Annual Report 1971

Comptroller of the Currency

The Administrator of National Banks

William B. Camp

Comptroller of the Currency

Letter of Transmittal

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
WASHINGTON, D.C., September 29, 1972

SIRS: Pursuant to the provisions of Section 333 of the United States Revised Statutes, I am pleased to submit the 1971 *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 1971 was a period of relative ease in the money markets and of declining interest rates. National banks were able to add significantly to their total deposits since they were free to compete vigorously for funds at the lower rate levels. Total resources of National banks reached $376.5 billion at year-end, a 10.4 percent increase for the year.

Markedly different growth rates for demand deposits and time and savings deposits led to an important first—time and savings deposits of National banks exceeded their demand deposits at the end of 1971. While demand deposits increased by 4.7 percent, from $145.1 billion to $152 billion, time and savings deposits spurted 17 percent, from $138.7 billion to $162.2 billion. Thus time and savings deposits represented 51.6 percent of the total deposits of National banks on December 31, 1971.

For the second year in a row, total securities held by National banks increased faster than total loans, although the difference in rates of growth was less pronounced than in 1970. Total securities advanced by 14 percent, from $84.2 billion to $96 billion. Meanwhile, total loans increased 9.6 percent, from $177.2 billion to $194.1 billion. Within the securities category, the holdings of U.S. agency issues vaulted by 29.2 percent, from $6.7 billion to $8.6 billion. Municipal holdings also showed a sharp increase, from $41.5 billion to $48.6 billion.

The total capital of National banks reached $27.1 billion at year-end, an increase of 8.8 percent during 1971. Outstanding capital notes and debentures increased by 24.8 percent, from $1.2 billion to $1.5 billion.

TABLE 1

Assets, liabilities, and capital accounts of National banks, 1970 and 1971

[Dollar amounts in millions]

	Dec. 31, 1970 4,621 banks		Dec. 31, 1971 4,600 banks		Change 1970–71	
	Amount	Percent distribution	Amount	Percent distribution	Amount	Percent
ASSETS						
Cash and due from banks	$56,040	16.44	$59,201	15.73	$3,161	5.64
U.S. Treasury securities	34,223	10.04	36,396	9.67	2,173	6.35
Obligations of other U.S. Government agencies and corporations	6,681	1.96	8,634	2.29	1,953	29.23
Obligations of States and political subdivisions	41,542	12.19	48,648	12.92	7,106	17.11
Other securities	1,800	.53	2,351	.62	551	30.61
Total securities	84,246	24.71	96,029	25.51	11,783	13.99
Federal funds sold and securities purchased under agreements to resell	10,436	3.06	12,705	3.37	2,269	21.74
Direct lease financing	790	.23	871	.23	81	10.25
Loans	177,202	51.98	194,145	51.57	16,943	9.56
Fixed assets	5,911	1.73	6,611	1.76	700	11.84
Customers' liability on acceptances outstanding	2,054	.60	2,197	.58	143	6.96
Other assets	4,227	1.24	4,697	1.25	470	11.12
Total assets	340,906	100.00	376,456	100.00	35,550	10.43
LIABILITIES						
Demand deposits of individuals, partnerships and corporations	107,768	31.61	113,210	30.07	5,442	5.05
Time and savings deposits of individuals, partnerships and corporations	119,843	35.15	138,222	36.72	18,379	15.34
Deposits of U.S. Government	5,061	1.48	6,389	1.70	1,328	26.24
Deposits of States and political subdivisions	25,053	7.35	29,036	7.71	3,983	15.90
Deposits of foreign governments and official institutions, central banks, and international institutions	3,386	.99	3,390	.90	4	.12
Deposits of commercial banks	18,494	5.43	18,620	4.95	126	.68
Certified and officers' checks, etc	4,179	1.23	5,346	1.42	1,167	27.93
Total deposits	283,784	83.24	314,212	83.47	30,429	10.72
Demand deposits	145,122	42.57	151,985	40.37	6,863	4.73
Time and savings deposits	138,662	40.67	162,227	43.09	23,565	16.99
Federal funds purchased and securties sold under agreements to repurchase	11,830	3.47	17,302	4.60	5,472	46.26
Liabilities for borrowed money	1,280	.38	866	.23	−414	−32.34
Acceptances executed by or for account of reporting banks and outstanding	2,096	.61	2,242	.60	146	6.97
Other liabilities	13,204	3.87	10,842	2.88	−2,362	−17.89
Total liabilities	312,194	91.57	345,465	91.77	33,271	10.66
Minority interest in consolidated subsidiaries	1	—	1	—	0	0
RESERVES ON LOANS AND SECURITIES						
Reserves on loans	3,747	1.10	3,837	1.02	90	2.40
Reserves on securities	89	.03	80	.02	−9	−10.11
CAPITAL ACCOUNTS						
Capital notes and debentures	1,161	.34	1,449	.38	288	24.81
Preferred stock	63	.02	43	.01	−20	−31.75
Common stock	6,457	1.89	6,785	1.80	328	5.08
Surplus	10,659	3.13	11,818	3.14	1,159	10.87
Undivided profits	5,864	1.72	6,300	1.67	436	7.44
Reserves	671	.20	676	.18	5	.75
Total capital accounts	24,875	7.30	27,072	7.19	2,197	8.83
Total liabilities and capital accounts	340,906	100.00	376,456	100.00	35,550	10.43

NOTE: Data may not add to totals because of rounding.

The 1970 and 1971 data reflect consolidation of all majority-owned bank premises, subsidiaries, and all significant domestic majority-owned subsidiaries, with the exception of Edge Act subsidiaries.

II. *Income and Expenses of National Banks*

The sources of operating income for National banks reflected both the faster growth of securities holdings than loans, and the more pronounced impact of lower rates on the latter. Total interest and fees on loans actually declined in 1971 by $30 million, or 0.2 percent. Total interest and dividends on investments showed a healthy increase of 18.4 percent during the year, from $3.6 billion to $4.3 billion. The proportion of total operating income accounted for by interest and fees on loans declined from 67 percent in 1970 to 64.1 percent in 1971.

Total operating income of National banks showed only a 4.3 percent increase in 1971 over that of 1970, $21.3 billion to $20.4 billion. With total operating expense increasing by 6.9 percent, from $16.3 billion to $17.4 billion, income before income taxes and securities transactions registered a 6.1 percent decline, from $4.1 billion to $3.9 billion. Lower applicable income taxes and a net gain on securities transactions of $107 million, compared with a net loss on similar transactions of $65 million in 1970, led to a gain of 7.5 percent in net income, from $2.8 billion to $3 billion.

Interest paid on deposits totalled $7.2 billion, representing 41.5 percent of total operating expense of National banks. In 1970, interest paid on deposits had accounted for 38.1 percent of total operating expense. Salaries and wages of officers and employees increased by 7.9 percent, from $3.8 billion to $4.1 billion. That item accounted for 23.8 percent of all operating expense for National banks in 1971, compared to 23.6 percent in 1970.

TABLE 2

Income and expenses of National banks, 1970 and 1971*

[Dollar amounts in millions]

	Dec. 31, 1970		Dec. 31, 1971		Change, 1970–71	
	Amount	Percent distribution	2 Amount	Percent distribution	Amount	Percent
Number of banks	4,621		4,600		−21	−.45
Operating income:						
Interest and fees on loans	$13,698.4	67.04	$13,668.1	64.14	−30.3	−.22
Income on Federal funds sold and securities purchased under agreements to resell	602.9	2.95	533.8	2.50	−69.1	−11.46
Interest and dividends on investments:						
U.S. Treasury securities	1,654.1	8.09	1,849.5	8.68	195.4	11.81
Obligations of other U.S. Government agencies and corporations	327.0	1.60	442.9	2.08	115.9	35.44
Obligations of States and political subdivisions	1,535.3	7.51	1,841.0	8.64	305.7	19.91
Other securities	90.7	.44	137.8	.65	47.1	51.92
Trust department income	626.2	3.07	700.9	3.29	74.7	11.92
Service charges on deposit accounts	686.4	3.36	709.7	3.33	23.3	3.39
Other service charges, collection and exchange charges, commissions, and fees	534.8	2.62	624.6	2.93	89.8	16.79
Other operating income	677.9	3.32	801.2	3.76	123.3	18.18
Total operating income	20,433.7	100.00	21,309.5	100.00	875.8	4.29
Operating expense:						
Salaries and wages of officers and employees	3,838.6	23.55	4,140.2	23.75	301.6	7.86
Pensions and other employee benefits	625.2	3.84	698.4	4.01	73.2	11.71
Interest on deposits	6,215.2	38.12	7,228.7	41.47	1,013.5	16.30
Expense of Federal funds purchased and securities sold under agreements to repurchase	937.5	5.75	739.6	4.24	−197.9	−21.10
Interest on borrowed money	169.8	1.04	80.7	.46	−89.1	−52.47
Interest on capital notes and debentures	55.2	.34	67.8	.39	12.6	22.83
Occupancy expense of bank premises, net	723.8	4.44	811.0	4.65	87.2	12.04
Furniture and equipment, depreciation, rental costs, servicing, etc	546.6	3.35	606.6	3.48	60.0	10.97
Provision for loan losses (or actual net loan losses)	405.6	2.49	514.1	2.95	108.5	26.75
Other operating expenses	2,784.7	17.08	2,543.3	14.59	−241.4	−8.66
Total operating expense	16,302.0	100.00	17,430.4	100.00	1,128.4	6.92
Income before income taxes and securities gains or losses	4,131.7		3,879.1		−252.6	−6.11
Applicable income taxes	1,239.9		942.7		−297.2	−23.97
Income before securities gains or losses	2,891.8		2,936.3		44.5	1.54
Net securities gains or losses (after tax effect)	−64.5		106.9		171.4	265.74
Net income before extraordinary items	2,827.3		3,043.3		216.0	7.64
Extraordinary charges or credits	2.1		−1.8		−3.9	−185.71
Minority interest in consolidated subsidiaries	—		—		—	
Net income	2,829.3		3,041.3		212.0	7.49
Cash dividends declared:						
On common stock	1,273.0		1,386.2		113.2	8.89
On preferred stock	4.7		4.0		−.7	−14.89
Total cash dividends declared	1,277.7		1,390.2		112.5	8.80
Ratio to income before income taxes and securities:						
Applicable income taxes		30.01		24.30		
Net securities losses		1.56		2.76		
Extraordinary charges or credits		.05		.05		
Ratio to total operating income:						
Salaries and wages		18.79		19.43		
Interest on deposits		30.42		33.92		
All other operating expenses		13.63		11.94		
Total operating expenses		79.78		81.80		
Net income		13.85		14.27		

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

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

III. *Structural Changes in the National Banking System*

As of the end of 1971, 13,106 branches were operated by 1,688 National banks, while the remaining 2,912 National banks were unit banks. The total of 4,600 National banks represented a decline of 21 from the figure one year earlier, due to mergers and consolidations. However, the 6 percent increase in branches led to a total of 17,706 National bank offices serving the public within the United States at year-end, a record high. The unit banking states of Texas and Illinois led in total number of National banks, with 530 and 415, respectively. California, New York, and Pennsylvania led in total number of National banking offices, with 2,530, 1,503 and 1,373, respectively.

During 1971, 731 *de novo* branches were added to the system. These are new offices offering banking services to the public for the first time at their specific sites. Of the *de novo* branches, almost 71 percent were located in communities with populations of less than 50,000, while 8.6 percent were located in communities having 500,000 or more people. Banks having total resources of less than $50 million accounted for 33.7 percent of the *de novo* branch openings during 1971; billion-dollar banks opened 26.1 percent of those branches. California, with 102 *de novo* branches, New York, with 74, and New Jersey, with 53, led the States in this category. The difference between 738 net branch additions to the system and 731 *de novo* branches was accounted for by the entry of 97 branches via merger or conversion and the exit of 90 branches through closing merger, or conversion.

Thirty-eight charters were issued for newly organized National banks in 1971, compared with 39 in 1970. The Comptroller gave preliminary approval to 55 charter applications; the comparable figure during 1970 was 42. In addition to the charters issued to newly organized banks, 21 charters were issued to State banks converting to the National system, and 30 charters were issued pursuant to corporate reorganization.

There were 55 merger, consolidation, or purchase transactions during 1971 involving two or more operating banks in which the resulting bank was a National bank. The comparable figure in 1970 was 80. Also, 29 mergers pursuant to corporate reorganization and involving only one operating bank were consummated during 1971.

TABLE 3

National banks and banking offices, by States, Dec. 31, 1971

	National banks			Number of branches	Number of offices
	Total	Unit	With branches		
United States	4,600	2,912	1,688	13,106	17,706
Alabama	88	40	48	209	297
Alaska	5	0	5	53	58
Arizona	3	1	2	225	228
Arkansas	69	32	37	87	156
California	57	7	50	2,473	2,530
Colorado	122	109	13	13	135
Connecticut	26	4	22	250	276
Delaware	5	3	2	4	9
District of Columbia	11	1	10	71	82
Florida	230	230	0	0	230
Georgia	60	24	36	221	281
Hawaii	1	0	1	9	10
Idaho	7	2	5	113	120
Illinois	415	349	66	66	481
Indiana	122	48	74	359	481
Iowa	99	56	43	62	161
Kansas	171	138	33	33	204
Kentucky	80	35	45	150	230
Louisiana	49	11	38	185	234
Maine	19	3	16	107	126
Maryland	39	12	27	268	307
Massachusetts	84	20	64	441	525
Michigan	104	31	73	581	685
Minnesota	198	195	3	7	205
Mississippi	38	5	33	145	183
Missouri	98	74	24	24	122
Montana	52	49	3	3	55
Nebraska	125	100	25	26	151
Nevada	4	1	3	64	68
New Hampshire	48	24	24	54	102
New Jersey	120	17	103	741	861
New Mexico	33	7	26	79	112
New York	166	62	104	1,337	1,503
North Carolina	23	3	20	606	629
North Dakota	42	32	10	10	52
Ohio	218	66	152	772	990
Oklahoma	197	155	42	42	239
Oregon	8	1	7	259	267
Pennsylvania	286	127	159	1,087	1,373
Rhode Island	5	0	5	96	101
South Carolina	19	4	15	251	270
South Dakota	32	22	10	63	95
Tennessee	77	17	60	292	369
Texas	530	530	0	0	530
Utah	9	5	4	75	84
Vermont	26	11	15	50	76
Virginia	101	25	76	506	607
Washington	24	6	18	460	484
West Virginia	86	86	0	0	86
Wisconsin	126	90	36	69	195
Wyoming	42	42	0	0	42
Virgin Islands	1	0	1	8	9
District of Columbia—all*	14	1	13	106	120

*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 1971*

	Received†	Approved	Rejected	Abandoned	Pending Dec. 31, 1971	Charters issued
United States	185	55	54	5	71	38
Alabama	1	1	0	0	0	0
Alaska	0	0	0	0	0	0
Arizona	0	0	0	0	0	0
Arkansas	1	0	0	0	1	0
California	6	1	2	0	3	0
Colorado	12	1	6	1	4	2
Connecticut	2	1	1	0	0	0
Delaware	0	0	0	0	0	0
District of Columbia	0	0	0	0	0	0
Florida	38	13	18	0	7	14
Georgia	2	1	1	0	0	0
Hawaii	1	0	0	0	1	0
Idaho	0	0	0	0	0	0
Illinois	8	5	1	0	2	5
Indiana	1	0	0	0	1	0
Iowa	2	1	1	0	0	0
Kansas	2	0	1	0	1	0
Kentucky	0	0	0	0	0	0
Louisiana	1	1	0	0	0	0
Maine	1	1	0	0	0	0
Maryland	0	0	0	0	0	0
Massachusetts	0	0	0	0	0	1
Michigan	5	2	1	1	1	2
Minnesota	1	0	0	0	1	0
Mississippi	2	1	1	0	0	0
Missouri	4	1	0	0	3	0
Montana	0	0	0	0	0	0
Nebraska	0	0	0	0	0	0
Nevada	0	0	0	0	0	0
New Hampshire	0	0	0	0	0	0
New Jersey	16	4	5	0	7	3
New Mexico	2	0	0	1	1	0
New York	7	4	0	1	2	2
North Carolina	1	0	0	0	1	1
North Dakota	0	0	0	0	0	0
Ohio	1	1	0	0	0	0
Oklahoma	3	0	1	0	2	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	0	0	0	0	0	0
Tennessee	1	0	0	0	1	0
Texas	49	11	10	1	27	5
Utah	3	1	0	0	2	0
Vermont	0	0	0	0	0	0
Virginia	2	1	1	0	0	1
Washington	2	0	1	0	1	0
West Virginia	3	1	0	0	2	0
Wisconsin	1	0	1	0	0	1
Wyoming	2	1	1	0	0	1
Virgin Islands	0	0	0	0	0	0
Puerto Rico	1	1	0	0	0	0

*Excludes conversions and corporate reorganizations.
†Includes 62 applications pending as of December 31, 1970.

TABLE 5

Applications for National bank charters to be issued pursuant to corporate reorganizations, and charters issued, by States, calendar 1971

	Received*	Approved	Rejected	Abandoned	Pending Dec. 31, 1971	Charters
United States	60	55	0	0	5	30
Alabama	4	0	0	0	4	0
Alaska	0	0	0	0	0	0
Arizona	0	0	0	0	0	0
Arkansas	0	0	0	0	0	0
California	2	2	0	0	0	0
Colorado	0	0	0	0	0	0
Connecticut	0	0	0	0	0	0
Delaware	0	0	0	0	0	0
District of Columbia	0	0	0	0	0	0
Florida	0	0	0	0	0	0
Georgia	0	0	0	0	0	0
Hawaii	0	0	0	0	0	0
Idaho	0	0	0	0	0	0
Illinois	0	0	0	0	0	0
Indiana	1	1	0	0	0	1
Iowa	0	0	0	0	0	0
Kansas	1	1	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	3	3	0	0	0	0
Minnesota	0	0	0	0	0	0
Mississippi	0	0	0	0	0	0
Missouri	1	1	0	0	0	4
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	9	9	0	0	0	5
New Mexico	0	0	0	0	0	0
New York	9	9	0	0	0	3
North Carolina	0	0	0	0	0	0
North Dakota	0	0	0	0	0	0
Ohio	4	3	0	0	1	4
Oklahoma	0	0	0	0	0	1
Oregon	1	1	0	0	0	0
Pennsylvania	2	2	0	0	0	0
Rhode Island	0	0	0	0	0	0
South Carolina	1	1	0	0	0	0
South Dakota	0	0	0	0	0	0
Tennessee	3	3	0	0	0	2
Texas	13	13	0	0	0	6
Utah	1	1	0	0	0	0
Vermont	0	0	0	0	0	0
Virginia	4	4	0	0	0	4
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
Virgin Islands	0	0	0	0	0	0
Puerto Rico	0	0	0	0	0	0

*Includes one application pending as of December 31, 1970.

TABLE 6

Applications for conversion to National bank charters, and charters issued, by States, calendar 1971

	Received*	Approved	Rejected	Abandoned	Pending Dec. 31, 1971	Chartered
United States	16	10	3	1	2	21
Alabama	0	0	0	0	0	0
Alaska	0	0	0	0	0	0
Arizona	0	0	0	0	0	0
Arkansas	0	0	0	0	0	0
California	0	0	0	0	0	0
Colorado	0	0	0	0	0	1
Connecticut	0	0	0	0	0	0
Delaware	0	0	0	0	0	0
District of Columbia	0	0	0	0	0	0
Florida	0	0	0	0	0	0
Georgia	0	0	0	0	0	0
Hawaii	0	0	0	0	0	0
Idaho	0	0	0	0	0	0
Illinois	0	0	0	0	0	2
Indiana	1	0	0	1	0	0
Iowa	0	0	0	0	0	0
Kansas	0	0	0	0	0	0
Kentucky	0	0	0	0	0	0
Louisiana	0	0	0	0	0	0
Maine	0	0	0	0	0	0
Maryland	0	0	0	0	0	1
Massachusetts	0	0	0	0	0	0
Michigan	1	1	0	0	0	0
Minnesota	0	0	0	0	0	1
Mississippi	0	0	0	0	0	2
Missouri	2	1	1	0	0	0
Montana	6	3	2	0	1	0
Nebraska	0	0	0	0	0	0
Nevada	0	0	0	0	0	0
New Hampshire	0	0	0	0	0	0
New Jersey	0	0	0	0	0	0
New Mexico	0	0	0	0	0	0
New York	0	0	0	0	0	1
North Carolina	0	0	0	0	0	0
North Dakota	0	0	0	0	0	0
Ohio	1	1	0	0	0	0
Oklahoma	0	0	0	0	0	6
Oregon	0	0	0	0	0	0
Pennsylvania	0	0	0	0	0	2
Rhode Island	0	0	0	0	0	0
South Carolina	1	1	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	4
Utah	0	0	0	0	0	0
Vermont	0	0	0	0	0	0
Virginia	0	0	0	0	0	1
Washington	1	1	0	0	0	0
West Virginia	2	2	0	0	0	0
Wisconsin	1	0	0	0	1	0
Wyoming	0	0	0	0	0	0
Virgin Islands	0	0	0	0	0	0

*Includes three applications pending as December 31, 1971.

TABLE 7

Branches of National banks, by States, calendar 1971

	Branches in operation Dec. 31, 1970	De novo branches open for business Jan. 1 to Dec. 31, 1971	Branches acquired through merger or conversion Jan. 1 to Dec. 31, 1971	Existing branches discontinued or consolidated Jan. 1 to Dec. 31, 1971	Branches in operation Dec. 31, 1971
United States	12,368r	731	97	90	13,106
Alabama	189	19	4	3	209
Alaska	50	3	0	0	53
Arizona	215	10	0	0	225
Arkansas	82	6	0	1	87
California	2,370	102	10	9	2,473
Colorado	9	4	0	0	13
Connecticut	221	15	16	2	250
Delaware	4	0	0	0	4
District of Columbia	66	5	0	0	71
Florida	0	0	0	0	0
Georgia	165	50	6	0	221
Hawaii	9	0	0	0	9
Idaho	108	5	0	0	113
Illinois	54	12	1	1	66
Indiana	339	22	0	2	359
Iowa	54	8	0	0	62
Kansas	32	1	0	0	33
Kentucky	141	9	0	0	150
Louisiana	181	4	0	0	185
Maine	101	7	0	1	107
Maryland	253	18	2	5	268
Massachusetts	428	17	1	5	441
Michigan	560	24	1	4	581
Minnesota	6	1	0	0	7
Mississippi	142	6	0	3	145
Missouri	23	3	0	2	24
Montana	1	2	0	0	3
Nebraska	25	2	0	1	26
Nevada	60	4	0	0	64
New Hampshire	51	2	1	0	54
New Jersey	682	53	10	4	741
New Mexico	73	6	0	0	79
New York	1,261	74	7	5	1,337
North Carolina	551r	51	7	3	606
North Dakota	10	0	0	0	10
Ohio	742	28	3	1	772
Oklahoma	35	7	0	0	42
Oregon	249	11	0	1	259
Pennsylvania	1,050	44	10	17	1,087
Rhode Island	92	5	0	1	96
South Carolina	240	13	5	7	251
South Dakota	58	1	4	0	63
Tennessee	276	18	0	2	292
Texas	0	0	0	0	0
Utah	74	2	0	1	75
Vermont	49	0	1	0	50
Virginia	475	34	4	7	506
Washington	440	19	3	2	460
West Virginia	0	0	0	0	0
Wisconsin	65	3	1	0	69
Wyoming	0	0	0	0	0
Virgin Islands	7	1	0	0	8
District of Columbia—all*	101	5	0	0	106

r Revised.

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

Table 8

De novo branch applications of National banks, by States, calendar 1971

	*Received**	*Approved*	*Rejected*	*Abandoned*	*Pending Dec. 31, 1971*
United States	1, 157	786	104	27	240
Alabama	30	18	2	0	10
Alaska	4	3	0	0	1
Arizona	18	16	1	0	1
Arkansas	7	6	0	0	1
California	144	95	30	4	15
Colorado	0	0	0	0	0
Connecticut	10	7	0	1	2
Delaware	0	0	0	0	0
District of Columbia	14	12	0	1	1
Florida	0	0	0	0	0
Georgia	75	62	0	0	13
Hawaii	0	0	0	0	0
Idaho	5	3	1	0	1
Illinois	20	16	0	0	4
Indiana	35	20	4	0	11
Iowa	4	3	1	0	0
Kansas	2	2	0	0	0
Kentucky	16	11	0	1	4
Louisiana	13	12	0	1	0
Maine	11	8	1	0	2
Maryland	29	12	3	4	10
Massachusetts	24	18	1	0	5
Michigan	72	28	12	3	29
Minnesota	2	1	0	0	1
Mississippi	12	9	1	0	2
Missouri	13	12	0	0	1
Montana	0	0	0	0	0
Nebraska	1	1	0	0	0
Nevada	2	2	0	0	0
New Hampshire	9	5	0	0	4
New Jersey	65	40	12	4	9
New Mexico	12	9	0	0	3
New York	127	84	10	5	28
North Carolina	62	49	0	0	13
North Dakota	2	1	0	0	1
Ohio	51	35	2	0	14
Oklahoma	7	7	0	0	0
Oregon	17	11	1	0	5
Pennsylvania	82	58	5	0	19
Rhode Island	4	4	0	0	0
South Carolina	20	12	3	0	5
South Dakota	1	1	0	0	0
Tennessee	31	25	3	0	3
Texas	0	0	0	0	0
Utah	7	3	1	1	2
Vermont	7	4	0	0	3
Virginia	69	45	7	2	15
Washington	14	11	3	0	0
West Virginia	0	0	0	0	0
Wisconsin	6	4	0	0	2
Wyoming	0	0	0	0	0
Virgin Islands	1	1	0	0	0
District of Columbia—all†	17	15	0	1	1

*Includes 268 applications pending as of December 31, 1970.
†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 1971

Population of cities	*Branches*	*Total resources of banks* [millions of dollars]	*Branches*
Less than 5,000	140	Less than 10.0	44
5,000 to 24,999	277	10.0 to 24.9	133
25,000 to 49,999	100	25.0 to 49.9	69
50,000 to 99,999	58	50.0 to 99.9	61
100,000 to 249,999	53	100.0 to 999.9	233
250,000 to 499,999	40	Over 1,000.0	191
500,000 to 1,000,000	32	Total	731
Over 1,000,000	31		
Total	731		

Table 10

Mergers, calendar 1971*

	Transactions involving two or more operating banks	*Other, pursuant to corporate reorganization*
Applications carried over from 1970	12	5
Applications received 1971	59	46
Disposition of applications 1971:		
Approved	56	32
Withdrawn	3	0
Applications pending December 1971	12	19
Transactions completed 1971:		
Mergers	38	29
Consolidations	7	0
Purchase of assets	10	0
Total completed	55	29

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

IV. *Bank Examinations and Related Activities*

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

For the year ended December 31, 1971, the Office examined 6,587 banks, 22,889 branches, 522 facilities, 411 affiliates, 2,019 trust departments, and conducted 438 visitations and special examinations. In addition, the Office received 182 applications to establish new banks. That included 59 corporate reorganizations. The Office also received 889 applications to establish *de novo* branches and 10 applications to convert State banks to National banking associations.

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

Most of our training is directed toward the newly-appointed Assistant National Bank Examiner, the newly-commissioned National Bank Examiner, and to those commercial examiners who participate in the examination of EDP departments. An increasing amount of instruction is also being afforded to those examiners who participate in the examination of foreign branches and affiliates of National banks.

A self-instructional program intended to acquaint the new assistant examiner with the structure and responsibilities of the three federal banking supervisory agencies, the operation of the country's banking industry, and the more basic examining functions was established during 1970. All new assistant examiners must complete that program. After approximately 6 months, and at the option of Regional Administrators, assistant examiners are assigned to attend Assistant National Bank Examiner Schools. Training is given in the reconcilment of correspondent bank accounts, internal controls and audit procedures, accrual accounting, proper documentation of loans, investments, and other areas of the banking process. Instructors are generally experienced assistant and commissioned examiners. College and university professors or bank economists lecture on subjects such as monetary and fiscal policy and bank competition.

National Bank Examiner Schools for the benefit of all newly-commissioned National Bank Examiners are conducted on a semi-annual basis at the University of Nebraska, Lincoln. Those 2-week seminars are very important to the development of our examining personnel. The curriculum includes an in-depth study of all types of loans, investment securities, bank borrowings, fixed assets, capital adequacy, earnings, management capabilities, and the examiner's responsibilities relative to branch, charter, and merger investigations. Lectures are also presented on trust and international examining, as well as enforcement responsibilities pertaining to the various types of consumer legislation.

During 1971, the Office conducted 5-day seminars in each of our 14 regions about the use of EDP techniques in bank examinations. Instruction covers the capabilities and the limitations of EDP systems in commercial banks. Approximately 350 examiners attended; the program will continue until all examining personnel receive that necessary training. In addition, examiners from each region have been selected for specialized instruction in Advanced Electronic Data Processing. Those examiners generally work independently of the commercial or trust examiner, and prepare the EDP Report of Examination, copies of which are sent to the banks examined.

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

V. *Litigation*

New litigation challenging administrative actions or rulings of the Comptroller of the Currency continued at a brisk pace through 1971. Nineteen new cases were filed during 1971; 28 cases were pending on January 1, 1971; 21 cases were terminated during the year; and 26 cases were pending at the end of the year.

The Comptroller's ruling was overturned by the courts in only 2 of the 21 cases terminated. The more significant cases involve the following subjects:

A. Administrative Enforcement Authority

In the first case of its kind, a plaintiff has sought to enjoin the Comptroller from enforcing provisions of the Financial Institutions Supervisory Act of 1966 which permit the summary suspension of persons indicted and convicted of certain felonies from participating in the affairs of the association. *Manges* v. *Camp,* W.D. Texas, Civil No. SA71–CA–362. Plaintiff in the *Manges* case has asked that a 3-judge federal court be convened to declare that the provision of the Supervisory Act which permitted the Comptroller to exercise summary suspension authority, 12 U.S.C. § 1818(g) (1), is unconstitutional as an *ex post facto* law, bill of attainder, unconstitutional delegation of legislative power, and denial of due process. No proceedings had taken place in the case at year-end 1971, other than the filing of the complaint. In a similar case, involving the Federal Savings and Loan Insurance Corporation, a 3-judge federal court in Philadelphia determined, in 1970, that a challenge to the summary suspension authority exercised by a bank regulatory agency under the Supervisory Act could be raised only by way of defense to a criminal prosecution for failure to abide by the agency order. *Hykel* v. *FSLIC,* 317 F. Supp. 332 (E.D. Pa. 1970).

B. Incidental Powers Cases

Two cases that allege that the data processing activities of particular National banks exceeded the authority contained in the incidental powers clause of the National Bank Act, 12 U.S.C. § 24 (Seventh), were voluntarily dismissed by the plaintiffs in the district courts after the Supreme Court had held that plaintiffs had standing to bring the actions. *ADAPSO* v. *Camp,* Civil No. C–67–165, D. Minn.; *The Wingate Corp.* v. *Industrial National Bank of Rhode Island,* Civil No. 3847, D. R.I. In a third lawsuit, challenging the incidental power of a National bank to operate a travel agency, the District Court had, at year-end 1971, taken the case under advisement after argument on the merits. *Arnold Tours, Inc.* v. *Camp,* Civil No. 67–372–C, D. Mass.

C. Other Banking Powers

1. *Collective Investment Funds.*—In a precedent-making opinion which overruled a unanimous decision by the Court of Appeals for the District of Columbia, the Supreme Court ruled, during 1971, that the Glass-Steagall Act of 1933 prohibits the operation of a commingled managing agency account by First National City Bank, despite the fact that the commingled agency fund involved had received the specific approval of the Comptroller of the Currency, the SEC, and the Board of Governors of the Federal Reserve System. *ICI* v. *Camp,* 401 U.S. 617 (1971).

Writing for a divided Court, Mr. Justice Stewart ruled that the operation of a collective investment fund of the kind there approved by the regulatory agencies, that is, in direct competition with the mutual fund industry, involved a bank's issuing, underwriting, selling, and distributing securities, in violation of sections 16 and 21 of the Glass-Steagall Act. Justices Harlan and Blackmun dissented, with Mr. Justice Harlan expressing the view

> [T]here is, for me, an element of illogic in the ready admission by all concerned, on the one hand, that a National bank has the power to manage, by way of a common trust arrangement, those funds that it holds as fiduciary in the technical sense, and to administer separate agency accounts, and in the rejection, on the other hand, of the propriety of the bank's placing agency assets

into a mutual investment fund. The Court draws its decisional line between the two. I find it impossible to locate any statutory root for that line drawing. To use the Glass-Steagall Act as a tool for that distinction is, I think, a fundamental misconception of the statute.

Chief Justice Burger did not participate in the decision because he had ruled on the case while a member of the Court of Appeals.

2. *Interest Permissible to National Banks under 12 U.S.C. § 85.*—Two cases, commenced during 1969 by the State of Idaho, against two National banks headquartered in Boise, Idaho, were voluntarily dismissed by plaintiffs prior to trial. *State of Idaho* v. *First Security Bank, N.A. and Camp,* Civil No. 1–69–83 and *State of Idaho* v. *Idaho First National Bank and Camp,* Civil No. 1–69–101. The State of Idaho had alleged that the rates charged by the National banks on credit card transactions were usurious and in violation of 12 U.S.C. § 85, and that the Comptroller's ruling permitting the rates (12 C.F.R. § 7.7310) was erroneous. At the request of the Comptroller, the Department of Justice filed a brief *amicus curiae* in a case filed against a National bank in Michigan, also challenging the bank's reliance upon the Comptroller's Interpretive Ruling 7.7310, that a National bank may charge interest at the maximum rate permitted by State law to competing State-licensed institutions. *Northway Lanes* v. *Hackley Union National Bank,* Civil No. 6072, W.D. Mich. Agreeing with the Comptroller's interpretation of the interest rates allowed to be charged by National banks under 12 U.S.C. § 85, the district court filed an opinion during 1971 dismissing the action on the ground that National banks were permitted to exact the charges involved because competing institutions in Michigan—savings and loan associations—were authorized to do so. At year-end 1971, plaintiffs had appealed the lower court decision but the case had not yet been argued before the court of appeals.

D. New Banks

1. *Cases Brought by Competitors.* Two suits against the Comptroller's Office in which existing banks alleged that the Comptroller's chartering of new competing National banks was unlawful were pending at the end of 1971. *Somerset Trust Co.* v. *Camp,* Civil No. 659–70, D. N.J.; and *Pineland State Bank* v. *Camp,* Civil No. 613–71, D. N.J. Two additional cases resulted in final orders during the year upholding the Comptroller's decision. *Sterling National Bank of Davie* v. *Camp,* 431 F.2d 514 (5th Cir. 1970), *cert. denied,* 401 U.S. 925 (1971); *Humble State Bank* v. *Camp,* Civil No. 69–H–1209, S.D. Texas. In *Sterling,* the Supreme Court declined to review, and thus left standing, a Fifth Circuit decision which had held that the record developed by the Comptroller's Office in processing the application showed the Comptroller's decision to be rational and lawful and that the Comptroller's approval was not invalidated either (1) by his receipt of information from the applicant *ex parte,* or (2) by a lack of an opinion accompanying the Comptroller's determination. In both the *Somerset* and *Pineland* cases, the district court granted judgment for the Comptroller after rejecting contentions that New Jersey State law prohibited the chartering of new National banks under the circumstances there involved. The *Humble* case was voluntarily dismissed by plaintiffs after the district court had denied plaintiffs' request for a preliminary injunction and the new bank involved had been open and operating for a number of months.

2. *Cases brought by Applicants.*—At the end of 1971, two cases were pending by organizers of proposed National banks challenging the Comptroller's denial of their charter applications. *Pitts* v. *Camp,* 329 F. Supp. 1302 (D. S.C. 1971), *appeal pending; Meisel, et al.* v. *Camp,* Civil No. 71C 437(4), E.D. Mo. The *Pitts* case awaited appellate review after the district court had granted judgment for the Comptroller on the ground that his administrative record demonstrated that his denial of the charter application was rational and in accordance with law. The *Meisel* case was pending in the district court at year-end on the Comptroller's motion for summary judgment. The decision of a district court granting judgment for the Comptroller in a third case challenging the refusal of the Comptroller to charter a National bank become final during 1971 when plaintiffs did not appeal. *Klanke* v. *Camp,* 327 F. Supp. 592 (S.D. Texas 1971).

