bankers Association, Whitefield, N.H., October 18, 1968

Bank Conversions and The Dual Banking System

During the past century of our banking history, no single subject has attracted more attention, or provoked more discussion, than the dual nature of our banking system. This is not surprising, since it represents one aspect of the continuing effort to mark out and define the respective roles of our State and Federal Governments in our unique system of governmental powers.

Recently, the discussion of this issue has centered on the conversion of State banks to National charters. But the problem has its origin in the very beginnings of our Federal Government, and particularly in the formative years of our National banking system.

Although federally chartered banks originated some 50 years earlier, it was not until more than a century ago that provision was made for a full-fledged system of National banks. The initial purpose was to assure a nationally acceptable form of currency to serve the growing needs of the young Nation, as well as to aid in financing the Civil War, but it was also believed by many that the National system would soon displace the various State banking systems.

This, however, was not to occur. The rise of deposit banking and the growing role of checks as instruments of monetary transfers assured the survival of State banks, and they continued to flourish alongside the National banks. There is a lesson to learn in this early experience with our dual banking system.

Over the years, these two systems have varied greatly in their prominence and in the rate of their growth. Essentially, these differences have reflected variations in the capability of adapting to the changing needs and diversified requirements for the services of these institutions. In part, these differences have been the result of limitations of law—in part, they have been influenced by regulatory attitudes. But in all cases, they have affected the powers of banks to adapt to the needs of the times.

We know from our experience that there are certain clear advantages in the dual banking system. And it is these advantages, rather than any deliberate policy, that accounts for the acceptance and survival of the system. Indeed, at the time of the founding of the National banking system, quite the opposite policy was envisioned and even sought.

The greater flexibility of choice is the essential factor that underlies the benefits of the dual banking system. States that are dissatisfied with the services provided or the policies followed by National banks may charter their own banks—and the National banking authority has a similar choice where the aims of national policy are not entirely fulfilled by the policies of the State authorities. Moreover, individual banks also have an alternative if they believe they can function more effectively or more to their liking under one or the other form of charter.

This greater flexibility can only work to the benefit of the public. It improves the chance that banking services will not arbitrarily be withheld where there is a clear case of need that can be served by a qualified applicant. Thus, it enhances the attraction of the banking industry to men of enterprise and capital—surely a quality that is in keeping with the traditions of our private enterprise system, and one that is most difficult to sustain in any regulated industry.

The recent conversion of several State banks to National charters has given a new dimension to the discussion of the dual banking system—a dimension tha I believe runs counter to its very purpose and woul defeat its essential objective. Some are arguing tha such conversions will tend to alter the equality or balance of the two systems, with the implication that suc equality or balance was an avowed purpose of the dua banking system, and is itself sound public polic Nothing in either the history or purpose of the dua banking system would justify such a contentior Equality or balance are not qualities that fit the philosophy of a private enterprise system. They can b achieved only through the iron hand of centralize control, and they favor the least efficient and leas effective of competitors.

If there is one supreme advantage that we deriv from our dual banking system, it is the freedom o the regulatory authorities to adapt to the needs of th times as they see them, and the equal freedom of bank with new ideas to seek a hearing at more than on source. This is not an inconsiderable advantage in regulated industry, where the forces of change ar almost always impeded by the bureaucratic proces If this advantage were removed, the public benefit of the dual banking system would be immeasurabl impaired.

Contrary to the beliefs of those who would limi the rights of conversion, there is no reason why th State and National banking authorities should alwa adopt the same policies in all matters. Indeed, in nation distinguished by its diversity, there is ever reason for allowing the State authorities to accommodate their policies to special local needs where the consider it necessary. And there is equal reason fo permitting the National authorities to take account c broader national considerations in fashioning thei policies wherever that is required. To do otherwis would be to undermine the most fundamental reaso for retaining our two separate systems of bankin institutions.

The outlooks and compulsions to which these tw sets of authorities respond are certain to differ, an it would be a disservice to the public to force them t correspond. Moreover, there is no monopoly of wisdor or creativity. During the history of our banking systen sources of innovation have appeared in both our Stat and National systems—and all have benefited fror these efforts to make our banks more effective instruments in serving our society. In recent years, much c the initial efforts to modernize banking regulation hav taken place at the Federal level—but as often as nc the recognition of the need for change has come from the State authorities. What is important, however, is not the source of change, but the likelihood that needed responses to public needs will be enormously enhanced if both systems remain independent.

Far from being an indication of danger to the dual system, the conversions of recent years are evidence that it is working as it should. The revisions of Federal regulation have inspired in many States a thoroughgoing review of State controls, and these, in turn, have brought extensive recasting of State laws to conform to the needs of the times. To anyone who has observed the history of our banking system, this must surely be accounted a desirable force.

I cannot emphasize too insistently the importance of this consideration. The banking industry provides the critical financial muscle of much of our economic progress, and, perhaps more important, the guidance and encouragement that is required for such progress. The attitudes of bankers—their foresight and their powers—are thus vital to our future. Laggard or unresponsive regulatory policies will blunt the efforts of bankers to meet their responsibilities. Where this occurs, we will, as a Nation, fail to achieve the gains of which we are capable. The effects may not always be clearly discernible, but they are nonetheless certain. The rise of rival financial institutions to meet the deficiencies of regulatory and banking initiative during the past three decades makes this unmistakably clear.

I agree with the ringing defenses and praise of the dual banking system that we have heard in the past few years. But I do not share the view that the preservation of this system requires that we safeguard the least progressive of these systems against the forces of progress. This is a counsel not only of despair, but of destruction. For if our banking system, which is the best equipped of our financial institutions to provide many of the financial services our economy requires, fails in its tasks, we may be certain that others—less well-equipped—will take over this responsibility.

It is ironic that in the name of strengthening the dual banking system, some are exhorting us to diminish its flexibility and responsiveness to the public need, at precisely the time that these qualities are required more than ever to assure its effectiveness—and even its survival. For it should be evident to all of us that the pace of technological change and financial sophistication has greatly accelerated in recent years. These developments place an ever-increasing burden on banks to adjust their operations to the needs and opportunities of the present and the changing future. This cannot be done if the regulatory authorities or the banks are complacent or backward-looking in their attitudes.

The dual banking system has a unique contribution to make in fortifying the adaptability and forward progress of the banking industry. But it can do so only if it is not shackled by ties to the past, or by efforts to impose edicts of conformity. What we need is greater—not less—freedom for those with imagination and vision to see what lies ahead, and to move with vigor to realize these potentials.

REMARKS OF DEAN E. MILLER, DEPUTY COMPTROLLER OF THE CURRENCY FOR TRUSTS, BEFORE THE MID-CONTINENT TRUST CONFERENCE OF THE AMERICAN BANKERS ASSOCIATION, DETROIT, MICH., DECEMBER 5, 1968

A Venture into the Law of Trusts

The law of trusts is one of our greatest legacies from England. Today it remains in large part the common law of our States, only being supplemented by statutory enactments in specific areas. Largely for this reason, this body of laws is often overlooked by people who should know better. Because there is no Federal law to which you can turn in the *U.S. Code Annotated,* and read the prohibitions and duties in definite black and white, there have been those who have concluded that there is no law in this area. This conclusion is only strengthened in the eyes of some of these mistaken beholders because the law of trusts for any locality is the law of that State, which will only in small measure be found on the statute books, and which on any given question may or may not be the subject of a decision of the courts of the State. To find what the law is in a specific fact situation, one must quite often refer to the decisions of other States, and quite often, to such authorities as the *Restatement of the Law of Trusts* or the commentators, such as *Scott* or *Bogart.* I am sure that it is largely because of these characteristics of our law of trusts that its effect, and even its presence, has escaped some contemporary observers, including members of the legal profession. Let me illustrate.

We have all been aware of the movements in this country for pension fund reform. We have seen proposals which would establish fiduciary standards for the administration of employee benefit trusts, which would impose Federal limitations upon the investment discretion of the trustees and administrators of certain of these funds, and which would establish in various Federal agencies, such as the Department of Labor or even a new and specialized commission, an increased measure of supervisory and visitorial power over these

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funds. The justifications which have been advanced for these proposals have included the conclusions that there is no law to protect the holders of beneficial interests in these funds, that there is no legal machinery for protecting the rights of these persons, and that there is no agency on the State or national level which is protecting these interests. I believe that these conclusions, as they are applicable to banks, overlook the law of trusts, as well as the role of bank examination in this picture.

Further, where the law of trusts is given attention, it is often misconstrued. Let me again illustrate: One notable failing, both within and without the legal profession, has been to equate the law of contracts with the law of trusts. The fact that two parties can contract for virtually any subject, pursuant to any terms, so long as not contrary to public policy, has been wrongly believed to have equal applicability in the law of trusts. This is not so. The law of trusts is much stricter. To quote *Scott* "* * * certain duties and certain standards of conduct are applicable to the relationship between trustee and beneficiaries * * * these are so necessarily inherent in the relation that they cannot be dispensed with by any provision in the trust instruments." Let me advance some legal propositions further to illuminate this point. I think it is basic that one cannot purport to establish a trust and then read into the governing instrument provisions which destroy its essential character as a trust. When, because of broadly drawn investment authorizations and exculpatory clauses, the trustee asserts the authority to act, or the absence of responsibility to act, in a manner so as to negate the very purpose of the trust itself, it is giving those provisions, however broad or specific, an improper interpretation. Every clause of a governing trust instrument—every authority given the trustee or to outsiders, and every exculpatory provision therefor—must be construed and limited in the light of the overall purpose of the governing instrument. One simply cannot write into a trust a provision which would be contrary to its overall purpose, no matter how hard one tries. All clauses in governing trust instruments must be construed with this in mind.

Let us examine these general propositions in the specific context of employee benefit trusts. One type of such trusts which has been very popular among some employers and some banks has been what we refer to as the direction trust. A direction pension or profit sharing trust may take many forms. The governing instrument may provide that the trustee shall have investment authority, but receive advice from an outside group. It may give the outside group the power to veto investment decisions made by the trustee. Or it could flatly give all investment authority to the outsider. Various refinements of these basic forms have been devised. Usually, there will also be an exculpatory clause, exonerating the trustee from all liability for complying with directions received from the powerholder. The net result, in any event, is to have someone other than the trustee bank making some, or all, of the fund's investment decisions. The powerholder may be a professional advisor. Usually, however, the holder of the power to direct in this type of trust is a committee appointed by the employer. The justifications which I have seen given for the establishment of this type of trust, rather than with the bank having full authority, are many. But whatever they may be, it is apparent to me that the potential for making investment decisions which are not in strict accordance with the exclusive benefit of the employees, is increased. The employer-management oriented powerholder is not an investment expert comparable to the bank professional. Neither is he likely to have the familiarity of the professional fiduciary with the niceties of trust law with respect to the strict loyalty, which is owed to the trust in the conflict of interest position which it occupies. Thus, I believe that it is in such a trust that there exists the greatest potential for abuse of the interests of the employees. For this reason I will zero in on these trusts this morning.

This brings us to the salient point of my inquiry. What is the law with respect to these direction trusts? Does this potential for abuse have any means of control or remedy? If the answer here is yes (as I will conclude in about 20 minutes), I believe it will *a fortiori* be the same as to all other variations of employee benefit trusts in our banks. Suppose the employer-powerholder directs an investment in its stock, or its bonds, or perhaps in real estate, to be leased to it. Suppose further that the governing instrument specifically authorizes this type of transaction. What is the duty of the trustee in the various possible fact situations which may be present? Let us now venture into the law of trusts to answer this question.

Section 185 of the *Restatement of Trusts* is an excellent point of departure. It reads:

> If under the terms of the trust a person has power to control the action of the trustee in certain respects, the trustee is under a duty to act in accordance with the exercise of such power, unless the attempted exercise of the power violates the terms of the trust or is a violation of a fiduciary duty to which such person is subject in the exercise of the power.

So we begin with the proposition that the trustee is under a duty to comply with a direction from the powerholder. Indeed, he is liable if he wrongfully refuses to do so. What are the exceptions? If the direction violates the terms of the trust, then there is no duty to comply. Presumably this refers to a direction clearly contrary to express provisions of the governing instrument. Obviously, in such a case, a trustee should not be exonerated for complying. But suppose the direction is not contrary to the express terms of the trust, but does appear to be at variance with its intent. Here, it might be helpful to look also at the other exception in the quoted portion of the *Restatement.* If the attempted exercise is a violation of a fiduciary duty to which the powerholder is subject, then the duty to comply is vitiated. When is the powerholder subject to a fiduciary duty? *Scott* puts it this way:

> The holder of the power is subject to liability for the exercise or nonexercise of the power only if he holds it as a fiduciary and not solely for his own benefit. It is a question of interpretation of the trust instrument in the light of all the circumstances whether the power is conferred upon him for his sole benefit or for the benefit of the beneficiaries of the trust * * * .

This takes us into an inquiry as to for whose benefit the employer committee holds its power to direct investments. The answer would appear obvious. Any qualifying pension or profit sharing trust must be operated for the exclusive benefit of the employees. This is a requirement of the Internal Revenue Code, and is a standard provision of employee benefit trusts and plans. This requirement has significance other than simply for purposes of compliance with the Internal Revenue Code—it is a provision of the governing instrument which must be given effect and interpreted according to the law of trusts. And in so doing, it is clear to us that it means that powers given under such a governing instrument must only be used for the benefit of the employees, who are the beneficiaries of the trust. This being so, the powerholder is a fiduciary.

What are the duties of the trustee where the powerholder is subject to fiduciary obligations? Let us return to the *Restatement:*

> If the power is for the benefit of someone other than the holder of the power, the holder of the power is subject to a fiduciary duty in the exercise of the power. In such a case the trustee is under a duty similar to his duty with respect to the action of a co-trustee * * * If the trustee has reason to suspect that the holder of a power is attempting to exercise it in violation of a fiduciary duty to which the holder is subject in the exercise of the power, the trustee is under a duty not to comply, and may be liable if he does comply * * *

According to the *Restatement,* therefore, the powerholder and the trustee stand in the position of co-trustees.

Suppose the governing instrument contains an exculpatory clause, exonerating the trustee from liability for following any directions received from the holder. Will this effectively excuse the trustee from a duty which might otherwise arise? The doctrine has become established that such exculpatory provisions are strictly construed, and particularly if the trustee is a professional fiduciary. It is also established that any such clauses must be interpreted in a manner consistent with the purposes of the trust. And they will not be enforced if contrary to public policy. Applying these principles to our supposititious case, it would appear that the exculpatory clause would be of questionable assistance to a trustee bank. Assuming the receipt of a direction to make an investment which involves a breach of duty on the part of the powerholder, the trustee would be participating in the breach of trust if he were to accede. It would appear unrealistic, to say the least, to read an exculpatory clause which sought to excuse compliance with such a direction as being consistent with the purpose of the trust agreement. Further, it would appear to be against public policy to give effect to a clause which forgave such a breach of trust. The effect of an exculpatory clause in a direction trust, I conclude, is merely to confirm the authority of the trustee bank to act in accordance with *proper* directions from the powerholder.

What then would constitute a direction involving a breach of duty by the powerholder? I would think that this would occur in any direction involving a conflict of interest, if the proposed investment was not of trust quality, involved an undue concentration, or otherwise was contrary to the interest of the employees. In such a case the powerholder is not acting for the exclusive benefit of the employees, but for itself. Further, a provision giving express authority would make no difference, for it must, as we have seen, be read in the context of the purpose of the trust, and not be construed so as to subvert the purpose of the trust. Thus, it would appear that a pension fund could not be effectively authorized to invest wholly, or even predominantly, in securities of the employer, for example.

A different result may be indicated, however, with respect to a profit sharing trust. Here, the purpose is to permit the employee to share in the profits of the enterprise, thus increasing a sense of belonging, with the corresponding incentives for greater performance and efficiency which result. This purpose is furthered, to a point, when such a trust invests in stock or obligations of the employer. The knowledge that the size of his profit sharing fund depends in part upon his continuing performance produces an incentive which will persist over the years. Thus, investments of this type of trust in company-connected media are consistent with the purposes of the trust, up to a point. But it is unreasonable and contrary to the employee's interests to subject all of his share of the profits, year after year, to the continued vicissitudes of the economy, as well as matters within the company which are not within his control. This would be the result if the fund were placed, year after year, 100 percent in company-oriented investments. It would appear, therefore, that a certain amount of diversification is necessary to the proper functioning of a profit sharing plan, for the exclusive benefit of the employees.

The foregoing assumes that the company has both viable pension and profit sharing trusts. If, however, the employer has only established a profit sharing trust, then a different case is made. In such a company, the profit sharing trust comes to be regarded by the employees as a retirement plan. As a result, the equities which militate in favor of diversification are much stronger here. The justification for having the amount which the employee ultimately receives depend upon the continued growth and economic health of the company is much less compelling, when it is realized that this is the sole benefit which he will receive upon retirement. Thus it may be that the law of trusts would compel one result if a company has both a pension and a profit sharing trust, and a different one if it only has established the latter. If so, then we have established that the law has a very desirable flexibility. The determination of whether a breach has occurred would be for the court in every case, based upon its individual facts and circumstances.

What about the States where statutes have been passed permitting a trustee to follow the direction of a powerholder without liability? I would think that such a statute should be given much the same effect as an exculpatory clause. It surely must be read in a manner consistent with the purposes of the trust. It must be presumed that it was not the intent of a legislature in enacting such a statute to permit the subversion of the purpose of any trust. Accordingly, I believe that these statutes should be viewed as doing no more than adding a statutory exculpatory clause, with the same effect as should be given such a clause when it is written in a governing instrument. The responsibility to not participate in any directions involving a breach of the fiduciary duty by the powerholder would remain.

I think I have made enough of a specific analysis to prove my point. While I have, for purposes of time this morning, confined my remarks to one specific application of the law of trusts to employee benefit trusts, it is my opinion that these principles which I have enumerated have applicability to all such trusts. The conclusion is that there presently exists in our great law of trusts significant, perhaps sufficient, protection of the employees' rights in bank-operated trusts, which may furnish to employees a private remedy in the courts and which will also be administered by the State and National bank examiners, who systematically seek out and obtain correction of breaches of fiduciary duty.

I will now confess to you that I have conducted this venture into the law of trusts this morning to enable me to advance a much broader and more general proposition. Just as it is possible to conclude that there may exist the basis and the flexibility in our law of trusts, as administered by our bank examiners, to provide the necessary protections in this area, it is equally susceptible of conclusion that the banking agencies may be best suited to administer any needed supervisory controls to banks. And this observation need not be confined to the employee benefit trust area. Bank examiners are not simply book balancers, as you know. These days an examiner must conduct an extremely sophisticated inquiry, requiring a great versatility, to carry out his task of maintaining the soundness of the banks. In addition, however, the bank supervisor has the potential to perform other supervisory functions, without a substantial change in present organizational setups. But it would require an awareness, and as to some, a change in attitude as to the role of bank examination.

I must confess that this would include a change in attitude by some of the bank supervisors themselves, who have demonstrated a curious reluctance to adapt to emerging banking practices. A not infrequent reaction has been either to attempt to force new operations into the preexisting regulatory patterns, or to avoid facing the problem and take the posture that someone else should supervise it. And experience has shown in the latter case when a new regulator has entered the scene, the standard approach has been to attempt to force the banking activity into the confines of the preexisting regulatory scheme of the newcomer, with questionable improvement over the protection of the public interest, which could have been provided by the banking agencies. The movement of banks collectively to invest managing agency accounts is a prime example. Particularly, new developments in trust departments have not been the subject of deep thought on the part of bank supervisors. So a change in attitude is necessary.

But given this change, if cognizance is taken of these capabilities in considering legislation affecting banking, we can, I am sure, avoid creating more overlapping rules, and overlapping administrators of those rules. We will not have once again established a bureaucratic duplication and waste. If reform or modification is needed in the pension, indeed in any banking area, therefore, we should first consider if it can supplement, and not overlap, present control patterns—if it could be made to mesh with present law and supervisory establishments. It is my firm belief that this can be accomplished in the majority of cases. It may even be that upon reflection, reforms or modifications will not appear to be necessary. It is my hope that future legislative moves in this area reflect a sober and comprehensive study and consideration of these possibilities. If so, we many have made a significant advance over the past.

Testimony of William B. Camp, Comptroller of the Currency, Before the Subcommittee on Legal and Monetary Affairs of the Committee on Government Operations, House of Representatives, February 7, 1968

I appreciate the opportunity of appearing before you today. I have with me Mr. Justin T. Watson, Deputy Comptroller, and Mr. Abraham A. Dash, Deputy Chief Counsel. We have been requested by the Chairman to advise the Committee of the nature and extent of the organized crime problems encountered by this agency; the manner with which they are dealt; and the nature, extent, and results of the agency's participation in the overall Federal effort against organized crime.

As you know, the primary responsibility of the Office of the Comptroller of the Currency is the examination and supervision of the 4,800 National banks in the United States. By law, every National bank must be examined not less than three times every 2 years, and, of course, as often as this Office may deem it necessary. A very important part of every National bank examination is to determine if possible violations of Federal, civil, and criminal laws have occurred. Any possible violation of the Federal Criminal Code either discovered by or reported to our examining force is thoroughly investigated. A criminal report is promptly prepared, containing all the available facts, and these reports are referred to the appropriate United States Attorney with a copy of each report going to the Federal Bureau of Investigation and the Criminal Division of the Department of Justice.

This Office, we are happy to say, has a close working relationship with the Criminal Division of the Department of Justice and the Federal Bureau of Investigation. Members of our staff are in frequent communication with staff members of the Criminal Division performing the necessary liaison that many of our cases require. This liaison is with all the sections of the Criminal Division, including the Organized Crime and Racketeering Section, depending on the nature of the case and type of criminal violation that may be involved.

We are not aware of any organized crime problem in the National banking system and know of no case where individuals who are allegedly part of organized crime have become involved in the ownership or management of a National bank. We also are not aware of any information in the possession of the Organized Crime and Racketeering Section of the Criminal Division indicating that there is any problem with organized crime in the National banking system.

It may be of interest to the Subcommittee to know that in every application for a National bank charter, the organizers and proposed officers and directors are thoroughly checked out through Internal Revenue Service, Federal Bureau of Investigation, and local law enforcement offices. In cases when the ownership of a National bank changes, or when there is a change of senior officers of a National bank, we, when we believe there is a reason, will also make, with the cooperation of other Federal and State authorities, a very comprehensive check of those individuals.

We are, of course, fully prepared to do anything within our powers to assist other Government agencies if an organized crime problem should appear in our area of responsibility. We wish to assure you that if the Subcommittee has information concerning organized crime operating in any National bank, we would, when apprised of such information, take the necessary supervisory action.

Testimony of William B. Camp, Comptroller of the Currency, Before the Subcommittee on Financial Institutions of the Senate Committee on Banking and Currency, April 2, 1968

I appreciate the opportunity to submit to the Subcommittee the views of the Office of the Comptroller of the Currency with respect to S. 3001, 90th Congress, a bill "To Provide Security Measures for Banks and Other Financial Institutions."

The proposed legislation would direct the Comptroller of the Currency, the Board of Governors of the

Federal Reserve System, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board to promulgate rules and regulations establishing minimum standards for banks and savings and loan associations, subject to their supervision, with respect to the installation, maintenance, and operation of security devices and procedures to discourage robberies, burglaries, and larcencies, and to assist in the identification and apprehension of persons who commit such crimes. The bill would require that the rules promulgated would include time limits within which banks and savings and loan associations would be required to comply with such standards, and a requirement for the submission by banks and savings and loan associations of periodic reports with respect to the installation, maintenance, and operation of security devices and procedures. Violations of these rules would be subject to a civil penalty not to exceed $100 for each day of the violation.