E. Main Office Relocations

1. *Cases Brought by Competitors.*—A decision granting judgment for the Comptroller in a lawsuit brought by a competitor to overturn the Comptroller's approval of the relocation of a National bank's main office became final during 1971. *Midland Bank & Trust Co.* v. *Camp and Hackensack Trust Co., N.A.* (D. N.J., Civil No. 1174–69). In the *Midland* case, plaintiffs asked the Third Circuit Court of Appeals to reverse the district court judgment and overturn the Comptroller's approval of a relocation of the main

office of a New Jersey National bank to a different town and a simultaneous relocation of an existing branch to the old main office site. However, the Court of Appeals rejected plaintiff's attempt at reversal in a summary order affirming the lower court judgment.

2. *Cases Brought by Applicants.*—A federal district court in Mississippi granted judgment for the Comptroller, during 1971, in a novel case wherein a rejected applicant sought to have the court compel the Comptroller to approve applicant's simultaneous applications to relocate its main office to another municipality and retain its former main office structure as a branch. *First National Bank of Southhaven* v. *Camp,* N.D. Miss., Civil No. DC 7074–K. On the basis of the record made before the Comptroller, the district court concluded that the Comptroller had a rational basis for disapproving the application although he had received recommendations of approval from each one of his reviewing subordinates. Plaintiffs have asked the Court of Appeals for the Fifth Circuit to reverse the district court judgment.

F. Branches

State banking supervisors brought, or participated in, a number of cases during 1971 challenging the Comptroller's interpretation of the branch location provisions of State statutes and the application of those provisions to National bank branching under 12 U.S.C. § 36(c). In each decided case, the courts held the Comptroller's interpretation of the statute in question to be both reasonable and correct. Thus, in *First National Bank of Fairbanks* v. *Camp,* 326 F. Supp. 541 (D. D.C. 1971), the plaintiff bank filed an affidavit executed by the State banking director and argued that the Comptroller must follow the "binding and conclusive" authority of both the Alaska statute and the interpretation of that statute by the banking director. The court granted judgment for the Comptroller, however, holding that the "interpretative declarations of the State banking director" are not "statute law" which the Comptroller is required to follow in considering National bank branch applications. At year-end 1971, plaintiffs had asked the Court of Appeals for the District of Columbia to reverse the district court decision.

Similarly, plaintiffs in *Commonwealth of Virginia ex rel State Corporation Commission* v. *Camp,* 333 F. Supp. 847 (E.D. Va. 1971), contended that the Comptroller was bound to follow the interpretation of the Virginia State banking authorities in construing the term "contiguous" as it was used in Virginia banking statutes which permit the establishment of branch banks in certain "contiguous" areas. The Comptroller had declined to follow the State banking supervisor's interpretation of the language in granting a branch for a Norfolk-headquartered National bank in Hampton, Va. After reviewing the Comptroller's administrative record and some additional evidence, the district court granted judgment for the Comptroller, holding that the Comptroller was not bound to follow an interpretation advanced by the Virginia State Corporation Commission and that the Comptroller's resolution of the issue was both reasonable and correct. At year-end 1971, plaintiffs had not appealed the lower court decision.

Two additional cases involving a challenge by State banking departments to the Comptroller's decision granting branch applications for National banks were pending before lower courts at year-end 1971. *First National Bank of Southaven* v. *Camp,* N.D. Miss., Civil No. 7145–K and *Jackson* v. *The First National Bank of Cartersville,* N.D. Ga., Civil No. 2375. In the *Southaven* case, the Mississippi banking supervisor intervened in a lawsuit against the Comptroller, asserting that the Comptroller's interpretation of Mississippi branching statutes to permit the establishment of a branch by a National bank in an unincorporated area within 100 miles of its main office but not in the same county or in a county adjacent to its home office county was improper. In the *Cartersville* case, the Comptroller intervened in a lawsuit brought initially by the supervisor against a National bank for which the Comptroller had approved a branch office. In each case, the actions were pending in the district courts at the end of the year on motions by the Comptroller for summary judgment.

In *First National Bank of Catawba County* v. *Camp,* 448 F.2d 637, the Court of Appeals for the Fourth Circuit upheld a district court judgment which had overturned the Comptroller's approval of a branch for a National bank in North Carolina, holding that he was bound to consider North Carolina's "needs and convenience" criteria in granting the National bank branch application involved. The court held, contrary to the Comptroller's contention, that under the circumstances of the case there was no conflict between the antitrust considerations of federal law and the "needs and convenience" requirements of State law.

Eleven additional cases, brought by competing banks in 1971, resulted in voluntary dismissals or in orders upholding the Comptroller's approval of challenged branch applications. *Citizens National Bank of Southern Maryland* v. *Camp,* D. Md., Civil No. 70–

1473–T; *Alaska State Bank* v. *Camp,* D. Alaska, Civil No. A 101 70; *Cottage Grove State Bank* v. *Camp,* W.D. Wisc., Civil No. 70–C–50; *First National Bank of Crown Point* v. *Camp,* N.D. Ind., Civil No. 70–H–147; *Citizens National Bank in Gastonia* v. *Wachovia Bank & Trust Co. and Camp,* 329 F. Supp. 585 (M.D. N.C. 1971); *Clermont National Bank* v. *Citizensbank, N.A. and Camp,* 329 F. Supp. 1331 (S.D. Ohio 1971); *Farmers National Bank of Annapolis, et al.* v. *Camp,* D. Md., Civil No. 71–70W; *First Citizens Bank & Trust Co.* v. *Camp and Southern National Bank of North Carolina,* 329 F. Supp. 186 (E.D. N.C. 1971); *Concord National Bank* v. *Camp,* M.D. N.C., Civil No. C–130–S–70; *The Northwestern Bank, et al.* v. *Camp, et al.,* W.D. N.C., Civil No. ST–635; and *American National Bank* v. *United Virginia/Seaboard National,* E.D. Va., Civil No. 436–70–N. In ruling for the Comptroller in each of those cases, the district courts rejected contentions (1) that the Comptroller was required to issue opinions or make findings in acting upon applications, (2) that the Comptroller's administrative procedures were unfair, (3) that the Comptroller incorrectly construed applicable statutes, and (4) that the Comptroller's decision on the basis of the facts before him was arbitrary and capricious.

At year-end 1971, plaintiffs had appealed the *Annapolis, Citizens National, Alaska State,* and *Crown Point* cases.

G. Merger Cases

In 1971, the Comptroller was a party to four merger cases. One case has been tried and is under submission, while in another the court has denied motions for summary judgment filed by all parties. In the other two cases, pre-trial discovery is underway with no trial dates set.

In *United States* v. *United Virginia Bankshares, Inc., and Manassas Bank, N.A. and Camp,* Civil No. 85–70–A, E.D. Va., the Court granted the Comptroller's motion to lift the statutory stay provided by 12 U.S.C. § 1849(b), rejecting the plaintiff's argument that it was precluded by the Supreme Court decision in *United States* v. *First City National Bank, et al.,* 386 U.S. 361 (1967). That case has now been tried on the merits and is awaiting decision.

In *United States* v. *County National Bank of Bennington, et al.,* Civil No. 6088, D. Vt., the Comptroller and the defendant banks moved for summary judgment on the grounds that the Bennington area (the geographical area designated by the plaintiff as that within which the competitive effects of the merger should be judged) was not, as a matter of law, economically, demographically, or geographically of sufficient size to constitute a "section of the country" within the meaning of § 7 of the Clayton Act. The plaintiff filed a cross-motion for summary judgment claiming that the Bennington area was a "section of the country" for that purpose. The Court, however, denied all motions for summary judgment on the grounds that there were unresolved issues of material fact (330 F. Supp. 155). Since that decision, all parties have stipulated to substantially all of the facts in the case and have jointly petitioned the court for a rehearing and reconsideration of cross-motions for summary judgment to determine this legal question.

On August 23, 1971, the Department of Justice filed suit to block the consolidation of The Connecticut National Bank, Bridgeport, Conn., and The First New Haven National Bank, New Haven, Conn., alleging that the consolidation would eliminate actual and potential competition between the consolidating parties in violation of § 7 of the Clayton Act. *United States* v. *The Connecticut National Bank and The First New Haven National Bank, et al.,* Civil No. 14583, D. Conn. Discovery is in progress, and no trial date has been set.

On October 22, 1971, the Department of Justice filed suit to block the merger of Washington Trust Bank, Spokane, Wash., into the National Bank of Commerce and its parent holding company, the Marine Bancorporation, both of Seattle, Wash. The suit alleges that actual and potential competition between the two banks will be eliminated by the merger, in violation of § 7 of the Clayton Act. The complaint alleges that the merger would eliminate the National Bank of Commerce as a potentially substantial competitor in the Spokane Metropolitan Area, and would eliminate the Washington Trust Bank as a potentially substantial competitior in that part of Spokane County outside of the Spokane Metropolitan Area and in unspecified banking markets in other parts of eastern Washington. The suit further alleges that the merger would reduce competition by eliminating the Washington Trust Bank as a potential member of a new banking organization capable of entering other unspecified markets throughout the State, and would eliminate actual and potential competition between the two merging banks in supplying correspondent banking services in eastern Washington. *United States* v. *Marine Bancorporation, The National Bank of Commerce of Seattle, and Washington Trust Bank, et al.,* Civil No. 237–71C2, W.D. Wash. Pre-trial discovery is underway, and no trial date has been set.

VI. *Fiduciary Activities of National Banks*

During 1971, 32 applications for permits to act in fiduciary capacities were received, and 19 were approved. In addition, 3 State banks with trust departments converted to National banks. On the other hand, during the year, several units were merged or consolidated into others. As a result, at the end of 1971, 1,943 National banks had fiduciary powers, the same number as at the end of the preceding year. Even so, the number of accounts and total assets subject to the supervision of this Office continued to grow. (See Appendix Table B–41.)

Several new challenges in trust department supervision were isolated, and steps initiated to meet them. Early in the year, representatives of the three banking agencies were invited to meet with officials of the Securities and Exchange Commission to discuss problems relating to the performance of stock transfer activities by banks. At the request of the Commission, representatives of the banking agencies took steps to develop a system for reporting stock transfer delays by banks, to be used, by the banking agencies, as a means of supervision and, by the Commission, as a source of statistics. However, the Commission later indicated that it would prefer to have supervisory authority over banks in that area. Due to the improvement in performance of bank transfer agent activity, the reporting system was not instituted. In the event that serious delays again began to occur on effecting transfers by National banks, such a system may be instituted, with the management of any bank experiencing a significant delay being required, periodically, to advise this Office of the extent of the delay, and the steps being taken to correct it.

Continued attention was given to National banks' choice of brokerage houses for trust department purchases and sales of securities. It appears to this Office, based upon the reports of examination of trust departments, that the choice of brokers by National banks, in accounts where that choice is the responsibility of the bank, is, almost without exception, made for considerations of best execution of orders and such considerations solely concerned with the best interests of the accounts.

In September, proposed changes in Regulation 9 were published in the *Federal Register*. The purpose of those proposals was threefold, (1) to eliminate National banks' authority to establish common trust funds for agency accounts, (2) to incorporate expressly into the Regulation previous interpretations of its present language, and (3) to modify the rules concerning the publication of reports and information concerning collective investment funds. Numerous comments had been received from interested parties by year-end, and it was hoped that the revisions would be made effective by early in 1972.

During the year, the Supreme Court, in the case of *Investment Company Institute* v. *Camp*, decided that the Commingled Investment Account, established by the First National City Bank of New York, with the approval of this Office, contravened the Banking Act of 1933. Accordingly, the account was liquidated. The decision did not, in our opinion, compel an amendment of Regulation 9; however, it did furnish the Office with an occasion to amend it, by removing the authority to invest managing agency accounts collectively. The common trust fund authorized by that section of the Regulation was, in the opinion of the SEC, a non-conforming investment company; in addition, few banks had expressed any interest in establishing such a fund. For those reasons it was proposed to delete the authority. However, it remains the opinion of this Office that it is in the public interest for banks to be able to make their investment expertise available to persons of modest means, and it is hoped that legislation will be enacted to that end.

Training trust examiners continued to receive a high priority. During the year, seven men were promoted to the rank of Representative-in-Trusts, and six to the intermediate position of Associate. This Office noted a fall-off in resignations, so, a school for new Assistants in Trusts was not deemed necessary; however, one is planned for the latter half of 1972. In addition, because of the pending changes in Regulation 9, the conference for Representatives-in-Trusts that would have been held in 1971 was delayed until the first part of 1972.

VII. *International Banking and Finance*

The growth of the international activities of National banks slowed in 1971, evidencing the caution born of the nearly constant monetary uncertainties which plagued the world's financial markets. That conservative approach enabled National banks to avoid any unusual losses due to the rapid and often unpredictable variations in exchange and interest rates.

National banks continued to expand their overseas branch networks although not at the rate experienced in recent years. Seventeen banks opened 47 foreign branches (nine opened their first foreign branches) while 16 branches were closed or converted to subsidiary banking operations, resulting in a net increase of 31 foreign branches. That compares to an average net annual increase of 73 foreign branches during the preceding 3 years. The greatest activity continued to be in Nassau, Bahamas, where nine new branches were opened, compared to 23 the year before. A total of 54 National banks now operate Nassau branches. The greatest concentration of assets continued to be in the United Kingdom, primarily in London, where 18 National banks have branches. Assets in the United Kingdom grew 25.4 percent during the year to $23.1 billion, 45.6 percent of all foreign branch assets. Significant growth also occurred in continental Europe where a 35.2 percent increase to $11.0 billion in assets was recorded. The percentage increases for 1970 were 31.2 percent and 70.2 percent respectively. At year-end, 68 National banks were operating 528 branches with total assets of $50.6 billion. In addition, 21 National banks had 32 approved, but unopened, foreign branches.

National banks also continued to expand through direct investments made by their Edge Act and agreement corporations. Some 35 National banks wholly-owned 54 Edge corporations and one agreement corporation with total assets as of December 31, 1971, of 4.1 billion, 73.9 percent of total assets of all such corporations. In addition, a number of National and other banks jointly own Edge corporations, and some National banks have access to Edge corporations owned by their parent bank holding companies. A significant development in recent years has been the establishment by major banks of additional Edge corporations in cities other than New York, principally in Miami, San Francisco, Chicago, and Houston.

Examinations of the international activities of National banks were conducted both in domestic offices and at overseas branches and regional offices. During the year, 45 men examined 202 branches of 16 banks in 27 countries. In addition to their regular examination duties, examiners often met with local banking authorities for mutually interesting and beneficial discussions. In one case, two examiners conducted a 1-day seminar in Djakarta on bank examination techniques and procedures which was attended by about 75 Indonesian examiners.

A number of foreign bankers and regulatory officials visited the International Division during the year. The visitors expressed interest in current banking trends, particularly holding companies, truth-in-lending legislation, and the attitudes of regulatory officials regarding those topics. The Division provided informal training for visiting foreign examiners in sessions lasting from 3 days to 2 weeks.

International examination techniques and procedures were improved through a major revision of the International Section of the *Comptroller's Handbook of Examination Procedure*. Five examiners received intensive training at the American Bankers Association's 2-week School for International Banking.

A major revision of the Comptroller's International Operations Regulation, 12 CFR 20, resulted in substantially reducing the reporting requirements of National banks pertaining to their international activities. Minor changes were also made in the form for the Foreign Branch Report of Condition, which foreign branches of National banks annually file with the Comptroller.

VIII. *Administrative and Management Developments*

During 1971, the Office of the Comptroller of the Currency continued to refine administrative procedures to meet the needs of regional and headquarters staffs.

The Fiscal Management Division experienced an eventful year owing to the general uncertainty of economic conditions. For several years, the Comptroller's Office has invested a great deal of time and effort in the development and improvement of a financial information system responsive to the needs of management. The economic uncertainties of the last 2 years demonstrate the merits of that investment. As with most businesses and other government agencies, the Comptroller's Office faced rapidly rising costs and a slower rate of income growth. Because of that, the Comptroller faced the possibility of increasing assessment rates and other fees or of initiating a cost control program. Although the application fee for charters, mergers, and consolidations was increased, emphasis was placed on cost control. The financial information system provided management with the data necessary to make decisions that resulted in the successful cost control program. (See Section IX.) That success can be measured by the fact that the rise in expenses was less than 1 percent greater than the increase in income.

A change in the method of investing assessment funds, in July 1971, generated an additional $62,000 in interest income for the year. Under the earlier method, interest income would have actually decreased. Since its inception, the Fiscal Management Division has followed a policy aimed at keeping funds fully invested in order to maximize interest income.

Effective January 1, 1971, a revision of relocation allowance regulations substantially increased allowances for real estate transactions, to more equitably compensate an employee required to relocate for the benefit of the Office. Most transfers during 1971 were in connection with the establishment of sub-regional offices; the cost of relocating employees is more than offset by savings in travel costs. Usually, those relocation costs are offset during the first year of establishment, and genuine savings accrue during later years.

Through a reorganization of the accounting branch, and further refinement and modification of operating procedures, the Fiscal Management Division was able to reduce its staff for the fourth consecutive year. The staff was reduced by three employees, resulting in recurring annual salary savings of $40,000. The overall staff reduction in 4 years, amounts to 13 employees, or a savings of annual salary costs in excess of $100,000.

The Personnel Management Division, in 1971, established a personnel management evaluation program to improve personnel management practices. Regular on-site reviews in the Washington headquarters and each regional office every 3 years were initiated.

The first in-house supervisory/managerial training courses were held in Washington in late 1971. The program was designed to help supervisors and managers update and reinforce their skills to better achieve Office objectives. In the course, discussion of personnel management and other internal administrative responsibilities was supplemented by a handbook for supervisors, developed within the Office and designed to give a broad view of the managerial responsibilities necessary for more effective utilization of human resources.

To improve communication with field offices about personnel matters, all formal issuances were systematically consolidated and were distributed to regional administrators. That has proved to be a ready reference for implementing personnel management programs.

During 1971, the Office continued to operate under personnel ceilings to facilitate minimum staffing for each organizational segment. In response to the President's recent economic program and the Office of Management and Budget's request to reduce the average grade by one-tenth of a grade before June 30, 1972, further restrictions were established in late 1971. Those measures increased the necessity for quality staffing and effective manpower utilization. Also, efforts were renewed to increase the number of financial interns in the cooperative work-study program. The program, designed to train and develop college students for future bank examiner positions, has proven an effective means of recruiting minority personnel.

Additional progress was realized in the Comptroller's equal employment opportunity program during 1971. The number of minority employees increased significantly. At year-end, there were over 150 minority group employees on the roles, and substantial achievements had been made in the advancement of minority individuals.

A guide for determining grade levels of National bank examiner positions was implemented in 1971. The guide includes descriptions of typical responsibilities of National bank examiners and provides for a better matching of skill levels with bank examination assignments, thus assuring more effective manpower utilization. Approximately 80 percent of our commissioned examining force is covered by the guide. A study was initiated which will result in descriptions of typical trust examiner positions.

During 1971, pilot staffing patterns were developed for several regional offices. Based upon systematic analysis of workload, manpower requirements and skill levels were projected for these regions. That will permit a more meaningful and systematic review by Regional Administrator as a basis for more effective manpower planning. It will also provide top management with comparative data of regional workload and manpower requirements necessary to meet statutory requirements.

During 1971, employees received $66,227 for their participation in the incentive awards program. Seventeen awards were granted for adopted suggestions and special achievements which resulted in $108,750 in tangible savings. High quality increases, in recognition of superior performance, were approved for 167 employees.

The overall thrust of the activities of the Administrative Services Division was toward maintaining a highly responsive and effective organization and monitoring the implementation of established administrative programs, policies, and procedures.

During 1971, regional offices in Boston and Denver were relocated, completing the planned relocation and upgrading of regional offices into modern facilities. Also, seven subregional offices were relocated, four were newly established, and three were closed.

A visitation program to regional offices was initiated to better acquaint regional personnel with records retention and disposition requirements and to encourage greater utilization of federal records centers for storage and safekeeping of records. A new personal property inventory and control system was implemented, based upon a new, standardized numbering system that greatly simplifies the physical inventory process and produces more accurate property records. A completely revised *Comptroller's Manual for National Banks* was published and distributed in 1971. A major revision of the *Comptroller's Handbook of Examination Procedures* is currently underway.

The function of controlling the issuance and distribution of publications was assumed by the Office of Administrative Assistant to the Comptroller. Also, significant changes occurred in the Comptroller's handling of information available to the public under the Securities and Exchange Commission Act of 1934. Henceforth, such information will be available at the Federal Deposit Insurance Corporation and in each of the Comptroller's regional offices. That change resulted in modifying administrative methods and procedures regarding receipt and distribution of documents, and maintenance of information files at FDIC. New procedures were devised and implemented with FDIC cooperation.

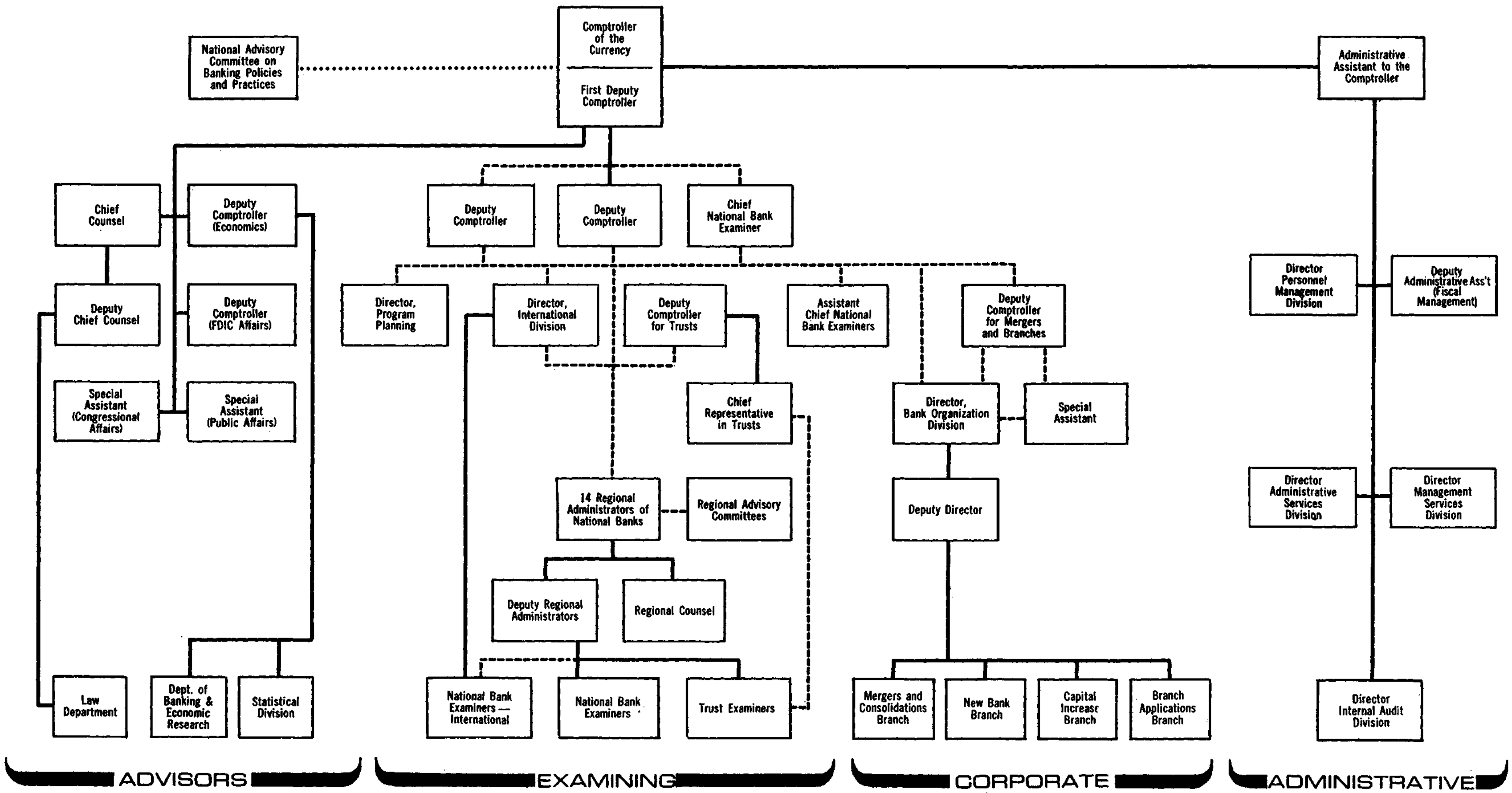
In addition to reviews made in the Washington offices, the Internal Audit Division made comprehensive reviews in three regional offices and two of the five computerized payroll centers. Of a total of 81 recommendations in audit reports, 59 were accepted.

Consistent with the Comptroller's request for operational efficiency with a minimum of positions, the Internal Audit Division has, in the last 3 years, reduced total salary costs by $17,000, despite several statutory pay increases and grade promotions. That was accomplished by successful recruitment of highly qualified personnel and a decrease in the work force, through attrition.

In 1971, the Management Services Division participated in the successful automation of foreign branches data. Both basic bank information and related reports of condition now are handled in a more efficient and accurate way. Other automated projects completed encompass such diverse areas as common trust fund survey data, bank liquidity data, and a structured file for all National banks.

The year's management improvement program yielded tangible savings in the amount of $184,525, along with several refined procedures in daily office operations.

OFFICE OF THE COMPTROLLER OF THE CURRENCY



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

During 1971, the Office of the Comptroller of the Currency continued the cost control program implemented during the last half of 1970 to combat rising expenses. That cost control program has been very effective, as detailed below, and has resulted in a net income for the year of $2,601,000, which is only $55,000 lower than the previous year. The net result is that increased costs have been kept in line with increased revenues.

Total income for the year was $40.6 million, an increase of 10.08 percent over 1970. That increase is principally due to the $3.1 million rise in assessment income, resulting from a $26.9 billion rise in National bank assets. National bank assets affecting 1971 assessment income rose 8.55 percent, compared to an increase of 5.88 percent the prior year.

Revenue from trust examinations for the year increased $208,000, to $2.2 million. One thousand six hundred and sixty-five examinations were made in 1971, compared to 1,590 in 1970. Branch investigations continued to show a high rate of activity, but income decreased by $25,000. Eight hundred and seventy-two branch applications were received in 1971, compared to 932 in 1970.

Income from new charter applications increased $221,000, while merger and consolidation fees increased by $93,000. Those increases were mainly due to higher application fees which became effective January 1, 1971. New charter income was also higher, because of a greater number of applications.

Interest on investments, while continuing to be a significant income factor, increased only $29,000, to a total of $1,866,000. That represents almost 72 percent of the excess of revenue over expenses for the year. The greatest single factor contributing to the significant drop in the year-to-year increase in interest income was the substantial decline in Treasury bill yields (prior to 1971, the growth in interest income exceeded 25 percent for three consecutive years).

All other income categories remained fairly constant with 1970 levels.

Total expenses amounted to $38 million, an increase of $3.8 million as compared to $34.2 million the previous year. That 11.03 percent increase, which is only 0.95 percent greater than the increase in revenue, represents a significant reversal of the trend in 1970, when the increase in expenses was 5.9 percent greater. The reduction in the year-to-year percentage increase for expenses is the result of management cost control actions instituted during the last half of 1970 to maintain a proper balance between income and expense.

Salaries, personnel benefits, and travel expenses amounted to $35.7 million, or 94.1 percent of the total expenses for the year. Those expenses amounted to $32.2 million in 1970. The 6 percent congressional pay raise, which became effective January 1971, was the principal reason for the rise in that category of expenses. Travel expenses increased by only $221,000, which is the smallest annual increase in several years.

The remaining expenses totaled $2.2 million, an increase of $236,000, which represented higher costs for printing and communications. Those expenses also included a contribution of $122,000 to provide financial assistance to the Presidential Commission on Financial Structure and Regulations.

The equity account is in reality a reserve for contingencies. Transfers of $2.6 million increased the equity to $22.5 million at year-end. That represents a 7-month reserve for operating expenses, based on the level of expenses over the last 6 months of 1971.

Table 11

OFFICE OF THE COMPTROLLER OF THE CURRENCY

BALANCE SHEET

Assets	December 31 1971	December 31 1970
Current assets:		
Cash	$264, 986	$67, 875
Obligations of U.S. Government, at cost adjusted for amortization of discount and premium (approximates market value)	6, 737, 958	7, 243, 415
Accrued interest on investments	516, 399	455, 070
Accounts receivable	169, 056	280, 439
Travel advances	406, 105	408, 152
Prepaid expenses and other assets	82, 655	70, 036
Total current assets	8, 177, 159	8, 524, 987
Long-term obligations of U.S. Government, at cost adjusted for amortization of discount and premium (approximates market value)	20, 742, 646	17, 284, 418
Fixed assets, at cost:		
Furniture and fixtures	863, 620	872, 788
Office machinery and equipment	424, 288	398, 784
	1, 287, 908	1, 271, 572
Less accumulated depreciation	671, 564	581, 368
	616, 344	690, 204
Total assets	$29, 536, 149	$26, 499, 609
Liabilities and Comptroller's Equity		
Current liabilities:		
Accounts payable and other accruals	$178, 452	$211, 623
Taxes and other payroll deductions	83, 279	71, 615
Accrued travel and salaries	1, 973, 677	1, 724, 656
Total current liabilities	2, 235, 408	2, 007, 894
Accumulated annual leave	2, 050, 012	1, 840, 243
Closed receivership funds (Note 2)	2, 705, 391	2, 706, 683
Total liabilities	6, 990, 811	6, 554, 820
Comptroller's equity (Note 3)	22, 545, 338	19, 944, 789
Total liabilities and Comptroller's equity	$29, 536, 149	$26, 499, 609

See Notes at end of Section.

TABLE 12

OFFICE OF THE COMPTROLLER OF THE CURRENCY

STATEMENTS OF REVENUE, EXPENSES, AND COMPTROLLER'S EQUITY

	Year ended December 31	
	1971	1970
Revenue (Note 1):		
Semi-annual assessments	$34, 439, 052	$31, 336, 670
Examinations and investigations	3, 356, 012	2, 927, 733
Investment income	1, 866, 431	1, 836, 908
Examination reports sold	517, 680	500, 520
Other	374, 741	238, 041
	40, 553, 916	36, 839, 872
Expenses:		
Salaries	27, 705, 837	24, 781, 477
Per diem	3, 862, 031	3, 604, 529
Retirement and other contributions (Note 3)	2, 336, 534	1, 949, 486
Travel	1, 832, 729	1, 868, 782
Rent and maintenance (Note 3)	495, 313	509, 129
Communications	408, 988	369, 040
Printing, reproduction and subscriptions	274, 440	194, 533
Employees education and training	233, 225	243, 631
Moving and shipping	139, 127	98, 136
Depreciation (straight-line method)	128, 722	125, 280
Office machine repairs and rentals	121, 807	96, 939
Supplies	92, 254	89, 347
Remodeling	42, 787	68, 963
Grant to Presidential Commission on Financial Structure and Regulation	122, 000	50, 000
Other	157, 573	134, 293
	37, 953, 367	34, 183, 565
Excess of revenue over expenses	2, 600, 549	2, 656, 307
Comptroller's equity at beginning of year	19, 944, 789	17, 288, 482
Comptroller's equity at end of year	$22, 545, 338	$19, 944, 789

See Notes at end of Section.

TABLE 13

OFFICE OF THE COMPTROLLER OF THE CURRENCY

STATEMENTS OF CHANGES IN FINANCIAL POSITION

	Year ended December 31	
	1971	1970
Financial resources were provided by:		
Excess of revenue over expenses	$2, 600, 549	$2, 656, 307
Add income charges not affecting working capital in the period:		
Additions to accumulated annual leave	347, 562	402, 145
Depreciation	128, 722	125, 280
Amortization of premium and discount on long-term U.S. Government obligations (net)	17, 923	....
Net loss on sales of fixed assets	12, 656	10, 148
Working capital provided by operations for the period	3, 107, 412	3, 193, 880
Long-term U.S. Government obligations:		
Redeemed	218, 881	....
Transferred to current assets		3, 470, 874
Proceeds received on sale of fixed assets	4, 737	17, 008
Total	3, 331, 030	6, 681, 762
Financial resources were used for:		
Purchase of long-term U.S. Government obligations	3, 695, 032	7, 640, 010
Payments of accrued annual leave	137, 793	138, 913
Purchase of furniture and fixtures	36, 048	106, 580
Purchase of office machinery and equipment	36, 207	48, 172
Payments of closed receivership funds (net)	1, 292	1, 704
Total	3, 906, 372	7, 935, 379
Decrease in working capital	($575, 342)	($1, 253, 617)

Analysis of Changes in Working Capital

	1971	1970
Increase (decrease) in current assets:		
Cash	$197, 111	($128, 665)
Obligations of U.S. Government	(505, 457)	(1, 175, 738)
Accrued interest	61, 329	133, 306
Accounts receivable	(111, 383)	203, 424
Travel advances	(2, 047)	32, 554
Prepaid expense and other assets	12, 619	16, 542
Total	(347, 828)	(918, 577)
(Increase) decrease in current liabilities:		
Accounts payable and other accruals	33, 171	(10, 236)
Taxes and other payroll deductions	(11, 664)	6, 524
Accrued travel and salaries	(249, 021)	(331, 328)
Total	(227, 514)	(335, 040)
Decrease in working capital	($575, 342)	($1, 253, 617)

See Notes at end of Section.

OPINION OF INDEPENDENT ACCOUNTANT

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

In our opinion, the accompanying balance sheets, the related statements of revenue, expenses and Comptroller's equity and the statements of changes in financial position present fairly the financial position of the Office of the Comptroller of the Currency at December 31, 1971 and 1970, the results of its operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, including confirmation of securities owned by correspondence with the depositary.

PRICE WATERHOUSE & CO.

WASHINGTON, D.C.
February 2, 1971.

NOTES TO FINANCIAL STATEMENTS

Note 1—Organization and Operations

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

Note 2—Closed Receivership Funds

This amount represents a liability for unclaimed depositors account balances, resulting principally from the failure and closing of certain National banks during the 1930's. At such time the assets of the banks were transferred to the custody of the Comptroller to be held in trust for their depositors. These funds have been invested in government securities pending claim by depositors.

Note 3—Commitments and Contingencies

Regional and sub-regional offices of the Comptroller of the Currency lease office space under agreements generally extending to 5 years. As of December 31, 1971, total lease commitments of these offices approximated $400,000 annually. At December 31, 1971, the Washington, D.C., office located in Federal Government facilities was occupied on a rent-free basis.

The Office of the Comptroller contributes to the Civil Service Retirement plan for the benefit of all of its eligible employees. The plan is participatory, with 7 percent of salary being contributed by each party.

Various banks in the District of Columbia have deposited securities with the Office of the Comptroller of the Currency as collateral for those banks entering into and administering trust activities. These securities are not assets of the Comptroller and accordingly are not included in the accompanying financial statements.

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APPENDIX A

Merger Decisions, 1971

Merger* Decisions, 1971

I. *Mergers consummated, involving two or more operating banks*

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

II. *Mergers consummated, pursuant to corporate reorganization, involving a single operating bank*

III. Additional approvals

I. Mergers consummated, involving two or more operating banks

NATIONAL BANK OF WESTCHESTER, WHITE PLAINS, N.Y., AND THE MILLERTON NATIONAL BANK, MILLERTON, N.Y.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Millerton National Bank, Millerton, N.Y. (2661), with	$7,442,172	1	
and National Bank of Westchester, White Plains, N.Y. (10525), which had	491,641,076	33	
merged Jan. 1, 1971, under charter and title of the latter bank (10525). The merged bank at date of merger had	499,083,248		34

COMPTROLLER'S DECISION

On August 20, 1970, the $456.2 million National Bank of Westchester, White Plains, N.Y., and the $7 million Millerton National Bank, Millerton, N.Y., applied to the Comptroller of the Currency to merge under the charter and with the title of the former.

The National Bank of Westchester was acquired by Lincoln First Banks, Inc., Rochester, N.Y., a registered bank holding company which ranks 11th in size in New York State. The applicant, the second largest bank in the Third Banking District of New York State, presently operates 33 banking offices and has total IPC deposits of $359.1 million.