The President, in his message, "The Challenge of Crime to our Society," urged the Congress to enact the Bank Protection Act of 1968 to direct those Federal agencies with responsibilities for banks and savings and loan associations to issue regulations requiring the installation, maintenance, and operation of appropriate protective systems. The proposed legislation would carry out this recommendation of the President.

The Office of the Comptroller of the Currency has taken every opportunity to impress upon National bank officers and directors their collective and individual responsibilities for adequate security protection for their institutions. The importance of adequate security has been stressed by representatives of this Office to all the banks under our supervision, but it is our view that the enactment of legislation such as that embodied in S. 3001 would make a practical contribution to the objective of reducing and preventing crimes against financial institutions. Therefore, the Office of the Comptroller of the Currency favors the enactment of the bill.

It should be noted, however, that the drafting of rules as contemplated by the bill will be difficult because of the practical problems involved in this area. Consideration must be given to such factors as the size of a bank facility, its location, available security devices, and installation problems. Further, as this Office has no expertise in this area, it will be necessary to have extensive consultations with the Department of Justice, as well as other law enforcement agencies throughout the United States. It will also be necessary to consult with various organizations and companies that manufacture security devices and, of course, consultations with various banking organizations to ascertain some of the practical problems which would be involved. There are few precedents or guideposts for the regulatory agencies in drawing up such regulations. Therefore, in breaking new ground, the regulatory agencies must use extreme care in bringing out the best and most practical rules to meet the objective of the legislation. I would, therefore, suggest that it may be desirable for the Congress to extend the time limit for the promulgation of such rules and regulations. While I do not believe that the problems involved are insurmountable, and would even hope that this Office could complete its work within the 6 months contemplated by the statute, it is my view that it would be better and more practical if the time limit were extended, so as to assure that the many problems, some possibly unknown at this time, will receive careful consideration.

Testimony of William B. Camp, Comptroller of of the Currency, Before the House Committee on Banking and Currency, on H.R. 16064, May 6, 1968

I wish to thank the Chairman and the Committee for giving us this opportunity to express the views of the Office of the Comptroller of the Currency on H.R. 16064. The bill would give the General Accounting Office free access to the reports of examination of State and National member banks used by the Federal Deposit Insurance Corporation. In addition, GAO would be given free access to all correspondence, memoranda, and other papers in the possession of FDIC which relate to the examination reports.

I hold the same views on this matter as were held by previous Comptrollers of the Currency and are held by the present and previous Chairmen of FDIC. That view is one of strong opposition to giving unrestricted access to bank examination reports to GAO, or indeed to any Government agency other than one charged with the supervision of banks. Our basic reasons for taking this position have been ably set forth in the testimony and report of my colleague, Chairman Randall.

I do not wish to take the time of the Committee by repeating those reasons, but I do appreciate the opportunity to express some personal views on the matter. The relationship between Federal bank examiners and the bankers whose business they must look into, is one which we believe is quite unique in the field of government-business relations. In contrast to the methods of other Federal agencies engaged in supervising other businesses, the bank examiner, 99 percent of the time, obtains any information or document he desires from a bank without resort to written questionnaires, administrative subpoenas, or court orders. This willingness on the part of the banker to give complete access to his records to a government agent rests on longstanding tradition. Basic to it is a belief on the part of the banker that the examiner's purpose and interest is solely in the continued well-being of the bank as a financial institution. In addition, and most important for our discussion today, the banker-examiner relationship rests on the confidence of the banker in the discretion of examiners and of his supervisors who will see his reports.

We, in the banking agencies, are proud of and greatly value this relationship. We are concerned that the bill would tend to destroy this good working relationship, which has been built up over the years between our examiners and the banks. If the bill becomes law, there would be a natural tendency on the part of examiners and bankers to be less straightforward in presenting information in the reports.

Mr. Randall's report and testimony ably set forth other important reasons for maintaining the confidentiality of the examiner's report. These reasons range from the delicate problem of maintaining depositor confidence in their banks to the rights of individuals not to have their private business affairs with their banks revealed to government agents, who have no direct interest in those affairs.

These considerations were expressly recognized by the Congress in its recent enactment of the Freedom of Information bill, Public Law 89–487, which went into effect on July 4, 1967. That bill had, as its declared purpose, the granting of maximum access to the general public to every record maintained by the executive branch, with the exception of nine categories of information which the Congress concluded could not be disclosed without impairing either the citizens' rights to privacy or important operations of the government. The eighth exception to this recent statute excludes disclosure of matters that are "contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions."

We believe that the same policy considerations which led Congress to exempt from public disclosure these reports are applicable to the more limited disclosure which would be accomplished by H.R. 16064.

If there were an overriding public purpose to be served by giving these reports to the staff of the GAO, it could be argued that such public purpose should prevail over these considerations. However, we do not believe that there is any overriding public purpose which would be served.

The GAO states that it needs the reports in order to assess the degree of contingent exposure to which the Federal Deposit Insurance fund is presently subject. But the figures contained in the FDIC report conclusively demonstrate that the demands on the fund caused by the occasional failure of a bank during good times have been minuscule, even in relation to the current *income* of the fund, without giving consideration to the corpus of the fund.

As Mr. Randall points out, realistic discussion of the adequacy of the fund must relate to the possibility of economic, military, or natural catastrophe, and we know of no way in which possession of the examination reports would be helpful in making that assessment.

Bank examinations, of course, are not made simultaneously on all of the banks in the country. The National banks are required to be examined by law at least three times every 2 years. State banks are examined regularly, but at different intervals. The disparity of dates of examination reports would appear to make the type of overall composite picture, in which the GAO evidently is interested, impossible to achieve as of any given date. With all due respect to the competence of the GAO staff in its particular field, we doubt whether, given access to the reports they seek, they would be able to make a significant addition to our knowledge of the potential exposure of the FDI fund.

We do not believe that the small possibility of public advantage in having another agency assess these reports can counterbalance the strong public policy considerations which weigh against this proposal.

Testimony of William B. Camp, Comptroller of the Currency, Before the Subcommittee on Economic Progress of the Joint Economic Committee, on Municipal Financing, July 10, 1968

I appreciate this opportunity to discuss with you the problems of municipal financing. Of necessity, State and local governments are undertaking huge programs of capital investment. They have the principal responsibility for supplying many goods and services, including streets and highways, public safety, education at all levels, sewerage, electric power, and an extended variety of health and welfare services. Funds for these purposes are urgently needed. The orderly and efficient functioning of the markets supplying these funds is of prime concern to all of us.

In recent years, the responsibilities of municipalities have expanded greatly, due to the rapid growth in population and the increased complexity of urban living. As a result, the volume of new municipal debt issued annually has roughly doubled since 1960, rising from about $7 billion to a record high of over $14 billion last year. During the same period, outstanding municipal debt rose from $64 billion to $118 billion.

Throughout our history, commercial banks have been in the forefront in meeting the Nation's credit needs, both private and public. Even prior to the development of municipal bond financing, commercial banks, by extending direct loans, were actively assisting State and local governments in meeting the demands for services. During the past few years, commercial banks have provided the major impetus to the increased competition among municipal bond underwriters. Moreover, as investors in municipal bonds, commercial banks are the most important source of funds for State and local governments.

The performance of commercial banks in supplying the funds need by State and local governments has been truly remarkable. In this decade, State and local security holdings of commercial banks have increased from $17 billion to $50 billion. The additional funds provided by commercial banks have accounted for 52 percent of the total increase in oustanding municipal debt during the 1960's. The expansion of commercial bank investment in State and local securities primarily reflects the overall growth of banks' total loans and investments.

I might point out that the greatly increased investment in State and local securities by National banks has not been associated with a comparable increase in examination problems. I think this speaks well for both the care and thoroughness with which banks invest their money, and the basically high quality of the underlying public projects for which the bonds were issued.

The supervision of National banks emphasizes appraising and remedying problem loans, problem investments, and other matters which may impinge on the banks' safety. This emphasis on bank safety overrides the attention given to the yields on individual loans or investments. Our knowledge as to the effect on yields of variations in quality—or ratings—is more limited than our knowledge as to the overall quality of banks' municipal security investments.

In examining National banks, we give careful attention to all facets of bank operations, including, of course, the banks' investment portfolios. Our concern is that National banks' investments, like their loans, be sound. We especially stress that the banks' investments not include obligations which are predominantly speculative. The quality standards that we apply to municipal bonds in determining whether such bonds are suitable for bank investment correspond to the quality standards for bonds given the top four ratings by the rating services.

I want to stress, however, that just as National bank examiners undertake an independent, thorough evaluation of the banks' loans, they also conduct a thorough examination of the banks' investments. The ratings are useful, at times, to corroborate our own evaluation, but the ratings are not used in exclusion of our own appraisal of investment securities.

The examiners' analyses of investment securities are broadly analogous to their appraisals of the banks' loans. We recognize, however, that the analysis of municipal securities involves many particular considerations which differ from those involved in analyzing, say, commercial and industrial loans or consumer installment loans. Accordingly, the problems of evaluating investment securities are given special attention in the training programs for our examination force, both new and experienced.

The factors we consider in appraising the quality of bank investments are outlined in the *Comptroller's Policy Guidelines for National Bank Directors*. In order to provide the data needed for bank examinations, as well as for the banks' investment decisions, National banks are expected to maintain supporting credit data to establish the soundness of the securities in which they invest. Briefly, the data that National banks must provide in support of the soundness of their investments include: (1) Statement of total debt including all related obligations; (2) assessed valuation, including basis of assessment; (3) property tax rates; (4) tax collection record; (5) receipts and disbursements; (6) sinking fund operation and requirement; (7) future debt service requirement; (8) population; (9) economic background; (10) default record; and (11) per capita debt.

Most commercial banks do not find it onerous to provide this information to buttress their investments. When deciding whether to invest in particular municipal bond issues, banks obtain, or already have at hand, the data required to justify their investments to examiners. Thus, they have adequate data to undertake their own analysis of the merits of the particular issues which they may acquire. Again, it appears that the banks themselves find the ratings helpful to corroborate their own appraisal of different issues and, from time to time, they may rely heavily on the rating services' appraisals of particular issues—especially those given higher ratings.

Banks do not rely exclusively on rating services for their investment decisions, as their frequent investments in unrated issues testify. Many municipal bond issues, particularly those of smaller communities, are not rated by the rating services. However, upon thorough analysis, these issues are often found to represent top quality securities that are fully comparable to any of the rated issues. Such issues are purchased by small and large banks alike.

I am pleased to report that these situations have not presented any discernible bank supervisory problems. Frequently, the bonds are those issued by local or nearby communities, and the banks involved are thoroughly familiar with the communities' needs, future prospects, and ability to service their debt. In fact, these situations are best characterized as ones in which the banks provide a valuable public service by supplying needed funds and, in doing so, acquire high quality earning assets.

We share this Subcommittee's concern for the problems of municipal financing. The projects at stake are urgently needed by the people in the towns and cities across our Nation. It behoves us to do whatever is necessary to provide the required funds. The funds must be made available to the people—the State and local governments and their authorities—on the best possible terms. Commercial banks have been instrumental as investors and underwriters in providing the funds for public projects in recent years. I am confident that our commercial banks will continue to assist the people they serve by helping to supply funds for worthy public projects.

Testimony of Robert Bloom, Chief Counsel, Office of the Comptroller of the Currency, Before the House Committee on Banking and Currency, on H.R. 13884, July 16, 1968

We appreciate this opportunity to testify on H.R. 13884, a bill which would do two things. First, it would prohibit any State-chartered or National bank, the deposits of which are insured by the Federal Deposit Insurance Corporation, to directly or indirectly vote, or exercise control over the voting, of any share of the bank's own stock. Secondly, the bill would extend the mandatory cumulative voting privilege now applicable to National banks, to cover elections of directors of all State-chartered insured banks.