The primary service area of the receiving bank is Westchester County and the Poughkeepsie section of Dutchess County. That area is continguous to, and directly north of, New York City, and supports a population of 977,400. The southern portion of the trade area is highly urbanized, and such commercial firms as IBM, General Foods, Pepsico, Continental Baking, Dictaphone, American Metal Climax, Reader's Digest, Reichhold Chemicals, Flintkote, United Nuclear, and General Precision Equipment have offices in the area. White Plains, N.Y., is the headquarters for the charter bank and is the county seat for Westchester County. It is located approximately 20 miles north of New York City, and has a population exceeding 55,000.

The Millerton National Bank, Millerton, N.Y., organized in 1882, is a single-unit institution recording IPC deposits of $5 million. It serves Millerton and nearby parts of Connecticut. Within that market area, the merging bank competes with nine commercial institutions and their branches, two savings banks, and one credit union.

Millerton, with a population of 1,500, is an agricultural village in the northeast corner of the Third Banking District, some 75 miles northeast of White Plains, N.Y. The economy of the Millerton area is diverse. The New York part engages in dairying and farming, and the Connecticut section is residential, with 800 or more residents employed by several large public and private schools.

The applicant banks are not competitive with each other. Their main offices are 68 miles apart, and the nearest office of the charter bank is 35 miles from Millerton. There is no common ownership or management, and the duplication of borrowers and depositors is insignificant. Potential for future competition between the applicants is nonexistent. Presently the receiving bank cannot branch into Millerton because New York banking law prevents a competing bank from branching *de novo* into a town or city where a main office of another bank is located. Likewise, the merging bank has shown no inclination for branching in the past, and the expense of branching in White Plains in the future would be prohibitive. Consummation of the merger will have a favorable effect on future competition in the Millerton area as it will open Millerton to *de novo* branching by eliminating the head office protection now in effect.

Approval of the merger will not adversely affect the competing commercial banks in Millerton or the Third Banking District. The nine Millerton area competitive banks presently have aggregate deposits of $970 million. That figure includes deposits of the $695 million National Commercial Bank & Trust Co., Albany, N.Y.; the $200 million Colonial Bank & Trust Co., Waterbury, Conn.; the $8 million Salisbury Bank & Trust Co., Lakeville, Conn.; and the $7 million Dover Plains National Bank, Dover Plains, N.Y. Millerton National Bank ranks fifth in size, with only $6.2 million of the $970 million in area aggregate deposits.

Considering all commercial institutions in the Third Banking District, the anticompetitive implications of this merger are nil. Total deposits in the district were $2.8 billion, as of December 31, 1969, and the applicant's direct competitors, who retain a majority of those deposits, include the $831 million County Trust Co., White Plains, N.Y., a member of the $2.7 billion Bank of New York Co., a registered bank holding company; the $284 million Empire National Bank, Middletown, N.Y.; and the $213 million Marine Midland Bank of Southeastern New York, N.A., Poughkeepsie, N.Y., a member of the $5.9 billion Marine Midland Banks, Inc., a registered bank holding company. In addition, New York City's largest banks provided intense competition through 47 branches that operate in the district. The resulting bank, with total deposits of $401 million, will continue to rank second among all commercial banks in the Third Banking District. Likewise, the parent holding company, Lincoln First Banks, Inc., will continue to rank 11th among the registered holding companies in New York State.

The proposed merger will provide improved and expanded service to Millerton area residents, including a greatly increased lending limit, customer electronic data processing, credit card services, and trust department facilities. This merger will also resolve the impending management succession problem that will surface in the near future when two senior members of the merging bank retire.

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

NOVEMBER 17, 1970.

SUMMARY OF REPORT BY ATTORNEY GENERAL

National Bank of Westchester's Poughkeepsie branch is 38 miles southwest of Millerton National Bank. Many banking alternatives intervene. Neither bank originates substantial loans in the service areas of the other. The amount of deposit overlap is nominal. It is unlikely that the proposed merger would eliminate any existing competition between the banks for deposits and loans.

New York banking law permits intradistrict *de novo* branching. The State's home office protection law precludes, however, a consideration of National Bank of Westchester as a potential *de novo* entrant into Millerton. While Lincoln First could enter Millerton by chartering a new bank, the size, location, and area economy of Millerton National Bank make the elimination of this possibility insubstantial in terms of the elimination of potential competition.

Although the proposed merger would add slightly to the position of one of upstate New York's more powerful banks, we do not believe that it would have a significantly adverse effect on potential competition.

* * *

FIRST NATIONAL BANK IN INDIANA, INDIANA, PA., AND KISKI VALLEY NATIONAL BANK, VANDERGRIFT, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Kiski Valley National Bank, Vandergrift, Pa. (14514), with	$11,885,422	1	
was purchased Jan. 4, 1971, by First National Bank in Indiana, Indiana, Pa. (14098), which had	36,619,361	7	
After the purchase was effected, the receiving bank had	48,504,783		8

COMPTROLLER'S DECISION

On June 12, 1970, the $34.6 million First National Bank in Indiana, Indiana, Pa., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of the $11.9 million Kiski Valley National Bank, Vandergrift, Pa.

The First National Bank in Indiana, Indiana County, Indiana, Pa., was chartered in 1934 as a National bank. It is the third largest bank in deposits in the county and, at the date of application, it had seven offices recording IPC deposits of $29.5 million. Six of its offices are located in Indiana County, its primary service area, and the seventh is situated in South Fork, Cambria County, contiguous to and east of Indiana County.

Indiana County, the principal service area of the applicant bank, is situated in west-central Pennsylvania, approximately 45 miles east of Pittsburgh. It supports a population of 78,428, and has a mixed economy depending principally on soft coal mining, higher education, farming, Christmas tree production, and some light industry. Recent construction of three large mine-mouth powerplants now provides some 3,300 mining jobs and 300 in-plant positions, with a total payroll of approximately $4 million annually. Indiana University of Pennsylvania, the largest State-owned institution, enrolls some 10,240 students, and expends $10.9 million yearly for its 600-member faculty and for construction. Farming, although following the national trend of decline, still is a major factor in the local economy, with approximately 1,500 farms in operation. Dairy products account for $6 million in revenue, and crops and corn account for $2 and $1.3 million, respectively. Christmas tree production is significant in that the county is the headquarters of the largest producer in the Eastern United States. It provides employment for about 300 and produces revenue of $2.2 million. Light industrial plants in the county employ in excess of 3,000 people and provide annual payrolls of approximately $30 million.

South Fork, Cambria County, is 36 miles east of Indiana and 64 miles east of Vandergrift. Its current population of 1,600 depends upon coal production in Johnstown, 9 miles south. The population in South Fork is static.

Kiski Valley National Bank is a single-unit institution with IPC deposits of $10.1 million. It is a community-oriented bank serving Vandergrift, Pa., and the surrounding mountainous area. The total trade area population of 11,500 is drawn from Vandergrift, Apollo, and three satellite towns.

Vandergrift is a town of 8,600 in the northern part of Westmoreland County, situated on the Kiskiminetas River. It is located 28 miles west of Indiana and 35 miles northeast of Pittsburgh. The economic posture of the trade area is industrial, with four employers accounting for 75 percent of area employment. Those four employ 2,500 people, and have payrolls totaling $22 million. It appears that the economic, housing, and population figures in Vandergrift will remain fairly stable in the next decade.

Competition between the participating banks is virtually nonexistent. Although each bank has a nominal number of borrowers and depositors from the other's service area, distance and terrain severely restrict competition. Vandergrift is 28 miles west of the purchasing bank's main office in Indiana, and 26 miles northwest of the purchasing bank's Blairsville branch. The topography is hilly, and the road system is not so developed as to make it advantageous for an inhabitant of Vandergrift to bank in Indiana, or vice versa.

The impact of the proposal on competitor banks should be to intensify rather than to stifle competition. Indiana County, which is the primary service area of the purchasing bank, supports nine banks with 20 banking offices. In that context, the purchasing bank ranks third in size and operates six of the offices. The selling bank is the smallest of three competing banks in the Vandergrift service area. The resulting bank will continue to rank third in size among the 12 competing banks in the combined service area. However, the proposed acquisition will permit the purchasing bank to improve its competitive posture toward Indiana County's largest commercial banks, the $58 million Savings & Trust Co. of Indiana and the $39.9 million First National Bank of Ebensburg, Ebensburg, Pa. It will also introduce a bank, into the Vandergrift-Apollo area, that can more readily compete with the present branch facility of Union National Bank of Pittsburgh, which has assets approaching $800 million. Competition in the area, provided by 11 competing commercial banks, two savings and loan associations, 11 discount company offices, and a building and loan association, all of which are competing for lending and deposit business, will remain keen.

The convenience and needs of the Vandergrift-Apollo area will be enhanced by approval of this application. The expanded deposit base of the resulting bank will enable it to improve and enlarge its banking activities to more fully meet the needs of the area it serves. Trust services, which are not presently offered, will become available. Charge card banking will be offered, and the purchasing bank will establish an on-site computer center. A passbook savings program offering the highest interest rates will be instituted to attract area savers. Management succession problems in the selling bank will be remedied upon conclusion of this acquisition.

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

DECEMBER 3, 1970.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The closest offices of the merging banks are approximately 26 miles apart, and are separated by rugged mountainous terrain. According to the application, neither bank draws significant deposit or loan business from the service area of the other. The proposed transaction is unlikely to have any adverse effect on existing competition.

Under Pennsylvania law, either bank could be permitted to open *de novo* branch offices in the markets served by the other. In view of its relative size, however, Kiski could not be considered one of the more significant potential entrants into Indiana County.

FNB is the third largest bank operating offices in Indiana County. It is not among the larger banks which could branch into the service area of Kiski, which include the largest banks in Pittsburgh, some 35 miles to the southwest. Competing banks in the Kiski service area include a branch of the Union National Bank of Pittsburgh, and one other locally-headquartered bank.

In view of these facts, and the relatively static nature of population and industry in Kiski's service area, we conclude that the proposed transaction would be unlikely to have a significantly adverse effect on potential competition.

* * *

American National Bank, Bakersfield, Calif., and Santa Ynez Valley Bank, Solvang, Calif.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Santa Ynez Valley Bank, Solvang, Calif., with	$11, 729, 006	2	
and American National Bank, Bakersfield, Calif. (15437), which had	38, 192, 537	7	
merged Jan. 11, 1971, under charter and title of the latter bank (15437). The merged bank at date of merger had	49, 814, 338		9

COMPTROLLER'S DECISION

On October 7, 1970, Santa Ynez Valley Bank, Solvang, Calif., and American National Bank, Bakersfield, Calif., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

American National Bank, with IPC deposits of $27 million, was organized in 1964 as Bakersfield National Bank. It assumed its present title in January 1970, and now maintains six branches, three in the Bakersfield area, and three in the Antelope Valley region of northern Los Angeles County.

Santa Ynez Valley Bank, with IPC deposits of $10 million, was organized in 1913. In 1964, it established its only branch at Buellton, 3 miles west of its head office in Solvang. The bank's principal competitor is a branch of the $5.7 billion Security Pacific National Bank, which is headquartered in Los Angeles.

American National Bank competes with 11 other banks, including the seven largest banks in the State, which have a total of 46 offices in its trade area. Bank of America National Trust & Savings Association maintains 12 offices, Security Pacific National Bank and Crocker-Citizens National Bank each have six offices, and United California Bank has four offices.

Consummation of the proposed merger will not reduce competition in the service areas of the two banks. The nearest offices of the charter and merging banks are located approximately 140 miles apart. Inasmuch as the service areas of the two banks do not overlap, the merger will not result in the loss of an alternate source of banking services. Rather, the merger will afford the merging bank greater depth of management and an increased lending limit. In addition, the charter bank will be able to compete more effectively with the large branch banking institutions now located in its region. Generally, it can be said that the competitive impact in the Bakersfield area will be negligible, and competition in Solvang will be enhanced.

It is concluded that the merger will have no adverse competitive effect and is in the public interest. The application is, therefore, approved.

December 9, 1970.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger would not appear to eliminate any substantial direct competition between the two banks. The banks' closest offices are approximately 80 miles apart.

Santa Ynez Bank held approximately 2 percent of total deposits in Santa Barbara County as of June 30, 1968, and was among the smallest of 10 banks operating in the county. Because of the small sizes of the merging banks, and the large number of other banks which must be considered to be more likely potential entrants, the proposed merger would not have an adverse effect upon potential competition.

* * *

THE NATIONAL STATE BANK, ELIZABETH, N.J., AND THE FIRST NATIONAL BANK OF MILFORD, MILFORD, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Milford, Milford, N.J. (8779), with	$33, 081, 666	4	
and The National State Bank, Elizabeth, N.J. (1436), which had	369, 181, 028	28	
merged Jan. 22, 1971, under charter and title of the latter bank (1436). The merged bank at date of merger had	402, 924, 643		32

COMPTROLLER'S DECISION

On August 14, 1970, The First National Bank of Milford, Milford, N.J., and The National State Bank, Elizabeth, N.J., filed an application with the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The National State Bank, with IPC deposits of $283 million, was established in 1812 as a State bank; in 1865, it converted to a National bank. It operates 25 offices in Union and Middlesex counties, and has one approved but unopened branch. The bank ranks second in size, with 7.9 percent of the total deposits of the 63 commercial banks in the Second Banking District of New Jersey.

The service area of The National State Bank consists of Union and Middlesex counties, which are located adjacent to the metropolitan New York area. Those counties, with a population of 1.1 million, are a mixture of highly industrialized communities, affluent residential areas, and agricultural areas; they have the advantage of being served by an excellent highway, railway, and waterway system. The area has enjoyed substantial economic growth which is expected to continue.

The bank faces intense competition from 32 commercial banks operating 157 offices in the service area. In addition to the New Jersey National Bank, Trenton, N.J., with deposits of $508 million, and the Union County Trust Co., Elizabeth, N.J., with deposits of $195 million, the large financial institutions in Newark, N.J., and New York City provide competition.

The First National Bank of Milford, with IPC deposits of $26 million, was established in 1907. It operates three offices in Hunterdon County, which is on the Pennsylvania border. The bank ranks 41st in size, with 0.7 percent of the total deposits of the 63 commercial banks in the Second Banking District of New Jersey. The bank's capital structure is inadequate, and its two top officers are planning to retire. That has created a management succession problem.

The service area of The First National Bank of Milford encompasses the major portion of Hunterdon County, which has an approximate population of 70,000, and the northwest section of Bucks County, Pa. This area is predominately rural. Hunterdon County is the second largest in area of the six counties in the Second Banking District of New Jersey, but is the smallest in population. The northeast section of Hunterdon County has started to grow industrially and residentially. That growth is expected to continue throughout the county.

The competition in the service area of the merging bank consists of eight commercial banks with 28 operating or approved offices, including the Girard Trust Co., Philadelphia, Pa., with $1.7 billion in deposits; the New Jersey National Bank, Trenton, N.J., with $508 million in deposits; and, the Hunterdon County National Bank of Flemington, Raritan, N.J., with $68 million in deposits.

Competition between the two subject banks is vertually nonexistent. Their closest offices are approximately 30 miles apart.

Consummation of the merger will not result in the elimination of any potential competition. The New Jersey Banking Act prohibits the establishment of branch offices in any municipality, with a population of less than 7,500, in which another bank has an office. Only one of the 26 municipalities in Hunterdon County has a population of more than 7,500, and it is already served by three banks. Only four of the other municipalities do not contain a banking office. The population of the largest of those is 2,211. It is clearly not economically feasible for The National State Bank to branch *de novo* into any of those four communities.

Competition in the Hunterdon County area will be increased by the introduction of a larger bank offering a greater variety of services.

Consummation of the merger will allow The First National Bank of Milford to solve its problems of inadequate capital and management succession. The resulting bank will have a lending limit greater than that of any bank in Hunterdon County. That will be especially important as the industrial growth of the area continues. The industrial lending expertise of The National State Bank will prove invaluable to a growing industrial base. The resulting bank will be able to offer services to the customers of The First National Bank of Milford that are not presently available. Those include computerized accounting and financial record-keeping, complete investment advisory service, complete trust services, and credit card services.

After consideration of all the facts of this case and of the statutory criteria, we find the proposed merger is in the public interest and the application is, therefore, approved.

DECEMBER 22, 1970.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The closest offices of National State and Milford Bank are about 30 miles apart, with many banks in the intervening area. Thus, it would not appear that the proposed transaction would eliminate any significant degree of competition which may presently exist between the merging banks.

Under New Jersey law, banks may branch within an entire banking district, except that there exists communitywide home office protection against *de novo* branching, and branch office protection in communities of less than 7,500 persons.

Since the passage of New Jersey's present branch banking statute, many of the State's larger (and some smaller) banks have expanded their service areas through *de novo* branching and through merger. Given this obvious trend, we think it important that the largest banks in the State enter new markets through *de novo* branching, or in the alternative through merger with smaller competitors in new markets, thereby avoiding concentration of the leading positions in an inordinate number of banking markets in a few very large institutions, and eliminating the benefit that potential competition from new competitors provides. Since National State is the second largest bank in the Second Banking District, it is clearly among the most significant potential entrants into areas of the district in which it does not now operate. As indicated above, Hunterdon County is such an area.

National State could legally branch *de novo* into the following communities in northwestern Hunterdon County: Alexandria Township (population 1,629); Bethlehem Township (population 1,090); Hampton Borough (population 1,135); and Union Township (population 1,717). Rates of growth in Hunterdon County are moderate, and the attractiveness of the area for new branches should increase.

The structure of commercial banking in Hunterdon County indicates that only its leading bank, The Hunterdon County National Bank of Flemington (39 percent of county deposits), could be considered a leading countywide competitor; its 10 offices are distributed throughout the county. The second leading bank in the county, The Flemington National Bank & Trust Co. (18 percent of county deposits), operates all four of its offices in the Flemington area, while Milford Bank and First Clinton National Bank (each holding about 15 percent of county deposits) operate their offices in the northwestern and north-central areas of the county. There are two other locally-headquartered banks in the county, substantially smaller than Milford Bank, and one office of the district's largest commercial bank in Lambertville.

* * *

FIRST NATIONAL BANK OF SOUTH CAROLINA, COLUMBIA, S.C., AND BANK OF CLINTON, CLINTON, S.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Clinton, Clinton, S.C., with	$4, 772, 357	1	
and First National Bank of South Carolina, Columbia, S.C. (13720), which had	280, 040, 808	44	
merged Jan. 29, 1971, under charter and title of the latter bank (13720). The merged bank at date of merger had	284, 908, 067		45

COMPTROLLER'S DECISION

On October 12, 1970, the Bank of Clinton, Clinton, S.C., and First National Bank of South Carolina, Columbia, S.C., filed an application with the Comptroller of the Currency to merge under the charter and title of the latter.

Bank of Clinton, with IPC deposits of $2.8 million, commenced operation in 1948 after acquiring the Commercial Depository, Clinton, S.C., which was established in 1934. The bank operates one office in Clinton, Laurens County. The merging bank's only banking competitor in the town of Clinton is M. S. Bailey & Sons, Bankers, which is more than four times as large as the bank.

Laurens County is located in the piedmont section of South Carolina. Manufacturing is the dominating economic factor in the county, accounting for 48 percent of all jobs. Because 62 percent of the manufacturing jobs are in the textile and apparel industry, the county has attempted, with some success, to diversify its economic base by attracting nontextile related industry. Several mobile home manufacturers have located in the county in the last few years. However, the area's economic future continues to depend on the stability of the textile industry.

While agriculture contributes modestly to the economic well being of the county, it appears to have reached its full potential. The output of farm products has remained relatively steady over the past decade.

The First National Bank of South Carolina was organized in 1933 under another name. Following a series of mergers and name changes, the bank adopted the present name in 1965. The bank, with IPC deposits of $165.6 million, operates 46 offices in 19 cities and towns throughout the State.

There is no competition between the subject banks. Although First National of South Carolina operates in 14 counties, it has no offices in Laurens County. The nearest offices of the subject banks are 33 miles apart, with several banks located between them.

The charter bank has been an aggressive *de novo* branching organization. Of its 46 offices, 20 were established in that manner. However, the economy of Laurens County will not, at this time or in the near future, support a *de novo* branch. Therefore, consummation of the merger will not eliminate any potential competition.

This merger will have its greatest impact in the Clinton area. It will allow the resulting bank to compete in this area with the full range of bank services not presently offered by the merging bank. Those include trust services, data processing services, investment counseling, and a bond department, among others. In addition, the larger loan limit of the acquiring bank will be of immeasurable help in assisting Laurens County in its drive to diversify its economy.

Applying the statutory criteria, we find the proposal is in the public interest. The application is, therefore, approved.

DECEMBER 29, 1970.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National operates no offices in Laurens County. It operates several offices in Greenville, Spartanburg, and Union, located in adjacent counties to the north. Its Union office is closest to Clinton, about 33 miles distant. Other banking offices intervene between Clinton and most of these First National offices. Thus, the merger would not appear to eliminate any significant direct competition between the two banks.

Clinton Bank is the second largest bank headquartered in Clinton, and the smallest of four banks headquartered in Laurens County, holding 19.0 percent of the total deposits held by the two Clinton banks, and 9.3 percent of total Laurens County deposits. First National could branch *de novo* into Laurens County and into Clinton, and thus compete with Clinton Bank. First National has established a total of 24 *de novo* branches since its inception, indicating a capability of further expansion by that method. Thus, the proposed merger would eliminate some potential competition.

* * *

NORTH CAROLINA NATIONAL BANK, CHARLOTTE, N.C., AND BANK OF WASHINGTON, WASHINGTON, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Washington, Washington, N.C., with	$24, 513, 422	3	
and North Carolina National Bank, Charlotte, N.C. (13761), which had	1, 422, 955, 180	102	
merged Jan. 29, 1971, under charter and title of the latter bank (13761). The merged bank at date of merger had	1, 438, 029, 155		105

COMPTROLLER'S DECISION

On September 17, 1970, the $1.1 billion North Carolina National Bank, Charlotte, N.C., and the $18.4 million Bank of Washington, Washington, N.C., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

The North Carolina National Bank, Charlotte, N.C., is a statewide institution operating 101 offices in 30 communities in North Carolina. The bank was formed in 1960 through the consolidation of American Commercial Bank of Charlotte, Charlotte, N.C., and the Security National Bank of Greensboro, Greensboro, N.C. During the decade of the 1960's, the bank expanded through a series of mergers and *de novo* branches, and presently is the second largest bank in the State, recording IPC deposits of $818.4 million.

The charter bank, although the second largest commercial bank in the State, is only the fifth largest with regard to the number of branch offices which it operates. Many of its offices are sizeable, and in the State's two largest cities, Charlotte and Greensboro, the charter bank is the leading bank. The bulk of the bank's business lies within the piedmont region of the State, wherein the major portion of the State's industry is situated. However, in the last 10 years, the charter bank has gained a competitive foothold in the mountain and coastal regions.

The Bank of Washington, the merging bank, was chartered in 1893 following reorganization of a financial institution that predated the Civil War. The merging bank presently maintains three offices in Washington, N.C., and holds aggregate IPC deposits of $15.4 million.

The service area of the Bank of Washington approximates the western and central portion of Beaufort County, which lies in the east-central portion of the coastal plain section of North Carolina. Washington, the county seat and only urban center in the county, serves as the trading center for the western and central portions of the county. The economy of the area is divided between manufacturing and farming. The principal farm products are tobacco, soybeans, corn, potatoes, and peanuts. Timber cutting and finishing also accounts for a significant source of employment in the area. Industrial employment in Beaufort County presently stands at approximately 3,900, due to such employers as Hamilton Beach, National Spinning Co., Samson's Manufacturing, Hackney Body Co., Singer Co., and Texas Gulf Sulphur.

The banking structure of Washington and the surrounding market area will not be adversely affected by the proposed merger. Two banks are situated in Washington, the merging bank and two branches of Wachovia Bank & Trust Co., N.A., the State's largest bank. First Citizens Bank & Trust Co., the State's fourth largest bank, has applied and received approval to branch *de novo* into Washington. The $40 million in deposits in Beaufort County are fairly evenly divided between the merging bank and Wachovia Bank & Trust, N.A. Approval of the proposed merger will bring the State's second largest bank into the Washington market area, benefiting area residents who will receive the bank's specialized banking services. Rather than eliminate an alternate banking choice for the public, the merger will merely replace the merging bank with the resulting bank. In addition to the aforementioned commercial institutions, there are two savings and loan associations in Washington, which have aggregate deposits of approximately $17 million, two finance companies, a Federal Land Bank office, and a Farmers Home Administration office.

Competition between the applicants is not significant. The head office of the North Carolina National Bank in Charlotte is 200 miles southwest of the Bank of Washington, and the nearest branch offices of the charter bank are located in Greenville, N.C., some 22 miles west of Washington. Moreover, the North Carolina National Bank competes directly in the Greenville market area with offices of Wachovia Bank & Trust Co., N.A., The Planters National Bank & Trust Co., and an office of the Bank of Winterville.

The resulting bank will introduce to the merging bank's customers automated bookkeeping services, home mortgage financing, dealer financing, and a greatly increased lending limit. Since the merging bank is weak in nonagrarian services, the applicant will strengthen that deficiency by offering such services as concentration accounts, lock-box services, master retirement plans for corporations and partnerships, commingled investment funds, automated payroll processing and withholding of taxes, and participation in commercial paper revolving accounts.

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

DECEMBER 17, 1970.

SUMMARY OF REPORT BY ATTORNEY GENERAL

NCNB's only offices in eastern North Carolina are in Greenville, Pitt County, 22 miles west of Washington, and in Tarboro, Edgecombe County, 36 miles northwest of Washington. The Greenville office is the result of the 1969 acquisition of State Bank & Trust

Co., which represented the first indication in recent years of NCNB's intention to move into the eastern portion of the State. The proposed merger is NCNB's second attempt at expansion in this area.

None of NCNB's offices draws as much as 1 percent of its business from Beaufort County. Washington Bank draws just over $500,000 in deposits from counties in which NCNB has branches. Thus, it appears that only a limited amount of existing competition will be eliminated by the proposed merger.

North Carolina law allows banks to branch throughout the State. Therefore, NCNB could establish *de novo* branches in Beaufort County. In addition, NCNB is the largest bank in the State which does not have offices in Beaufort County, and NCNB has indicated a desire to expand into eastern North Carolina, the only part of the State where it does not have a substantial number of offices. As the second largest bank in the State, with assets of $1.3 billion, NCNB clearly has the objective capability to open *de novo* branches in Beaufort County. In the last 3 years, NCNB has established 14 *de novo* branches throughout North Carolina.

Although there are a limited number of other banks which appear to have the capability to establish *de novo* branches in Beaufort County, NCNB must be considered one of the most likely potential entrants for at least two reasons. First, it is considerably larger than any other likely entrant. Secondly, because of its statewide distribution of offices, there are a limited number of areas in North Carolina which NCNB has not already entered. Any other likely entrants, in large part regional as opposed to statewide banks, have many more *de novo* branching possibilities than NCNB. The county's population has been relatively stable in recent years, and the State's fourth largest bank, First-Citizens, has recently received approval for a *de novo* branch in the county. These factors would tend to discourage less powerful banks than NCNB from establishing *de novo* offices in Beaufort County, especially considering the numerous alternatives available to the less widely spread banks. Therefore, while Beaufort County may not be as attractive to less widespread banks who may prefer to enter more rapidly growing areas, NCNB, with a much smaller number of alternatives, may find Beaufort County comparatively more attractive than other areas it has not yet entered.

Beaufort County does appear to hold some attraction for new bank entry. First-Citizens has recently received approval for a *de novo* branch in Washington. The deposits of Washington Bank increased by 33 percent during the 1967–69 period, even though it was directly competing with the State's largest bank. Thus, for large North Carolina banks, Beaufort County evidently holds some attraction.

In addition, this proposed merger is part of a trend toward concentration in North Carolina commercial banking. Over 65 percent of State deposits are held by the five largest banks, including NCNB. Particularly significant is the elimination of small- to medium-sized independent banks which, nonetheless, are among the leading competitors in their respective local markets, such as Washington Bank. It is one of only about 25 independent banks with deposits approaching $20 million or more which still exist in North Carolina. These banks represent very significant sources of future competition for the largest North Carolina banks in their respective local markets. Also, through affiliation with one another, such banks could potentially compete with the largest banks for the business of large commercial customers.

NCNB is clearly one of the most likely potential entrants into Beaufort County should that county sustain sufficient growth to support a new entrant in addition to First-Citizens. Because of this, the elimination of Washington Bank as an independent banking alternative, and the continuing trend toward concentration in commercial banking in North Carolina, we conclude that the proposed merger would have an adverse effect on potential competition.

* * *

The First National Bank of Maryland, Baltimore, Md., and Patapsco National Bank in Ellicott City, Ellicott City, Md.

Name of bank and type of transaction	*Total assets*	*Banking offices: In operation*	*Banking offices: To be operated*
Patapsco National Bank in Ellicott City, Ellicott City, Md. (13773), with........	$13, 739, 330	2	....
and The First National Bank of Maryland, Baltimore, Md. (1413), which had....	755, 156, 457	54	....
merged Jan. 29, 1971, under charter and title of the latter bank (1413). The merged bank at date of merger had..	766, 907, 838	....	56

COMPTROLLER'S DECISION

On October 28, 1970, Patapsco National Bank in Ellicott City, Ellicott City, Md., and The First National Bank of Maryland, Baltimore, Md., 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 First National Bank of Maryland, the charter bank, with IPC deposits of $482.4 million, was chartered in 1928. The charter bank operates 52 offices, of which 16 are in the city of Baltimore and 1 in Howard County in Columbia, which is located some 6 or 7 miles southwest of the merging bank's home office in Ellicott City. Its other offices are located in the Baltimore suburbs; the Maryland Eastern Shore; Hagerstown, in Washington County; Harford County; and Montgomery County.

Patapsco National Bank in Ellicott City, the merging bank, with IPC deposits of $9.4 million, was reorganized in 1933. It operates two banking offices with its only branch located at St. John's Lane on Route 40, 4 or 5 miles from Ellicott City proper.

Ellicott City, home of the merging bank, is an unincorporated community with a population of approximately 3,500, and a trade area of 20,000 persons. It is the county seat of Howard County and serves as a "bedroom" community to persons employed in the Baltimore area. Howard County, which is adjacent to Baltimore, is considered the merging bank's principal service area, and has a current population of 61,181. It is undergoing a transition from a predominantly rural economy based on agriculture and related services to one based on manufacturing and service industries. The new city of Columbia is located in the county about 6 miles southwest of Ellicott City.

Banking competition in the county consists of 10 banks, including the merging bank, which together have 13 offices.

The merger would serve the convenience and needs of the Howard County area by introducing, through present offices of the merging bank, the wide variety of complete banking services possessed by the much larger charter bank. Among those are complete services in commercial and retail banking, savings, safe deposit, trusts, and international activities. The charter bank is a member of Bank Americard, a nationwide credit card network which would also become available following the merger. Services through automation would be made available, as would services of trained management personnel. The larger lending limit which present offices of the merging bank would have would be helpful to assist in present and future development of the area. The merging bank has experienced difficulty attracting and retaining executive personnel, and that problem would be solved.

Competition will not be adversely affected. Although one existing office of the Baltimore-based charter bank operates in Howard County, competition between the two banks is thought to be insignificant. Although State law permits statewide branching, it is highly unlikely that the charter bank would establish a *de novo* branch in the merging bank's service area, because the area presently contains four offices of two local banks and the third largest bank in the State has received permission to establish a branch there. In addition, a medium-sized bank headquartered in Laurel has an application pending for a branch 2 miles south of Ellicott City. In Baltimore, combining the much smaller merging bank with the larger charter bank will have a *de minimus* effect on competition. In Howard County, the resulting bank would offer stronger competition to the large Baltimore-based banks and the several large statewide banks that have received approval to open offices in the county. Anticipated future economic growth in Howard County will require diversified banks with sufficient capital strength to meet these economic needs.

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

DECEMBER 28, 1970.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First of Maryland's closest offices to those of Patapsco are in Columbia and Catonsville, 6 and 8 miles away, respectively. The application indicates that the service area of Patapsco is so narrow in scope, and so heavily centered along Route 40, that little competition presently exists between the merging banks.

Although Maryland law permits *de novo* branching anywhere in the State, Patapsco is not among the more significant potential entrants into areas presently served by First of Maryland. While developing Columbia presents a naturally attractive market for expansion by established banks in nearby Howard County, several of the largest banks in the State have already secured approval of new branches therein.

First of Maryland, clearly a capable potential *de novo* entrant into any attractive market in the State, recently withdrew an application for a new branch near Patapsco's branch on Route 40, and has secured approval for a branch in Columbia. In view of its lack

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of growth, however, the immediate vicinity of Ellicott City does not appear to be an attractive branch site. As indicated above, Patapsco is also a relatively small bank, with a limited service area. Thus, any adverse effect of this merger on the potential for increased competition between the merging banks is most likely to be felt at some time in the future, when Columbia and metropolitan Baltimore become more closely integrated, making *de novo* branching in the intervening area more attractive.

* * *

GARDEN STATE NATIONAL BANK, HACKENSACK, N.J., AND NORTH JERSEY NATIONAL BANK, JERSEY CITY, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
North Jersey National Bank, Jersey City, N.J. (1182), with	$168, 845, 100	13	
and Garden State National Bank, Hackensack, N.J. (15570), which had	200, 380, 211	11	
consolidated Feb. 1, 1971, under charter and title of the latter bank (15570). The consolidating bank at date of consolidation had	369, 225, 311		24

COMPTROLLERS'S DECISION

On October 20, 1970, North Jersey National Bank, Jersey City, N.J., and Garden State National Bank, Hackensack, N.J., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Garden State National Bank, the charter bank, with IPC deposits of $147.6 million, was organized in 1889. This bank operates 14 branches in Bergen County and has three approved but unopened branches. In March 1969, the bank was acquired by Kinney National Services, Inc., a New York-based conglomerate.

Bergen County, N.J., in which Garden State National Bank is headquartered and operates all its branches, has an estimated population of 924,160. It reflects varied economic characteristics: residential; commercial; and industrial. The commercial and trade patterns of Bergen County are strongly oriented toward New York City and toward Paterson, Clifton, and Passaic, N.J., the major centers in eastern Passaic County. The substantial economic growth which Bergen County has experienced in the past 10 years is expected to continue.

As of December 31, 1969, Garden State National Bank ranked fourth in size and held $156 million, or 8.2 percent, of the aggregate $1.9 billion in deposits held in the 30 commercial banks headquartered in Bergen County. It ranked 13th in size and held 2.1 percent of total deposits of the 89 commercial banks with $7.4 billion in deposits located in the First Banking District of New Jersey. Competition includes the Peoples Trust of New Jersey, Hackensack, with $527 million in deposits; the First National Bank of Passaic County, Towota, with $374 million in deposits; the National Community Bank of Rutherford, Rutherford, with $332 million in deposits; the Citizens National Bank, Englewood, with $193 million in deposits; and the Citizens First National Bank, Ridgewood, with $130 million in deposits. Additional competition is provided by the large New York City commercial banks.

North Jersey National Bank, the consolidating bank, with IPC deposits of $136.2 million, was established in 1851. In addition to its head office, located in Jersey City, it operates 12 branches, all in Hudson County.

Hudson County, N.J., in which North Jersey National Bank is headquartered and has its 12 branches, has an estimated population of 609,340. Of that number, 270,700 are estimated to reside in Jersey City, where the charter bank operates its head office and four branches. Hudson County owes its existence as a major industrial area to its favorable location as a transportation terminus and transfer point for the movement of goods throughout the New York Metropolitan Area. In recent years, the economic growth of the area has experienced a declining trend and urban blight has affected the cities. Prospects for future growth are heavily dependent upon the successful initiation and completion of massive urban renewal programs.

As of December 31, 1969, North Jersey National Bank ranked fourth in size and held $147 million, or 12.8 percent, of the aggregate $1.1 billion in deposits held by the 10 commercial banks headquartered in Hudson County. It ranked 15th in size and held 2 percent of the total deposits of all commercial banks in the First Banking District. Competition includes the larger First National Bank, Jersey City; the Commercial Trust Co. of New Jersey, Jersey City; The First Trust Co. of New Jersey, Jersey City; and the smaller Hudson Trust Co., Union City. Additional competition is provided by the large New York City commercial banks.