1. *Prohibition against voting own shares.* The present Federal law contains a partial prohibition on the voting of its own shares by National banks. This partial prohibition is contained in Section 61 of Title 12 and reads as follows:

> * * * in the election of directors, shares of its own stock held by a national bank as sole trustee, whether registered in its own name as such trustee or in the name of its nominee, shall not be voted by the registered owner unless under the terms of the trust the manner in which such shares shall be voted may be determined by a donor or beneficiary of the trust and unless such donor or beneficiary actually directs how such shares shall be voted * * *

It will be noted that this provision refers only to shares of its own stock held by a National bank as trustee. The provision does not refer to shares held by a National bank in its own right, since another provision of Title 12, Section 83, contains an outright prohibition against a National bank becoming "the purchaser or holder of" its own shares.

It will also be noted that Section 61 does not prohibit the voting of its own stock by the National bank as trustee altogether, as does the bill under consideration today. Section 61 permits the National bank as trustee to vote its own stock under two circumstances; (1) if the matter being voted upon is something other than the election of directors and (2) even in the election of directors, the bank trustee may vote the shares, provided that the beneficiary of the trust has directed the bank as to how he wishes the shares to be voted.

It has been the experience of this Office that the limited restriction contained in Section 61 is adequate to prevent abuses from arising out of the fact that some National banks hold their own stock in the capacity of trustee for decedents' estates or other donors. A common occasion for the creation of such ownership arises when a principal officer or major shareholder of a bank dies and the bank is named executor or trustee. This we regard as a natural event, especially in smaller communities, and find nothing sinister in either the fact of the own bank stock ownership or in the voting results which flow from it. Indeed, we regard one of the undesirable effects of H.R. 13884 to be that it would disable every insured bank, both State and National, from effectively acting as trustee of a trust, the assets of which included stock of the bank. This could cause great disruption in the administration of many, many trusts of long standing.

Insofar as the bill would force the choice of a separate bank as trustee, it could also foster the creation of undesirable interbank influence. This effect would be multiplied by the second provision of the bill, which extends mandatory cumulative voting to all insured banks. If a bank, as trustee, held substantial stock in another bank, and this result would be forced by the first provision of the bill, the trustee bank could, through the use of cumulative voting, obtain representation on the second bank's board of directors. The trustee bank, with justification, could insist that such representation was necessary to fulfill its fiduciary duty to oversee the management of the trust assets and to preserve and enhance their value. While such situations may already exist, H.R. 13884 would inevitably enlarge the number of cases in which this situation would arise. The undesirability of this sort of interbank stock ownership has been pointed out in recent staff reports published by this Committee.

In view of the favorable experience our Office has had during the 35-year existence of the present provision, and also because of the foregoing negative effects of the new proposals, we do not favor the extension of the present restrictions on voting of a bank's own stock to a complete prohibition as is contained in the bill.

With respect to the first part of the bill dealing with voting by the bank of its own stock, our position is that the present provisions concerning National banks contained in 12 U.S.C. 61 are entirely adequate. If it is desired to impose some restriction on own stock voting by State-chartered banks, we suggest that the pattern presently contained in Section 61 be retained rather than the complete prohibition now contained in the bill.

2. *Cumulative voting.* The second provision of H.R. 13884 would extend the present mandatory cumulative voting privilege, which exists for shareholders of National banks (12 U.S.C. 61), to cover all State-chartered insured banks.

The present cumulative voting provision was inserted in the Federal law as part of the Banking Act of 1933. Prior to that time the usual corporate rule of one share one vote applied to National banks. In 1954, the then Comptroller of the Currency, the Honorable Ray M. Gidney, testified in support of S. 3158, a bill which would have made cumulative voting optional for National banks. As you know, that bill was passed by the Senate, but became the subject of much controversy in this Committee and was not adopted. Similar legislation to make cumulative voting optional for National banks was favored by former Comptroller James J. Saxon (H.R. 12292, 88th Cong.; H.R. 2839, 89th Cong.). In his letter of transmittal to the Congress covering H.R. 12292, the Comptroller stated that he was aware of few situations in which cumulative voting had proved to be a beneficial force in the affairs of National banks. On the other hand, it has been used to elect individuals to the directorates of National banks against the wishes and best judgment of the majority owners of the stock, and such directors may well not work harmoniously and constructively with the rest of the board.

The inability under the law to inquire into the motives of the cumulating stockholder makes the device undesirable on another count. It can be used by a competitor bank to gain a place on the board of directors of another bank in order to gain information usable in competition against the latter. At a time when governmental policy is concerned about the problems of interlocking directorates, cumulative voting provides a means for accomplishing similar results, without the need for overt cooperation between the banks involved.

Another negative effect of cumulative voting is that brokers or other groups interested in promoting mergers may acquire proxies for sufficient votes to elect one or two directors of a bank in order to continuously prod its management into the consideration of merger offers.

We recognize that the relative merits and demerits of cumulative voting are matters of considerable controversy and that reasonable men may differ on the issue. We respect the judgment of those who believe that cumulative voting is desirable as a means of achieving maximum corporate democracy. Indeed, we have seen situations where the existence of cumulative voting has enabled our Office to work toward the solution of supervisory problems by working with minority interests. On the other hand, as discussed above, we have seen instances where cumulative voting has been used and abused by fractious elements, to the point where serious supervisory problems have been created.

Accordingly, the Office of the Comptroller of the Currency has no recommendation to make with respect to the second part of the bill, since it makes no change in the cumulative voting rules pertaining to National banks, but only extends the present mandatory provisions to cover State-chartered insured banks. We do tend to agree with the views expressed by Chairman Randall of the Federal Deposit Insurance Corporation in his letter to the Committee on the bill, wherein he expressed concern over the introduction of Federal legislation in areas which have been traditionally reserved to the States. This problem, of course, would be most acute with regard to States such as Texas, Louisiana, New Jersey, and others, where by statute or court interpretation, State law forbids the use of cumulative voting by State banks.

Testimony of Justin T. Watson, Acting Comptroller of the Currency, Before the Subcommittee on Financial Institutions of the Senate Committee on Banking and Currency, "Financial Institutions and the Urban Crisis," October 4, 1968

I appreciate the opportunity to share with you the views of the Comptroller's Office on the present and future role of the National banking system in the solution of our present urban crisis. We believe that National banks should be, and are, participating in the solution of these problems.

A background paper prepared by this Committee's staff to define the scope of these hearings states that some of the advantages in using the private sector of the economy to help meet the problems of our cities may be listed as follows:

(1) The magnitude of the problem far exceeds the amount of resources which the Federal Government is likely to have available;

(2) The private sector is far more decentralized and is therefore generally able to obtain quicker action without bureaucratic delays;

(3) Market mechanisms can often do a more efficient job in allocating resources and seeking out marginal projects.

The Comptroller's Office agrees with each of these tentative conclusions. While our Office is not in a position to comment in detail on new or different government programs, we do believe that private business—and particularly the banking industry—should take a leading part in meeting some of the economic problems of the urban slums.

Indeed, a significant number of National banks have already committed their money and managerial talent to easing the critical deficiencies in jobs, in housing, and in capital for minority businesses. A sampling of the kinds of programs National banks have undertaken is as follows:

Jobs

In New York, a National bank, under a Department of Labor contract, has opened a school for the hard-core unemployed. It is the largest training school in the country to be set up under the program entitled "Job Opportunities in the Business Sector"—or "JOBS." The JOBS Program was organized by the National Alliance of Businessmen at the President's request. The trainees at the New York school are full-time employees of the bank and receive a weekly salary, with an increase effective upon graduation. The bank expects to spend $150,000 of its own funds to train 700 persons in the next year and a half. This same bank has also sponsored a school for dropouts in Harlem.

In Philadelphia, two National banks have pledged a share in a $1 million fund backing the Black Coalition, a broadly based Negro project of self-initiated economic programs. This group's top priority is jobs for residents of ghetto areas. National banks in Philadelphia have also joined with the Opportunities Industrialization Center in establishing a program to train the so-called "unemployable" to operate proof machines.

In Newark, two National banks have been operating their own teller-training programs for Negroes.

Housing

In California, the largest National bank in the United States has pledged $100 million in mortgage loans for low-cost housing. This housing is to be in riot-prone and blighted ghetto areas. More than 100 specially-trained loan officers have been designated to make these loans.

In New York City, one National bank has pledged $7 million for housing rehabilitation. Others of that city's financial institutions have organized a $100 million mortgage pool for the redevelopment of the Bedford-Stuyvesant section of Brooklyn. These funds will be used to purchase, rehabilitate, and refinance one-to-four family houses.

National banks are also assisting the State of New York on its new $6 billion program designed to rehabilitate the deteriorating centers of New York's major cities. Under this program, the State will form three Urban Development Corporations to provide new vehicles for channeling private investment and expertise into urban core areas. The legislation authorizing these urban development corporations also granted State financial institutions additional lending powers to assist in corporation-sponsored programs. The New York legislation has some similarities to the bill entitled the "Community Self-Determination Act of 1968," which recently has been introduced in this Congress.

In Philadelphia, both State and National banks have announced that they would provide a loan ranging from $2 to $5 million for the development of low-income housing in cooperation with the Old Philadelphia Development Corporation and the Philadelphia Housing Development Corporation.

In Boston, four banks, three of them National Associations, have joined with a utility company to support, with construction loans, an effort by Negro businessmen to provide decent housing in the ghetto areas.

In Newburgh, N.Y., a National bank cooperated with other financial institutions to provide a short-term construction loan of almost $2 million for a Negro-operated middle-income housing program.

In Georgia, a National bank has established a development corporation to provide downpayment money in the form of second mortgages, so that first mortgage financing can be obtained. The bank itself has dedicated an additional $10 million for long-term first mortgage home financing for low-income groups.

In Miami, a National bank and two other financial institutions have established a $10 million credit fund to finance construction loans for low-rent housing in Dade County, Fla.

Capital for Minority Business

Three National banks are among a group of eight Philadelphia-area commercial banks which have established a $2 million loan fund to assist business development among underprivileged minority groups in the inner-city areas. In addition to loans, the group will provide technical assistance.

In Indianapolis, a National bank has established a small business loan office headed by a Negro loan officer to promote loans to minority entrepreneurs.

Many National banks have responded enthusiastically to the Small Business Administration's "Project Own," the details of which Mr. Samuels discussed with this Committee last Tuesday. Under this program, loans to inner-city businesses will be guaranteed up to 90 percent of the loan.

The Comptroller's Office believes that these bank-initiated programs are commendable. We hope that they will continue to grow in size, imagination, and significance.

In particular, the Comptroller's Office suggests to this Committee that one of its principal concerns in the area of urban problems should be the encouragement of such privately backed programs. National banks are now authorized by 12 U.S.C. § 24 Eighth, and by paragraph 7480 of the *Comptroller's Manual for National Banks,* to contribute to community development and to invest up to 2 percent of the bank's capital and surplus in corporations carrying on such development. Banks, however, are not intended to be nonprofit organizations, and National banks, therefore, are more likely to participate in programs which also provide a sound and profitable investment for the bank's funds. This Committee, therefore, might wish to seek new ways of giving significant economic incentives to National banks, which will prompt them to use their drive, their initiative, and their talent in solving the urban problems with which the Committee is concerned.

This approach of using the privately owned National banking system to meet the Nation's economic problems is not new. Indeed, the National banking system was founded in order to channel private funds into investment in Government bonds to meet the financial crisis of the Civil War. Among the possibilities the Committee might consider, the Comptroller's Office suggests the following:

1. *Additional authority for banks to underwrite and deal in local government bonds.* National banks are now authorized by Congress to further government policies by dealing without restrictions in obligations of, for example, the Tennessee Valley Authority, the Commodity Credit Corporation, and the Inter-American Development Bank. Indeed, just this session Congress enacted provisions of the Housing and Urban Development Act of 1968 which permit National banks to deal in and underwrite revenue bonds for housing, university, or dormitory purposes. S. 1306, which passed the Senate last November, and which has been delayed in the House, would allow National banks to deal in and underwrite obligations of political subdivisions of a State—including State corporations or authorities engaged in financing efforts to alleviate urban problems—even though such corporations or authorities lack the taxing power. The enactment of this legislation would greatly assist State and local governments in obtaining funds for use in meeting the urban problems this Committee is now considering.

2. *Expanded programs of guaranteed loans.* Congress has often used loan guarantee programs, which substantially lower the risk to the bank of loss. FHA insurance of mortgage loans is an example. National banks now hold approximately $5.1 billion worth of FHA insured loans, out of a $7.7 billion total for all commercial banks. Loans to businesses in the high crime and riot-torn ghetto areas obviously involve substantial risk. Sensibly administered programs to reduce this risk, such as the SBA's "Project Own," can and should be used.

I should also mention at this point the testimony, which has been given to this Committee by several witnesses, that National bank examiners automatically require banks to charge off loans made to businesses or individuals in ghetto areas. There is absolutely no basis for such a complaint. The Comptroller's Office never requires the automatic chargeoff of any loan.

This Office does require, however, that any loan in a National bank, no matter to whom it is made, be charged off as a loss, when it has been in arrears for an unreasonable period of time, and appears uncollectible because of the ultimate inability of the borrower to repay within the terms of the obligation or within a reasonable time thereafter. Only in this manner can this Office carry out the responsibilities Congress has given us to make sure that the financial statement of each National bank accurately reflects its true condition. We do not think the Congress would have this Office allow uncollectible loans to be carried as assets on the books of National banks—even though such uncollectible loans were made for socially desirable purposes. Our examining policies and procedures do not discourage National banks from investing in the ghetto, and in fact—as I have indicated—many National banks have pioneered in this area.

3. *Additional branch banking powers.* A bank, of course, cannot make a loan to a ghetto resident or businessman without first making contact with him. Branch banking is a traditional and efficient way of bringing needed funds into a capital-deficit area. In New York, large National banks can and do have branches located in Harlem. In Chicago, however, no branches can be located in the ghetto areas because of the State's branch banking law. The Comptroller's Office believes that the unique branching ability of the National banks could be utilized to help alleviate urban problems by authorizing National banks to establish branches anywhere within the city in which their main office is located.

4. *The encouragement of banking subsidiaries and affiliates in urban development programs.* Many of the bank-initiated programs I have described, such as the one in Georgia, involve the organization of a separate corporation, either as a wholly-owned bank subsidiary or as a holding company affiliate of the bank. Various proposals have been made recently to limit such subsidiaries or affiliates. The Comptroller's Office suggests that such limitations might impair the effectiveness of the banking industry in meeting the economic problems of our urban centers. Subsidiary or affiliated corporations can and have been most effective in bringing to blighted urban areas the management talent and capital resources of the banking industry.

In summary, the Comptroller's Office agrees with the tentative conclusions of the Committee staff that private funds, as well as government funds, are needed to meet today's enormous urban problems, and that private business—particularly the banking industry—can, in many instances, meet these problems on a local level quickly and efficiently through traditional market mechanisms. We believe that, before turning to other methods, the Congress and the executive branch of government can and should use the tools provided by our present banking system to meet the economic problems associated with our urban centers.

APPENDIX D

Selected Correspondence of the Office of the Comptroller of the Currency

Selected Correspondence of the Office of the Comptroller of the Currency

OCTOBER 23, 1968.

This is in response to your letter, with enclosures, concerning the lending of funds by a National bank wherein the loans are secured by the stock of a holding company of which the bank is a member. Specifically, you ask if the provisions of 12 U.S.C. 371c are controlling in the case of both registered bank holding companies and one-bank holding companies, notwithstanding the provisions of 12 U.S.C. 83.

Thorough consideration and discussion of this problem was set out in the landmark case of *Anderson* v. *Akers,* 86 F. 2d 518 (1936), modifying 7 F. Supp. 924. In that case, pursuant to a reorganization, the National Bank of Kentucky was purchased by the Banco Kentucky Company. The value of the bank's shares initially represented practically the entire value of the assets of the holding company, and continually thereafter represented varying percentages, but at no time less than 40 per centum of the value of the holding company assets. During the years 1929 and 1930, the bank made loans aggregating $4 million on collateral consisting of stock in the holding company.

The Federal District Court held that 12 U.S.C. 83 prohibited National banks from purchasing their own stock or making loans on the security of the shares of their own capital stock. The Court stated that the purpose of the statute was to make stockholders of a National bank personally liable in an amount equal to the amount of their capital stock holdings in the bank. This protection given to the depositors would be defeated if the bank were to purchase from its stockholders, and to own, its own stock. If the bank were the holder of its own stock when it failed, there would, to that extent, be no stockholders to be held liable.

For the same reason, National banks were prohibited from making loans on the security of their own stock as collateral. If the borrower failed to pay the loan, then the bank would be forced to take the stock so held as collateral and the same unfortunate result would occur as in the case where the bank had purchased its own stock.

Applying the principle to the case at hand, the Court went on to state that the National Bank of Kentucky could not make loans to itself, and could not make loans to anyone else and take its own capital stock as collateral security for such loans. Title 12, Section 83 of the United States Code does not deal with degree; it does not prescribe one rule for small loans and another for large loans. The prohibition is absolute, and no stock in the bank can be taken by it as collateral. If, for example, the bank had made a loan and had taken, as security therefor, collateral 60 percent of which was sound stock in a successful manufacturing corporation and 40 percent was its own stock, it would seem plain that such a loan was in violation of this statute. What substantial difference is there in fact if, instead of taking collateral in the manner just indicated, the bank makes a loan and takes, as collateral thereon, stock in a holding company, and 60 percent of the assets of the holding company are a kind the bank could accept as collateral, but 40 percent of such assets consist of stock of the bank itself, which the bank could not take as collateral to a loan? The Court goes on to say that it seems that one is as much a violation of the real meaning and purpose of the statute as the other. Under these circumstances, with the holding company having so much of its assets invested in the capital stock of the bank, the making, by the bank, of loans on which the stock of the holding company was taken as collateral security was held to be in violation of the statute. The District Court concluded this portion of its decision by stating:

> When Congress declared, through this statute, that a national bank should not make any loan or discount on the security of the shares of its own capital stock, it must have intended to prohibit the taking as collateral, of the stock of any corporation a substantial portion of whose assets consisted of the stock of the bank making such loans.

The decision of the District Court was reversed on appeal to the Circuit Court. The Court stated that although it was true that the holding company was conceived by the president of the bank; that it was promoted and fostered by the directors of the bank; that the directorates of the two corporations, though not identical, overlapped; that the great majority of the stock became the property of the holding company and that there was a suggestion of identity between the bank and the holding company—these were not valid reasons for prohibiting the lending of funds on the security of the holding company stock. The Court went on to say that a reading of the section must be rejected, which leads to unreasonable, if not to absurd, results, and establishes such standard of duty for bank directors that either compliance becomes wholly impossible or risk of violation so great that honest men will not assume it.

It should be pointed out that at the time of the decision of this case, shareholders of a National bank carried a double liability on their stock ownership in the bank (12 U.S.C. 63 and 64). Thus, much of the District Court rationale became moot after 1937, when the above sections were repealed by 12 U.S.C. 64a.

For 20 years, until the passage of the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et. seq.), this decision stood as the controlling force and influence concerning loans to both one-bank and multi-bank holding companies. In that year Congress enacted 12 U.S.C. 1845, which effectively overruled the Circuit Court decision in the *Anderson* case related above. The Congress, in enacting section 1845, adopted the conclusion of the District Court. That section prohibited, from and after May 9, 1956, a bank from accepting the capital stock, bonds, debentures, or other obligations of a bank holding company of which it was a subsidiary or any other subsidiary of such bank holding company, as collateral security for advances made to any person or company. In enacting this section of the Bank Holding Company Act of 1956, the Senate report (No. 1095, as cited in *The U.S. Code Congressional and Administrative News,* page 2496, 1956) states:

> This Committee received testimony to the effect that one of the dangers inherent in the bank holding company system is that the parent company may take undue advantage of the resources of its subsidiary banks. To prevent this situation from arising the bill prohibits in general the borrowing of subsidiary bank funds by a bank holding company or by another subsidiary in the bank holding company system.

This section of the Act was relatively short-lived, being repealed in 1966 pursuant to the Bank Holding Company Act amendments of that year. The Senate report (No. 1179 as cited in *The U.S. Code Congressional and Administrative News,* page 2394, 1966) stated that the bill would repeal section 6 of the Act (12 U.S.C. 1845), which flatly prohibited any subsidiary bank from lending to or investing in its parent holding company or a fellow subsidiary corporation. The Committee report goes on to say that repeal of this prohibition would be accompanied by an extension of regulation of such credit under section 23A of the Federal Reserve Act (12 U.S.C. 371c). In commenting upon amendments to other laws affected by amendments to the Bank Holding Company Act of 1956, the Committee report made this comment (page 2395, *The U.S. Code Congressional and Administrative News*):

> In light of the proposed repeal of section 6 of the Bank Holding Company Act (12 U.S.C. 1845), the limitations of section 23A (12 U.S.C. 371c) would be made specifically applicable not only to dealings with "affiliates" as now defined but also to dealings with any bank holding company or fellow subsidiary as defined in the holding company Act.

The law as it presently stands today with respect to the registered bank holding company is that banks within the holding company system may lend their funds secured by the stock of the holding company, but will be limited by the provisions set forth in 12 U.S.C. 371c. It is submitted that these same limitations should be made applicable to the one-bank holding company situations.

BANK MANAGEMENT

JANUARY 8, 1968.

This refers to your letter inquiring as to the definition of management of your bank for the purpose of submitting a proposed slate of directors to the shareholders at the annual meeting.

This Office has historically regarded the entire board of directors as constituting management of a National bank. It is in this body that the shareholders (who are the owners of the banks) have vested authority to set the policies of the bank and to see that they are implemented. Furthermore, there are criminal and civil sanctions applicable to National bank directors as a result of negligence or willful misconduct in the management of the bank's affairs. This is readily perceived from a review of statutes relating to directors of National banks.

Section 71 of Title 12, United States Code, states that "The affairs of each association *shall be managed* by not less than five directors, who shall be elected by the shareholders * * *," and 12 U.S.C. 71a provides that "the board of directors, board of trustees, *or other similar governing body* of every national banking association * * * shall consist of not less than five nor more than twenty-five members." (Emphasis supplied.)

As is true of any other corporation, a bank can act only through its agents. Thus, 12 U.S.C. 24 states that the association "shall have power * * *.

"Fifth. To elect or appoint directors, and by its board of directors to appoint a president, vice president, cashier, and other officers, define their duties, require bonds of them and fix the penalty thereof, dismiss such officers or any of them at pleasure, and appoint others to fill their places.

"Sixth. To prescribe, by its board of directors, bylaws not inconsistent with law, regulating the manner in which its stock shall be transferred, its directors elected or appointed, its officers appointed, its property transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed.

"Seventh. To exercise by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; * * *."

In addition, 12 U.S.C. 76 states:

"The president of the bank shall be a member of the board and shall be the chairman thereof, but the board may designate a director in lieu of the president to be chairman of the board, who shall perform such duties as may be designated by the board."

Thus, the conclusion seems inescapable that management of a National bank is the board of directors of the bank. Having reached this conclusion, it is necessary to locate management in the event that an even split on the board of directors prevents the board from arriving at a majority decision. As I understand it, this is the situation in your bank.

It is incumbent upon the board of directors to submit a proposed slate of directors to the shareholders, and the shareholders are entitled to receive the same. Therefore, if the board cannot reach a majority decision in the matter, the only course available in connection with the forthcoming shareholders' meeting is to submit two proxy solicitations, one from each faction on the board, each proposing a different slate of directors. This solution is dictated by the fact that official board action normally requires a majority vote. However, in the present instance, where a majority cannot be obtained on a mandatory matter, the dual submission is required. Of course, expenses incurred in connection with both solicitations should be borne by the bank. Also, if the board should be unable to agree upon the judges of election, perhaps each faction could appoint one, and then confer power upon the two appointed judges to name the third.

BANK REPORTS

SEPTEMBER 23, 1968.