The proposed consolidation would resolve a management succession problem presently experienced by the consolidating bank due to an inability to attract qualified officers. It would eliminate what has been called the marginally adequate capital base of the charter bank by providing it with the necessary funds to continue its expansion program in the First Banking District. The resulting bank would provide present and potential customers with improved and expanded services, such as a substantially larger lending limit, overdraft banking, customer electronic data processing facilities, investment advisory services, and higher interest rates on several kinds of savings plans.

Competition will not be adversely affected. Because the service areas of the two banks do not overlap, there is no present competition between them. In Hudson and Bergen counties, and in the First Banking District, the transaction will improve competition between the resulting institution and its larger New Jersey-based competitors. This is particularly true in view of the recent formation of four registered bank holding companies involving some of the State's largest banks, and the concomitant changing nature of competition which that portends. Smaller banks will be largely unaffected. The resulting bank will also be better able to meet the competitive challenges always presented by the large billion-dollar New York banks. Because of statutory *de novo* branching restrictions, potential competition is not affected.

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

DECEMBER 18, 1970.

SUMMARY OF REPORT BY ATTORNEY GENERAL

According to the application, the service areas of the merging banks do not overlap. Their head offices are about 16 miles apart, and their closest branches about 6.5 miles. Several other banks operate offices in the intervening area. In addition, topographical features such as the Jersey Meadows and the Hackensack River separate their service areas. Although the banks are large enough to compete for the business of medium-sized customers who would consider banks in a larger area of northern New Jersey as reasonable alternatives, there are many other alternatives of this nature, and it does not appear that the proposed merger would have a significantly adverse effect on direct competition.

Under New Jersey law, banks may operate branches throughout the banking district in which they are located, but may not open *de novo* offices in communities subject to home or branch office protection. Only three communities in Hudson County are presently open to *de novo* branching by Garden State Bank. Two of these have shown slight population declines in the past decade, and the third only moderate growth. In view of these factors and the number of other large potential entrants into Hudson County it does not appear that the elimination of Garden State Bank as a *de novo* entrant into Hudson County would have a significantly adverse effect on potential competition.

Demographic factors indicate that Bergen County is a more attractive area for market expansion by First District banks. The application states that about 30 of its 70 municipalities are open to *de novo* branching. According to the application, many of these communities are already heavily banked, and their attractiveness has been lessened by the approval of 25 new branches since the recent change in New Jersey banking law. Nonetheless, in view of expected population and industrial growth, it seems clear that developing sections of Bergen County will continue to provide attractive new branch sites. However, North Jersey Bank is not among the largest banks capable of entering Bergen County *de novo*. It is the 15th largest bank in the district, and 10 of the larger banks are not primarily Bergen County banks, although some have probably secured approval for *de novo* branches therein, and one, based in Passaic County, has entered through merger with a relatively small bank in River Edge.

Each of the merging banks could expand into the home county of the other through merger with a smaller bank: Garden State Bank holds the fourth largest share of Bergen County commercial bank deposits, about 8 percent, while North Jersey Bank holds the fourth largest share of Hudson County commercial bank deposits, about 15 percent. If the proposed merger is approved, the resulting bank would become the 10th largest bank in the district, but would be only one-fourth the size of its leading institutions.

We have repeatedly stressed our objection to mergers combining the largest banking institutions in an area with substantial banks in adjacent areas in such a manner as to preclude the development of a more competitive regional banking structure. The number and relative size of other major banks in the First District indicate that the proposed merger itself would be unlikely to have such an effect.

* * *

Peoples National Bank of New Jersey, Westmont, Haddon Township, N.J., and Broadway National Bank & Trust Co. of Pitman, Pitman, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Broadway National Bank & Trust Co. of Pitman, Pitman, N.J. (15518), with	$8,786,138	2	....
and Peoples National Bank of New Jersey, Westmont, Haddon Township, N.J. (12022), which had	186,397,560	15	....
merged Feb. 5, 1971, under charter and title of the latter bank (12022). The merged bank at date of merger had	194,873,698	....	17

COMPTROLLER'S DECISION

On March 3, 1970, the $7.1 million Broadway National Bank & Trust Co. of Pitman, Pitman, N.J., and the $144 million Peoples National Bank of New Jersey, Westmont, Haddon Township, N.J., applied to the Comptroller of the Currency to merge under the charter and with the title of the latter.

Peoples National Bank of New Jersey, Wesmont, Haddon Township, N.J., was organized in 1918 as the Clementon National Bank. At present, the bank operates seven branches in Camden County, three in Cumberland County, and three in Gloucester County, and holds IPC deposits of $128.4 million. In addition, the charter bank has several approved but unopened branches including five in Camden County, one in Cumberland County, one in Gloucester County, and one in Atlantic County. Under aggressive management, the charter banks has shown rapid growth in recent years.

Westmont, headquarters of the charter bank, is an unincorporated community of approximately 19,000 people in Haddon Township. It is located 5 miles southeast of Camden and 6 miles southeast of Philadelphia.

Broadway National Bank & Trust Co. of Pitman, Pitman, N.J., was organized in 1921 as a State-chartered institution, and converted to a National charter and adopted its present name in 1965. The bank holds IPC deposits of $6.1 million in its main office and single branch. With members of senior management approaching retirement age, the bank must make provision for management succession. The borough of Pitman, site of the merging bank and its one branch, is a residential town of approximately 9,700. It is situated 15 miles south of Camden in Gloucester County.

Westmont and Pitman both lie in the Philadelphia-Delaware River industrial complex which is one of the major industrial centers of the Eastern United States. The Philadelphia-Camden port facility is the second largest in the United States, and the first in volume of foreign trade. The economic vitality of the area stems from its navigable rivers, excellent inland transportation facilities, and abundance of fertile farmlands in the interior of southern New Jersey. Philadelphia is the cultural and industrial center for this entire region. The industries of the Philadelphia-Camden area are widely diversified, with over one-half of the largest 100 industrial firms in the United States located in the area. Within 15 miles of Camden, abundant acreage is available for agriculture and related industries. Peach and apple orchards, vineyards, poultry, cattle, pigs, and truck farming provide numerous employment opportunities. An excellent highway system in southern New Jersey, and railroad transportation for persons commuting to Philadelphia, have contributed greatly to the economy of the region.

Population growth in the Philadelphia-Camden area has been rapid during the past decade, and official estimates project 50 percent growth again in the next 5 years. Major shopping centers and residential areas have been constructed in southern New Jersey, and further construction is expected as the population continues to increase.

Competition between the applicant banks is insignificant. The head offices of the participating banks are approximately 19 miles apart, and the nearest branch of the charter bank is 5 miles from the merging bank, with two competitive banking alternatives between them. Within a radius of 5 miles from Pitman there are 11 other banking offices, including offices of the first and second largest banks in New Jersey's Third Banking District. Moreover, the possibility of competition developing between the banks is limited since Pitman remains closed to *de novo* branch entry by virtue of New Jersey's home office protection rule.

There are 47 commercial banks, with 191 branches, and total deposits of approximately $1.8 billion competing in this area, of which the resulting bank, with $151 million in deposits, will hold only 8.1 percent. In addition to the competition experienced from New Jersey banks, the large Philadelphia-based banks are able to compete effectively in the area, especially with respect to those persons who commute to work in Philadelphia and to large corporate clients. The offices of 52 credit unions and 109 savings and loan associations also compete actively in this area.

Consummation of the proposed merger will introduce new and expanded services for customers of the resulting bank in the merging bank's service area. Several savings programs will be instituted with interest rates that will be equal to or higher than others in the area. Credit card services, installment loans, and expanded banking hours will improve the quality of retail banking services in this area, and computer and armored car services will be available to meet the needs of the merging bank's business customers. The lending limit of the resulting bank will be $1.2 million, or 20 times greater than the present lending limit of the merging bank; that larger lending limit will enable the resulting bank to effectively serve present and future business around Pitman, and to compete against the larger banks which compete for commercial accounts in the Pitman area.

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

July 28, 1970.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Pitman is served by two banks, Broadway and the Pitman National Bank & Trust Co., which has announced a merger with The First National Bank & Trust Co. of Paulsboro and the First County National Bank & Trust Co., Woodbury. Nearby banks include the National Bank of Mantua, the Peoples Bank of South Jersey, and the First National Bank of Glassboro, in that adjoining borough.

Peoples operates no offices in Pitman; its closest branch is in Wenonah, some 4.9 miles north. Two banks operate offices in the intervening area, but it is likely that the proposed merger would eliminate some amount of direct competition.

Under recent amendments in New Jersey banking law, commercial banks may operate branches anywhere in the banking district in which they are located. They may not, however, open *de novo* branches in municipilaties in which the head office of another bank is located, or in municipalities of less than 7,500 population if another bank operates a branch therein. Accordingly, Peoples may branch *de novo* in Gloucester County, but not into Pitman. We note that if the proposed merger is approved, along with that of Pitman National Bank & Trust Co. into First County National Bank & Trust Co., Pitman will be opened to branching by other commercial banks.

Through its merger with the Farmers and Mechanics National Bank, Peoples acquired the second largest share of commercial bank deposits in Gloucester County, about 23 percent. The proposed merger with Broadway would add another 4 percent of deposits in Gloucester County to Peoples' deposit structure.

A number of the largest banks in the district are expanding into Gloucester County, both through merger and through *de novo* branching where possible. Since several of the county's more attractive banking areas are presently closed by home or branch office protection, smaller independent banks, like Broadway, may provide vehicles for entry by other banking institutions, including registered bank holding companies. Since entry by a larger number of able competitors can only preserve or enhance banking competition, acquisition of a number of the county's banks by a single competitor may have the ultimate effect of deterring the development of a competitive banking structure, as well as unduly increasing the market share of the acquiring bank.

Through its recent mergers, Peoples has enhanced its position as one of the largest commercial banks operating in Camden and surrounding areas. It has the resources to expand its service area through *de novo* branching. Although other larger commercial banks are finding their way into Gloucester County, we conclude that Peoples' acquisition of a second bank in the county may have an adverse effect on potential competition.

* * *

The National Bank & Trust Co. of Norwich, Norwich, N.Y., and The Farmers National Bank of Deposit, Deposit, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Farmers National Bank of Deposit, Deposit, N.Y. (9434) with	$4, 875, 449	1	
and The National Bank & Trust Co. of Norwich, Norwich, N.Y. (1354), which had	82, 500, 054	11	
merged Feb. 16, 1971, under charter and title of the latter bank (1354). The merged bank at date of merger had	87, 400, 246		12

COMPTROLLER'S DECISION

On November 5, 1970, The Farmers National Bank of Deposit, Deposit, N.Y., and The National Bank & Trust Co. of Norwich, Norwich, N.Y., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The National Bank & Trust Co. of Norwich, the charter bank, with IPC deposits of $64.7 million, was organized as a State bank in 1856, and converted to National status in 1865. The charter bank operates eight branches throughout Chenango County, and two branches in Delaware County.

Norwich, with a population of 9,175, is the largest town in Chenango County, which lies in the south-central portion of the State. In the immediate Norwich area there are 19 diverse industrial enterprises, nine of which employ over 200 persons in manufacturing, pharmaceuticals, turbine ignition systems, knitwear, and shoes. The charter bank's major service area extends a radius of 30 to 35 miles from its head office, encompassing a population of about 50,000, while its two offices in eastern Delaware County service a relatively small area about 60 to 70 miles from the head office. The economy of the major service area is primarily devoted to dairy farming and related services, but includes some industrial employment.

As of June 30, 1970, the charter bank ranked as the largest of four commercial banks based in Chenango County which together held deposits of $101.2 million. The next largest bank in Chenango County is the First National Bank in Greene, with total deposits of $12.2 million. Of the 10 banks based in Delaware County, with aggregate deposits of $70.7 million, the largest is The National Bank of Delaware County, Walton, with total deposits of $14.3 million. The National Bank & Trust Co. of Norwich holds 7.7 percent of the deposits and ranks third in size among the 33 commercial banks in the Seventh Banking District which hold aggregate deposits of $943.5 million. In the broadly defined market area of the charter bank it ranks 10th in total assets among 63 listed banks, with 5 percent of total deposits and 5.1 percent of total loans.

The Farmers National Bank of Deposit, the merging bank, with IPC deposits of $3.5 million, was organized in 1909 and is a unit bank. This bank lacks management succession and, because of its small size, finds it difficult to attract adequately qualified management personnel.

Deposit, home of the merging bank, has a population of 2,055 and is located about 30 miles east of Binghamton on Route 17, the major east-west highway across the southern part of the State. This village is a rural residential community containing several small industrial concerns. The surrounding area contains many small dairy farms. The service area of the merging bank extends 15 miles in all directions. Those residents of the community who are not employed by the several small local industrial firms travel to Binghamton or Sidney for industrial employment.

The merging bank, with 1.6 percent of the aggregate deposits of $250.4 million of the four commercial banks based in Broome County, is the smallest of the four. The other banks are First-City National Bank, Binghamton, with total deposits of $144.4 million; Endicott Trust Co., Endicott, with total deposits of $66.4 million; and Endicott Bank of New York, Endicott, with total deposits of $35.5 million. The merging bank is located in the Seventh Banking District of New York; it holds 0.4 percent of the deposits and ranks 27th in size among the 33 commercial banks in the district.

The resulting bank will provide additional and expanded services to residents of the Deposit area, including a larger lending limit, more liberal mortgage terms, FHA and VA mortgages, trust department services, an agricultural credit department, and specialists in commercial loans and installment loans. The serious problem of management succession in the merging bank will be eliminated.

Competition will not be adversely affected. Because the nearest branch of the charter bank is 14 miles from Deposit, there is little significant competition between the merging banks. The addition of the much smaller merging bank to the charter bank will have little effect on the competitive strength of the charter bank in its present service area. Replacing the merging bank with an office of the larger charter bank will improve competition vis-a-vis the other larger banks serving Deposit. In the Seventh Banking District the resulting bank will continue to rank as third largest and overall competition will not be affected greatly.

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

JANUARY 12, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The closest office of National Bank to Farmers National is located 19 miles northwest of Deposit in Afton, N.Y.; National Bank's main office is 43 miles north of Deposit in Norwich, N.Y. The application indicates that Farmers National has a compact service area centered around the small town of Deposit. National Bank's Afton office, however, is one of the closest banking offices to Deposit, and there are no banks in the intervening area. It would appear that some competition may be eliminated by the proposed merger.

New York permits branching within the banking districts in which commercial banks are located. *De novo* branching, however, is still subject to home office protection in cities with populations equal to or less than 1 million people. Therefore, National Bank could branch into Broome County, subject to the home office limitation, but not into Deposit.

As of June 30, 1968, National Bank was the largest commercial bank of four in Chenango County. It held 74 and 67.5 percent, respectively of the countywide IPC demand deposits and total deposits.

The merged bank, Farmers National, occupies a less prominent spot in the banking structure of Broome County. As of 1969, it was the smallest, by a wide margin, of the six banks serving Broome County. The other five banks have total deposits ranging from $14 to $222 million. All five are affiliated with registered bank holding companies.

In view of the size and limited service area of Farmers National, and the home office protection it affords to Deposit (which will be eliminated by the proposed merger), we do not believe that the proposed merger would have a significantly adverse effect on potential competition.

* * *

THE FIRST NATIONAL BANK OF ATLANTA, ATLANTA, GA., AND FIRST BANK OF SOUTH DEKALB, DECATUR, GA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First Bank of South DeKalb, Decatur, Ga., with	$2, 143, 265	1	
and The First National Bank of Atlanta, Atlanta, Ga., (1559), which had	978, 013, 997	25	
merged Mar. 1, 1971, under charter and title of the latter bank (1559). The merged bank at date of merger had	982, 401, 096		26

COMPTROLLER'S DECISION

On September 3, 1970, the First Bank of South DeKalb, Decatur, Ga., and The First National Bank of Atlanta, Atlanta, Ga., 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 Atlanta, with IPC deposits of $546 million, maintains 21 offices within the city of Atlanta, where it is the second largest bank, and two offices in the city of Decatur, DeKalb County. Because of restrictive State statutes, the applicant's branching and merging efforts in recent years have been confined to the city limits of Atlanta and Decatur. As a result of recent changes in Georgia statutes relating to branching and merging, the applicant is able to branch and merge in any county where it had previously established a branch. Since the applicant maintains branches in Decatur, located in DeKalb County, the new laws now permit the applicant to establish branches and consummate mergers throughout the county.

The First Bank of South DeKalb, with IPC deposits of $1.1 million, is located in the community of Decatur, approximately 9 miles from the applicant's main office in Atlanta, and 5 miles from the applicant's nearest branch. The merging bank was established in November 1969, with the assistance of officers of the applicant. Both of the merging bank's officers, including its president, are former officers of the applicant and retain their retirement benefits from the applicant. The close relationship between the two institutions is reflected by the existence of a service contract through which the applicant provides the merging bank with non-officer staff needs and several technical staff services.

In view of the status of the merging bank as an affiliate of the applicant, consummation of the proposed merger will not result in a lessening of competition between the two banks; the merger transaction appears to be merely the substitution of a branch for an affiliate. In addition, the applicant's acquisition of merging bank's total deposits of $1.3 million will not result in any significant increase in applicant's share of the market. The impact within the relevant market area of the merging bank will also be minimal as the merging bank is significantly impeded from competing with the applicant's affiliate, The First National Bank of Glenwood, Decatur, Ga., by the presence of Interstate 20 just north of the merging bank's main office. Competition in the market area will be afforded by DeKalb Exchange Bank, which opened in 1970, and by a branch of The Citizens and Southern South DeKalb Bank, to be opened in early 1971. The Citizens and Southern South DeKalb Bank is an affiliate of The Citizens and Southern National Bank, Atlanta, Ga., a $1.3 billion institution.

Approval of the application will enable the merging bank, as a branch of the applicant, to draw more effectively upon the services and expertise now possessed by the applicant. The convenience and needs of the community require the expanded and more sophisticated services that will become available to the merging bank's customers. In particular, the demand for construction loans and permanent mortgage funds can be accommodated through the merger. The merging bank will also be able to provide trust services, payroll services, lock-box services, accounts receivable financing, letters of credit, and other specialized services to commercial and industrial firms in its service area.

It is concluded that the merger will have no adverse competitive effect and is in the public interest. The application is, therefore, approved.

JANUARY 20, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Doraville Bank and South DeKalb Bank were organized by parties friendly to Atlanta Bank, with Atlanta Bank's assistance. They have always been operated as Atlanta Bank affiliates in DeKalb County, since Georgia branching laws prohibited Atlanta Bank from establishing new branches in DeKalb County.

Almost all of the shareholders of Doraville Bank, including all its directors, financed their stock purchases with loans from Atlanta Bank. The loans were represented by notes payable on demand and secured by the pledge of the Doraville stock purchased. The principal amounts of the loans have not been reduced and interest on the notes has been accrued but not paid. In addition, the shares initially were subject to a written option agreement in favor of Atlanta Bank and, although the written agreement has been canceled, an understanding based on the option still exists.

South DeKalb Bank was organized in a similar manner with identical financial assistance from and agreements with Atlanta Bank. The only significant difference is the fact that a written option agreement in favor of Atlanta Bank apparently still exists in the South DeKalb situation.

The Georgia branching laws have recently been changed to allow, as of January 1, 1971, branching in any county in which a bank has its home office or a branch office. Since Atlanta Bank has two branch offices in DeKalb County, it may now branch further in the county. These mergers are apparently intended to substitute official branches of Atlanta Bank for the de facto branches it had established by setting up these "affiliated" banks. There seems to be no question that Atlanta Bank in fact now controls these banks and always has done so. Thus, these mergers, standing alone, would have little or no effect on competition.

* * *

THE FIRST NATIONAL BANK OF ATLANTA, ATLANTA, GA., AND FIRST NATIONAL BANK OF DORAVILLE, DORAVILLE, GA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank of Doraville, Doraville, Ga. (15794), with	$2,418,567	1	
and The First National Bank of Atlanta, Atlanta, Ga. (1559), which had	978,013,997	26	
merged Mar. 1, 1971, under charter and title of the latter bank (1559). The merged bank at date of merger had	982,401,096		27

COMPTROLLER'S DECISION

On September 3, 1970, First National Bank of Doraville, Doraville, Ga., and The First National Bank of Atlanta, Atlanta, Ga., 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 Atlanta, with IPC deposits of $546 million, maintains 21 offices within the city of Atlanta, where it is the second largest bank, and two offices in the city of Decatur, DeKalb County. Because of restrictive State statutes, the applicant's branching and merging efforts in recent years have been confined to the city limits of Atlanta and Decatur. As a result of recent changes in Georgia statutes relating to branching and merging, the applicant is now able to branch and merge in any county where it has previously established a branch. Since the applicant maintains branches in Decatur, located in DeKalb County, the new laws permit the applicant to establish branches and consummate mergers throughout that county.

First National Bank of Doraville, with IPC deposits of $605,000, is located in the community of Doraville, approximately 14 miles from the main office of the applicant in Atlanta, and 8.7 miles from the applicant's nearest branch. The merging bank opened for business in April 1970, with the assistance of officers of the applicant. Both officers of the merging bank are former officers of the applicant and retain their retirement benefits from the applicant. The close relationship between the two institutions is reflected in the existence of a service contract through which the applicant provides the merging bank with non-officer staff needs and several technical staff services.

In view of the status of the merging bank as an affiliate of the applicant, consummation of the proposed merger will not result in a lessening of competition between the two banks; the merger transaction is, in essence, merely the substitution of a branch for an affiliate. In addition, the applicant's acquisition of merging bank's total deposits of $824,000, representing 1.8 percent of the market's deposits, will not result in any meaningful increase in the applicant's share of the market. The impact within the relevant market area of the merging bank will also be minimal, and competition will still be afforded by seven other banks within, or immediately adjacent to, the merging bank's primary service area. Competitors include the $17 million deposit Citizens and Southern National Bank of Chamblee, Chamblee, Ga., an affiliate of the $1.3 billion deposit Citizens and Southern National Bank, Atlanta, Ga.; the $14 million deposit Peachtree Bank & Trust Co., Chamblee, Ga., an affiliate of the $757 million deposit Trust Company of Georgia, Atlanta, Ga.; and, the $2 million deposit Northeast Commercial Bank, Doraville, Ga., an affiliate of the $376 million deposit Fulton National Bank, Atlanta, Ga. Banks on the periphery of the merging bank's service area in Norcross, Ga., include Gwinnett Bank & Trust Co. and The Bank of Norcross, each of which has $5 million in deposits.

Approval of the application will enable the merging bank, as a branch of the applicant, to draw more effectively upon the services and expertise now possessed by the applicant. The convenience and needs of the community require the expanded and more sophisticated services that will become available to the merging bank. In particular, the demand for construction loans and permanent mortgage funds should be accommodated through the merger. The merging bank will also be able to provide trust services, payroll services, lock-box services, accounts receivable financing, letters of credit, and other specialized services to commercial and industrial firms in its service area.

It is concluded that the merger will have no adverse competitive effect and is in the public interest. The application is, therefore, approved.

JANUARY 20, 1971.

NOTE.—See page 50 for the "Summary of Report by Attorney General."

* * *

FIRST NATIONAL BANK OF SOUTH JERSEY, EGG HARBOR TOWNSHIP, N.J., AND THE FIRST NATIONAL BANK OF BORDENTOWN, BORDENTOWN, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Bordentown, Bordentown, N.J. (9268), with	$14,158,280	2	
and First National Bank of South Jersey, Egg Harbor Township, N.J. (1326), which had	297,483,713	27	
merged Mar. 5, 1971, under charter and title of the latter bank (1326). The merged bank at date of merger had	311,641,993		29

COMPTROLLER'S DECISION

On November 16, 1970, The First National Bank of Bordentown, Bordentown, N.J., and First National Bank of South Jersey, Egg Harbor Township, N.J., applied to the Comptroller of the Currency for permission to merge under the charter and title of the latter.

First National Bank of South Jersey, with IPC deposits of $233 million, was organized in 1907 as The Boardwalk National Bank of Atlantic City. In 1969 it acquired its present name. The applicant presently operates 20 offices in Atlantic County, four offices in Gloucester County, and three offices in Salem County.

The First National Bank of Bordentown, with IPC deposits of $10.8 million, was organized in 1908, and maintains one branch. It is located in rapidly developing Burlington County in the city of Bordentown, which has a population of 5,470. Like the applicant, the merging bank is located in New Jersey's Third Banking District, which encompasses the eight southernmost counties of the State.

Competition between the merging banks is negligible; the head offices of the two banks are approximately 60 miles apart, and the nearest branch of the applicant is 37 miles from Bordentown. Consummation of the merger should have a favorable effect on competition as "head office protection" in the city of Bordentown will be eliminated and that community will be open to *de novo* branching by other banks.

Numerous other banks within the Third Banking District and within the Burlington County area adjacent to Bordentown provide substantial competition to the merging bank. Competitors within the Third Banking District, where the resulting bank will remain third in size after the merger, include the $374 million Bank of New Jersey and the $346 million South Jersey National Bank, both of which are located in Camden; the $167 million Peoples National Bank of New Jersey, Westmont, N.J.; the $165 million First National Bank of Toms River, Toms River, N.J.; and, the $149 million Colonial National Bank, Haddonfield, N.J. In addition, competition is provided by the $25 million Third National Bank & Trust Co., of Camden, Camden, N.J., and the $30 million Cumberland National Bank, Bridgeton, N.J., both of which are affiliated with United Jersey Banks, Inc., Hackensack, N.J., which has total deposits of $695 million; the $10 million Elmer Bank & Trust Co., Elmer, N.J., an affiliate of the $684 million Midatlantic Banks, Inc., Newark, N.J.; and by the $25 million Bank of West Jersey, Delran, N.J., a member of a proposed registered bank holding company, Fidelity Union Bank Corp., Newark, N.J., which will have total deposits of $694 million. Competition within the immediate area of the merging bank includes the $385 million New Jersey National Bank, Trenton, N.J.; Trenton Trust Co., Trenton, N.J., with total deposits of $171 million; the $43 million Bank of Mid-Jersey, Bordentown, N.J.; and the $65 million Mechanics National Bank of Burlington County, Burlington, N.J.

The resulting bank will provide additional and expanded services to present and potential customers in the Bordentown area, including a larger lending limit, a variety of savings programs, computer services, and expanded trust department services. It will also relieve the merging bank's management succession problem.

It is concluded that the merger will have no adverse competitive effect and is in the public interest. The application is, therefore, approved.

JANUARY 28, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The head offices of the applicant banks are 60 miles apart; the closest offices are 37 miles distant. Numerous competitive alternatives lie in the intervening area. It is likely that there is little or no overlap in the geographic sources of deposits and loan accounts of the merging banks. Thus, the merger would not appear to eliminate any significant amount of existing competition between the two banks.

According to New Jersey law, commercial banks may now establish branches anywhere throughout the banking districts in which they are located. *De novo* branching is limited, however, by complete home office protection and branch office protection in communities of less than 7,500 population. South Jersey and Bordentown National are both located in the Third Banking District, comprised of eight counties in southern New Jersey.

South Jersey is the largest bank in Atlantic County and holds 65.4 percent of countywide total deposits. In addition, it is the third largest bank in the Third Banking District. Clearly, South Jersey has sufficient resources to open *de novo* branch offices. By virtue of one consolidation and two mergers this year, South Jersey has demonstrated its intent to expand its service area. Although several communities in Burlington County, including Bordentown, are protected against *de novo* branching, growth patterns indicate that attractive sites for new branches will become more available.

We believe it important, from a competitive standpoint, that the largest banks in the district enter new areas through *de novo* branching, or in the alternative, through merger with smaller banks. Systematic acquisition of the larger local banks in many areas by the largest banks in the district may result in undue concentration of commercial banking services in a limited number of banking institutions.

As of June 30, 1968, 15 commercial banks were headquartered in Burlington County. Since that date, with the passage of more liberal branching laws in New Jersey, three of these banks have merged into banks located outside the county, two of these into the two largest banks in Camden and the Third Banking District. The application indicates that four other commercial banks also operate branches in the county. Bordentown National is the eighth largest of the 12 remaining independent banks in the county, and holds about 4 percent of total county deposits. It is not one of the larger county banks in terms of deposits or immediate service area, and is only one-third and one-fifth as large as its two nearest Burlington County competitors.

Thus, although South Jersey is one of the largest potential entrants into Burlington County, we conclude that its merger with Bordentown National would be unlikely to have a significantly adverse effect on potential competition.

* * *

THE FIRST NATIONAL BANK & TRUST CO. OF AUGUSTA, AUGUSTA, GA., AND SOUTHGATE NATIONAL BANK OF RICHMOND COUNTY, AUGUSTA, GA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Southgate National Bank of Richmond County, Augusta, Ga. (15219), with	$5, 412, 018	1	
and The First National Bank & Trust Co. of Augusta, Augusta, Ga. (1860), which had	54, 791, 656	5	
merged Mar. 8, 1971, under charter and title of the latter bank (1860). The merged bank at date of merger had	60, 387, 026		6

COMPTROLLER'S DECISION

On October 22, 1970, Southgate National Bank of Richmond County, Augusta, Ga., and The First National Bank & Trust Co. of Augusta, Augusta, Ga., 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 & Trust Co. of Augusta, with IPC deposits of $35 million, was established in 1871, and maintains four offices within the corporate limits of Augusta. The applicant is a subsidiary of Trust Company of Georgia Associates, a registered bank holding company which owns approximately 86 percent of the applicant's stock. Because of restrictive State statutes, the applicant's branching and merging efforts in recent years have been confined to the city limits of Augusta. As a result of recent changes in Georgia statutes relating to branching, the applicant is now able to branch in any county where it had previously established a branch. Since the applicant maintains branches in Augusta, located in Richmond County, the new laws now permit the applicant to establish branches throughout that county.

Southgate National Bank of Richmond County, with IPC deposits of $3.4 million, is located near the city limits of Augusta in an unincorporated section of Richmond County. The merging bank is approximately 4.1 miles from the applicant's main office and 2.5 miles from the applicant's nearest branch. The bank was established in 1963 with the assistance of the applicant, and close relations between the two institutions have been maintained since that time. Extensive cooperation is evident from the data processing and auditing services provided to the merging bank by the applicant, as well as by the extensive sale of loan participations between the two banks. Three officers of the merging bank were formerly officers of the applicant. In addition, there are believed to be a considerable number of common stockholders of the two banks, including Trust Company of Georgia Associates, which owns 5 percent of the merging bank.

In view of this close relationship, consummation of the proposed merger will not result in a lessening of competition between the two banks. The merger should, instead, increase competition and aid the merging bank in resolving several serious difficulties, including a management succession problem. The acquisition, by the applicant, of the merging bank's $5.4 million in total resources will not significantly add to the applicant's share of the market. Its two principal competitors in the Greater Augusta Area are the Georgia Railroad Bank & Trust Co., with deposits of $133 million, and The Citizens and Southern National Bank, with deposits of $73 million. The latter bank is affiliated with the $1.3 billion Citizens and Southern National Bank, Savannah, Ga. The Citizens and Southern Bank of Richmond County, which maintains two offices near the city limits of Augusta is another affiliate of The Citizens and Southern National Bank, Savannah. Also competing in this area are several banks in North Augusta, S.C., where the $484 million deposit South Carolina National Bank and the $190 million Bankers Trust of South Carolina have offices. Those banks and several other small institutions in Richmond County will provide substantial competition to the resulting bank.

In addition to making available a means of management succession to the merging bank when its president retires in 1971, the merger will provide other benefits to the banking public. An expanded array of trust services will be more readily available, as will the bond, factoring, and international departments of the applicant's affiliated banks and an increased lending capability.

It is concluded that the merger will not have a significantly adverse competitive effect and is in the public interest. The application is, therefore, approved.

JANUARY 11, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

According to the application, Southgate National's office is located 4.1 miles southwest of First National's main office. Two of First National's branch offices appear to be slightly closer to Southgate National, while the third branch is approximately 5 miles from Southgate National's office.

As of December 31, 1969, there were eight commercial banks in Richmond County. Four of these banks, including First National, were located within the corporate limits of Augusta, while the remaining four, including Southgate National, were located in the unincorporated part of Richmond County.

The four largest banks control 93.5 percent of total deposits in Richmond County and 94.0 percent of IPC demand deposits in the county. First National controls 13.7 percent of total deposits and 15.4 percent of IPC demand deposits, and is the third largest bank in Richmond County. Southgate National is a less significant banking factor in the county with 1.9 percent of total deposits and 2.3 percent of IPC demand deposits. It is the fifth largest bank in Richmond County.

Although competition between these banks may be negligible because of their current relationship, its relatively short existence and Southgate National's prior viability enhances the possibility that, should this merger not be approved, Southgate National could become an independent competitive force. Because of this possibility, and because of the already high concentration existing in Richmond County, we conclude that the proposed merger would have an adverse effect on competition.

* * *

Puget Sound National Bank, Tacoma, Wash., and National Bank of Mason County, Shelton, Wash.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
National Bank of Mason County, Shelton, Wash. (15418), with	$6,867,684	2	
and Puget Sound National Bank, Tacoma, Wash. (12292), which had	221,256,072	25	
merged Mar. 19, 1971, under charter and title of the latter bank (12292). The merged bank at date of merger had	228,011,351		27

COMPTROLLER'S DECISION

On December 1, 1970, the National Bank of Mason County, Shelton, Wash., and Puget Sound National Bank, Tacoma, Wash., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Puget Sound National Bank, the charter bank, with IPC deposits of $163.8 million, was founded in 1890. It operates 24 banking offices and has three approved but unopened offices that are expected to be opened shortly.

Tacoma, the head office city of the charter bank, is located on Puget Sound and surrounds Commencement Bay, an excellent natural harbor. It is the Puget Sound area's second major urban center and third largest city in the State, with a population of 151,061. The service area of the charter bank includes western Pierce County and southwestern King County to the north. Pierce County is Washington's second largest county with a population of about 405,000 persons, while the charter bank's service area has an estimated population of 500,000. The economy is diversified with dominance in the areas of the logging and wood products, aerospace, and marine industries. Other significant support comes from the metallurgical, electrochemical, and chemical processing industries, agriculture, and warehousing and distribution facilities. Fort Lewis, one of the largest permanent Army posts in the United States, borders Tacoma on the south. The area is experiencing an economic decline, however, owing to cutbacks in both the construction and aerospace industries.

The charter bank is one of seven commercial banks operating in the Tacoma area. Among its competitors are the Seattle-First National Bank, the State's largest bank, with total deposits of $1.7 billion; the Pacific National Bank of Washington, the State's third largest bank, with total deposits of $566 million; and the Peoples National Bank of Washington, the State's fourth largest bank, with $369 million in deposits. The charter bank is the sixth largest bank in the State and, in terms of percent of area deposits held, ranks second in the Tacoma area.

National Bank of Mason County, the merging bank, with IPC deposits of $4.9 million, was organized in 1964 and operates a single branch located in Belfair, Wash., 22 miles northeast of Shelton, its head office city. While the condition of the bank is generally good, it faces the likelihood of future capital inadequacy, and a lack of management succession to replace the present managing officer of the bank.

Mason County, roughly the service area of the merging bank, contains the towns of Shelton and Belfair. It lies on the western side of Puget Sound at its southern tip, and is separated from the charter bank's service area by the Sound and by the city of Olympia, the State's capital. Mason County has a population of 19,975, while Shelton, home office city of the merging bank and the county's only incorporated area, has a population of 6,360. Mason County is in a mountainous area, heavily forested and devoted substantially to lumbering interests. The local economy is dominated by Simpson Timber Co. which employs about 1,500 people. It owns about 160,000 acres of forest land in the county and manages 100,000 more. Recreational property development has recently become an increasingly strong economic influence.

Competition with the merging bank comes from one banking office, the Shelton branch of the Seattle-First National Bank, the State's largest bank.

The resulting institution would be able to offer services to residents of the Mason County area not now available from the merging bank, including trust services, investment services, customer EDP services, credit cards, dealer financing, and international banking. A much larger lending limit would enable the resulting bank to service customers whose needs exceed the $50,000 limit of the merging banks. The management hiring and succession problem will be solved. The usual economies of scale resulting in better service at lower cost will also result.

Competition will not be adversely affected. Because the head offices of the merging banks are 50 miles apart, and their nearest offices 31.5 miles apart, there is little present competition between them. In the Tacoma banking market, the charter bank's competitive position will be little affected after the addition of the much smaller merging bank. In Mason County, competition with the local office of the State's largest bank will be enhanced. Statewide, the resulting institution will remain as sixth largest bank, increasing its share of deposits and loans only slightly. Potential competition will not be affected since present restrictive branching laws preclude either bank from branching into the service area of the other.

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

FEBRUARY 4, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The head offices of the participating banks are 52 road miles apart, and their closest offices are 31 road miles apart. It does not appear that the proposed merger would eliminate any significant existing competition between the merging banks.

Only two banks presently serve Mason County. The other bank is Seattle-First National Bank, the State's largest bank, which has a single branch in Shelton. This branch had total deposits of $12.2 million at year-end 1969.

Washington State law prohibits banks from branching outside of the county in which the bank is based, except into an incorporated area not otherwise served by a commercial bank. Therefore, no other bank can presently enter either Shelton or Belfair by *de novo* branching.

* * *

THE CLINTON COUNTY NATIONAL BANK & TRUST CO. OF WILMINGTON, WILMINGTON, OHIO, AND THE PORT WILLIAM BANKING CO., PORT WILLIAM, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Port William Banking Co., Port William, Ohio, with	$1, 975, 002	1	
was purchased Mar. 20, 1971, by The Clinton County National Bank & Trust Co. of Wilmington, Wilmington, Ohio (1997), which had	28, 899, 794	6	
After the purchase was effected, the receiving bank had	30, 615, 403		7

COMPTROLLER'S DECISION

On November 12, 1970, The Clinton County National Bank & Trust Co. of Wilmington, Wilmington, Ohio, applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of The Port William Banking Co., Port William, Ohio.

Clinton County National Bank & Trust Co. of Wilmington, Wilmington, Ohio, the purchasing bank, was organized in 1872, and operates five branches in Clinton County. The purchasing bank, the largest bank in Clinton County, has assets of $26.5 million.

The Port William Banking Co., Port William, Ohio, the selling bank, is located in the hamlet of Port William along the northern border of Clinton County. The selling bank, which is located 7 miles from Wilmington, operates no branches, and has deposits of slightly less than $2 million.

The economy of Clinton County, the home county of both banks, is primarily dependent upon agriculture and farm-related businesses. Most of the farmland in the service area is fertile and highly productive. The farms range in size from 50 to 2,000 acres, with the average farm containing approximately 200 acres. The per acre price of the land ranges from a low of $250 per acre to a high of $800 per acre. Industrial production in Clinton County is centered in Wilmington and Sabina. Wilmington has nine manufacturing plants employing 1,894 persons, and Sabina has one small manufacturing plant employing 275 persons.

While there is some competition between the purchasing and selling banks due to their proximity, the loss of any existing competition will be far outweighed by the benefits to be derived by the community to be served. The lending limit of the selling bank ($21,000) has proved inadequate to serve the increasing credit needs of the local community. Additionally, the selling bank has experienced difficulty in attracting and retaining competent management. That difficulty was reflected in the severe loan losses uncovered at the last regular examination. Approval of the subject application will provide the Port William community with a substantially increased lending capacity, improved and more efficient management, and the only corporate fiduciary in Clinton County.

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

FEBRUARY 8, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The head office of National Bank, located in Wilmington (population 8,915), is 7 miles distant from the Port William Bank's single office in Port William (population 450). There are no banking offices in the intervening area. Thus, it would appear that the proposed merger would eliminate some direct competition that presently exists between the merging banks.

A total of 13 banks, including National Bank, operate 30 offices within a radius of around 20 miles of the Port William Bank. Consummation of the proposed merger would allow National Bank to increase its share of total deposits in this area (which may somewhat overstate the size of the appropriate market) from 16 to 18 percent and, likewise, increase its share of total loans from 17 to 19 percent.

The proposed merger would eliminate some direct competition between the participants and would eliminate an independent banking unit in Port William. Additionally, it would somewhat increase concentration among commercial banking institutions in a multicounty market.

* * *

NORTHEASTERN PENNSYLVANIA NATIONAL BANK & TRUST CO., SCRANTON, PA., AND POCONO BANK, EAST STROUDSBURG, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Pocono Bank, East Stroudsburg, Pa., with	$36, 908, 031	3	
and Northeastern Pennsylvania National Bank & Trust Co., Scranton, Pa. (77), which had	337, 036, 311	9	
merged Apr. 2, 1971, under charter of the latter bank (77) and title "Northeastern National Bank of Pennsylvania." The merged bank at date of merger had	373, 926, 831		12

COMPTROLLER'S DECISION

On November 27, 1970, Pocono Bank, East Stroudsburg, Pa., and Northeastern Pennsylvania National Bank & Trust Co., Scranton, Pa., applied to the Office of the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of "Northeastern National Bank of Pennsylvania."

Northeastern National Bank & Trust Co., the charter bank, with IPC deposits of $266 million, was organized in 1863. In addition to its head office in Scranton, it operates eight branch offices and one facility to serve a three-county area.

The service area of the charter bank includes Lackawanna County, where it operates its head office and four branches; Luzerne County, where it operates one branch in Wilkes-Barre and two in Hazleton; and Moroe County, where it operates an office at Mount Pocono and a facility at the U.S. Army Signal Corps Depot at Tobyhanna. The economy of that rather extensive service area is diversified, ranging from mining of mineral resources (anthracite coal) to heavy and light manufacturing to tourism. Once considered an economically distressed area marked by high unemployment, it is now enjoying steady employment and a reasonably high per capita income; its future prospects are good. Scranton, the head office city, has a population of 112,000. The Scranton area is chiefly residential with industrial manufacturing and service industries present, including many nationally-known corporations, and some agriculture in the outlying areas.

Competition for the charter bank comes from, among others, United Penn Bank, Wilkes-Barre, with IPC deposits of $162 million; The First National Bank of Wilkes-Barre, with IPC deposits of $137 million; Third National Bank & Trust Co. of Scranton, with IPC deposits of $835 million; The Wyoming National Bank of Wilkes-Barre, with IPC deposits of $635 million; and Peoples First National Bank & Trust Co., Hazleton, with IPC deposits of $55 million. In Scranton, the charter bank competes with two other National banks and five State banks, all of which are smaller in size.

Pocono Bank, the merging bank, with IPC deposits of $29.4 million, was organized in 1889. It operates two branches, one each in Stroudsburg and Pocono Pines, both of which are located in Monroe County. The latter branch is 19 miles northwest of the bank's main office.

The Stroudsburg area is located in the southeastern section of Monroe County. Stroudsburg, the county seat, and East Stroudsburg are connected by two bridges over Brodhead Creek. East Stroudsburg has a population of 6,500, and serves an additional 20,000 to 25,000 in a trading area which overlaps that of the Stroudsburg banks. Monroe County is traditionally known as a Pocono Mountain resort area, and 75 percent of the county's economy is predicated on, or related to, resort and tourist operations and real estate development. A small amount of farming is done in outlying sections of the county and light industry also lends support to the economy. A local State teachers' college with 1,300 students also contributes to the economy.

The merging bank is the third largest bank in Monroe County. The two larger banks are the First Stroudsburg National Bank, with deposits of $32.7 million, and Monroe Security Bank & Trust Co., with deposits of $35.4 million. First National Bank of Palmerton, with deposits of $2.1 million, and the Pocono Mountain office of the charter bank, with deposits of $6.1 million, also operate in the county. The East Stroudsburg Building & Loan, with deposits of $6.2 million, and the Stroudsburg office of First Federal Savings & Loan Association, Wilkes-Barre, with deposits of $2.2 million, offer additional competition.

The merger would be of particular benefit to the area in which the merging bank operates. A larger institution will emerge able to provide area business and industry with much larger lines of credit, lower loan rates, competitive deposit rates, sophisticated investment and trust counseling, and a reservoir of lendable funds, a commodity rapidly becoming depleted among the Stroudsburg banks. The usual economies of scale will be effected resulting in better service at lower cost.

Competition will not be adversely affected. The nearest offices of the two banks are over 6 miles apart, and serve essentially different areas. Accordingly, little present competition between the banks exists. In the service area of the charter bank, the resulting bank would continue as the largest bank in the area, but its lead will not be increased significantly. The other banks in the area are strong and aggressive, and would be unaffected. In the merging bank's service area, the resulting bank would become the largest bank, but it would not be in a position to dominate the other banks in the area or monopolize the banking market.

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

MARCH 2, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The application indicates that Northeastern's Mount Pocono office draws most of its deposits from the northwestern section of Monroe County, consisting of the borough of Mount Pocono and adjacent townships of Coolbaugh, Tobyhanna, Pocono, Paradise, and Barrett. Its facility at the Tobyhanna Army Depot probably serves primarily employees there, which include residents of neighboring counties, but it is also the only banking office located in Coolbaugh Township. Until recently, Pocono Bank operated no office in this area, and the application indicates that the merging banks drew little business from the two different sections of the county which they served.

However, Pocono Bank recently opened an office in Pocono Pines, in Tobyhanna Township, about 5 miles from Mount Pocono. This office is still operating out of a trailer, but it is the closest banking alternative to Mount Pocono. It seems clear that the proposed merger would eliminate competition between the merging banks that is presently developing in this area.

Four banks operate six banking offices in this northwestern section of the county, which has a total population of about 9,300. The other two banks in Stroudsburg, both comparable in size to Pocono Bank, operate three of these offices, Northeastern two, and Pocono Bank the sixth. As of June 30, 1968, Northeastern held by far the largest share of deposits in the five offices then existing, about 72 percent.

Under Pennsylvania law, Northeastern could be permitted to open branch offices anywhere in Monroe County. The Stroudsburg area, served by Pocono Bank, is the most attractive possible site of such new branches, but is not growing rapidly.

Stroudsburg and East Stroudsburg and adjacent sections of Stroud and Smith townships make up the only major trading center in Monroe County. At present, the Stroudsburg area is served by three banks, Monroe Security Bank & Trust Co. (total deposits of $32 million), First Stroudsburg National Bank (total deposits $31 million), and Pocono Bank. Pocono Bank is slightly the smaller of the three.

Of the possible potential entrants into this area, only three other banks have deposits of over $100 million, and all are substantially smaller than Northeastern. The three banks in the Stroudsburg area are approximately equal in size; there are no alternative entry vehicles into the area whose acquisition by Northeastern would present lesser anticompetitive effects.

Because the merger will eliminate growing competition between Pocono Bank's new Pocono Pines office and Northeastern's Monroe County offices, and because of the elimination of the leading potential entrant into the Stroudsburg vicinity, it is clear that the proposed merger would have an adverse effect on competition.

* * *

Peoples National Bank of Washington, Seattle, Wash., and Bank of Vancouver, N.A., Vancouver, Wash.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Vancouver, National Association, Vancouver, Wash. (15538), with	$4, 010, 447	1	
was purchased Apr. 5, 1971, by Peoples National Bank of Washington, Seattle, Wash. (14394), which had	504, 619, 151	52	
After the purchase was effected, the receiving bank had	506, 473, 110		53

COMPTROLLER'S DECISION

On December 2, 1970, Peoples National Bank of Washington, Seattle, Wash., filed an application to purchase the assets and assume the liabilities of Bank of Vancouver, N.A., Vancouver, Wash.

Peoples National Bank of Washington, with IPC deposits of $337 million, was chartered as a State bank in 1889. It was converted to a National bank in 1937. The bank operates 50 branch offices in two distinct market areas of Washington. A total of 38 of the branches are located in the populous Puget Sound area in the western portion of the State, and the remaining 12 branches are located in the Columbia Basin in the east-central area of the State. The bank ranks fourth in size among all commercial banks operating in Washington. Its two largest competitors, Seattle-First National Bank, and The National Bank of Commerce of Seattle, Seattle, Wash., together hold deposits representing over 50 percent of the total commercial bank deposits in the State, and over seven times the deposits of applicant bank.

Seattle's metropolitan area has a population of 1.3 million persons. It has a fine deep water seaport and an international airport, both of which are being expanded. The city is known as the gateway to Alaska and the Orient. It is considered by many to be the financial, educational, and cultural center of the Pacific Northwest.

The economy of the city developed around the lumbering industry and the port facilities. While those remain important, Seattle has developed, since World War II, into a wholesale and retail distribution center and a major manufacturing center. The economy is presently dominated by the aerospace industry, principally the Boeing Co. This dominance subjects the area to substantial cyclical swings.

The Columbia Basin, in which 12 of applicant's branches are located, is an area of farmland developed as a U.S. Government reclamation project made possible by construction of the Grand Coulee Dam. This irrigation project has turned an arid desert into lush farmland. Today, the area produces record crops of sugar beets, hay, wheat, vegetables, and all kinds of fruit, except citrus. There are 11 food processing plants in the basin which annually process hundreds of millions of tons of food.

Bank of Vancouver, N.A., with IPC deposits of $3 million, was organized in 1965 under the sponsorship of applicant bank. It operates one office in the city of Vancouver. The bank experienced management difficulties until 1968 when applicant bank provided experienced and qualified management. It is the smallest of the four commercial banks operating in Vancouver. Its competitors include branches of the two largest banks in Washington, Seattle-First National Bank, Seattle, and The National Bank of Commerce of Seattle.

Vancouver, located across the Columbia River from Portland, Oreg., has a trade area of approximately 100,000 persons. It is a port city and has a stable and diversified economy with no one industry or firm domi-

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nating. Its industries include aluminum processing, metal fabricating, wood and paper products, textiles, and electrical products. Vancouver's port handles over 1.5 million tons annually, primarily exports of lumber, aluminum, and agricultural products.

The nearest offices of the subject banks are more than 120 miles apart which precludes any direct competition between them. Therefore, approval of the application will not lessen competition. Applicant bank can not legally branch into Vancouver so there will be no loss of potential competition. Consummation of the proposed union will have the positive competitive effect of introducing a strong viable competitor into the Vancouver area and the surrounding market.

Approval of the application will allow the resulting bank to offer services that are not presently available to the customers of Bank of Vancouver, N.A. Those include trust services, automatic data processing services, and, very important in the Vancouver area, international services. The lending limit, which is now unrealistically low, will be increased to a competitive level. In addition, real estate loans, not previously offered because of lack of funds and trained personnel, will be available.

Applying the statutory criteria, we find the proposal is in the public interest. The application is, therefore, approved.

March 5, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The closest offices of the participating banks are 120 miles apart. Therefore, it would not appear that any significant amount of direct competition would be eliminated by the proposed merger.

Washington law prevents banks from establishing a *de novo* branch in any city or town where another bank regularly transacts business (although it does permit statewide expansion by acquisition or merger). Vancouver Bank is the smallest bank operating in the city of Vancouver, and one of the smallest banks serving Clark County. In Vancouver, it competes with three other banks, including the two largest banks in the State, Seattle-First National and National Bank of Commerce. The third largest bank in the State also operates an office in Clark County a few miles from Vancouver. Thus, Peoples National is the largest bank in the State not serving Clark County, and one of only a few banks in the State large enough to expand into new markets at will. It can enter Vancouver directly only by acquisition of an existing bank, but it could open an office in any community adjacent to Vancouver which did not presently have a banking office, and thus become an additional competitor in the highly concentrated Vancouver banking market. This merger will eliminate such potential competition, and eliminate a bank which would provide a suitable foothold for entry by a smaller competitor.

* * *

Western Pennsylvania National Bank, Pittsburgh, Pa., and Provident Trust Co., Pittsburgh, Pa.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Provident Trust Co., Pittsburgh, Pa., with	$7, 176, 284	1	
was purchased Apr. 30, 1971, by Western Pennsylvania National Bank, Pittsburgh, Pa. (2222), which had	1, 090, 976, 777	77	
After the purchase was effected, the receiving bank had	1, 098, 153. 061		78

COMPTROLLER'S DECISION

On January 22, 1971, the Western Pennsylvania National Bank, Pittsburgh, Pa., filed an application with the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of Provident Trust Co., Pittsburgh, Pa.

Provident Trust Co., with IPC deposits of $5.6 million, was chartered in 1901. The bank operates from one office in northside Pittsburgh. The president of the bank, a young man who took over the management after his father's recent death, wants to pursue other, nonbanking, interests. All attempts to find successor management have failed because of the bank's inability to properly compensate a competent individual. The only reasonable alternative appears to be the sale of the bank.

Western Pennsylvania National Bank, with IPC deposits of $759 million, was organized in 1871, in Mc-

Keesport, Pa. It operates 73 offices serving a six-county area surrounding Pittsburgh. The bank is an aggressive full-service institution.

Western Pennsylvania National Bank receives competition from the Mellon National Bank, which has deposits of $4.4 billion, and the Pittsburgh National Bank, which has deposits of $1.4 billion. Western Pennsylvania National Bank ranks a distant third to those competitors.

The economy of the Pittsburgh Standard Metropolitan Statistical Area has, for many years, been based on coal mining and the manufacturing of steel, machinery, electrical equipment, and glass. Although the area now accounts for over one-fifth of the Nation's total annual steel production, its share has been declining because most steel plants constructed since World War II have located farther west, to be nearer the steel consuming industries. Other important industries in the area are fabricated metal products and electrical and nonelectrical machinery. Approximately 6,000 different products are made in area factories which together employ 290,000 people. Research and development, a relatively new industry, has grown to be the third largest in the Pittsburgh area, employing over 15,000 persons. Not only is Pittsburgh a great industrial city, but the four counties surrounding the city produce farm products valued at $42 million each year.

The nearest offices of the subject banks are 0.9 mile apart. However, the Allegheny River separates those two offices. Even though several bridges provides access to both shores of the river, those two offices serve different trade areas. Therefore, consummation of the purchase would not eliminate any significant competition in the area.

The service area of Provident Trust Co., the north side area of Pittsburgh, is an older and economically depressed section of the city. There are approximately 5,147 persons per banking office in this area. For the remainder of Allegheny County, the corresponding ratio is 6,516. For the other five counties in the Pittsburgh area, the corresponding ratio is 6,160. Those figures, in addition to the declining population in Provident National Bank's service area, indicate that this area could not support another banking office. Since *de novo* branching into this area by Western Pennsylvania National Bank is not feasible, consummation of this purchase will not eliminate any potential competition.

Redevelopment has started in the service area of Provident Trust Co. but the process is expected to take years to be fully effective. Provident Trust Co., because of its limited lending authority and its conservative policies, will be of little assistance to the redevelopment program. In contrast, Western Pennsylvania National Bank has a reputation and history of molding its offices to meet the specific needs of the communities they serve. Its larger lending limit would make it a definite asset to the redevelopment program in the area.

Consummation of the purchase will allow Western Pennsylvania National Bank to provide present customers of Provident Trust Co. with many services that they do not now enjoy. Those include guaranteed check cashing service, revolving credit programs, computer services for local merchants, automobile sales financing, and others.

Applying the statutory criteria, we find the proposal is in the public interest. The application, therefore, is approved.

MARCH 26, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The nearest offices of Western Pennsylvania National Bank and Provident are less than a mile apart, and several other "downtown" offices of Western Pennsylvania National Bank are within close proximity of Provident. Western Pennsylvania National Bank also operates a branch in Millvale, about 2 miles from Provident. The downtown Western Pennsylvania National Bank offices are separated from Provident by the Allegheny River, but five bridges link the downtown area to the north side of Pittsburgh, where Provident is located. The proposed transaction will eliminate some existing competition between Western Pennsylvania National Bank and Provident.

Western Pennsylvania National Bank presently does not operate offices in Pittsburgh's north side. However, in view of proposed redevelopment activities in this area, Western Pennsylvania National Bank, as one of Pittsburgh's leading banks, should be considered a likely potential entrant as the area becomes more attractive. Accordingly, the proposed merger would eliminate some potential competition.

As of June 30, 1968, 11 commercial banks operated 88 banking offices in the city of Pittsburgh. Of these 11 banks, three—Mellon National Bank & Trust Co., Pittsburgh National Bank, and Western Pennsylvania National Bank—controlled 67 of the offices and over 90 percent of the total deposits held by all commercial banking offices in Pittsburgh. Western Pennsylvania National Bank, with 13 offices at that time, held about 6 percent of such deposits, while Provident held about 0.2 percent.

Because of the high degree of concentration in commercial banking in the city of Pittsburgh (which may actually overstate the market here), we conclude that the proposed transaction would have some advers effect on competition.

* * *

THE FIRST NATIONAL BANK OF BELLEVILLE, BELLEVILLE, ILL., AND THE ST. CLAIR NATIONAL BANK OF BELLEVILLE, BELLEVILLE, ILL.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The St. Clair National Bank of Belleville, Belleville, Ill. (11478), with	$19, 121, 306	2	
and The First National Bank of Belleville, Belleville, Ill. (2154), which had	70, 939, 305	1	
merged May 24, 1971, under charter of the latter bank (2154) and title "First National Bank of Belleville." The merged bank at date of merger had	90, 060, 611		2

COMPTROLLER'S DECISION

On December 3, 1970, the $70 million First National Bank of Belleville, Belleville, Ill., and the $19.7 million St. Clair National Bank of Belleville, Belleville, Ill., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of "First National Bank of Belleville."

The First National Bank of Belleville was chartered in 1874 to meet the needs of the city of Belleville. It is now a full-service bank with a large trust department, and it records IPC deposits of $49.4 million. Growth during the last 10 years has been excellent; however, the bank ranks second in size to the Belleville National Savings Bank which has had even more remarkable growth, and now has IPC deposits of $62 million. The First National Bank of Belleville maintains driveup facilities in the rear of, and attached to, its main office. In addition, it maintains a military facility at Scott Field Air Force Base. The charter bank has adequate capital, and growth prospects for the future are good.

The St. Clair National Bank of Belleville, with IPC deposits of $17.3 million, was chartered in 1919. Over the years it has acquired a reputation as a conservative bank dealing largely in real estate loans and loans secured by stocks or insurance. In 1964, the bank undertook a much more liberalized program. The bank began its own credit card operation, leased computer facilities, acquired new banking headquarters, and set up a consumer credit department based on purchased dealer paper. Because the new programs were initiated without adequately trained personnel, mistakes and losses were significant. Consequently, the capital structure of the bank declined.

Belleville, with a population of 41,100, is the county seat of St. Clair County, population 279,000. The city is located about 15 miles southeast of St. Louis, and about 12 miles east of East St. Louis. Belleville is affected to some extent by the political and economic conditions of St. Louis and East St. Louis. It is the site of approximately 70 small manufacturing plants, including producers of stoves, shoes, garments, stencil machines, and beer. While the city has a good retail center, congestion in downtown Belleville inhibits retail growth. Instead, there is much growth and development in a commercial area between Belleville and East St. Louis. A large number of strip mines are located in the vicinity of Scott Air Force Base, the headquarters for the Military Air Transport Service, the Air Weather Service, the Air Rescue and Recovery Service, and the 1400th Air Base Wing, northeast of the city. Base personnel, in 1968, totaled 6,400 military and 3,600 civilian employees, making the base the largest single employer in the portion of that Standard Metropolitan Statistical Area that lies east of the Mississippi. The base annually injects about $75 to $80 million into the area economy.

The St. Clair National Bank and the The First National Bank of Belleville are located within three blocks of each other. Until the middle 1960's the merging bank was largely noncompetitive, seeking no new customers and accepting only secured or "safe" loans. Consequently deposits remained around $12 million. With the advent of their new aggressive bank policies in 1964, the bank entered a period designed to compete directly with the other banks in Belleville and other banks that serve the Belleville-East St. Louis area. Bank deposits increased, but losses also grew. Although the merger will remove a competitor, the merging bank's financial affairs warrant this help. It appears to this Office that the public needs and convenience of this merger clearly outweigh whatever anticompetitive effects may be attributed to it.

The merger will not have an adverse effect on the area banking structure. Although the charter bank will become the largest institution in Belleville, its office will be in the downtown area rather than in the developing area toward East St. Louis, and Illinois law prevents *de novo* branching, thereby negating any potential for future branches. In this proposal, the charter bank is taking over a bank whose internal problems will require time and experienced personnel to solve. In the meantime, aggressive competition can be expected from other financial institutions in the immediate vicinity of Belleville, the $70 million Belleville National Savings Bank, the $27 million Midwest Home Savings & Loan, the $75 million Greater Belleville Citizens Savings & Loan, the $18.9 million Bank of Bellville, the $10.6 million Security Savings & Loan Association, and the $5 million Bankers Trust Co., as well as those banks in the city of St. Louis and the other suburban cities within 10 miles of Belleville, including East St. Louis, Collinsville, Granite City, and National City.

The proposed merger will resolve many of the problems now clouding the future of the merging bank. Management of the charter bank is able and equipped to carry out the aggressive banking policies initiated by the merging bank. There will be no reduction in services to the merging bank's customers, and the increased lending limit of the charter bank will allow it to increase its loans both to private individuals and businesses and to the municipality of Belleville.

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

April 20, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The head offices of the two institutions are both located in downtown Belleville, just three blocks apart. It is clear, therefore, that substantial existing competition would be eliminated by the proposed merger.

As of June 30, 1970, five commercial banks operated offices in Belleville, and held $158.5 million in total deposits. First National, the largest of the five banks, held 39.2 percent of such deposits, while St. Clair National, the city's third largest bank, controlled 13.2 percent of such deposits. The resulting bank would thus control 52.4 percent of the total deposits held in the Belleville banks, and the share of the two largest Belleville commercial banks would increase from 73.5 to 86.7 percent.

As of the same date, 25 commercial banks maintained offices in St. Clair County, and held total deposits of $505.8 million. First National, the second largest of such banks, had 12.2 percent of county deposits, while St. Clair National, the sixth largest, held 4.1 percent. The resulting bank, while still ranking second in the county, would control 16.3 percent of total county deposits, and the shares held by the four largest banks in the county would increase from 51.5 to 55.6 percent.

The proposed merger would eliminate the substantial existing competition between the merging banks, and substantially increase concentration in commercial banking both in Belleville and in St. Clair County; and therefore it would have a significantly adverse effect on competition in the area. However, under Illinois law, there is no other less anticompetitive merger alternative for St. Clair National which has experienced substantial operating losses and declining deposits in recent years; therefore, it appears that this merger may well qualify under the "convenience and needs" defense (12 U.S.C. § 1828(c)) as interpreted in *United States* v. *Third National Bank in Nashville*, 390 U.S. 171.

* * *

MARINE MIDLAND BANK-EASTERN, N.A., TROY, N.Y., AND CATSKILL NATIONAL BANK & TRUST CO., CATSKILL, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Catskill National Bank & Trust Co., Catskill, N.Y. (1294), with	$6, 930, 086	1	
and Marine Midland Bank-Eastern, National Association, Troy, N.Y. (721), which had	171, 800, 719	15	
merged May 28, 1971, under charter and title of the latter bank (721). The merged bank at date of merger had	178, 613, 694		16

COMPTROLLER'S DECISION

On December 31, 1970, Catskill National Bank & Trust Co., Catskill, N.Y., and Marine Midland Bank-Eastern, National Association, Troy, N.Y. applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with title of the latter.

Marine Midland Bank-Eastern, National Association, the charter bank, with IPC deposits of $109.9 million, was organized in 1852. In addition to its head office, it operates 14 branch offices in various parts of the Fourth Banking District and has three approved but unopened branches. This bank is a member of the $5.9 billion Marine Midland Banks, Inc., a registered bank holding company.

Most of the charter bank's offices are located in the Capital District which comprises Albany, Rensselaer, and Schenectady counties. That area has an approximate population of 690,000, and is the third largest trade area in the State. It contains the cites of Albany, the trade center of the district and the State capital; Schenectady; and Troy, which is the head office location of the charter bank. The city of Troy, with a population of 62,000, is a commercial, educational, and industrial center. The products of its industries include abrasives, guns, surveying instruments, clothing, tools, paper, springs, paints, and automotive and airplane parts. The Fourth Banking District generally reflects the varied economic characteristics of residential, agricultural, commercial, and industrial activity.

As of June 30, 1970, the charter bank was the largest of the four banks based in Rensselaer County. It held $126.8 million in deposits. It ranked fourth in size among the 36 banks in the Fourth Banking District. Its competitors includes the $845 million State Bank of Albany, Albany; the $815 million National Commercial Bank & Trust Co., Albany; the $197 million First Trust Co. of Albany, National Association, Albany; the $124 million Schenectady Trust Co., Schenectady; and the $107 million First National Bank of Glens Falls, Glens Falls, N.Y. In addition, competition is furnished by the savings banks located in the Albany-Schenectady-Troy area.

Catskill National Bank & Trust Co., the merging bank, with IPC deposits of $4.7 million, was organized in 1813, and received its National charter in 1965. This is a unit bank and its condition is good. The bank does have a management succession problem since the bank's chief executive officer in 82 years old and there is no depth of management within the bank.

The village of Catskill, in which the only office of the merging bank is located, has a population of 5,233, and is the county seat and economic center of Greene County, which has a population of 32,000. Greene County is basically rural, with its population concentrated along its eastern border. The economic base of the county consists of agriculture, manufacturing, and retail trade and services supporting the tourist industry. Its economic future is largely dependent upon its ability to maintain and successfully promote its tourist industry. The majority of the hotel, motel, and tourist establishments in the county are located in or near the village of Catskill.

As of June 30, 1970, the merging bank was the smallest of three banks based in Greene County, holding $6 million in deposits. It ranked 30th in size among the 36 commercial banks in the Fourth Banking District which together hold aggregate deposits of $2.6 billion. Competitors of the merging bank include the $845 million State Bank of Albany, Albany; the $815 million National Commercial Bank & Trust Co., Albany; the $197 million First Trust Co. of Albany, National Association, Albany; the $10 million Tanners National Bank of Catskill; and the $8 million National Bank of Coxsackle, Coxsackle, N.Y.

The resulting bank would introduce additional and expanded services to residents and businessmen of Greene County, including a substantially larger lending limit, overdraft banking, customer electronic data processing facilities, trust investment, advisory services, and higher interest rates on several types of savings plans. It would also provide international banking facilities and specialized lending services. The severe management succession problem in the merging bank would also be resolved.

Competition will not be adversely affected by consummation of the proposed transaction. Because the nearest office of the charter bank is 34 miles from the merging bank, existing competition between the two is nonexistent. Further, under New York law, the home office protection afforded the merging bank and the Farmers National Bank of Catskill prevents *de novo* branching into Catskill by the charter bank. In the present service area of the charter bank, the addition to it of the much smaller merging institution would have a negligible effect. The merger would have a favorable effect on Greene County. In the Fourth Banking District, the resulting institution would continue to rank as fourth largest of the 35 commercial banks.

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

April 23, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Catskill Bank is 34 miles south of Marine-Eastern's closest branch in Albany County. Numerous banking alternatives intervene, including those in the intervening city of Albany. Catskill Bank does not draw any banking business from Marine-Eastern's service area; the amount of banking business drawn by Marine-Eastern from Catskill Bank's service area is negligible. The merger would not have a substantially adverse effect on existing competition between these two banks.

Another subsidiary of Marine Midland Banks, Inc., Marine Midland Bank of Southeastern New York, N.A., operates banking offices in the Third District, to the south of Greene County. This bank has pending an application to merge with The National Bank of Orange and Ulster Counties, which operates three offices in northern Ulster County, not far from the Greene County border. These offices are somewhat closer to Catskill Bank than those of Marine-Eastern. However, according to the application filed by Marine Southeastern, the service area of these three offices does not extend into Greene County. Substantial forest reserves intervene. Thus, it does not appear that the proposed merger would eliminate substantial direct competition between Catskill Bank and any other affiliate of Marine Midland Banks.

Under New York law, Marine-Eastern could be permitted to open *de novo* branch offices in Greene County, but not in communities subject to home office protection, including Catskill. In view of the economy and static population of Greene County, and the size of Catskill Bank, we do not believe that the proposed merger would have a significantly adverse effect on potential competition.

* * *

United Virginia Bank/Seaboard National, Norfolk, Va., and Eastern Shore Citizens Bank, Onancock, Va.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Eastern Shore Citizens Bank, Onancock, Va., with	$11,379,332	4	....
and United Virginia Bank/Seaboard National, Norfolk, Va. (10194), which had	204,230,352	19	....
merged June 1, 1971, under charter and title of the latter bank (10194). The merged bank at date of merger had	213,599,458	....	23

COMPTROLLER'S DECISION

On February 16, 1971, Eastern Shore Citizens Bank, Onancock, Va., and United Virginia Bank/Seaboard National, 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.

United Virginia Bank/Seaboard National, the charter bank, with IPC deposits of $141.8 million, was the result of a merger, in 1928, of the Citizens Bank of Norfolk, chartered in 1867, and The Seaboard National Bank, incorporated in 1904. In addition to its head office, it operates 17 offices throughout tidewater Virginia.

Norfolk, Va., population 307,951, is an independent city in the tidewater area of Virginia, adjacent to the cities of Virginia Beach, Portsmouth, and Chesapeake. The area is highly industrialized and constitutes the southern portion of the port complex of Hampton Roads. A concentration of military activities in the area also influences the local economy. The area is separated geographically from the Eastern Shore area by some 18 miles of water, and is now connected by a toll bridge.

Competition in the Norfolk-Portsmouth-tidewater area is intense among 16 banks, which, besides the charter bank's 18 offices, operate 101 offices. The charter bank's four largest competitors are the $1 billion Virginia National Bank, the $783 million First & Merchants National Bank, the $70 million First Virginia Bank of Tidewater, and the $65.5 million American National Bank of Portsmouth. Three of the remaining banks are in the $20 to $30 million range, and some of the smaller banks are affiliated with holding companies. Other financial institutions include nine savings and loan associations, four industrial loan organizations, 10 sales finance, and 22 personal loan companies. Various insurance companies, 61 credit unions, and government lending agencies are also active.

Eastern Shore Citizens Bank, the merging bank, with IPC deposits of $9.6 million, was chartered in 1906 in Onancock, Va. It operates four offices, at Onancock, Keller, Painter, and Accomack, all in Accomack County.

Onancock, Va., with a population of 1,614, is located on the Eastern Shore of Virginia. That area has been largely dependent upon farming, seafood, and timbering for its economic base. In recent years, farming has tended toward larger units. Poultry raising and poultry processing plants provide employment for several hundred area inhabitants. The National Aeronautical and Space Administration has a facility at Wallops Island, 25 miles from Onancock. The 1960–70 population trends in Accomack and adjacent Northampton counties show declines of 5.3 and 14.9 percent, respectively; current county populations total 29,004 and 14,442, respectively.

In Accomack County, the merging bank competes with the $15.4 million deposit Hallwood branch of the $388.6 million Bank of Virginia, Richmond, Va.; with the single-office $8.8 million deposit Farmers and Merchants National Bank in Onley; with the single-office $9.0 million deposit First National Bank in Onancock; and with the Parksley and Bloxom offices of the $6.2 million deposit Metompkin Bank & Trust Co. Nearby, in adjacent Northampton County, are the single-office $2.9 million deposit National Bank of Northampton, Nassawadox, and the single-office $6.7 million deposit Peoples Trust Bank, Exmore. Competing nonbank financial institutions include savings and loan associations, finance companies, commercial loan companies, insurance companies, and credit unions.

Approval of the proposed merger should prove beneficial to the merging bank's customers because, as an office of the resulting bank, it will have a larger lending limit, a greater reservoir of deposits, more sophisticated banking services, and management continuity which will be provided by the charter bank. At the present time, the large-scale banking needs of agriculture, light industry, and other businesses are reportedly handled by the larger out-of-area banks in Maryland and Delaware, because of their proximity and accessibility. The charter bank will benefit from the merger because it will be able to expand its operations into the Eastern Shore area and, through its expertise in banking, will be able to assist in serving the economic needs of the area. The resulting bank's operations in the merging bank's service area should continue to be profitable.

Competition will not be adversely affected by consummation of this transaction. Because the closest offices of the two banks are 50 miles apart there is no present competition between them. In the present service area of the merging bank, introduction of the charter bank should stimulate competition without disadvantaging the smaller banks operating in the area.

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

April 20, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Seaboard, the United Virginia Bankshares affiliate nearest to Eastern Shore, operates offices about 60 to 80 miles southwest of Eastern Shore's offices. The Eastern Shore is separated from the Norfolk-Portsmouth SMSA by a toll bridge which spans 18 miles of water. The amount of business each bank derives from the service area of the other bank is very small. The proposed merger would not have an adverse effect on direct competition.