HON. DANTE B. FASCELL,
Legal and Monetary Affairs Subcommittee of the Committee on Government Operations,
House of Representatives:

This is in reply to your letter in which you request a summary of the actions which have been taken by this Office to carry out the recommendations of the report issued by the Committee on Government Operations during the 88th Congress, entitled, "Window Dressing in Bank Reports."

The practices referred to in that report have remained a matter of concern for this Office, and we have strengthened our efforts to ensure that the Reports of Condition issued by all banks subject to our supervision accurately and fairly reflect their condition, and are not distorted by the use of temporary nonbusiness-purpose transactions. This Office has long been of the opinion that the use of surprise dates for call reports is the most effective method of minimizing the use and effect of "window dressing," and consequently such surprise dates have been used regularly by this Office in conjunction with the other Federal bank regulatory agencies. Since the December 1965 call, we have required the submission and publication of average figures for total loans and deposits for the 15 calendar days immediately preceding the June and December call reports. It is our belief that this requirement greatly reduces the possibility of "window dressing" these reports. In addition, this Office, in connection with the other Federal bank supervisory agencies, recently issued certain proposals for modification of the form of call reports, which proposals are intended to make these reports more fully compatible with the disclosure requirements under the Securities Act of 1964. Certain items of these proposed forms, anticipated for use by 1969, are intended to prevent practices conducive to "window dressing." It should also be mentioned that our examiners are constantly alert to discover and report any such practices, to enable this Office to take appropriate supervisory measures.

We wish to express our gratitude to the Committee for its continued interest in this problem.

COMPENSATING BALANCES

MARCH 15, 1968.

HON. RICHARD T. HANNA,
House of Representatives:

This concerns a letter from one of your constituents, which you forwarded to this Office for reply.

A commercial bank will sometimes require, as a condition to an extension of credit, that a prospective borrower agree to maintain a compensating balance at the lending bank. Whether or not a bank requires that this arrangement be carried out will usually depend on such factors as the money-market conditions at the time the loan is made, the credit rating of the borrower, and the terms of the loan. The use of compensating balances is not uncommon throughout the commercial banking system and does not, in itself, violate any provision of the National Bank Act, or any regulation of this Office. The maintenance of a compensating balance is a contractual matter, which is determined by the bargaining between the parties to the transaction.

With reference to your constituent's specific inquiries, 12 U.S.C. 371 limits the aggregate sum of real estate loans made by a National bank to the amount of the paid in and unimpaired capital stock of the bank, plus the amount of its unimpaired surplus fund, or 70 per centum of the amount of its time and savings deposits, whichever is greater. In addition, under 12 U.S.C. 84, a National bank may not, subject to certain exceptions, lend more than 10 percent of its capital and surplus to one borrower.

CONTRIBUTIONS TO COMMUNITY DEVELOPMENT

NOVEMBER 6, 1968.

This refers to your letter in which you refer to paragraph 7480 of the *Comptroller's Manual,* and request our interpretation of the following four questions:

Question 1. Does "aggregate investment" mean only the amount actually carried on the bank's books at any given date?

Answer: Under paragraph 7480, National banks may make reasonable contributions to community development, which contributions may take the form of an investment in a corporation organized to carry on such activities, but the aggregate of such contributions and investments may not exceed 2 percent of the bank's capital and surplus. An investment in such a corporation, however, may not be carried as an asset on the bank's books, but must be charged off. Therefore, the "aggregate investment" limitation referred to in paragraph 7480 means that all such investments, and all such contributions, made from year to year, may not, in their aggregate total, exceed 2 percent of the bank's current capital and surplus.

Question 2. If stock is purchased and charged to expense rather than being carried as an asset, does the 2 percent limitation apply in any manner?

Answer: See the answer to Question 1.

Question 3. In reference to "bank's capital and surplus," does the term surplus mean the actual amount carried in the surplus account on the bank's books, or the broader definition, "unimpaired surplus fund," as used in 12 U.S.C. 84.

Answer: The term "surplus" as used in paragraph 7480 means the actual amount carried in the bank's surplus account, not the broader definition of "unimpaired surplus fund" contained in paragraph 1100(c) for purposes of 12 U.S.C. 84. See paragraph 7545 of the *Comptroller's Manual.*

Question 4. Is an "investment in a corporation" restricted to a nonprofit corporation?

Answer: A National bank may make reasonable contributions to community development as contemplated by paragraph 7480, even though this be accomplished through the medium of a corporation organized for profit.

DATA PROCESSING SERVICES

FEBRUARY 8, 1968.

This refers to your letter concerning the proposed establishment of a data processing center.

This Office is responsible for the supervision and regulation of National banks. Data processing centers do not perform the functions of a branch bank, and therefore branch restrictions are not applicable to them. Title 12 U.S.C. 36(f) defines a branch as "any branch bank, branch office, branch agency, additional office or any branch place of business * * * at which deposits are received, or checks paid, or money lent." Since, presumably, deposits would not be received, checks paid, nor money lent at the proposed data processing center, the center would not be a branch.

A National bank may own and operate data processing equipment as necessary or convenient for it to carry on its business. As is stated in paragraph 3500 of the *Comptroller's Manual for National Banks,* incidental to its banking services, a National bank may make available its data processing equipment or perform data processing services on such equipment for other banks and bank customers. In an effort to recoup the large costs inherent in the acquisition and maintenance of EDP equipment and personnel, banks must utilize the otherwise idle computer time to perform EDP services for customers. The statutory basis for this ruling is paragraph Seventh of 12 U.S.C. 24, a provision that authorizes National banks to exercise such powers as shall be incidental and necessary to the business of banking. A National bank may engage in the performance of data processing services directly through a department within the bank, or indirectly through a separate corporation.

DUAL BANKING

JULY 18, 1968.

HON. DANTE B. FASCELL,
Legal and Monetary Affairs Subcommittee of the Committee on Government Operations,
House of Representatives:

Thank you for your letter asking for our comments on the editorial entitled, "Shopping For Supervision," which appeared in the *Wall Street Journal* of July 9, 1968.

As you know, under present law the shareholders of banks, by the vote of two-thirds of the outstanding shares, may elect to convert their institution from a State to National charter and vice versa (12 U.S.C. 214). The Congress, in passing this law, took great pains to insure that this right was bilateral, and thereby establish the now famous "two-way street." The issues raised by the *Wall Street Journal* editorial were debated in Congress at that time and the questions of so-called "agency shopping" and "races for laxity" were raised by the opponents.

For the most part, those dire predictions have not been borne out and the banking system in this country has flourished and grown under the present arrangement. We have great faith in and favor the present dual banking system and do not think that the conversion of a few large institutions, one way or the other, is cause for any hasty action to disturb the system which has long worked so well. This is not to say that we object to examination, at any time, into the workings of the dual banking system or into the motivating forces behind charter conversions.

AUGUST 2, 1968.

In your letter you express great concern about the recent charter conversions, and request our assistance in dealing with what you apparently feel is a serious problem.

We do not agree with the statement contained in the first paragraph of your letter to the effect that "a substantial shift in balance of the dual banking system is taking place." Neither do we understand your reference to the recent Supreme Court decision in the sales tax case in this connection. We see nothing in the decision of the managements of the Wells Fargo and Wachovia banks, nor in the reaffirmation of a settled principle of law by the Supreme Court to create any need for what you call urgent "remedial action."

"Two swallows do not a summer make," and two conversions, even of large banks, do not tilt the dual banking system out of balance. Surely the commercial banking system of the country is hardier than that. At a glance, the most recent statistics on the dual banking system, published by the National Association of Supervisors of State Banks as of December 31, 1967, indicate that the system has probably never been in better balance. As of December 31, 1967, there were 14,749 offices of National banks and 17,992 offices of State banks. National banks have assets of $263 billion and State banks have total assets of $255 billion. We regard these figures as a remarkable tribute to the built-in symmetry and balance of the dual banking system.

Similarly, with regard to the effects of the *First Agricultural National Bank* decision by the Supreme Court, we do not understand your apparent alarm. The decision, as any attorney will confirm, contains absolutely nothing new. The Court merely confirmed the prior understanding of virtually every tax lawyer and general practitioner as to the general rule concerning payment of State sales taxes by National banks. The understanding was so well-established that at least 20 State legislatures had written into their sales tax statutes the exemption for National banks as a matter of mere legislative drafting required by older Supreme Court cases, such as *Owensboro National Bank* v. *Owensboro.* There is therefore nothing in the *First Agricultural* case which changes the *status quo* or which requires any urgent remedial action.

Your reference to joint efforts by the three Federal banking agencies to harmonize and coordinate positions contains the implication that such is not the case at the present time. My own experience, since I became a member of the Coordinating Committee immediately upon becoming Comptroller, is that cooperation among the agencies has been, and is, first rate. Of course, there are, from time to time, some minor differences of approach and viewpoint, but I know of no large scale disagreements. It seems to me, that in our great system of democratic society, differing views are not only good, but indeed, healthy. However, I wish to there are, from time to time, some minor differences among the representatives of the Federal bank regulatory agencies.

Finally, with respect to the statutes governing the operations of National and State banks, we do not necessarily think it would be wise to engage in a campaign to obtain absolute uniformity in such statutes. To do so could result in an undermining of the fundamental basis for the dual banking system. As the situation exists today in some States, the statutory lending limits, real estate loan provisions, borrowing limitations, et cetera, are more liberal than Federal law. In other States the reverse may be true. Overall, however, we do not think there are significant statutory advantages inherent in either system, and the figures quoted above appear to bear this out.

This Office has never proselytized for converts and it never will, as long as I am Comptroller. We regard a decision to convert as one entirely in management's prerogative and we doubt but if it is in the long run best interests of the dual system for any government or trade group to seek to interfere with that freedom of decision.

FARMERS HOME ADMINISTRATION LOANS

MARCH 25, 1968.

You seek a clarification from this Office concerning loans purchased from and insured by the Farmers Home Administration. As you indicate, this Office has in the past held that such loans are subject to the provisions of both Exceptions 10 and 12 of the lending limits (12 U.S.C. 84 (10), (12)). Exception 12 provides that loans made pursuant to it are subject to a limitation of 25 percent of capital and surplus. Exception 10 of the lending limits provides that loans made pursuant to it are not subject to any limitation based on capital and surplus, provided two criteria are met:

(1) That such loans are secured or covered by unconditional guarantees, or by commitments to take over or purchase by the United States or any department thereof; and,

(2) That the guarantee or commitment is performed by the payment of cash or its equivalent within 60 days after demand.

The Secretary of Agriculture is empowered to make certain types of real estate loans and to insure those loans against possible default in payment. (See the Consolidated Farmers Home Administration Act of 1961, and Title V of the Housing Act of 1949). When the Secretary of Agriculture insures such a loan he issues an insurance endorsement which guarantees the payment of both the principal and interest on the promissory note or bond evidencing the loan. As insurer, the Government agrees to pay to the holder of the bond or note all payments to which he is entitled. The Government's insurance endorsement is an obligation supported by the full faith and credit of the United States and is incontestable except for fraud or misrepresentation of which the holder has actual knowledge (7 U.S.C. 1929, 14 U.S.C. 1487(d)). In addition, the U.S. Treasury Department has ruled that notes insured by the Farmers Home Administration are acceptable security for the deposit of public moneys and that they fall within the classification of obligations guaranteed by the United States, that is, obligations fully and unconditionally guaranteed both as to principal and to interest.

Furthermore, a bank that purchases a bond or note from the Farmers Home Administration will always receive its payments under the note or bond guarantee, regardless of whether or not the borrower is in default on the obligation.

It is clear from the foregoing that both requirements of Exception 10 of the lending limits are met by loans which are insured by the Farmers Home Administration. Therefore, such loans will in the future not be subject to any limitation based upon capital and surplus.

FEDERAL CROP INSURANCE

JANUARY 18, 1968.

Your letter, addressed to the U.S. Department of Agriculture, has been forwarded to this Office for reply. You inquire whether a National bank may act as agent for the Federal Crop Insurance Corporation in the sale of Federal crop insurance, and retain the income and commissions received therefrom.