Under Virginia law, a bank cannot establish a *de novo* office more than 5 miles beyond the limits of the city in which it is headquartered, or outside the county in which it is headquartered. Thus, United Virginia Bankshares cannot expand its banking operations into the service area of Eastern Shore through the establishment of a branch office by Seaboard or another affiliate bank. However, United Virginia Bankshares could enter Eastern Shore's service area by establishing a new bank.

Eastern Shore holds the second largest share of deposits held among the seven banks which operate offices in its service area. As of June 30, 1970, it held about 17 percent of the total deposits of banks in its service area. A branch office of Bank of Virginia, a subsidiary bank of Virginia Commonwealth Bankshares, held the largest share, 27 percent. The third and fourth largest banks held about 15 and 14 percent, respectively. United Virginia Bankshares (aggregate deposits $1 billion) has the capability to enter this area by establishing a *de novo* bank or by acquiring a bank with a small share of the deposits in the area. The proposed merger would eliminate this source of potential competition.

* * *

AMERICAN NATIONAL BANK & TRUST, MONTCLAIR, N.J., AND THE SECOND NATIONAL BANK OF PHILLIPSBURG, PHILLIPSBURG, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Second National Bank of Phillipsburg, Phillipsburg, N.J. (5556), with	$22,755,785	2	
and American National Bank & Trust, Montclair, N.J. (4274), which had	367,548,851	30	
merged June 4, 1971, under charter and title of the latter bank (4274). The merged bank at date of merger had	390,288,412		32

COMPTROLLER'S DECISION

On February 17, 1971, The Second National Bank of Phillipsburg, Phillipsburg, N.J., and American National Bank & Trust, Montclair, N.J., applied to the Comptroller of the Currency requesting permission to merge under the charter and title of the latter.

The Second National Bank of Phillipsburg, which presently has IPC deposits of $18.3 million, was established in 1900, and operates two banking offices in Phillipsburg. The bank is reported to be in good condition, but because of its small size it lacks sufficient experienced management staff to assure continued successful operation upon the imminent retirement of its present responsible executives.

Phillipsburg is a small industrial city on the Delaware River in the southwest corner of Warren County, N.J. Its population was 18,500 in 1960, 28,500 if the population of the bordering suburbs is included. In 1970, Phillipsburg had a population of 17,800. Easton, Pa., lies directly across the river. It had a 1960 population of 32,000; 60,000 counting its surrounding suburbs. Its population, like that of Phillipsburg, has declined somewhat over the past decade, while its suburbs have shown an increase. The two cities are linked by two bridges, and may, for certain purposes, be considered as one. Seven other banks serve the Phillipsburg-Easton complex. Three of those banks are located in Phillipsburg itself. All of those banks have been characterized as small. The Second National Bank is one of the smallest. While Phillipsburg is primarily a residential and industrial area, the surrounding Warren County countryside is devoted largely to dairy farming and some light industry. Prospects for growth in the metropolitan area are favorable.

American National Bank & Trust is the result of the consolidation of Montclair National Bank & Trust Co. and the Trust Co. National Bank, which is located in Morristown. This bank has IPC deposits of $273.5 million, is in good condition, and enjoys competent management. It is headquartered in Montclair, Essex County, N.J., and operates a total of 30 banking offices in Morris, Sussex, and Warren counties.

Montclair is an old and wealthy residential suburb of New York City and of Newark, the largest city in New Jersey. It has a population of 43,000, and local competition is provided by The Montclair Savings Bank and a branch of National Newark and Essex Bank.

The bank also maintains an administrative headquarters in Morristown, in Morris County. Morristown is also an established residential suburb, however, it is located in a more rapidly growing area of New Jersey than is Montclair. Local competition is provided by First Morris Bank, The First National Iron Bank of New Jersey, and The Morris County Savings Bank. The vast majority of American Bank & Trust's business is derived from Morris County and the western part of Essex County. Competition is keen in that market area.

Both Second National Bank of Phillipsburg and American National Bank & Trust are located in the recently created First Banking District of New Jersey. Until July 1969, the New Jersey statutes limited commercial and savings bank branching and merging to one county. The new law, which became effective at that time, divides the State into three banking districts and permits branching and mergers within the district in which the bank's head office is located. Head office protection is complete. The First District is composed of the counties of Bergen, Essex, Hudson, Morris, Passaic, Sussex, and Warren. The northern and eastern part of the district is heavily industrialized, while the southern and eastern portions, where Phillipsburg is located, is rather rural, with many farms. The middle portion of the district is primarily residential, and is the home of many wealthy families and executives who commute to New York City. That is where American National Bank & Trust finds its market area. The district has a population of 3.5 million, and supports the operation of 84 commercial banks.

There is no direct competition between the applicant banks. American National Bank & Trust operates one branch in Warren County at Harmony, 3.8 miles from Second National Bank of Phillipsburg's only branch office. It has been determined that no competition exists between those two banks. American National Bank & Trust's position as ninth largest bank in the seven-county district will not change as a result of the merger.

The competitive atmosphere in the Phillipsburg-Easton area, however, will be greatly enhanced as a result of the merger. Continued operation of the Phillipsburg facilities will be assured. In addition, the Phillipsburg offices will offer that area new services not now available at The Second National Bank of Phillipsburg.

This Office is of the opinion that the proposed merger will have no adverse competitive effect and is in the public interest. The application is, therefore, approved.

April 23, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The home offices of the two banks are about 60 miles apart. American National Bank & Trust's single office in Warren County, however, is located at Harmony, only about 4 miles from the closest office of Phillipsburg Bank, with no other banking offices intervening. Thus, there is undoubtedly some competition between the two banks. The Harmony office of American National Bank & Trust, however, is new to the area, having been opened *de novo,* in December of 1970. Thus, American National Bank & Trust is not presently a major factor in the Phillipsburg area.

The home office protection provision of New Jersey law prohibits American National Bank & Trust from branching *de novo* into Phillipsburg. Likewise, the Warren County communities immediately adjacent to Phillipsburg are closed to *de novo* branching by American National Bank & Trust, by virtue of the branch office protection provision in New Jersey law, which applies to communities having a population of less than 7,500. Even should Phillipsburg and the surrounding communities be open to *de novo* entry in the future, the relative size of Phillipsburg Bank and the existence of several other large New Jersey banks which could enter the area would diminish the impact upon potential competition from this proposed merger. Nevertheless, it is clear that as the Harmony office of American National Bank & Trust grows, competition between it and Phillipsburg Bank would increase. We conclude, therefore, that the proposed merger would have some adverse effect upon potential competition.

* * *

New Jersey Bank (N.A.), Clifton, N.J., and Phillipsburg Trust Co., N.A., Phillipsburg, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Phillipsburg Trust Co., National Association, Phillipsburg, N.J. (15648), with....	$15, 918, 650	2	....
and New Jersey Bank (National Association), Clifton, N.J. (15709), which had...	584, 769, 524	26	....
merged June 4, 1971, under charter and title of the latter bank (15709). The merged bank at date of merger had..........	600, 688, 157	....	28

COMPTROLLER'S DECISION

On March 1, 1971, the Phillipsburg Trust Co., National Association, Phillipsburg, N.J., and the New Jersey Bank (National Association), Clifton, N.J., applied to the Comptroller of the Currency for permission to merge under the charter and title of the latter.

Phillipsburg Trust Co., N.A., which presently has IPC deposits of $13.3 million, was originally organized as a State-chartered institution in 1917. It established its only branch office at Pohatcony Township in 1961, and in February 1968, converted to a National bank, adopting its present name. It is the smallest of the competing banking institutions in the Phillipsburg area. Although the bank is in good condition, it lacks sufficient management depth to ensure continued successful operation past the retirement of its key executive officers.

Phillipsburg is a small industrial city on the Delaware River in the southwestern corner of Warren County, N.J. Its population was 18,500 in 1960 and 17,850 in 1970. The population of Warren County, however, increased from 63,200 to 73,800 in the same period. Easton, Pa., lies directly across the river. It had a population of 32,000 in 1960. Its population pattern has paralled that of Phillipsburg. The cities are linked by two bridges, and, for certain purposes, may be considered as one town. While the economy of the city has shown some signs of decay, the surrounding countryside, which is largely farmland with some light industry, has shown increasing signs of development for residential purposes. This trend is expected to continue.

New Jersey Bank (N.A.) was established in 1869 under a State charter, with the title The Paterson Savings Institution. The bank acquired the charter for a trust company in 1947, and changed its name to The Paterson Savings & Trust Co. In April 1969, the bank, then known as New Jersey Bank & Trust Co., received a charter as a National bank, and adopted its present title. The bank also acquired The Peoples National Bank of Sussex County, located in Sparta, N.J., and the Jersey State Bank, located in River Edge, N.J., in 1970. As of December 31, 1970, it had IPC deposits of $412.1 million. This bank enjoys an experienced and capable management staff of sufficient depth to assure sound operation for the future.

New Jersey Bank (N.A.) is headquartered in Clifton, Passaic County, N.J. The bank operates 26 offices in 22 communities. Eleven of those communities are in Passaic County, eight in Bergen County, and three in Sussex County. The population of the three counties is estimated to be 1.5 million. The entire area is located within the New York City metropolitan complex, and is a popular residence for many persons working in Manhattan.

Passaic County is within 15 miles of midtown Manhattan. In the past decade, the county's population has increased to 500,000. The local economy is largely residential but with a continuing emphasis on industry. Many industries have recently moved from New York City to New Jersey. Continued rapid growth is expected.

Bergen County, located to the northeast of Passaic County, has experienced much the same growth patterns as its neighbor. Ready access to New York City is provided by the George Washington Bridge. Population forecasts indicate that the county may expect continued rapid growth. Sussex County is largely rural in nature.

Competition is keen throughout the bank's market area. Effective competition is also provided by the New York City banks, not only because many local residents work in the city, but also because many of the industries which have relocated in New Jersey have maintained New York banking connections.

Both Phillipsburg Trust Co., N.A., and New Jersey Bank (N.A.) are located in the First Banking District of New Jersey. Until a recent change in the law, New Jersey statutes limited commercial and savings bank branching and merging to one county. The new law, effective July 1969, divided the State into three banking districts and permitted branching and mergers within the district in which the bank's head office is located. The First District is composed of the counties of Bergen, Essex, Hudson, Morris, Passaic, Sussex, and Warren. The northern and eastern part of the district is generally heavily industrialized and the location of many suburban residential towns, while the southern and western portions, where Phillipsburg is located, is generally rural in nature. The entire district has a population of about 3.5 million, and supports the operation of 84 commercial banks.

There is no direct competition between the applicant banks. The proposed merger will not eliminate any competition. All offices of the Phillipsburg bank will be maintained so that the convenience of the Phillipsburg banking public will not be diminished. In addition, the resulting bank will bring a higher lending limit to the Phillipsburg area along with the other services unique to a large bank.

This Office finds that the merger will have no anticompetitive effect and is to the public benefit. The application is, therefore, approved.

APRIL 21, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The home offices of the merging banks are about 62 miles apart and the closest branch of New Jersey Bank is more than 40 miles from Phillipsburg. Thus, it would not appear that the proposed merger would eliminate any substantial existing competition between the two institutions.

The home office protection provision of New Jersey law prohibits New Jersey Bank from branching *de novo* into Phillipsburg. The Warren County communities immediately adjacent to Phillipsburg are also closed to *de novo* branching by New Jersey Bank, by virtue of the branch office protection provision in the New Jersey law, which proscribes *de novo* branching into communities having a population of less than 7,500 which are already served by a branch office of a commercial bank.

However, even if Phillipsburg and its surrounding communities were to open *de novo* branching in the future, the relative size of Phillipsburg Trust, and the existence of several other large northern New Jersey banks which have the capability and resources to enter the area *de novo*, would diminish the impact upon potential competition from this proposed merger. We conclude, therefore that the proposed merger would not have a significantly adverse effect on competition in the Phillipsburg area.

* * *

First National Bank in Manitowoc, Manitowoc, Wis., and State Bank of Francis Creek, Francis Creek Wis.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
State Bank of Francis Creek, Francis Creek, Wis., with	$4, 202, 000	1	
was purchased June 15, 1971, by First National Bank in Manitowoc, Manitowoc, Wis., (4975), which had	33, 567, 792	1	
After the purchase was effected, the receiving bank had	33, 020, 103		2

COMPTROLLER'S DECISION

On February 23, 1971, First National Bank in Manitowoc, Manitowoc, Wis., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of State Bank of Francis Creek, Francis Creek, Wis.

First National Bank in Manitowoc has IPC deposits of $22 million, and was established in 1894. It operates one office in Manitowoc. It is reported that the applicant bank is adequately capitalized, soundly managed, and has no serious asset problems. Competition is provided by Manitowoc County Bank and Manitowoc Savings Bank. Manitowoc is the county seat of Manitowoc County, has a population of approximately 33,000, and is characterized as primarily industrial.

State Bank of Francis Creek was established in 1916, and operates as a unit bank. As of December 1970, it had IPC deposits of $3.6 million. Francis Creek is located 8.5 miles northwest of Manitowoc, and its economy is primarily agricultural. Because of its small size and rural location, State Bank of Francis Creek has had difficulty in attracting an adequate banking staff that could successfully manage the bank upon the retirement of the majority of the present staff. The present ownership has therefore decided that a sale of the bank's assets and an assumption of its liabilities by a more viable banking institution would be in the interest of the bank and the community it serves. There is little significant competition between the banks and consummation of the proposed transaction will not lessen competition in the area served by the banks.

It is therefore concluded that the purchase of the assets and the assumption of the liabilities of State Bank of Francis Creek by First National Bank of Manitowoc will have no anticompetitive effect and is in the public interest. The application is, therefore, approved.

May 3, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The participating banks are located 9.5 miles apart in separate communities. There is one banking alternative in the intervening area. It would appear that the proposed acquisition would eliminate some existing competition between these banks.

A total of five banks, including the parties to this transaction, operate seven offices within the northeastern third of Manitowoc County where the effects of this acquisition will be felt. If the proposed acquisition were consummated, First National would increase its share of deposits in this area from 32.6 to 38.3 percent. First National would entrench its position as the largest commercial bank in this area. It would also maintain its rank of second among the 16 commercial banks operating in Manitowoc County.

The proposed acquisition would eliminate some direct competition between the participants and would eliminate an independent banking unit in Francis Creek. Additionally, it would somewhat increase concentration among commercial banking institutions in Manitowoc County, particularly in the northeastern third of the county.

We conclude that the proposed merger would have at least some adverse effect on competition.

* * *

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

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Hollywood National Bank, Los Angeles, Calif. (15442), with	$10, 309, 629	2	
and United States National Bank, San Diego, Calif. (10391), which had	644, 805, 670	59	
merged June 25, 1971, under charter and title of the latter bank (10391). The merged bank at date of merger had	655, 115, 300		61

COMPTROLLER'S DECISION

On February 17, 1971, the United States National Bank, San Diego, Calif., and the Hollywood National Bank, Los Angeles, Calif., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the "United States National Bank."

The $596 million United States National Bank, which opened in 1913 in San Diego, Calif., presently operates 58 branches and has IPC deposits of $394.4 million. Since 1950, the bank has experienced rapid growth commensurate with the dynamic growth of southern California. Its main office and 12 of its branches are situated in San Diego County. It also has 12 branches in Orange County, two branches in Riverside County, four branches in San Bernardino County, and 28 branches in Los Angeles County. In addition, the bank has received approval to open another branch in Orange County.

The $10.7 million Hollywood National Bank opened for business in December 1964, in the Hollywood section of Los Angeles. In February 1966, it established a branch 3 miles southeast of the bank's head office. The bank has not shown spectacular growth and, due to managerial problems, in late 1966 and early 1967, some loan losses developed. The losses have been reduced, but they have not been stopped.

The five counties in southern California which are served by the charter bank are highly diversified in agriculture, industry, foreign and domestic finance, fishing, motion picture production, general manufacturing, aerospace, and retail trade. A substantial portion of the State's population growth in recent years has taken place in southern California. The 1970 census registered 11.6 million people in that five-county region; that constitutes 59.1 percent of California's total.

The primary market area served by Hollywood National Bank lies 15 miles west of downtown Los Angeles and encompasses the Hollywood, Los Feliz, and Silver Lake districts of the city of Los Angeles. That area extends in a 3-mile radius from the two offices of the bank, and comprises an area of about 22 square miles with an estimated population of 322,406 residents. The major categories of employment in Hollywood include services (92,700); wholesale and retail trades (52,700); finance, insurance, and real estate (27,500); manufacturing (13,700); and transportation, communications, and utilities (9,400). The single major source of employment in Hollywood remains the motion picture, television, radio, and recording studios. The areas surrounding the offices of the merging bank are fully developed and contain a mixture of older residential sections and commercial establishments. While Hollywood National Bank's offices occupy two of the better locations in the Hollywood area, the bank has not gained public acceptance.

Within the described service area of the merging bank there are 81 offices representing 18 different banks, several of which are the largest in the United States, including 24 branches of Bank America National Trust & Savings Association, nine branches of Crocker-Citizens National Bank, 20 branches of Security Pacific National Bank, and eight branches of United California Bank. There are a host of small banks that operate three or fewer branches, including the United States National Bank, with two branches in the area. In addition to those commercial banks, there are numerous savings and loan associations which compete rather aggressively for available deposit and loan business. Additional competition is derived from credit unions, sales finance companies, personal loan companies, mortgage companies, and factors and lending agencies of the U.S. Government. With the resulting bank retaining only 2 percent of the deposit business and 1 percent of the loan business derived by the 81 banks serving the Hollywood market area, the competitive impact of the merger described on the banking structure will be nominal. Considering the loans and deposits of the resulting institution compared to those of all financial institutions the ratios become very insignificant.

The head offices of the banks participating in the merger are approximately 115 miles apart. Although two branches of United States National Bank are situated within 3 miles of the head office of the merging bank, there appears to be no significant overlap of the respective banks' service areas due to the type of customers each bank tries to serve; the charter bank is commercially oriented, while the merging bank does very little consumer business. There is no significant depositor or borrower relationships in common to both banks, other than certain loans that were purchased by Hollywood National Bank from companies in which the principal owner of both banks is interested. Such purchases took place only after Westward Realty Co. acquired control of the merging bank. Prospects for future competition between the participant banks are considered to be negligible in light of the affiliation that presently exists between the participating banks. Due to the past managerial problems of Hollywood National Bank, the bank's operations are now closely supervised by the charter bank.

The proposed merger is not expected to reduce the alternative sources of bank services for residents of the described trade area. The offices of the merging bank will remain open as branches of the charter bank, enabling the resulting bank to offer the following extended services to the merging bank's customers: a trust department, extensive EDP services, and greatly increased lending limits. Commercial services, as well as personal banking needs, will be emphasized by the resulting bank. Specifically, it will offer accounts receivable, warehouse receipt financing, business loans, VA and FHA construction loans, and commercial take-out real estate mortgage loans.

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

May 14, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Both banks operate offices within Los Angeles County and the Hollywood-Beverly Hills-Wilshire area. Five offices of United States National Bank are located within a 5-mile radius of Hollywood Bank. Thus, although there are many intervening and alternative sources of commercial banking services, this proposed merger will eliminate direct competition between the merging banks.

Within Los Angeles County, 67 commercial banks operate 882 banking offices. As of June 30, 1970, United States National Bank had less than 1 percent, and Hollywood Bank had about 0.06 percent of total deposits in commercial banking offices in the county. Within the Hollywood-Beverly Hills-Wilshire area, 17 commercial banks operate 139 banking offices. The market shares of United States National Bank and Hollywood Bank within this area would not be significantly higher than their shares of Los Angeles County as a whole.

We conclude that although this merger would eliminate direct competition between the participants, it would not have a significantly adverse effect on competition.

* * *

CITY TRUST CO., BRIDGEPORT, CONN., AND THE WATERBURY NATIONAL BANK, WATERBURY, CONN.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
City Trust Co., Bridgeport, Conn., with	$299, 620, 685	16	
and The Waterbury National Bank, Waterbury, Conn. (780), which had	82, 666, 951	10	
consolidated June 30, 1971, under charter of the latter bank (780) and title "The City National Bank of Connecticut." The consolidated bank at date of consolidation had	375, 465, 153		26

COMPTROLLER'S DECISION

On January 28, 1971, City Trust Co., Bridgeport, Conn., and The Waterbury National Bank, Waterbury, Conn., 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 "The City National Bank of Connecticut," with headquarters in Bridgeport, Conn.

The Waterbury National Bank, the charter bank, with IPC deposits of almost $56 million, was organized originally in 1848. In addition to its main office, it operates eight branches in strategic sections of Waterbury and neighboring towns.

Waterbury, home of the charter bank, is located in northern New Haven County, 30 miles north of Bridgeport and 29 miles southwest of Hartford. The service area of the charter bank, which includes Waterbury and 13 neighboring municipalities in Litchfield and New Haven counties, can be broadly described as a residential, commercial, and industrial region. Waterbury itself can be categorized as a commercial and heavily industrialized community. Industry is varied, but with particular emphasis on metal production and fabrication in many manufacturing plants, both large and small. The city serves as a trade center for people residing in smaller communities in the surrounding area.

With resources of $70 million, the charter bank ranks as 13th largest in the State. There are five competing institutions in Waterbury, including one commercial bank, two savings and loan associations, one mutual savings bank, and a branch of a commercial bank based in Bridgeport. In its service area, The Waterbury National Bank ranked fourth in size. In the combined service area of the two consolidating banks, Waterbury National ranked as 10th largest commercial bank. In Waterbury, The Colonial Bank & Trust Co., with assets of $283 million, offers particularly vigorous commercial bank competition.

City Trust Co., the consolidating bank, with IPC deposits of $206.5 million, traces its lineage to 1854, and assumed its present name in 1957, following the acquisition of The South Norwalk Trust Co. by The Bridgeport City Trust Co. In addition to its head office in Bridgeport, it now operates 15 branch offices, all but one of which are located in Fairfield County, in the southwestern section of the State.

Bridgeport, home of the consolidating bank, with a population of about 155,000 and a trade area draw estimated at 360,000, is the second largest city in the State. It is located in Fairfield County, on Long Island Sound, approximately 19 miles southwest of New Haven and about 60 miles northeast of New York City. Its economy is diversified and, until the recent economic downturn, has been relatively stable. The city, with its good harbor facilities, is one of the leading industrial and commercial centers of the State. Industry is varied, both light and heavy, and there are many manufacturing plants, large and small. The service area of the consolidating bank covers 21 communities, and can be broadly described as a residential, commercial, and industrial region.

With resources of $281 million, City Trust Co. ranks as seventh largest commercial bank in the State. Several commercial banks compete vigorously in the Bridgeport region. The State National Bank of Connecticut, with assets of $363 million, and The Connecticut National Bank, with assets of $351 million, provide particularly intense competition. Significant competition also derives from several mutual savings banks, savings and loan associations, and credit unions in the general area. Because of their proximity, the impact of the New York City banks is also felt. Among commercial banks in its service area, City Trust Co. ranked fifth in size. Among commercial banks in the combined service area of the consolidating banks, City Trust Co. ranks sixth in size.

The resulting bank, with its larger bank facilities, will be able to offer additional services in both the

Bridgeport and Waterbury areas. A larger lending limit will be available to attract business that is presently going elsewhere. Customers of Waterbury National will benefit from the expanded services presently being offered by City Trust Co., including broader and more specialized trust services, credit card financing, municipal financing, and improvements in the area of automated accounting. Also, some degree of flexibility in the matter of the shifting of funds would result.

Competition will not be adversely affected by consummation of the proposed transaction. Because the service areas of the two consolidating banks do not overlap, their nearest branches being 17 miles apart, there is no meaningful competition between them to be eliminated. The resulting bank will be in a better position than either bank operating individually to compete with the much larger institutions presently operating in the service areas of the consolidating banks; that is to say, competition will be improved. At the same time, the smaller banks operating in the area will continue to capture a fair share of available banking business.

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

MAY 11, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

All but one of City Trust's 16 offices are located in Fairfield County. Seven of Waterbury Bank's nine offices are located in New Haven County. The banks' closest offices are 17 miles apart, with several offices of competing banks located in the intervening area. The application indicates that each bank derives little business from the area served by the other. The proposed consolidation would not appear to eliminate substantial direct competition between the two banks.

As of June 30, 1970, Waterbury Bank's nine branches accounted for 24 percent of the commercial bank deposits attributable to commercial bank branches located in Waterbury Bank's service area. It was the second leading bank in an extremely concentrated commercial banking market in which the leading two banks accounted for 85 percent of deposits. As of the end of 1970, City Trust was the seventh largest bank in the State, with total deposits of $260.1 million.

Connecticut law permits a bank to branch *de novo* statewide, except into a town in which another bank's main office is located. Waterbury, Bridgeport, and Norwalk are closed to *de novo* entry. However, as the seventh and 13th largest commercial banks in Connecticut, both City Trust and Waterbury Bank possess the resources and skills to open *de novo* offices in parts of each other's service areas where such branching is permitted. Moreover, it may also be possible for either bank to establish a holding company and organize a bank in the home city of the other. Therefore, their merger would eliminate potential competition between them.

In view of the capabilities and prominent market positions of the merging banks, we conclude that the proposed merger would have some adverse effect on potential competition.

* * *

FIRST NATIONAL BANK OF ARCHBOLD, ARCHBOLD, OHIO, AND THE FARMERS STATE BANK CO., FAYETTE, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Farmers State Bank Co., Fayette, Ohio with	$5,138,524	1	
and First National Bank of Archbold, Archbold, Ohio (15227), which had	8,262,535	2	
consolidated July 1, 1971, under charter of the latter bank (15227), and title "Tiffin Valley National Bank." The consolidated bank at date of consolidation had	13,401,059		3

COMPTROLLER'S DECISION

On February 12, 1971, the First National Bank of Archbold, Archbold, Ohio, and The Farmers State Bank Co., Fayette, Ohio, 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 "Tiffin Valley National Bank."

The $8.4 million First National Bank of Archbold was organized in 1906 as The People's State Bank Co. It operated under a State charter until January 1, 1964, when it converted into a National Association and adopted its present title. The bank, which operates one branch that it established in 1965 in Archbold, records aggregate IPC deposits of $6.9 million. There is one other commercial bank located in Archbold, the $23.4 million Farmers and Merchants State Bank.

The Farmers State Bank, the consolidating bank, with total resources of approximately $5 million, was chartered in 1906 under its present title. It acquired the Bank of Fayette, Fayette, Ohio, in 1913, and The Alvordton Banking Co. of Alvordton, Ohio, in 1923. It presently operates no branches. The bank records approximately $4 million in IPC deposits. There are no other commercial banks in Fayette.

The applicant banks serve a majority of Fulton County and portions of Williams County. Archbold, headquarters for the charter bank, has an estimated population of 3,047, and is situated in southwestern Fulton County, approximately 50 miles west of Toledo, 26 miles east of the Indiana border, and 13 miles south of the Michigan border. Fayette, headquarters for the consolidating bank, has a population estimated to be 1,170. It is located 11 miles north of Archbold, and 2 miles south of the Michigan border.

The economy of both banks' service areas is predicated upon agriculture, livestock, and related industrial activities. The largest employer in Archbold is the Beatrice Food Corp., which employs in excess of 400 full-time employees. Other employers in Archbold include 23 industrial businesses and 196 commercial and retail outlets. Archbold is considered to be one of the wealthiest rural communities in the State, with an average income per household in excess of $11,120. On the other hand, growth in Fayette has been slow in the last decade. Population has increased less than 100, and there has been a steady decline in retail establishments. Despite the slow growth, there has been no unemployment in Fayette, largely because of the recent entrance of three manufacturing concerns that currently provide employment for 600 persons. Within the described service area there are five commercial banks and branches of several large savings and loan associations. The commercial competitors include the $25 million Citizens National Bank, Bryan, Ohio; the $14.4 million Peoples State Bank of Wauseon, Ohio; the $6.7 million National Bank of Fulton County, Delta, Ohio; and the $3.1 million Farmers State Bank of Strykes, Ohio. The charter bank ranks third in size and the consolidating bank ranks fifth, among those banks. The resulting bank, with assets of $13.5 million, will continue to rank third in the trade area commercial banking structure. Although this consolidation will reduce the number of banking houses from seven to six, and increase the concentration of area deposits in the top three institutions, it will not result in a significant concentration of assets in the resulting institution.

The proposed consolidation will not significantly affect the competition that presently exists between area financial institutions. Neither bank has an aggressive management, and, due to an unexpected resignation at the consolidating bank in 1970, its key executive is a 27-year-old cashier who is still learning the banking trade and is not in a position to initiate new, aggressive policies. An analysis of the respective accounts for each bank reveals very little competition between the banks. The charter bank derives $4,600 from 70 checking accounts in the consolidating bank's trade area, and the consolidating bank holds none from the charter bank's area. In savings accounts from each other's area, the charter bank holds 78, with a total dollar value of $66,000, and the consolidating bank records 12, with a dollar value of approximately $37,000. Considering loan portfolios, each bank has six accounts from the other's service area that total $3,873 and $13,659 for the charter and consolidating bank, respectively.

The needs and convenience of the public will be enhanced in several respects upon approval of this consideration. The lending limit will be raised to $100,000 for the resulting bank from the $60,000 and $40,000 limits of the charter and consolidating banks. The consolidating bank, with no experienced executive officer, will have the benefit of the charter bank's experienced personnel. Moreover, the larger resulting bank, with additional resources, will recruit additional executive personnel. Other services to be instituted included a modern installment lending program, proposed servicing of FHA and VA loans, computerization, and more aggressive use of each bank's present programs.

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

April 22, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger involves two very small banks located 11 miles apart in separate villages, with no banking alternatives in the intervening area. Thus, it would appear that the proposed consolidation would eliminate the direct competition that presently exists between these banks.

First Financial is the third largest bank in Fulton County, which is a concentrated banking market. There

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are presently six commercial banks in the county, with the largest three accounting for 77 percent of total deposits. If the merger is approved, the three largest banks would control about 82 percent of county deposits. Thus, concentration in the local market would be substantially increased.

* * *

FIRST UNION NATIONAL BANK OF NORTH CAROLINA, CHARLOTTE, N.C., AND BANK OF ROCKY MOUNT, ROCKY MOUNT, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Rocky Mount, Rocky Mount, N.C., with	$13, 797, 092	4	
and First Union National Bank of North Carolina, Charlotte, N.C. (15650), which had	1, 114, 132, 313	150	
merged July 30, 1971, under charter and title of the latter bank (15650). The merged bank at date of merger had	1, 127, 762, 357		154

COMPTROLLER'S DECISION

On April 26, 1971, the First Union National Bank of North Carolina, Charlotte, N.C., applied to the Comptroller of the Currency for permission to merge with the Bank of Rocky Mount, Rocky Mount, N.C., under the charter and with the title of the former.

Charlotte, with a 1970 estimated population of 240,000, is the county seat of, and largest city in Mecklenburg County. It is not only North Carolina's largest urban area, but it is also one of the fastest growing cities in the southeastern United States. Located in the south-central piedmont section of North Carolina, Charlotte is one of the State leaders in manufacturing and is an important wholesale and retail trade center. Although the Charlotte area contains many important industrial firms, the largest employers are transportation and distribution companies.

First Union National Bank of North Carolina, following an aggressive policy, has grown from $74 million in total resources, in 1955, to its present size of $1.1 billion in total resources, thereby becoming the third largest commercial bank in North Carolina. The bank presently operates through 147 offices in 70 communities. Principal competition for this bank derives from the $1.8 billion Wachovia Bank & Trust Co., operating 140 offices in 52 communities; the $1.5 billion North Carolina National Bank, operating 101 offices in 30 communities; and the $753 million First Citizens Bank & Trust Co., operating 170 offices in 63 communities. Competition is also provided by the strong regional systems of the $583 million Northwestern Bank and the $280 million Branch Banking & Trust Co.

Rocky Mount, home of the merging bank, is located in both Nash and Edgecombe counties in the northern coastal region of North Carolina. The economy of that two-county area is supported primarily by agriculture and manufacturing. The importance of farming is indicated by the fact that it provides jobs for nearly 20 percent of the area's labor force. A major activity is the growing and processing of tobacco, and the future of that industry is uncertain. During the period from 1963 to 1967, the area experienced a significant increase in the number of manufacturing firms and retail establishments. In 1967, there were 144 manufacturing firms and approximately 1,200 retail establishments in Nash and Edgecombe counties. A large number of those businesses were located in the Rocky Mount area. While that market area compares favorably with the rest of the State in industrial growth and expansion, nearly 50 percent of the area's firms are engaged in textile and apparel manufacturing, a traditionally labor-intensive and low-wage type industry. The population of the two counties appears to be declining. During the period from 1960 to 1970, the population of Nash County declined from 61,002 to 59,122, and that of Edgecombe County declined from 54,276 to 52,341. During the same period, the population of Rocky Mount increased from 32,147 to 34,284; a portion of that increase can be attributed to the expansion of the city's corporate limits. Per capita and total personal income in the two counties is far below that of the State. The average weekly wage in those counties is also below the State average.

The Bank of Rocky Mount, with total resources of $12.6 million, was originally organized in 1928, as the City Industrial Bank, and presently operates three branch offices in Rocky Mount. The bank has been generally conservative through the years, and, in many respects, still maintains many of the characteristics of an industrial bank, with a large number of time deposits and installment loans to finance consumer purchases. The bank presently provides only limited services to its community. Any program of expansion to meet the needs of the community better would require a greater management depth than is presently available to the bank. Because of its size, the salaries it is able to pay, and the career opportunities it can offer, the bank has not been able to compete for the needed management talent in a highly competitive market. Since 1968, the bank has experienced a decline in both total assets and deposits.

Banking competition in the two-county area is principally provided by the $132 million Planters National Bank & Trust Co., with 29 banking offices, and the $121 million Peoples Bank & Trust Co., with 28 offices. Both of those banks are headquartered in Rocky Mount, and most of their offices are located within the two-county market area. The other independent area banks are the $21 million Edgecombe Bank & Trust Co., operating two banking offices in Tarboro, and the $3.3 million Merchants and Farmers of Macclesfield. The $8 million Lucama-Kenly Bank in Lucama, Wilson County, operates a branch office in Bailey, Nash County. Competition to the merging bank is also provided by North Carolina National Bank, which operates two branch offices in Tarboro, and the First Citizens Bank & Trust Co., which operates a branch office in Spring Hope. The latter bank has recently received approval by the State banking commission to establish a branch in Rocky Mount; that application, however, is presently the subject of litigation. The Wachovia Bank & Trust Co. also has applied for a branch in Rocky Mount.

The addition of $12.6 million in assets to the charter bank will have no significant effect on concentration of banking resources in North Carolina. On consummation of the proposed transaction, the resulting bank will have gained but 0.14 percent of the State's total deposits. There is no competition presently existing between the participating banks that will be eliminated by this merger. The charter bank has no offices in Nash or Edgecombe counties. The closest office of the charter bank to the merging bank is located in Wilson County, over 18 miles to the south of Rocky Mount. The amount of business derived by the charter bank from the service area of the merging bank is minimal. This merger will not eliminate a banking alternative for the residents of Rocky Mount; it will, in fact, give them another highly competitive alternative with a broad range of banking services.

The effect of this merger on potential competition is more illusory than real. As indicated, the merging bank is relatively small and provides only limited services to its customers. The bank lacks management depth and has been unable to attract the additional executive talent it needs. The addition of another strong competitor in the area through *de novo* entry can only worsen the situation at the merging bank. Furthermore, in light of the general economic conditions and the banking competition presently existing in the Nash-Edgecombe County area, it does not appear that the charter bank would enter the area through *de novo* branching.

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

June 24, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First Union does not operate any branches in the two-county market area of Rocky Mount Bank; however, it does operate five branches in Wilson, Wilson County, 23 miles south of Rocky Mount, with a U.S. highway connecting the two cities. Although several banks are located in the intervening area, some competitive overlap exists between the two service areas. While most of Rocky Mount's business is derived from the two-county market area of Nash and Edgecombe counties, as of March 1970, about 10 percent of demand and savings deposits and 20 percent of total loans were with customers outside this market. First Union's branches in Wilson derived most of their business outside Rocky Mount Bank's service area; however, $435,000 in demand and savings deposits and $2,097,000 commercial and consumer loans did overlap. This amounted to about 3 percent of First Union's Wilson branches' total demand and savings deposits, and approximately 13 percent of its total commercial and consumer loans, the latter type loan accounting for the overwhelming share. In terms of Rocky Mount Bank's business, this competition amounted to 6 percent of its deposits and 43 percent of its loans. Outside the two-county market area, about 2 percent of Rocky Mount Bank's demand and time deposits and 6 percent of total loans were in areas in close proximity to First Union's branches. However, several alternative banks also exist for the customers in these areas.

Since North Carolina permits statewide branching, First Union could enter the two-county area *de novo*. First Union is clearly one of the most significant and most capable potential entrants. However, because of the declining population in the two-county market area, the relatively low personal income, and the large number of existing banking facilities in Rocky Mount and the entire market area, it is questionable whether or not the area could attract the entry of another bank.

* * *

United National Bank of Vermillion, Vermillion, S. Dak., and Rushmore State Bank, Rapid City, S. Dak., and The Security National Bank of Viborg, Viborg, S. Dak.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Security National Bank of Viborg, Viborg, S. Dak. (13589), with	$4, 573, 759	1	
Rushmore State Bank, Rapid City, S. Dak., with	12, 469, 890	3	
and United National Bank of Vermillion, Vermillion, S. Dak. (15639), which had	29, 077, 441	11	
consolidated July 31, 1971, under charter of the latter bank (15639) and title "United National Bank of South Dakota." The consolidated bank at date of consolidation had	46, 121, 090		15

COMPTROLLER'S DECISION

On April 28, 1971, the United National Bank of Vermillion, Vermillion, S. Dak., The Security National Bank of Viborg, Viborg, S. Dak., and the Rushmore State Bank, Rapid City, S. Dak., applied to the Office of the Comptroller of the Currency for permission to consolidate under the charter of the United National Bank of Vermillion and with the title of the "United National Bank of South Dakota," with its main office in Rapid City, S. Dak.

The United National Bank of Vermillion, Vermillion, S. Dak., was opened in 1914, and presently operates 10 branches. With the exception of the two branches which are situated in Kennebec and Pine Ridge, S. Dak., most of the branches are located in the southeast corner of the State. The main office and 10 branches have aggregate IPC deposits of $19.7 million.

The Security National Bank of Viborg was chartered in 1932. This institution, which records IPC deposits of $3.2 million, is a unit bank. It is located approximately 35 miles from Vermillion and is about 10 miles from the nearest branch of the United National Bank of Vermillion. Since the managing officer of the Vermillion bank is also president of the Viborg bank, bank policies of the two institutions are very similar.

The Rushmore State Bank of Rapid City was organized in 1946 at Hill City, S. Dak., but in 1951 it moved to Rapid City, retaining its office at Hill City as a branch. In addition to the Hill City office, the bank also operates another branch in downtown Rapid City. The bank and its branches have aggregate IPC deposits of $8.1 million.

The service areas to be served by the banks partaking in this proposed consolidation lie at opposite ends of the State. The Vermillion and Viborg banks are situated in southeastern South Dakota, within 50 miles of Sioux Falls, the State's largest city and its chief commercial center. Vermillion is dominated by the presence of the University of South Dakota. However, it is also an agricultural center and the county seat. Viborg, with a static population of about 700, also derives its economic stability from agriculture. Rapid City lies in western South Dakota at the perimeter of the west-central plains and the Black Hills mountain area. The regional economy relies on ranching, agriculture, tourism, lumbering, and mining. Rapid City is similar to Sioux Falls in that it is the second largest city in the State and is the distribution point for western South Dakota and eastern Wyoming. Ellsworth Air Force Base, a Strategic Air Command facility, is located 10 miles east of Rapid City. With its complement of over 15,000 men, the base has a significant economic impact on the community.

The United National Bank of Vermillion, the Rushmore State Bank, and The Security National Bank of Viborg do not compete with each other. The banks in Viborg and Vermillion, although only 10 miles apart at their closest facilities, do not actually compete due to their affiliation under common ownership and their common bank management. Potential competition is negligible for the same reasons.

Approval of the proposed consolidation will not adversely affect the banking structures in the cities served by the banks in question. In Rapid City, the Rushmore State Bank is the smallest of three banks. The other two, the First National of Black Hills and the National Bank of South Dakota, have combined deposits totaling $311 million and 16 branches in the area. Since two Minnesota holding companies, First Bank Systems Inc. and Northwestern Bancorporation, with combined resources of over $8 billion, are the parent corporations for these two banks, their size and services give them almost unlimited competitive advantage. There are no banks operating in Viborg other than The Security National Bank of Viborg. However, several small banks of approximately the same size as Security National operate in neighboring communities within the service area of Security National, and consolidation could potentially intensify competition in the Viborg area. The United National Bank of Vermillion has no direct competition in Vermillion or in any of the small towns its branches service. It does attract competition from banks situated in towns adjoining those towns that it serves. Probably its greatest competition is derived from three banks located in Yankton, and from the bank serving Sioux Falls.

It appears that the public will benefit by this consolidation. The loan limit will be substantially increased, thereby enabling each bank to service a wider range of borrowers, especially those customers involved in agriculture. Trust services and an agricultural specialist are contemplated for all locations. The applicants state that approval of the consolidation will enable them to attract more qualified personnel, thereby strengthening present management.

Applying the statutory criteria to this proposal, we find the advantages of this consolidation outweigh the disadvantages, and it is in the public interest. The application is, therefore, approved.

JUNE 25, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Rushmore Bank's home office is located approximately 320 miles west of Viborg Bank and 400 miles west of Vermillion Bank's home office; and the latter is 34 miles southeast of Viborg Bank. The westernmost branch of Vermillion Bank, at Pine Ridge, is 110 miles southeast of Rushmore Bank, in Rapid City. The closest branch of Vermillion Bank (the Wakonda branch) is 12 miles from Viborg Bank, raising the possibility of some overlapping competition in service areas, but significant banking alternatives exist in the intervening areas. Hence, no significant direct competition will be eliminated by this consolidation.

South Dakota law does not permit banks to branch *de novo* into any of the cities or towns where any one of the consolidating banks presently operates, although branches might be established in communities where no bank is presently located. Because of the relative size of the consolidating banks in their respective markets, the virtually static or declining population in two of the three counties, the net income condition of all three banks, and the presence of other potential entrants into the counties, the proposed consolidation would not appear to eliminate significant potential competition.

* * *

THE BANK OF CALIFORNIA, N.A., SAN FRANCISCO, CALIF., AND INLAND BANK, POMONA, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Inland Bank, Pomona, Calif., with	$33, 746, 069	3	
and The Bank of California, National Association, San Francisco, Calif. (9655), which had	1, 962, 100, 715	68	
merged Aug. 2, 1971, under charter and title of the latter bank (9655). The merged bank at date of merger had	1, 991, 243, 367		71

COMPTROLLER'S DECISION

On December 21, 1970, the Inland Bank, Pomona, Calif., and The Bank of California, National Association, 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 Bank of California, National Association, the charter bank, with total deposits of $1.5 billion, was established in 1864, with headquarters in San Francisco, and now operates 68 branches and has approval for 10 branches which it has not yet opened. The charter bank offers a wide range of services, including international banking, automatic data processing services, fiduciary activities, insurance premium financing, as well as such services as advice on conducting payroll departments, accounting supervisory services, economic research services, public relations, and advertising supervisory services.

The Bank of California, National Association, serves the cities of Seattle and Tacoma, in Washington, and Portland, in Oregon, and 44 communities in all sections of California. The economy of that service area in California is diversified, with agriculture, industry, foreign and domestic finance, and many other commercial and service activities, including lumbering, fishing, tourism, mining, oil production, manufacturing, military establishments, and retail trade, playing important roles. In its service area, the charter bank, the seventh largest commercial bank in California, competes with numerous banking offices throughout the State. It also competes with numerous offices of other financial institutions.

Inland Bank, the merging bank, with IPC deposits of $24.8 million, was chartered in July 1964. In addition to its head office in Pomona, it operates two branches, one in Claremont and the other in Ontario. The merging institution offers the usual complement of banking services, with the exception of trust services and the more sophisticated and extensive services which the charter bank and other larger California banks offer.

The service area of the merging bank, with a population of about 285,000, is an area known as the Pomona Valley; it includes the eastern end of San Bernardino County and the western end of Los Angeles County. The three towns in which the merging bank presently has offices are the major towns in the Pomona Valley area. Pomona, the head office city, is located approximately 30 miles east of downtown Los Angeles and 25 miles west of downtown San Bernardino. For many years, the economy of that portion of southern California was primarily rural-agricultural, with grapes and oranges the main crops. In recent years, however, the nature of the area has changed to residential, and the local economy is now based upon commercial and industrial activity, with steel production and aerospace manufacturing as important contributors.

There are 23 competing banking offices in the market area of the Inland Bank. Except for the three offices of the regional First National Bank & Trust Co., Ontario, all are offices of large statewide branch banking institutions. Those include branches of the Bank of America National Trust & Savings Association and four branches of the United California Bank, Los Angeles. There are also nine offices of savings and loan associations in the market area of the Inland Bank competing actively with commercial banks for deposit funds and mortgage lending. Competition is also offered by credit unions, sales finance companies, mortgage companies, factors, and lending agencies of the U.S. Government.

This merger will enable the Pomona Valley offices of the resulting bank to offer more extended customer services, including credit extensions to larger borrowers, a trust department, international banking services, and an extensive E.D.P. service to the bank's clients in the market area that will be more commensurate with the services offered by branches of large statewide banking institutions presently located there. The merger will result in the usual economies of scale effecting better service at lower cost.

Competition will not be adversely affected since the nearest offices of the two banks involved are 15 miles apart; their service areas do not overlap and there is, in consequence, no present competition between them to be eliminated. In the present service area of the charter bank, the addition of the much smaller merging bank will have a negligible effect. The charter bank will continue as the seventh largest bank operating in California. In the present service area of the merging bank, the introduction of the much larger and aggressive charter bank will enhance competition with respect to the large regional and statewide institutions presently operating offices in the Pomona Valley area.

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

June 29, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The Bank of California's nearest branch is 15 miles west of Inland's Ontario branch. The distance between the other offices of the banks is 20 to 25 miles. Neither bank draws customers or banking business from the service area of the other. Hence, the proposed merger would not have any substantially adverse effect upon existing competition between the banks.

As of June 29, 1968, Inland held less than 10 percent of deposits in commercial banking offices in the cities of Pomona, Ontario, and Claremont. In the city of Pomona alone, Inland held 11 percent of such deposits.

Statewide *de novo* branching is permitted in California. The Bank of California could, therefore, branch *de novo* into the area served by Inland. The Bank of California, the seventh largest bank in the State, is one of three banks with deposits in southern California in excess of $200 million which is not serving this area. The Bank of California is actively expanding in southern California and has the resources and ability to branch *de novo* into this area. Hence, this merger will eliminate the potential competition of Bank of California. Furthermore, Inland, in its 6 years of existence, has achieved a significant market position in its service area while competing with the largest banks in the State. Hence, its elimination will remove a significant independent competitive force in this area.

* * *

First National Bank of South Carolina, Columbia, S.C., and Bank of Kershaw, Kershaw, S.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Kershaw, Kershaw, S.C., with	$8, 739, 378	1	
and First National Bank of South Carolina, Columbia, S.C. (13720), which had	297, 835, 389	46	
merged Aug. 31, 1971, under charter and title of the latter bank (13720). The merged bank at date of merger had	306, 226, 828		47

COMPTROLLER'S DECISION

On May 7, 1971, Bank of Kershaw, Kershaw, S.C., and First National Bank of South Carolina, Columbia, S.C., applied to the Office of the Comptroller of the Currency for permission to merge under the title and charter of the latter.

First National Bank of South Carolina, the charter bank, with IPC deposits of $188.3 million, was organized in 1933. It operated as a unit bank until 1948, when it acquired one branch by merger. Since then, 25 branches have been added *de novo* and 21 have been acquired by merger. First National now operates 48 branches and facilities in 20 communities statewide; it is the third largest bank in South Carolina.

The Bank of Kershaw, the merging bank, with IPC deposits of $7.6 million, was organized in 1904. This unit bank, whose condition is good, has a management succession problem resulting from the recent death of its chief executive officer and the severe illness of its president. There is no depth of management within the bank.

The primary service area of the merging bank includes approximately equal portions of Kershaw County, to the south, and Lancaster County, to the north. Primary service area of Bank of Kershaw is estimated to include about 5,000 persons. Camden, S.C., 21 miles southeast of Kershaw, serves as the trade and financial center, as well as the county seat, of Kershaw County. An expanse of approximately 15 miles of pulpwood forest serves as a natural barrier in restricting business and residential development between Kershaw and Camden. Kershaw, in recent years, has gravitated 19 miles northwest to Lancaster, which is dominated by the Springs Mill, Inc., textile company, for its economy. As a result, Kershaw's economic future is largely dependent upon the uncertain future of the textile industry.

The merging bank is the only commercial bank located in Kershaw. Its competitors include the three banks located in Lancaster: First-Citizens Bank & Trust Co., with deposits of $62 million; Lancaster Trust Co., with deposits of $3 million; and the Bank of Lancaster, with deposits of $22 million. The Springs Co., the largest employer in Kershaw, owns or controls 71.13 percent of the Bank of Lancaster and 100 percent of the Lancaster Trust Co. That fact, together with the merging bank's very conservative lending policies, have resulted in substantial loss of merging bank's business to Lancaster banks and other local institutions.

The resulting bank will provide residents and businessmen of Kershaw with additional and expanded banking services including larger credit lines, computer and automated accounting, international credit arrangements, trust services, and mortgage lending. It will also resolve the severe management succession problem in the merging bank. Additionally, the greater range of banking serviecs will enhance the town's efforts to attract new industries for its future growth and economic stability.

Competition will not be adversely affected by consummation of the proposed transaction. The proposed merger will not lessen competition in the market area of Kershaw since no competition now exists in this one-bank town. Because the nearest office of the charter bank is 21 miles from the merging bank and is separated by a pulpwood expanse, existing competition between the two banks is nonexistent. While the charter bank is permitted by law to enter the Kershaw community *de novo,* such entry would not appear to be economically feasible in the foreseeable future. In the present service area of the charter bank, the addition to it of the much smaller merging institution would have a negligible effect. The merger would have a favorable effect on Kershaw County as it would introduce a more complete line of banking services and facilities, benefiting both local businesses and residents of the community.

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

JULY 13, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Since 1948, First National has established 25 *de novo* offices and acquired 21 by merger, and Kershaw is a likely direction for additional expansion. First National's closest office to Bank of Kershaw was opened *de novo* in 1970 in Camden, Kershaw County, 21 miles south of Kershaw. No other banks operate in Kershaw although two other *de novo* applications by other banks to open branches in Kershaw are pending; two other banks operate five offices in Camden.

Bank of Kershaw holds 26 percent of total deposits held by the six banks operating in Kershaw County, and 12 percent of total deposits held by the 10 banks operating in Kershaw and Lancaster counties (Kershaw-Lancaster area). First National's Camden office, open only 1 year, holds market shares of 3 and 1 percent, respectively. Kershaw County and the Kershaw-Lancaster area are concentrated banking markets. The top three banks hold 87 and 62 percent, respectively. Bank of Kershaw is the second largest bank in Kershaw County and the third largest in the Kershaw-Lancaster area. Because the merger would appear to eliminate existing competition and increase concentration, we conclude that this merger will have an adverse effect on competition in Kershaw County and the Kershaw-Lancaster area.

* * *

MARYLAND NATIONAL BANK, BALTIMORE, MD., AND FIRST NATIONAL BANK & TRUST CO., HAVRE DE GRACE, MD.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First National Bank & Trust Co., Havre de Grace, Md. (3010), with	$17,305,000	3	
and Maryland National Bank, Baltimore, Md. (13745), which had	1,377,595,483	109	
merged Aug. 31, 1971, under charter and title of the latter bank (13745). The merged bank at date of merger had	1,393,615,771		112

COMPTROLLER'S DECISION

On April 5, 1971, First National Bank & Trust Co., Havre de Grace, Md., and 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.

Maryland National Bank, the charter bank, with IPC deposits of $775.7 million, was organized in 1933. It operates 104 offices in 15 of Maryland's 23 counties and in the city of Baltimore. It is Maryland's largest bank. Its offices range from Hagerstown, in the west, to Pocomoke City and Snow Hill, in the southeast. As its size and growth would indicate, this bank is in good condition and offers a wide array of banking services to its customers.

Baltimore, the home of the charter bank, has a metropolitan area population of almost 4 million, and it is the 11th largest metropolitan area in the Nation. It is an important deep water port, industrial area, and educational center. Its industrial area is notable for the diversity of its factories, which include plants producing airplanes, radio and telephone equipment, and steel for shipbuilding. Among other products are spices, clothing, and liquors. The port of Baltimore is one of the most important in the Nation. The economy of other areas served by the charter bank is diverse and includes commercial and retail activity, agriculture activity, and residential areas, as well as building construction.

Maryland National Bank is in competition for certain services with every major bank in the East. In Maryland, the primary competitors are The First National Bank of Maryland, with deposits of $658 million; Equitable Trust Co., with $598 million in deposits; Suburban Trust Co., with $552 million in deposits; Union Trust Co., with $472 million in deposits; Citizens Bank of Riverdale, with deposits of $243 million; and Mercantile-Salem Deposit & Trust Co., with deposits of $204 million. In addition, savings banks in Baltimore provide substantial competition for local business. The Provident Savings Bank has deposits in excess of $316 million, the Savings Bank of Baltimore has deposits in excess of $388 million, and Eutaw Savings Bank has deposits in excess of $19 million.

First National Bank & Trust Co., the merging bank, with IPC deposits of $14.1 million, was established in 1883. Its two branches and its head office are located in the extreme eastern edge of Harford County. The merging bank has been generally conservative through the years and its growth has not kept pace with the growth of its service area. The merging bank offers only limited trust services and no automation. The larger and more specialized credit needs of the area are being furnished by the large regional or statewide banks.

Harford County, with an estimated population of about 116,000, has a land area of 448 square miles and is located near the head of the Chesapeake Bay. That county is rapidly changing from a dairy-agriculture economy to one of urban-industry. Harford County has 60 manufacturers and over 1,000 separate businesses. The major economic factors in the county are Edgewood Arsenal and the Aberdeen Proving Grounds, which make the Federal Government the county's largest employer. Havre de Grace has a population of 17,712, and is located in the northwest section of the county at the mouth of the Susquehanna River on the Chesapeake Bay. It is part of an industrial corridor in eastern Harford County, which also includes the Aberdeen Proving Grounds and the Edgewood Arsenal.

Banking services in the county are being offered by five banks headquartered in the county and by 14 offices of three Baltimore-based banks. The five banks headquartered in the county are the $3.3 million Aberdeen National Bank, the $8.7 million Forest Hill State Bank, the $22 million Commercial and Savings Bank, the $5.2 million Citizens National Bank in Havre de Grace, and the $14.1 million merging bank. The three Baltimore-based banks with offices in Harford County are the $770 million First National Bank of Maryland, the $684 million Equitable Trust Co., and the $546 million Union Trust Co.

This merger will benefit the Harford County and Havre de Grace areas by replacing the limited services offered by the merging banks with the broader array of services that the charter bank provides. The larger lending limit, trust department facilities, data processing and computer program, international activities, as well as other services, should prove helpful to the community. The aggressive nature of the charter bank will give a boost to present and future economic development in Harford County.

Competition will not be adversely affected. Since the nearest offices of the merging banks are 17 miles apart and are separated by a number of intervening communities containing the offices of other banks, they do not compete. In Baltimore, the addition of the much smaller merging bank to the State's largest will have a negligible competitive effect. Introduction of the State's largest bank into Harford County and Havre de Grace will have a beneficial effect on competition with respect to the other large statewide banks already in operation there without disadvantaging smaller competitors. Potential competition will not be affected since there appears little economic incentive for Maryland National to enter the merging bank's market area *de novo*.

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

JULY 12, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The nearest offices of Maryland National and First National are about 17 miles apart with several competing banking offices in the intervening area. Thus, it is unlikely that the proposed acquisition will eliminate substantial existing competition.

Banking in Harford County is highly concentrated with four banks holding 84 percent of the county's total deposits, First National holds 12.2 percent of the county's deposits, the fourth largest share. Maryland National, as the largest bank not located in Harford County, is clearly the most significant potential entrant into the county. Maryland law permits statewide *de novo* branching, and Maryland National has significant incentive to enter rapidly growing Harford County.

We conclude that the proposed merger will have an adverse effect on potential competition.

* * *

Peoples National Bank of New Jersey, Westmont, Haddon Township, N.J., and The First National Bank of Tuckerton, Tuckerton, N.J.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Tuckerton, Tuckerton, N.J. (14667), with	$17,145,127	3	
and Peoples National Bank of New Jersey, Westmont, Haddon Township, N.J. (12022), which had	215,696,569	18	
merged Sept. 10, 1971, under charter and title of the latter bank (12022). The merged bank at date of merger had	232,841,695		21

COMPTROLLER'S DECISION

On May 12, 1971, The First National Bank of Tuckerton, Tuckerton, N.J., and Peoples National Bank of New Jersey, Westmont, N.J., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and title of the latter.

The First National Bank of Tuckerton with IPC deposits of $10.3 million, was established in 1952, and operates three banking offices in Ocean County, N.J., and expects to open an approved branch in nearby Burlington County. At its last examination, the bank was reported to be in good condition and under conservative management. The center of its market area is Tuckerton, West Creek, and Mystic Island, N.J., where it operates banking offices.

Tuckerton, a small rural town in Ocean County, N.J., is located on one of the major routes to that State's popular beach resorts. Its history dates back some 265 years, and it is the shopping and business center for many of the people in the area. Major industries in the area include farming and clamming; however, the locale is increasingly popular as a summer residence and resort area because of its proximity to New Jersey's beaches. Both Ocean and Burlington counties expect to enjoy continued growth in both population and economic importance largely because they are part of the Pine Barrens, the only remaining area between New York City and Washington, D.C., that has not been fully developed. Banking competition is provided by the First National Bank of Toms River; Beach Haven National Bank & Trust Company, Beach Haven; First National Bank of Absecon; the Peoples Bank of South Jersey, Piles Grove Township; and four other banks, all of which are larger in size than First National Bank of Tuckerton.

Peoples National Bank of New Jersey is located in Westmont, Haddon Township, Camden County, N.J., and operates 17 branches in Camden, Cumberland, and Gloucester counties. The bank was originally organized in 1881 as the Clementon National Bank, and reorganized in 1934, after the banking holiday, under the title of The National Bank of Clementon. Since that time, the bank has merged with other banks on several occasions, and its present name was adopted in March 1969. It is reported that the bank had normal growth until 1964. Since then, it has become the fastest growing bank in southern New Jersey, and presently has IPC deposits of $151.5 million.

Westmont, N.J., is part of the Camden Metropolitan Area, which is located directly across the Delaware River from Philadelphia, Pa., and is one of the country's largest industrial complexes. The port of Philadelphia is the second largest port facility in the Nation, and processes the largest tonnage of any port in the United States. In addition, most major industries are represented in the area. While the economy of the entire region is considered stable, substantial growth is expected in the future.

Banking competition in the Camden-Westmont area is described as keen. Competition is provided by The Bank of New Jersey, South Jersey National Bank, and The Third National Bank & Trust Co. of Camden, all of which are located in Camden, as well as by larger banks headquartered in Philadelphia. In addition, there are 60 other commercial banks in the Third Banking District of New Jersey, many of which provide competition. Those include First National Bank of South Jersey, located at Egg Harbor Township; Colonial National Bank at Haddonfield; and the National Bank & Trust Co. of Gloucester County, at Woodbury.

Both Peoples National Bank of New Jersey and First National Bank of Tuckerton are located in the recently created Third Banking District of New Jersey. Until July 1969, New Jersey statutes limited commercial and savings bank branching and merging to one county. The new law, which became effective at that time, divides the State into three banking districts, and permits branching and mergers within the district in which the bank's head office is located. Due to head office protection, Peoples National Bank cannot enter Tuckerton by any route other than merger. No competition presently exists between the two banks; their closest offices are some 30 miles apart. As it is the intention of the Peoples National Bank of New Jersey to retain all offices of The First National Bank of Tuckerton, the convenience of the public's banking needs will continue to be served.

The merger will not change the competitive status in Peoples National Bank's present market area. However, it will bring a new and larger banking facility to the Tuckerton-Atlantic City-Toms River market.

This Office is, therefore, of the opinion that the proposed merger will have no adverse competitive effect and is in the public interest. The application is, therefore, approved.

July 16, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The head offices of the participating banks are 64 miles apart, and their closest offices are some 40 miles apart. There are numerous banking alternatives in the intervening area. Therefore, it does not appear that the proposed merger would eliminate any significant existing competition between the merging banks.

Under recent amendments to New Jersey banking law, commercial banks may operate branches anywhere in the banking district in which they are located. They may not, however, open *de novo* branches in municipalities of less than 7,500 population if another bank operates a branch therein. Peoples Bank may branch *de novo* in Ocean County, but not into Tuckerton, due to head office protection. It has the resources to expand its services through *de novo* branching, since its recent mergers have enhanced its position as the third largest commercial bank operating in Camden and surrounding areas.

Tuckerton Bank is the smallest of the three banks operating offices in the rural southern section of Ocean County, and holds about 3 percent of county deposits. In view of the size of Tuckerton Bank, the nature of its service area, and the existence of other larger potential entrants should future growth support further offices, we conclude that the proposed merger would not have a significantly adverse effect on potential competition.

* * *

The First National Bank of Eastern Pennsylvania, Wilkes-Barre, Pa., and The First-Stroudsburg National Bank, Stroudsburg, Pa.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First-Stroudsburg National Bank, Stroudsburg, Pa. (3632), with	$46,557,694	4	
and The First National Bank of Eastern Pennsylvania, Wilkes-Barre, Pa. (30), which had	213,765,334	16	
merged Sept. 10, 1971, under charter and title of the latter bank (30). The merged bank at date of merger had	259,095,750		20

COMPTROLLER'S DECISION

On June 11, 1971, The First-Stroudsburg National Bank, Stroudsburg, Pa., and The First National Bank of Eastern Pennsylvania, Wilkes-Barre, Pa., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

The First National Bank of Eastern Pennsylvania, the charter bank, with IPC deposits of $127.7 million, was organized in 1863, and now operates 15 offices, and has one approved but unopened office.

The charter bank, with headquarters in Wilkes-Barre, which has a population of 58,856, services the eastern three-fourths of Luzerne County, small portions of southern Wyoming and Lackawanna counties, the extreme northern portion of Carbon County, and central Columbia County. The economy of this rather extensive service area is marked by diversification, industries range from mining of mineral resources, including anthracite coal, through heavy and light manufacturing, to tourism. Once considered an economically distressed area, marked by high unemployment, it is now enjoying steady employment and a reasonably high per capita income. Prospects for future growth are good.

The First-Stroudsburg National Bank, the merging bank, with IPC deposits of $32.1 million, was organized in 1857, and presently operates three branches. The merging bank has been experiencing management problems that have compelled it to resort to merger for a cure.

Stroudsburg, Pa., the home of the merging bank, is located in Monroe County, and has a population of 5,451. The service area of the merging bank includes the southern two-thirds of Monroe County which is composed almost entirely of the nationally-known Pocono Mountains. While some light industry lends support to the economy of the "Stroudsburgs," tourism and recreation are the economic mainstays of Monroe County.

The charter bank is third in size in Wilkes-Barre, and the merging bank is second in size in its service area. In the combined service area, there are such larger banks as the $328 million Northeastern National Bank of Pennsylvania and the $226 million United Pennsylvania Bank, Wilkes-Barre. Other aggressive competitors are the Third National Bank & Trust Co. of Scranton, Scranton, Pa., with resources of $108 million; The Wyoming National Bank of Wilkes-Barre, with $80 million; and the Peoples First National Bank & Trust Co., Hazleton, with $69 million in resources.

This merger will particularly benefit the Stroudsburg area. A larger institution will emerge, able to solve the current problems of the merging bank, and able to provide area business and industry with much larger lines of credit, lower loan rates, competitive deposit rates, sophisticated investment and trust counseling, and a reservoir of lendable funds, a commodity that is rapidly becoming depleted in Stroudsburg banks.

Competition will not be adversely affected. The service area of the two banks overlap only slightly and there is in consequence very little in the way of present competition between them to be eliminated. This merger will improve competition rather than reduce it since the combined institution will be able to offer greater competition to the larger banks in the area than can either participating bank operating independently. In the service area of the charter bank, the resulting bank will continue to rank third.

It is concluded that the merger will have no adverse competitive effect and is in the public interest. The application is, therefore, approved.

July 30, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The closest branches of the two banks (the White Haven branch of First National and the Blakeslee branch of Stroudsburg Bank) are about 10 miles apart and the area between them is fairly rugged and consists largely of State forest and game lands traversed by both the Tobyhanna and Lehigh rivers. While there are no banks located in the intervening area, the amount of competition between these banks would appear to be quite limited.

Under Pennsylvania law, branching is permitted in either the county where an applicant bank's main office is located or in a county contiguous to that of the main office. Therefore, First National could be permitted to open branch offices anywhere in Monroe County. While the "Stroudsburgs" themselves have not experienced significant growth in recent times, the more favorable predictions for the county indicate that some potential competition would be eliminated by the proposed merger.

Stroudsburg Bank controls 29.6 percent of the county's total deposits. Of the possible potential entrants into this area, only one other bank (United Penn Bank, Wilkes-Barre, deposits $203.2 million), is larger than First National.

Because the merger will eliminate one of the leading potential entrants into Monroe County, it would have an adverse effect on competition.

* * *

The St. Lawrence County National Bank, Canton, N.Y., and United Bank, Star Lake, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
United Bank, Star Lake, N.Y., with	$6,318,394	3	
and The St. Lawrence County National Bank, Canton, N.Y. (8531), which had	41,109,472	6	
merged Sept. 10, 1971, under charter and title of the latter bank (8531). The merged bank at date of merger had	47,666,696		9

COMPTROLLER'S DECISION

On June 24, 1971, United Bank, Star Lake, N.Y., and The St. Lawrence County National Bank, Canton, N.Y., applied to the Comptroller of the Currency for permission to merge under the charter and title of the latter.

The St. Lawrence County National Bank, Canton, N.Y., was organized in 1866, and now holds IPC deposits of $27.6 million. This bank, with five branches, is the largest of the 12 commercial banks operating in the county. Although it is the third largest bank in the Fifth Banking District of New York, it holds only 7.7 percent of the $416 million aggregate deposits in the 25 commercial banks in the district. Competition in the Fifth District includes Marine Midland Bank-Northern, Watertown, with total deposits of $134 million, a subsidiary of the $6.7 billion Marine Midland Banks, Inc., and The National Bank of Northern New York, Watertown, with total deposits of $89 million, a proposed subsidiary of the $2 billion Lincoln First Banks, Inc.

United Bank, Star Lake, N.Y., was organized in 1914 as The Edwards National Bank, Edwards, N.Y. Having merged in 1959 with First National Bank of Harrisville, Harrisville, N.Y., the merging bank presently holds IPC deposits of $1.65 million. The bank, headquartered in Star Lake, operates two branches, both in St. Lawrence County. The bank ranks sixth in size among the commercial banks headquartered in St. Lawrence County. It ranks 13th in size, and holds 1.3 percent of the $416 million in total deposits held by banks headquartered in the Fifth Banking District of New York.

Not only is existing competition between the proponents insignificant, but there is only a remote possibility for potential competition between them. The proponents' main offices are 42 road-miles apart, and their closest offices are 23 road-miles apart. Thus, consummation of the proposed merger will not eliminate present or foreseeable future competition between the subject banks. The resulting bank will occupy the merged bank's same relative rank in St. Lawrence County and in the Fifth Banking District.

The resulting bank plans to introduce new and expanded services to merchants and residents of the merging bank's market area, including a credit card program, trust department services, investment advisory services, a larger lending limit, customer electronic data processing facilities, and higher interest rates on savings accounts. In addition, the merging bank's management succession problem will be solved by the availability of the merging bank's reservoir of management talent.

Applying the statutory criteria, we conclude that the proposed merger is not anticompetitive and will serve the needs and convenience of the community affected. The application is, therefore, approved.

AUGUST 15, 1971.

NOTE.—No Attorney General's report received.

* * *

THE FARMERS NATIONAL BANK OF MALONE, MALONE, N.Y., AND THE FIRST NATIONAL BANK OF WINTHROP, WINTHROP, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Winthrop, Winthrop, N.Y. (10747), with	$3, 915, 637	1	
and The Farmers National Bank of Malone, Malone, N.Y. (598), which had	32, 070, 894	3	
merged Sept. 20, 1971, under charter and title of the latter bank (598). The merged bank at date of merger had	35, 986, 531		4

COMPTROLLER'S DECISION

On June 23, 1971, The Farmers National Bank of Malone, Malone N.Y., and The First National Bank of Winthrop, Winthrop N.Y., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and title of the former.

The Farmers National Bank of Malone, the charter bank, with IPC deposits of $23.5 million, was organized in 1864. It is headquartered in Malone and maintains two branch offices, one in the village of Fort Covington, and the other in the village of Chateaugay.

The First National Bank of Winthrop, the merging bank, with IPC deposits of $3.2 million was established in 1915. It is headquartered in Winthrop and has no branch offices. The merging bank is plagued by managerial problems and has an inadequate capital structure.

The charter bank's primary service area extends in a 15- to 25-mile radius from its head office in Malone, Franklin County. The estimated population of the village of Malone is 8,045, that of the total service area is 25,000. The Malone area's economy is predicated upon shoe and apparel manufacturing industries while the surrounding service area is economically dependent upon agriculture and dairy farming.

The merging bank's primary service area lies in a 10- to 15-mile radius from its headquarters in Winthrop, St. Lawrence County. The area has no industrial activity; its economy is primarily supported by farming, with milk production as the principal source of income.

There are 26 competing commercial banks in the Fifth Banking District, the resulting bank's proposed service area. The charter bank, with 5.4 percent of aggregate deposits, ranks fifth in size; the merging bank, with 0.8 percent of the aggregate deposits, ranks 18th in size. Larger competitors providing intense competition with the participating banks include Marine Midland Bank-Northern, Watertown, with total deposits of $133.6 million; National Bank of Northern New York, Watertown, with total deposits of $89.7 million; St. Lawrence County National Bank, Canton, with total deposits of $32.9 million; and Ogdensburg Trust Co., Ogdensburg, with total deposits of $26.2 million. Additional competition is provided by mutual savings banks, savings and loan associations, credit unions, and personal and sales finance companies.

Competition will not be adversely effected by consummation of the proposed merger. The service areas of participating banks do not overlap. The distance between the closest offices of subject banks is 28 miles, with a competing commercial bank intervening. Common deposit and loan accounts are minimal. There will be no appreciable effect on the commercial banking structure in the service area. Present competitor banks will continue to provide competition for the resulting bank.The two largest commercial banks, Marine Midland Bank-Northern and National Bank of Northern New York, will continue to have over 50 percent of the total assets, loans, and deposits held by the commercial banks in the area.

Approval of the proposed merger will result in additional banking services for the residents and businessmen of the Winthrop area. The resulting bank will offer an increased lending limit, trust department services, and investment advisory and agency services to the merging bank's customers. In addition, the resulting bank will make available to the merging bank's customers the advice and counsel of the charter bank's competent management staff. Approval of this merger will, in fact, create a new alternative for complete commercial banking services for the Winthrop community. In addition, consummation of the proposed merger will eliminate the home office protection feature of New York law in Winthrop and open that town to *de novo* branching by other banks.

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

August 19, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Farmers National operates no offices in St. Lawrence County. The closest offices of the two banks are approximately 25 miles apart, with two banks in the intervening area. Although the banks have a few customers in common, it does not appear likely that the proposed merger would eliminate substantial direct competition.

St. Lawrence and Franklin counties adjoin one another and are in the Fifth Banking District. New York law permits intradistrict *de novo* branching but, within a district, home office protection exists. Because of this home office protection, Farmers National is prohibited from entering Winthrop *de novo* but could enter one of three larger communities within 5 to 10 miles of Winthrop, which do not have home office protection. These communities and their 1970 populations, are as follows: Potsdam, 9,985; Norwood, 2,031; and Massena, 13,882.