National banks are Federal instrumentalities and, as such, they may be employed by the Federal Government as its financial agents and perform all reasonable duties in connection therewith. *See 12 U.S.C. 90.*

Since the Federal Crop Insurance Corporation of the U.S. Department of Agriculture has requested your bank to act as agent in the sale of Federal crop insurance, your bank may, at any office thereof, act as such agent and retain the income and commissions received therefrom.

HOUSING LOANS

JANUARY 11, 1968.

You inquire whether loans by National banks to private developers or builders under the low rent housing program of the Department of Housing and Urban Development qualify under Exception 10 of 12 U.S.C. 84 and Ruling 1600 of the *Comptroller's Manual for National Banks.*

Under this program, a private developer or builder (seller) enters into a contract to convey to a local housing agency a project completed in accordance with the agency's specifications. The contract and letter of intent issued by the local agency to the seller declares that the agency has entered into an annual contributions contract with the United States of America represented by the Department of Housing and Urban Development. The annual contributions contract provides that if the local agency is unable to perform its contract, the Department of Housing and Urban Development will perform it in its stead.

The commitment of the Department of Housing and Urban Development would bring the proposed loan within the provisions of Exception 10 of 12 U.S.C. 84, if the project is fully protected by completion bonds. In such circumstances, the takeover or guaranty agreement of the Department of Housing and Urban Development would be "unconditional" within the definition given to that word by the Comptroller of the Currency.

MAY 31, 1968.

This refers to your inquiry concerning the interim financing of low and moderate income family housing by National banks under Section 221(d)(3) of the National Housing Act, 12 U.S.C. 1715(1).

You indicate that, as mortgagee under this program, it is incumbent upon you to apply to local National banks to provide the interim financing. Because of the size of this program, however, the banks have informed you that in order for them to exceed their legal loan limit, as established by 12 U.S.C. 84, they must have a firm takeout commitment for this loan from the Federal National Mortgage Association.

You point out, however, that the total amount of your mortgage is fully insured by the F.H.A., and you feel that this guarantee meets the requirements of Exception 10 to 12 U.S.C. 84, which provides for no lending limitation. It is our understanding that under this transaction, the National banks would accept your note for the handling of the interim financing, which note would be secured by an assignment of your original F.H.A. insured mortgage. Upon completion of the construction your mortgage will be purchased by one of the life insurance companies that is participating in this program, rather than by the Federal National Mortgage Association.

In setting the legal lending limits of National banks at 10 percent of the bank's capital stock and unimpaired surplus fund, 12 U.S.C. 84 further provides:

> Such limitations of 10 per centum shall be subject to the following exceptions: * * * (10) Obligations shall not be subject under this section to any limitation based upon such capital and surplus to the extent that such obligations are secured or covered by guaranties, or by commitments or agreements to take over or to purchase, made by * * * the United States or any department, bureau, board, commission, or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States: *Provided,* That such guaranties, agreements, or commitments are unconditional and must be performed by payment of cash or its equivalent within sixty days after demand.

In interpreting this section, paragraph 1600(b) of the *Comptroller's Manual for National Banks* provides that "Exception 10 applies to obligations, or portions thereof, with respect to which there is an unconditional guaranty, takeover agreement, or commitment by an agency of the Federal Government to be performed by the payment of cash or its equivalent within 60 days after demand for payment is made."

It is the opinion of this Office that an obligation of the nature described by you is not directly secured or covered by the F.H.A. insurance. Therefore, such a loan does not fall within Exception 10 of 12 U.S.C. 84. In other words, because a default on the part of your company would not trigger the F.H.A. commitment, Exception 10 does not apply, and such a loan extension by a National bank to any one borrower must be limited to 10 percent of the bank's capital and surplus.

INSURANCE

JUNE 24, 1968.

Your letter concerns whether it is permissible for a National bank to purchase split-dollar insurance coverage on the life of bank employees. Your inquiry is made pursuant to Regulation 1.9 (12 CFR 1.9) of the *Comptroller's Manual for National Banks*, permitting any National bank to request a ruling on the application to purchase "investment securities."

As we understand your proposal, the "Split-Dollar Insurance Plan" contemplated by the bank involves the purchase of an insurance policy on the life of a bank employee. The bank pays that portion of each annual premium equal to the increase in the policy's cash value. It thus becomes the irrevocable beneficiary for the amount of the policy's cash value. The employee pays the remaining balance of the premium and designates his own beneficiary for the balance of the proceeds above the cash value payable at his death. The bank has complete ownership of the policy subject to the employee's right to designate his own beneficiary. You are specifically concerned with whether this proposal is a permissible "investment security."

As stated in paragraph 7115 of the *Comptroller's Manual*, a National bank may purchase insurance for the benefit of the bank on the life of an officer whose death would be of such consequence to the bank as to give it an insurable interest in his life. However, under no circumstances may such insurance coverage represent a part of the investment program of the bank. It is, therefore, not considered as an "investment security" within the meaning of Regulation 1.3 (12 CFR 1.3), inasmuch as such an investment would be contrary to the provisions of paragraph Seventh of 12 U.S.C. 24. (See the June 1965 issue of *The National Banking Review*, page 580.)

Accordingly, while it is therefore permissible for a National bank to utilize its proposed "Split-Dollar Insurance Plan," such coverage must be limited to those bank officers whose death would be of such consequence as to give the bank an insurable interest.

It is also noted that the cash surrender value of insurance on the life of an officer should be reported as "Other assets, cash surrender value life insurance."

INTEREST RATES

June 19, 1968.

Hon. Wright Patman,
Committee on Banking and Currency,
House of Representatives:

This is in response to your letter which included a letter and enclosures from a citizen who indicates that he and his wife signed a demand note for $20,000 with a National bank, with interest at the rate of 5¾ percent, "per annum" from date until paid, payable semiannually. The bank defines the term "per annum" to mean a 360-day year, and the borrower poses the following questions concerning this definition:

(1) Is there some law of the land that permits or authorizes financial institutions chartered by the United States to use a 360-day definition of the term "per annum"?

(2) What, if anything, can be done to force a National bank to refund interest overcharges?

(3) If Congress intended to permit federally-sponsored lending institutions to charge interest on a 360-day "per annum" basis, are they permitted to charge interest on a 340-day "per annum" basis, or on some other lesser "days-per-annum" basis convenient to the bank's interest?

The rate of interest charged by a National bank on its loans is a determination pursuant to agreement between the bank and its customer, and involves a matter of private contract right pursuant to which this Office has no statutory authority to intervene. Proper redress for an overcharge should be handled through local counsel. If there has been a violation of Section 85 of Title 12 of the United States Code or State usury law, and a remedy is sought under Section 86 of Title 12 of the United States Code, the proper place for such action is in the Federal District Court where the bank is located.

With the above in mind, this Office would, however, add the following comments for your information. There is no Federal law or Federal definition of the term "per annum" as that term is used in the context of a loan between a National bank and its customer. Certain State courts and other authorities have addressed themselves to this issue and, while it is true that there is some authority to the contrary, it has been held in most jurisdictions that a contract or obligation to pay interest on the basis of a 360-day year is permissible. Primarily based upon custom and usage, courts generally agree that the practice of receiving interest for short terms, upon the basis of 30 days to a month and 360 days to a year, is not usurious when it is resorted to in good faith as furnishing an easy, practical mode of computation and not as a cover for usury. See, 91 *Corpus Juris Secundum* 608; 55 *Am. Jur.* sec. 40, p. 353; *Restatement of the Law of Contracts*, sec. 534(c), p. 1036; *Williston on Contracts*, Vol. 6, Sec. 1695, p. 4799; *Michie on Banks and Banking*, ch. 11, § 32. See also the following cases which have held that interest computed at less than a 365-day year is permissible: *Amp.* v. *Bates*, 11 Conn. 487; *Agricultural Bank* v. *Bissel*, 12 Pick. (Mass.) 586; *Merchants' & Planters' Bank* v. *Stewart*, 77 S.C. 141, 57 S.E. Rep. 621; *Cox* v. *Timlake*, 153 So. Rep. 794; *Patton* v. *Bank of Lafayette*, 124 Ga. 965, 53 S.E. Rep. 664; *Dickey* v. *Bank of Clarksdale, Miss.*, 184 So. Rep.

314; *State Bank* v. *Cowan,* 8 Leigh (35 Va.) 238; *Parker* v. *Cousins,* 2 Gratt (43 Va.) 372, 44 Am. Dec. 388.

Conversely, several cases have held that the computation of interest on a 365-day year would be unlawful when it results in the extraction of a usurious rate of interest. See, *Ditmars* v. *Camden Trust Co.,* 92 A. 2d 12. The language in this case should be studied carefully because it appears to be dictum, not holding. See also, *New York Fireman Ins. Co.* v. *Ely & Parsons,* 2 Cow. (N.Y.) 678; *Haas* v. *Flint,* 8 Blackf. (Ind.) 67.

In response to the third question, there is presently no authority, so far as this Office can determine, for the computation of interest on a per annum basis at less than 360 days.

We trust this has been responsive to your inquiry and we are pleased to have been of some assistance.

LOTTERIES

JANUARY 30, 1968.

This is in reference to your letter which concerns Public Law 90–203, prohibiting federally-chartered or insured financial institutions from selling or otherwise dealing in lottery tickets.

This Office is responsible for supervision and regulation of National banks to assure their sound financial condition and their adherence to Federal banking statutes.

On December 15, 1967, the President signed into law H.R. 10595, a bill which provides that the covered institutions cannot directly participate in the gambling activities specified in the bill, or permit these specified activities to be carried out on premises under their control. There is no interference with customary banking services. Banks may continue to accept deposits, perform checking account services, make loans, and perform any other services which they are now authorized to perform, without being obliged to inquire into the nature of the customer's business any more than under existing law. The bill does not in any way interfere with the sovereign right of a State to operate a lottery; it does not prohibit New York State or any other State from operating a lottery. It does, however, prohibit a State from using federally-chartered or insured financial institutions as an instrument in the sale of lottery tickets to the public. The Federal Government has had a longstanding policy to deny lotteries the use of Federal facilities, and the prohibition on the sale of lottery tickets by federally-insured financial institutions is merely an extension of this longstanding policy.

MORTGAGE SERVICING CORPORATION

JUNE 10, 1968.

This is in reference to your letter requesting the approval of this Office for the proposed acquisition by two subsidiary corporations of a National bank of substantially all the assets of two mortgage servicing corporations, and the further approval of this Office to operate these mortgage servicing subsidiaries at various locations described in your letter.

You indicate that the bank has recently formed two wholly-owned subsidiary corporations, the purpose of which is to acquire substantially all of the assets of two mortgage servicing corporations, one located in California and the other located in Pennsylvania. The subsidiaries will acquire only assets which the bank itself could acquire and these assets will consist primarily of the right to service various mortgages presently being serviced by the mortgage companies. Subsequent to the acquisition, the subsidiaries will be managed from a "center city" office building, where the senior executive officers will be located. The California subsidiary will make no mortgage loans and the Pennsylvania subsidiary plans to make mortgage loans only in Pennsylvania. The bank will maintain an adequate inventory of mortgage loans held for resale to institutional investors by purchasing said loans from independent mortgage lenders.

The activities and assets which the bank contemplates acquiring are such as could be performed and owned directly by the bank and the proposed acquisition is, therefore, within the expressed provisions of paragraphs 7376 and 7380 of the *Comptroller's Manual.* Paragraph 7380(b) requires that all loans originated by employees of the mortgage servicing corporations be approved and made at the bank's main office or branch office or at the office of the subsidiary, if it is located on the premises of or contiguous to the main office or branch office of the bank. Our approval is therefore, conditioned on the requirement that all loans and commitments to loan be approved and made by personnel in the bank's authorized offices.

Finally, your attention is directed to the restrictions contained in 12 U.S.C. 371c concerning extensions of credit to an affiliate (which includes subsidiaries) and particularly to those parts of Section 371c defining the term "extension of credit" and the type of collateral and value thereof necessary to secure loans to the affiliates.

331-934—69——19

MORTGAGE WAREHOUSING

JANUARY 31, 1968.

This is in reply to your letter, with enclosures, in which you state that, during a recent examination of your bank, a question arose concerning the warehousing of VA and FHA real estate loans and its effect on the legal lending limit of the bank. You state that your lending limit is presently about $1 million and that you have two mortgage brokers, one of which has a credit line of $2 million and the other with a line of $1.9 million. The bank accepts notes from each of these brokers, which notes are secured by individual FHA and VA notes, endorsed in blank and fully supported by the necessary papers. At some point in the future, the individual Government-insured notes are purchased by a permanent lender to whom you then ship the entire package after inserting their name in the space provided for in the blank endorsement. You request an opinion from this Office as to whether the above-described loans qualify under Exception 10 of 12 U.S.C. 84, which provides for no lending limitation.

In setting the legal lending limits of National banks at 10 percent of the bank's capital stock and unimpaired surplus fund, 12 U.S.C. 84 further provides:

> Such limitation of 10 per centum shall be subject to the following exceptions: * * * (10) obligations shall not be subject under this section to any limitation based upon such capital and surplus to the extent that such obligations are secured or covered by guaranties, or by commitments or agreements to take over or to purchase, made by * * * the United States or any department, bureau, board, commission, or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States: *Provided,* That such guaranties, agreements, or commitments are unconditional and must be performed by payment of each or its equivalent within sixty days after demand.

In interpreting this section, paragraph 1600(b) of the *Comptroller's Manual for National Banks* provides that "Exception 10 applies to obligations, or portions thereof, with respect to which there is an unconditional guaranty, take over agreement, or commitment by an agency of the Federal Government to be performed by the payment of cash or its equivalent within 60 days after demand for payment is made."

It is the opinion of this Office that the obligations of the mortgage brokers, as described in your letter, are not directly covered by the FHA or VA commitments. Therefore, such loans do not fall within Exception 10 of 12 U.S.C. 84. In other words, because a default on the part of the mortgage brokers would not trigger the FHA or VA commitments, Exception 10 does not apply and such loan extensions to any one borrower must be limited to 10 percent of the bank's capital and surplus.

POLITICAL CONTRIBUTIONS

JUNE 24, 1968.

This refers to your request for the opinion of this Office on the subject of political donations by National banks.

The controlling statute, 12 U.S.C. 610, reads, in pertinent part:

> It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any labor organization to make a contribution or expenditure in connection with any election at which Presidential and Vice Presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to Congress to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person to accept or receive any contribution prohibited by this section.

Although the first part of the statute, relating to National banks and Federal corporations, has never been litigated, it is phrased to prohibit any contribution by a National bank to a candidate for "any political office." Accordingly, it is unlawful for a National bank to make a contribution in connection with State, as well as Federal, elections.

PUBLIC INTEREST

MAY 24, 1968.

HON. WRIGHT PATMAN,
Committee on Banking and Currency,
House of Representatives:

I am pleased to have this opportunity to respond in more detail to the questions recorded on page 210 of the hearings held on May 6, 1968, on H.R. 16064. You asked that we supply for the record a summary of those policies and procedures adopted by this Office during the past 12 months which were aimed primarily at helping the public. Our reply to this question is as follows:

I. *Strengthening of Bank Examination*

The principal statutory responsibility of this Office is the supervision, through regular examination, of each National bank. Our Office, which is over a century old, in contrast to younger Federal agencies, protects the public through a process of direct supervision and examination and does not rely primarily on the issuance of regulations and the adjudication of complaints. Although we are, of course, interested in, and fully investigate, any complaints received from members of the public, our primary reliance is on our own examination staff and the regular written reports they render on the conduct of the affairs of each National bank. Improvements in the examination process are, accordingly, this Office's most effective contribution to the public welfare. We feel that a number of significant improvements in the examination process have been accomplished in the past 12 months.

1. *The Direct Verification Program.* In February 1968, a directive was sent to all Regional Administrators and National bank examiners, which greatly strengthened the direct verification procedures previously followed. In addition to the intensive appraisal of the bank's internal or external auditing procedures then being made, the examiner was instructed to take additional steps in connection with any bank in which he considered the internal audit procedures as inadequate. These steps include the direct verification by mailing to the customers of at least 10 percent of the deposit accounts and at least 10 percent of the loans. In addition, verification is made of the disposition of assets which have been charged off between examinations, closed and inactive accounts, and the other items of account.

2. *Credit Card Operations.* The Office kept pace with the rapid expansion of bank credit cards by the addition of new questionnaires to the regular examination form. These new pages are designed to provide full information to the Office as to the extent and manner of operation of any credit card, check card, overdraft, or other revolving credit plan being sold by the bank.

3. *Electronic Data Processing.* The necessary steps to keep the examination process abreast of the expanding use of automated equipment by the banks were taken. An extensive training program for personnel was instituted. Twenty-eight specialists in electronic data processing were assigned to the regional offices to assure that adequate controls were maintained in the examination of banks with automated accounting. These specialists in turn impart the latest information on the subject to our other examiners. The Office commenced a research and development project in conjunction with Haskins & Sells, Certified Public Accountants, aimed at the ultimate goal of developing an audit tape which could be used to provide an instantaneous audit of the various EDP systems. Until such time as the audit tape is perfected, our examiners have been supplied with a detailed set of inquiries to make in their report of examination of each bank employing electronic data processing. A separate set of inquiries is made of banks which employ outside EDP services.

4. *General Education Program.* A continuous program of education to increase examining proficiency has been carried on during the past year. This program utilizes courses given by Dun and Bradstreet, the American Institute of Banking, Rutgers School of Banking, and Internal Revenue Training Programs. A self-improvement program for newly hired examiners was instituted, utilizing home-study materials developed by the Federal Deposit Insurance Corporation.

5. *External Crime.* Prior to the consideration by Congress of the bill to require installation of security devices, the Office instituted a program of improving such preventive measures by National banks. A 22-item check list was designed to acquaint banks with the latest crime prevention controls and to ascertain the extent of present installations in banks.

II. *Financial Disclosure to Shareholders*

In May of 1967, the Office issued Parts 18 and 10 of its regulations relating to the form and content of National bank financial statements and annual reports to stockholders. This represented the first time a bank supervisor had applied such disclosure requirement to *all* banks under its supervision, regardless of size. Previously, only those National banks with relatively large numbers of stockholders (750, then 500) had been required to make such reports public.

The regulations specify the general format of the balance sheet, statement of earnings, reconcilement of capital accounts, and reconcilement of reserves. These four detailed financial statements must appear in the annual report to stockholders of every National bank, and the report must be made available to each shareholder.

Prior to this regulation, a small but significant number of National banks issued no written annual reports to stockholders, while the reports of many others were sketchy. We concluded that it was clearly in the public interest for publicly chartered banks to disclose to their stockholders and to the public the results of their operations and a statement of their condition. Since State chartered banks of the same size and location are not generally subject to similar disclosure requirements, issuance of our regulation was carried out in the face of considerable concern about "competitive disadvantage" to which National banks might be subject. We answered these views by maintaining that disclosure can be converted to a competitive advantage over banks which fail to give similar disclosure. This position, we believe, has been justified by our experience to date under the regulations.

In establishing the form of the financial reports to be disclosed to shareholders, many mandatory improvements in bank accounting methods, all leading in the direction of fuller and better disclosure in the public interest, were also included in the regulations. These included steps toward full accrual accounting and consolidation of domestic and foreign subsidiaries.

III. *Improved Handling of Citizens' Complaints*

Steps were taken during the past year to expedite and improve the handling of letters from members of the public complaining of specific transactions with National banks. While many of these complaints involve matters over which our Office has no jurisdiction, a sincere effort is made to ascertain the undisputed facts, if any, in each case and to obtain a satisfactory resolution of the controversy. Each incoming complaint letter is assigned to an Assistant Chief National Bank Examiner for handling and preparation of a prompt reply to the complainant.

IV. *Cooperation with Other Agencies*

We have continued to improve liaison with the other bank supervisory agencies, the Securities and Exchange Commission, Department of Justice, and other law enforcement agencies toward the end of more effective bank supervision. Information concerning suspected improper or criminal activity has been, and is, exchanged with the other authorities in the interest of protecting the public against fraudulent activities.

In answer to your inquiry, the above constitutes a partial list of what we consider the most significant contributions to the public interest by our agency during the past 12 months. No such list can be considered complete, since in a real sense every action taken every day by this agency is in furtherance of the public interest. Our sole function, like that of any agency of government, is the protection of the public interest, so that to supply a complete answer to your inquiry would require a day-by-day recital of the past year's activities, which we assume was not the intent of your question.

With regard to a matter which was raised by you and other Committee members during the hearing, i.e., the extent of judicial review of the Comptroller's decision, the Supreme Court in the case of *Citizens Bank of Hattiesburg* v. *Camp,* 387 F. 2d 375 (5th Cir., 1967), affirming Civ. No. 1998, S.D. Miss. (Jan. 18, 1966) *cert. denied,* 36 L.W. 3425, by denying certiorari on May 6, 1968, confirmed the opinions we expressed at the hearing. The Supreme Court declined to review a Court of Appeals decision which held that; (1) there is no requirement for administrative adversary proceedings prior to the approval of a new-bank charter application, and (2) that persons protesting the Comptroller's action have no right to a trial *de novo* in the courts of the facts upon which he based his decision.

STATE TAXATION OF NATIONAL BANKS

November 18, 1968.

Hon. Bertram L. Podell,
House of Representatives:

Thank you for your letter enclosing a copy of H.R. 19031, a bill, introduced by you, to amend Section 41 of the National Bank Act to expressly permit the imposition of State sales and use taxes on National banks. You have requested that we have a representative present to testify at a hearing on the subject bill, November 25, 1968, at 10 a.m. in Room 2705, New Federal Building, Foley Square, Manhattan.

As we have advised other members of Congress on numerous occasions, this Office sees no legal or policy objection to an amendment such as the one you have proposed. There was no question raised in the recent litigation on this subject concerning the *power* of Congress to require the payment of State sales and use taxes by a National bank. The issue, which was recently decided by the Supreme Court in the case of *First Agricultural National Bank* v. *State Tax Commission,* 392 U.S. 399 (1968), was whether or not, *under present law,* such taxes are collectible by the States. The Supreme Court in that decision held that they are not.

In this situation, the extent to which National banks have changed in the nature of their business operations from the 19th century to the present does not seem especially relevant. This Office still regards National banks as Federal instrumentalities and feels that it is important for many reasons that this status be preserved and recognized. However, there is no reason why their status as Federal instrumentalities cannot be preserved, and, at the same time, their liability for sales and use taxes made clear by an amendment to section 41, such as the one you have suggested. The whole purpose of Congress in amending the present provisions of Section 41 was to make clear that National banks should pay certain State taxes, regardless of their status as Federal instrumentalities, and to list those taxes. It would seem entirely appropriate, therefore, to add to that list a form of State taxation which was not in existence at the time of the original amendment.

In view of the position of this Office as outlined above, it appears to us that it might not be necessary for a witness from this Office to testify as to the changing character of National banks over the years, and indeed, that such testimony might tend to confuse the issue rather than clarify it.

Please advise if the submission of this letter will be sufficient for your hearing record.

TRAVEL AGENCIES

MARCH 25, 1968.

Your letter addressed to the Attorney General of the United States has been forwarded to this Office for reply. In substance, your letter asserts that the entry of commercial banks into the travel service field represents unfair competition for independent travel agents.

We appreciate your comments with respect to this matter. However, we would like to draw your attention to the fact that both National banks, which are administered by this Office, and State banks, which are administered by the banking commissioners of the respective States, have been offering travel services side-by-side with independent travel agents for 100 years. Accordingly, banks are not "entering" the travel business, but, as in the case of National banks, have been offering such services for a century, pursuant to powers vested in them by Congress.

We have been unable to discover a single instance in which an independent travel agent has been driven out of business as a result of competition from a National bank, or in which a National bank has engaged in unfair competitive practices. We are strongly of the opinion, especially during these times of increased demand by the general public for travel services, that it would be adverse to the public interest to eliminate banks as competitors in this area.

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