Farmers National is the second largest of the five banks in Franklin County, with 31.9 percent of total deposits and 27.7 percent of IPC demand deposits, and is the largest bank in the Fifth District which does not have an office in St. Lawrence County.

There are 14 banks operating in St. Lawrence County, with a total of 25 offices. Twelve of the banks are headquartered in the county. As of June 30, 1970, First National was the ninth largest, with 2.5 percent of both total deposits and IPC demand deposits. The four largest banks account for 68.5 percent of total deposits and 65.6 percent of IPC demand deposits.

The proposed merger would eliminate Farmers National as a potential *de novo* entrant into the Winthrop area. However, in view of the existence of other potential entrants, and the size of First National, we do not believe the proposed merger would have a significantly adverse effect on potential competition.

* * *

SOUTHERN CALIFORNIA FIRST NATIONAL BANK, SAN DIEGO, CALIF., AND NEWPORT NATIONAL BANK, NEWPORT BEACH, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Newport National Bank, Newport Beach, Calif. (15235), with	$89,419,007	10	
and Southern California First National Bank, San Diego, Calif. (3050), which had	728,642,847	60	
merged Sept. 23, 1971, under charter and title of the latter bank (3050). The merged bank at date of merger had	818,061,854		70

COMPTROLLER'S DECISION

On April 28, 1971, the Southern California First National Bank, San Diego, Calif., and the Newport National Bank, Newport Beach, Calif., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the former.

Newport National Bank, the merging bank, with IPC deposits of $68.2 million, was opened for business on January 6, 1964. The bank is headquartered in Newport Beach, a coastal community in the southern portion of Orange County, and operates eight other offices in the county.

Southern California First National Bank, the charter bank, with IPC deposits of $510 million, was established as the First National Bank of San Diego on August 26, 1883. It presently operates, exclusive of the main office, 58 branches of which 37 are in San Diego County, 12 in Los Angeles County, and nine in Orange County. The bank also has approval for four additional banking offices, one of which would be located in San Diego County, two in Orange County, and one in Los Angeles County.

The market area served by the Southern California First National Bank encompasses the whole of San Diego County, with a population estimated at 1,358,000, half of whom reside in the city of San Diego. The bank, with 12 branches in Los Angeles County and nine in Orange County, also competes in those counties. Los Angeles County, with the heaviest concentration of its population in the cities of Los Angeles and Long Beach, has a present population estimated at 7 million, and Orange County has a population of approximately 1.4 million.

The economy of San Diego, Orange, and Los Angeles counties is stable and highly diversified in industry, agriculture, foreign and domestic trade, and many other commercial and service activities, including aircraft and aerospace research and development, fishing, tourism, oil production, manufacturing of all types, military establishments, and retail trade.

Compared to other California banks, Southern California First National Bank ranks ninth in deposits and has only 1 percent of the total deposits in the State. Newport National Bank ranks 35th, with only 0.1 percent of the State totals. The charter bank will remain ninth in the State after the merger. For the counties of Los Angeles, Orange, and San Diego, the merging bank ranks 21st and the charter bank sixth, a position the resulting bank would also occupy. In the area where offices of the two banks are closest, *viz.*, Orange County, Newport National Bank has 2.6 percent of the total deposits while Southern California First National has only 2.1 percent. Although the Costa Mesa branch of the Southern California First National Bank is located approximately 1 mile from the offices of the Newport National Bank, in Newport Beach, and approximately 4.5 miles from the Bayside branch of the Newport National Bank, there is little, if any, direct competition between the two banks as there are few common depositors or borrowers.

The resulting bank would provide more sophisticated banking services in Orange County and give the charter bank an improved competitive position in relation to the larger statewide branch banks in the county. Perhaps more important, the merger will correct the managerial problems of the merging bank as most of the pre-merger directors seemed to have little interest in the bank's operation.

This merger will not cause a substantial decrease in competition. The proportion of the total Orange County bank deposits held by Southern California First National Bank will amount to only approximately 4.6 percent after the merger.

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

AUGUST 9, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

First National operates nine offices in Orange County, as does Newport Bank. The closest Orange County offices of the merging banks are within 2 miles of one another, and are located in the Newport Beach area. This area is defined as including all banking offices within the area bounded by the Pacific Ocean in the southwest, the Santa Ana River on the northwest, the San Diego Freeway on the northeast, and the Irvine subdivision on the southeast. This merger will eliminate existing competition between the two banks in Orange County, generally, and most specifically in the Newport Beach area, where they operate one and four offices, respectively.

Although Newport Bank and First National were the seventh and 10th largest banks, respectively, of 25 banks operating in Orange County, as of June 1970, and their shares of total county deposits were 3.7 percent and 2.2 percent, respectively, they are much more significant competitors in the Newport Beach area. In that area, Newport Bank ranked third, and held almost 20 percent of the deposits in commercial banking offices, as of June 30, 1970, while First National held almost 2 percent. Four banks held almost 89 percent of such deposits, and this merger would increase that share to over 90 percent.

Hence, because this merger will eliminate banking competition in the Newport Beach area and Orange County, generally, and will result in a substantial increase in concentration of control over banking deposits in the Newport Beach area, we conclude that this merger may have a significantly adverse effect on competition.

* * *

CITIZENS NATIONAL BANK OF MORRIS COUNTY, SUCCASUNNA, N.J., AND THE WARREN COUNTY NATIONAL BANK, WASHINGTON, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Citizens National Bank of Morris County, Succasunna, N.J. (6692), with	$48, 099, 372	4	
and The Warren County National Bank, Washington, N.J. (860), which had	44, 297, 397	4	
merged Sept. 24, 1971, under charter of the latter bank (860) and title "First National State Bank of Northwest Jersey." The merged bank at date of merger had	92, 396, 769		8

COMPTROLLER'S DECISION

On June 21, 1971, Citizens National Bank of Morris County, Succasunna, N.J., and The Warren County National Bank, Washington, N.J., applied to the Office of the Comptroller of the Currency for permission to merge under the charter of the latter and with the title, "First National State Bank of Northwest Jersey," with headquarters in Succasunna.

The Warren County National Bank, the charter bank, with IPC deposits of $32.4 million, was organized in 1864. As a result of a 1970 merger with The Second Warren County National Bank, the charter bank became a subsidiary of First National State Bancorporation, a registered bank holding company with principal offices in Newark.

The charter bank is headquartered in Washington Borough, Warren County. It presently operates offices in Hackettstown, Mansfield Township, Washington, and Washington Township. The Warren County National Bank ranks 33d in size among the 87 commercial banks in New Jersey's First Banking District, with 0.4 percent of the district's aggregate deposits of $8.1 billion.

The primary service area of the charter bank includes the eastern and southeastern portion of Warren County. That area encompasses 11 of the county's 24 municipalities, and serves an approximate population of 33,168. The area's economy is predicated on farming and forestry, with additional support from local manufacturing.

Banks competing with the charter bank in its service area include National Newark and Essex Bank, Newark, with total assets of $763.9 million; Peoples Trust of New Jersey, Hackensack, with total assets of $733.9 million; Orange Savings Bank, Hackettstown, with total assets of $105.8 million; and The Phillipsburg National Bank & Trust Co., Phillipsburg, with total assets of $33.8 million.

Citizens National Bank of Morris County, the merging bank, with IPC deposits of $30.4 million, was organized in 1903. Headquartered in Succasunna, Roxbury Township, it maintains three branch offices and has one approved but unopened office in Flanders, Mount Olive Township. Citizens National Bank ranks 29th in size among the 87 commercial banks in New Jersey's First Banking District, with 0.5 percent of the district's aggregate deposits of $8.1 billion.

The primary service area of the merging bank includes the northwestern portion of Morris County and a small southeastern section of Sussex County. Morris County is the third fastest growing county in the State, with an approximate population of 383,484. Much of the area is still in farm and forest land; however, extensive industrial, commercial, and residential development has occurred in recent years.

Banks in direct competition with the merging bank include American National Bank & Trust, Montclair, with total assets of $367.7 million; First National Iron Bank of New Jersey, Morristown, with total assets of $181.9 million; and, The Sussex and Merchants National Bank, Hopatcong, with total assets of $56.3 million. Additional competition is provided by branches of larger out-of-county banks, an office of Morris County Savings Bank, Morristown, with total assets of $206.2 million, and by two savings and loan institutions. Existing competitor banks do not include any subsidiary banks of First National State Bancorporation.

Competition will not be adversely affected by consummation of the proposed merger. Existing competition between participating banks is insignificant, and prospects for future competition are considered remote as the subject banks have separate and distinct service areas. The banks' main offices are 25 miles apart. While their nearest offices are only 6.5 miles distant, they are separated by a State park with no direct line of communication between them. The number of common borrowers and depositors is negligible. *De novo* branching is not an available alternative to merger due to the home office protection provision in the State statute and the population requirements.

Approval of this merger will not materially increase the position of Bancorporation in relation to the banking structure of New Jersey. Bancorporation's 5.5 percent of aggregate deposits of New Jersey's commercial banks would be increased by only 0.2 percent by the addition of Citizens National Bank deposits. Also, the holding company's operation of 5.3 percent of the State's commercial and savings banks' offices would be increased by only 0.4 percent with the addition of the offices of Citizens National Bank.

Consummation of the proposed merger will enhance competition in the service areas of participating banks. The resulting bank will increase the lending capacity in the two areas and will introduce such additional and expanded services as data processing, personal and corporate trust, and international banking.

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

August 9, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The main offices of Citizens Bank and Warren Bank are located 25 miles apart, with their closest offices 6.5 miles from each other and no other banks in the intervening area. The application states that geographic barriers separate the markets served by Warren Bank and Citizens Bank. However, each bank does draw a limited amount of business from areas primarily served by the other. No significant competition exists between Citizens Bank and any other banking subsidiary of First Bancorporation.

New Jersey law permits districtwide branching and statewide operation of holding companies, subject to complete home office protection and branch office protection in municipalities of less than 7,500 population. First Bancorporation has embarked on a program of market expansion, having acquired two subsidiaries in New Jersey's First District, as well as subsidiaries in the Second District. In view of its patent capabilities, First Bancorporation, and its subsidiaries, must be regarded as among the most significant potential entrants into new banking markets.

We regard it important from a competitive standpoint that large, expansion-oriented banking institutions enter new market either *de novo* or through acquisition of smaller competitors, in order to promote the development of a highly competitive banking structure. Additionally, it may be important to prevent an undue number of acquisitions by a single banking institution in any particular area, not only to avoid the elimination of whatever direct competition may exist between the acquired banks, but also in recognition of the fact that the service areas of commercial banks usually expand, and banks serving adjacent areas may well find the level of competition between them consistently increasing. Moreover, because of New Jersey's home and branch office protection statutes, entry into particular local banking markets may be more difficult; therefore, it is desirable to preserve and promote the existence of alternative banking choices in adjacent areas.

In this case, *de novo* entry into the area served by Citizens Bank is seriously impeded by home and branch office protection, although in view of the capabilities of First Bancorporation, its presence in this market, either through actual *de novo* entry (particularly if alternative mergers eliminate home office protection barriers), or through increased efforts of nearby subsidiaries, should not be discounted. First Bancorporation's subsidiary, Warren Bank, holds a leading position in an immediately adjacent area. While several of New Jersey's other large banking institutions have effected entry into the service areas of both Warren Bank and Citizens Bank, we conclude that the proposed merger may have some adverse effect on competition, particularly if further expansion and affiliations alter the present localized character of banking competition in this area to a more regional nature.

As of June 30, 1970, Warren Bank ranked first in Warren County, with 23.5 percent of total county deposits. Citizens Bank ranked sixth in Morris County, with 6.2 percent of total county deposits.

* * *

First National Bank of South Jersey, Egg Harbor Township, N.J., and The First National Bank of Glassboro, Glassboro, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Glassboro, Glassboro, N.J. (3843), with	$17, 533, 262	4	
and First National Bank of South Jersey, Egg Harbor Township, N.J. (1326), which had	351, 832, 388	29	
merged Sept. 30, 1971, under charter and title of the latter bank (1326). The merged bank at date of merger had	369, 365, 650		33

COMPTROLLER'S DECISION

On July 12, 1971, The First National Bank of Glassboro, Glassboro, N.J., and First National Bank of South Jersey, Egg Harbor Township, N.J., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

First National Bank of South Jersey, Egg Harbor Township, N.J., the charter bank, with IPC deposits of $243.6 million, is headquartered in Atlantic County. The charter bank was organized in 1907, and currently operates 29 offices in four counties, 20 of which are in Atlantic County.

The service area of the charter bank is estimated to be one of the most rapidly expanding regions in the Nation. Its proximity to New York and Philadelphia, its excellent transportation facilities, and its large amount of undeveloped land have accounted for the phenomenal growth rate.

In the Third Banking District, First National Bank of South Jersey ranks third behind the South Jersey National Bank, with total resources of $404.6 million, and The Bank of New Jersey, with total resources of $397.2 million. That ranking ignores the three holding companies that have subsidiary banks in the Third District. Further competition to the charter bank emanates from Philadelphia and Wilmington banks which actively solicit demand and savings deposits in the area.

The First National Bank of Glassboro, Glassboro, N.J., the merging bank, with IPC deposits of $21.4 million, is headquartered in Gloucester County. The bank operates three offices in addition to its main office within the borough of Glassboro.

Gloucester County is experiencing a population boom as the suburban exodus from the Philadelphia-Camden Metropolitan Area continues. Glassboro has historically been considered a "college town," but in recent years the town has expanded industrially.

The First National Bank of Glassboro is ranked third in deposits among the nine commercial banks headquartered in Gloucester County. Its competition derives from the Peoples National Bank of New Jersey, in Westmont, with deposits of $165 million; National Bank & Trust Co. of Gloucester County, in Woodbury, with deposits of $79 million; National Bank of Mantua, in Sewell, with deposits of $18 million; and The Peoples Bank of South Jersey, in Washington Township, with deposits of $16 million.

This merger will improve services in the Glassboro area, offering a substantially larger lending limit, customer electronic data processing facilities, and trust department services. Also, the resulting bank will provide a credit card program, specialized services, and eight different savings plans.

Competition will not be adversely affected by this merger. Existing competition between the charter and merging banks is *de minimus;* there are no common borrowers or depositors. The main offices of the two banks are 42 miles apart. The closest branch of the charter bank to an office of the merging bank is 7 miles distant. While the merger will eliminate The First National Bank of Glassboro as a banking alternative, it will also eliminate the "home office protection" feature of the New Jersey law from Glassboro, and will open that municipality to *de novo* branching by competing banks.

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

AUGUST 18, 1971.

NOTE.—No Attorney General's Report received.

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NORTHERN NATIONAL BANK & TRUST CO., WELLSBORO, PA., AND THE CITIZENS NATIONAL BANK & TRUST CO OF TOWANDA, TOWANDA, PA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Citizens National Bank & Trust Co. of Towanda, Towanda, Pa. (2337), with	$17, 585, 348	4	
and Northern National Bank & Trust Co., Wellsboro, Pa. (328), which had	34, 572, 557	4	
consolidated Oct. 1, 1971, under charter of the latter bank (328) and title "Citizens & Northern National Bank and Trust Co." The consolidated bank at date of consolidation had	52, 157, 312		8

COMPTROLLER'S DECISION

On June 1, 1971, the Northern National Bank & Trust Co., Wellsboro, Pa., and The Citizens National Bank & Trust Co. of Towanda, Towanda, Pa., applied to the Office of the Comptroller of the Currency for permission to consolidate under the charter of the former and with the title, "Citizens & Northern National Bank and Trust Company," with its main office to be located in Towanda, Bradford County, Pa.

Northern National Bank & Trust Co., Wellsboro, Pa., the charter bank, with deposits of $27.5 million, was organized in 1864. In addition to its main office, the bank currently operates four branches.

The service area of the charter bank encompasses all of Tioga County and portions of Lycoming County and southern New York State. The main office of the bank is located in Wellsboro, the county seat of Tioga County. The borough of Wellsboro has a well-diversified economy which provides employment for about 6,000 persons. The rest of Tioga County is devoted chiefly to dairy farming. Although Tioga County has lately been undergoing development as a future resort area, the county is at present not a prosperous one.

There are three banks located in Tioga County: Northern National; the Wellsboro office of Commonwealth Bank & Trust Co., Muncy, Pa.; and the First Citizens National Bank of Mansfield, Mansfield, Pa. Also, as many of the residents commute to New York, the banks in the lower New York State area should be considered as providing competition to Northern National.

The Citizens National Bank & Trust Co. of Towanda, Towanda, Pa., the consolidating bank, with deposits of $14.2 million, was organized in 1876. The bank operates four offices, all of which are located in Bradford County.

The service area of the consolidating bank includes the lower two-thirds of Bradford County. Although dairy farming is the cornerstone of the local economy, there is some industry in Towanda. Most residents find employment in Towanda or Sayre, with some commuting to employment in New York State. While Bradford County is more densely populated than Tioga County, the difference is merely relative as Bradford County must still be considered to be lightly populated by any reasonable standard.

There are 11 banks in Bradford County. Although Citizens is the third largest bank in the county, it holds only 14 percent of the total bank deposits, and cannot, therefore, be claimed to be in a dominant position.

The consolidation will have no adverse effect on competition, as the two service areas involved are separated by a natural barrier—a mountain which separates the Mansfield and Troy areas. Further, none of the charter bank's offices is within 25 miles of a consolidating bank office, and, between the nearest offices, there are at least two intervening offices maintained by other banks. Finally, there are very few customers maintaining accounts at both banks.

Consummation of the proposed consolidation will benefit the communities in which the resulting bank will operate by introducing an institution more capable of accommodating credit requests. The resulting bank will be able to compete effectively with the larger and more aggressive Commonwealth Bank & Trust Co. of Muncy, Pa., a result that will benefit the banking public. The same beneficial situation will prevail in the service area of the consolidating bank with the added public benefits of an increased lending limit more sophisticated trust services, package bank statements, and investment counseling.

Applying the statutory criteria, this consolidation is in the public interest. Therefore, the consolidation application is approved.

AUGUST 25, 1971

SUMMARY OF REPORT BY ATTORNEY GENERAL

The closest offices of the consolidating banks are over 25 miles apart. Although located in adjacent counties, each appears to draw little banking business from areas served by the others. Therefore, their proposed merger is unlikely to eliminate significant existing competition.

Pennsylvania law permits commercial banks to open and operate branches in the county in which their home offices are located and all counties contiguous thereto. Therefore, either of the merging banks could enter the service area of the other *de novo,* entering into competition with the other. In general, however, neither county is growing rapidly.

There are several other larger banks eligible to branch *de novo* into both Tioga and Bradford counties.

Citizens Bank is the fourth largest bank operating offices in Bradford County and, as of June 30, 1970, held about 14 percent of total county deposits. North-

Pennsylvania law permits commercial banks to open ating offices in Tioga County, but holds the leading share of deposits in the county's banking offices, about 43 percent.

* * *

THE FIRST NATIONAL BANK OF RUSSELLVILLE, RUSSELLVILLE, ALA., AND CITY NATIONAL BANK OF RUSSELLVILLE, RUSSELLVILLE, ALA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
City National Bank of Russellville, Russellville, Ala. (15466), with	$9, 470, 222	3	
was purchased Oct. 15, 1971, by The First National Bank of Russellville, Russellville, Ala. (11846), which had	9, 364, 273	1	
After the purchase was effected, the receiving bank had	18, 834, 495		4

COMPTROLLER'S DECISION

On October 15, 1971, application was made to the Comptroller of the Currency by The First National Bank, Russellville, Ala., for permission to purchase assets and assume deposit liabilities of the City National Bank of Russellville, Russellville, Ala.

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

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

October 15, 1971.

Note.—Due to the emergency nature of the situation, a report on the competitive factors was not requested.

* * *

Provident National Bank, Philadelphia, Pa., and The National Bank of Chester Valley, Coatesville, Pa.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The National Bank of Chester Valley, Coatesville, Pa. (575), with	$29, 024, 752	3	
and Provident National Bank, Philadelphia, Pa. (15422), which had	1, 081, 667, 266	39	
merged Oct. 22, 1971, under charter and title of the latter bank (15422). The merged bank at date of merger had	1, 111, 218, 599		42

COMPTROLLER'S DECISION

On July 6, 1971, The National Bank of Chester Valley, Coatesville, Pa., and Provident National Bank, Philadelphia, 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, with headquarters in Bryn Mawr, Lower Merion Township.

Provident National Bank, Philadelphia, Pa., the charter bank, with IPC deposits of $801.2 million, was originally chartered in 1865. With a network of 39 banking offices, the bank serves all of Philadelphia County, the southern half of Montgomery County, and the extreme northern and southern portions of Bucks County. That service area encompasses most of metropolitan Philadelphia and its surrounding suburbs. The economy of that section of southeastern Pennsylvania is oriented toward Philadelphia, and is supported by a wide array of heavy and light industries combined with a sizable number of service organizations.

In its service area, the charter bank ranks fifth in size. Among the competitors of the charter bank are the $2.7 billion First Pennsylvania Banking & Trust Co., the $2.0 billion Girard Bank, the $2.3 billion Philadelphia National Bank, and the $1.5 billion Fidelity Bank.

The National Bank of Chester Valley, Coatesville, Pa., the merging bank, with IPC deposits of $24.7 million, was originally chartered in 1857. The bank, headquartered in Coatesville, serves the central and western portions of Chester County through its three offices. Although Chester County has long been considered to be agricultural in character, the expansion of the Philadelphia suburbs has made it the fastest growing residential and industrial area in southeastern Pennsylvania.

The merging bank is ranked 10th in size among the banks in Chester County. Those competitors are all considerably larger than the merging bank.

Competition will not be adversely affected by the consummation of the proposed merger. Because the charter and merging banks operate in different service areas, there is no existing competition between them. Furthermore, the charter bank may not presently open branches in Chester County because it is not contiguous to Philadelphia County where Provident National Bank has its main office. The charter bank, however, by relocating its main office to Montgomery County, as an incident of this merger, will be able to branch into Chester County. In the present service area of the charter bank the addition of the much smaller merging bank will have a *de minimus* effect on concentration. Competition will be enhanced in the service area of the merging bank since the resulting bank will provide the same sophisticated services provided by the metropolitan Philadelphia banks.

Applying the statutory criteria, it is concluded that the proposed merger is in the public interest. The subject application requesting permission to merge, to locate the main office in Bryn Mawr, and to retain the present main office of Provident National Bank as a branch is, therefore, approved.

SEPTEMBER 21, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The nearest offices of these two banks are 18 miles apart with many intervening banks. Although Provident is of such a size as to draw business from well beyond the immediate vicinities of its offices, it appears that the proposed merger would eliminate no more than a limited amount of direct competition.

At present, Provident may not operate branches in Chester County, which is not contiguous to Philadelphia County where Provident has its main office. However, Provident, like many other large Philadelphia banks, is moving its main office to Montgomery County, which will enable it to branch in Chester County, as well as Berks and Lehigh counties.

At present, Provident is the smallest of the three very large Philadelphia banks which have not yet entered Chester County. However, Provident's resources and the promising nature of the economy of Chester County make Provident a significant potential entrant. Provident clearly has the resources to enter the county *de novo,* rather than through merger with an existing bank. National Bank of Chester Valley is not among the leading banks in Chester County, either in terms of absolute size or local market share. It is the fourth largest of the eight banks headquartered in the county, significantly smaller than some distant banks which operate offices in Chester County, and holds about 6 percent of total county deposits.

In view of the size and market position of National Bank of Chester Valley, we do not believe that the proposed merger would have any significantly adverse effect on potential competition.

* * *

THE BANK OF CALIFORNIA, N.A., SAN FRANCISCO, CALIF., AND BANK OF REDDING, REDDING, CALIF.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Redding, Redding, Calif., with	$25, 280, 000	3	
was purchased Oct. 29, 1971, by The Bank of California, National Association, San Francisco, Calif. (9655), which had	2, 060, 019, 427	72	
After the purchase was effected, the receiving bank had	2, 085, 299, 427		75

COMPTROLLER'S DECISION

On July 30, 1971, The Bank of California, National Association, San Francisco, Calif., applied to the Office of the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of Bank of Redding, Redding, Calif.

The Bank of California, National Association, the applicant, was chartered in 1864. Headquartered in San Francisco, the applicant presently operates 71 domestic branches in three States, and has approval for 12 additional branches as yet unopened. Presently the seventh largest bank in California, the applicant has total resources of approximately $2 billion.

The Bank of Redding, Redding, Calif., the selling bank, was chartered in 1964. With total resources of $26.1 million, the selling bank has experienced rapid growth.

The service area of the selling bank encompasses the southwestern portion of Shasta County which has an estimated population of 70,000 persons. The city of Redding, located 160 miles northeast of Sacramento, is the marketing center for the entire north-central California area. The economy is heavily dependent upon lumbering and agriculture, as well as on the growing tourist trade.

While there are nine competing bank offices in Redding, all but one are branches of large statewide banking institutions. The Bank of Redding holds only a small percentage of the total bank deposits in Redding.

Competition will not be adversely affected by consummation of the proposed acquisition. There is no service area overlap and no common customer relationship of any significance. The nearest branch of the applicant is some 160 miles away in Sacramento. Furthermore, the addition of the selling bank, because of its small size, will have a *de minimus* effect upon The Bank of California's competitive position in the three States in which it operates banking offices. The acquisition will in fact enhance competition within Redding because The Bank of California, National Association, will be more able to compete with the branches of the larger statewide banks in Redding than is the selling bank.

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

SEPTEMBER 24, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Approximately 160 miles separate the closest office of BCNA (Sacramento office) and Redding Bank. It, therefore, appears that little existing competition between the two banks will be eliminated.

As of June 1970, Redding Bank held 16.6 percent of deposits held by commercial banking offices in Shasta County, 15.2 percent in the city of Redding and 15.3 percent in Redding Bank's service area as defined in the application. Redding Bank, the only bank headquartered in Redding, ranked third out of five banks serving the city, as of June 1970. The other four are branches of much larger statewide banks: Bank of America, Wells Fargo Bank, Crocker National Bank, and United California Bank. Thus, the Redding market is concentrated and Redding Bank is one of the leading banks in that market.

Since statewide branching is permitted in California, BCNA could branch *de novo* into the Redding area. Moreover, it is one of only a few likely entrants. Only two banks larger than BCNA do not serve Redding and both of these are based in Los Angeles and have only recently expanded into northern California. The result of this merger, therefore, will be to eliminate one of the most significant potential entrants into Redding.

Finally, and most importantly, BCNA is one of eight banks which dominate California banking. These eight institutions hold over 88 percent of all commercial bank deposits and dominate all banking markets in the State. The continued pattern of acquisitions by these leaders of independent banks with significant shares of local markets has two undesirable competitive effects. It serves to entrench the existing statewide oligopoly structure of banking in particular markets by removing those banks most able to disrupt such conduct within their own market. Secondly, it eliminates those banks which can, by combining together or by internal expansion, create new regional and perhaps statewide entities able to compete with the existing market leaders.

In addition, Redding Bank has shown itself to be a viable and dynamic bank since its establishment in 1964. It has achieved a significant market position in the Redding area while competing with four of the five largest banks in the State. Therefore, its elimination will remove a significant, as well as, the only independent competitive bank in this area.

We conclude that this merger will have an adverse effect on competition in the city of Redding and in Shasta County.

* * *

OPELIKA NATIONAL BANK, OPELIKA, ALA., AND MIDWAY BANK, OPELIKA, ALA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Midway Bank, Opelika, Ala., with	$3,308,155	1	
and Opelika National Bank, Opelika, Ala. (11635), which had	19,104,475	2	
merged Nov. 1, 1971, under charter and title of the latter bank (11635). The merged bank at date of merger had	23,038,021		3

COMPTROLLER'S DECISION

On May 28, 1971, Midway Bank, Opelika, Ala., and Opelika National Bank, Opelika, Ala., applied to the Office of the Comptroller of the Currency for permission to merge under the charter and title of the latter.

Opelika National Bank, the charter bank, with IPC deposits of $12.6 million, was organized in 1854. It is headquartered in Opelika and maintains one branch in Auburn, about 3.5 miles west of Midway Bank.

Midway Bank, the merging bank, with IPC deposits of $2.3 million, is a single-unit institution located in Opelika. It was established in 1966 as a separate banking institution affiliated with Opelika National Bank because the law prohibited branch banking at that time. The two banks are under common ownership, share the same board of directors, and are served by the same president.

The service area of participating banks includes the cities of Opelika and Auburn, and the immediately surrounding territory. Opelika is the county seat of Lee County, the third fastest growing area in the State. Both Opelika, with a population of 19,027, and Auburn, with a population of 22,767, have experienced steady growth in the past two decades. The economy of Lee County is predicated upon industry, with additional support from farming.

Competition with participating banks in the service area is provided by Farmers National, Opelika, with total deposits of $16.4 million; First National, Opelika, with total deposits of $12.3 million; Auburn National, Auburn, with total deposits of $16.8 million; and First National, Auburn, with total deposits of $15.5 million. In addition, competition is provided by two savings and loan associations, one in Opelika and the other in Auburn.

Competition will not be adversely affected by consummation of this transaction. Because of their present affiliation, the participating banks do not operate on a competitive basis with each other. The proposed merger will not result in the elimination of an alternative choice for the public since both banks are regarded as one institution both by competitors and by area residents. The proposed merger will enable participating banks to operate more effectively and efficiently and will have no adverse effect on the competitive banking situation that presently exists in Lee County.

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

SEPTEMBER 30, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Mid-Way Bank was established in 1966 by the Board of Directors of Opelika National and has been under that same management and stock control from organization to the present. Mid-Way Bank was established because State law did not permit branch banking in Lee County. Since September of 1969, branch banking has been permitted there. Since it appears that no competition has ever existed between these two banks nor is likely to develop, this merger would have no effect on competition.

* * *

THE MERCHANTS NATIONAL BANK OF BURLINGTON, BURLINGTON, VT., AND NORTHFIELD TRUST CO., NORTHFIELD, VT.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Northfield Trust Co., Northfield, Vt., with	$5, 534, 241	1	
and The Merchants National Bank of Burlington, Burlington, Vt. (1197), which had	50, 637, 711	7	
merged Nov. 1, 1971, under charter and title of the latter bank (1197). The merged bank at date of merger had	56, 171, 952		8

COMPTROLLER'S DECISION

On July 22, 1971, Northfield Trust Co., Northfield, Vt., and The Merchants National Bank of Burlington, Burlington, Vt., 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 Merchants National Bank of Burlington, the charter bank, is headquartered in Burlington, Vt. With IPC deposits of $38.9 million, and total assets of $45.8 million, the charter bank is the fifth largest bank in Vermont.

The service area of the charter bank is comprised of two separate and distinct sections of the State. One section includes Chittenden and Addison counties, and is served by the main office and five branches. The other section is around Barre, in central Vermont, about 40 miles from Burlington. That area is served by a branch acquired by a merger in 1970.

Northfield Trust Co., the merging bank, is headquartered in Northfield, approximately 12 miles south of Montpelier. With IPC deposits of $4.7 million, the merging bank is approximately the same size as its chief competitor, Northfield National Bank.

The service area of the merging bank is separated from the two service areas of the charter bank by mountains. Northfield is essentially a residential community with most residents commuting to jobs in Montpelier.

Competition will not be adversely affected by consummation of the proposed merger. Because there is no overlap of the service areas of the charter and merging banks, the two banks are not in competition with each other. While the effect on competition in the charter bank's service areas, as a result of the merger, would be infinitesimal, the merger would considerably enhance the competitive atmosphere in Northfield as the resulting bank will introduce many sophisticated banking services not now available.

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

SEPTEMBER 23, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The towns of Northfield and Barre (site of a Merchants branch) are only 9 miles apart in Washington County; however, geographical barriers make it necessary to go through Montpelier to get from Northfield to Barre, making the Merchants branch in Barre effectively 20 miles from the Northfield facility. There is very little commercial intercourse between the cities of Northfield and Barre. While Northfield has some deposit accounts originating in the areas now served by Merchants, it would appear that no significant amount of direct competition will be eliminated by the proposed merger.

While applicable State law would permit either bank to branch *de novo* into the service area of the other, the size of Northfield would appear to preclude it as a likely potential entrant into the Burlington area. It seems unlikely that Merchants would establish a *de novo* branch in Northfield.

Northfield is slightly larger than the other commercial bank serving the community of Northfield, and it is next to the smallest of the nine banks serving Washington County, with 3.3 percent of total deposits, and 6.4 percent of IPC demand deposits. Merchants has the sixth largest share of deposits held by Washington County banking offices, with 7.3 percent of total deposits, and 5.1 percent of IPC demand deposits. After the proposed merger, Merchants would continue to hold the sixth largest share of Washington County deposits, but its locally derived deposits would increase to 10.5 percent of total deposits, and 11.5 percent of IPC demand deposits in the county. The banks with the four largest shares of county deposits account for about 70 percent of total and IPC demand deposits.

In the three-county area served by Merchants (Addison and Chittenden counties in addition to Washington County), Merchants is the third largest bank, with about 12.7 percent of total deposits, and 14.7 percent of IPC demand deposits. The four largest banks with offices in this area account for 76.2 percent of total deposits, and 77.1 percent of IPC demand deposits. After the proposed acquisition, these ratios would increase by about 1.5 to 2 percentage points.

We conclude that the proposed merger is unlikely to have a significantly adverse effect on competition.

* * *

THE FIRST-MACHINISTS NATIONAL BANK OF TAUNTON, TAUNTON, MASS., AND MANUFACTURERS NATIONAL BANK OF BRISTOL COUNTY, NORTH ATTLEBORO, MASS.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First-Machinists National Bank of Taunton, Taunton, Mass. (416), with....	$38, 191, 621	6	....
and Manufacturers National Bank of Bristol County, North Attleboro, Mass. (5944), which had....	28, 572, 312	5	....
consolidated Nov. 30, 1971, under charter of the latter bank (5944) and title "United National Bank." The consolidated bank at date of consolidation had....	66, 763, 942	....	11

COMPTROLLER'S DECISION

On June 21, 1971, Manufacturers National Bank of Bristol County, North Attleboro, Mass., and The First-Machinists National Bank of Taunton, Taunton, 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 "United National Bank," with headquarters in Taunton, Mass.

Manufacturers National Bank of Bristol County, North Attleboro, Mass., the charter bank, has total deposits of $24.0 million. The bank was organized in 1922, and presently operates three branches and its main office within the immediate vicinity of North Attleboro. The Baystate Corp., a registered bank holding company, effectively controls the charter bank.

The service area of the charter bank is dominated by manufacturing firms, with the jewelry industry as the most important. The population of North Attleboro, now about 18,455, has expanded at a tremendous rate over the past decade. The cities of Attleboro and Mansfield must also be included in the charter bank's area, as 79.1 percent of the bank's total deposits come from the three municipalities.

The First-Machinists National Bank of Taunton, Taunton, Mass., the consolidating bank, has total deposits of $31.5 million. This bank was founded in 1847, and operates five branch offices centered around the main office.

The service area of the consolidating bank is dominated by manufacturing firms, with the silver industry as the largest employer.

Both of the consolidating banks, although not competing with each other to a significant degree, do compete with the dominant commercial banking institution in Bristol County, the $66.5 million First Bristol County National Bank. That bank operates in both the North Attleboro and the Taunton service areas. Further, recent joint studies made by the consolidating banks indicate that when sophisticated banking services are desired, the local customers go to large banks in either Providence, R.I., or Boston, Mass. Substantial amounts of local funds are kept at larger banks in those cities. Additional competition is presented by the various thrift institutions which virtually dominate the banking scene in Massachusetts, holding more than half of the total bank assets in the State. Currently there is a movement in the State legislature to allow savings banks to hold demand deposits; it is obvious that the competitive picture is incomplete without including other financial institutions.

Competition will not be adversely affected by consummation of the proposed consolidation. The service areas of the two banks do not overlap. Competition between the banks is minimal as is evidenced by the lack of common customers and the geographical separation accentuated by the poor road between North Attleboro and Taunton. Consummation of the consolidation will allow the resulting bank to effectively compete against the larger city banks from Providence and Boston. While the Baystate Corp. will increase its share of the combined financial institution deposits in Bristol County, the holding company will still control far below the 13 percent held by the New Bedford Institution for Savings, New Bedford, Mass.

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

SEPTEMBER 14, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Manufacturers' offices in Mansfield and Machinists' office in Norton are only 5.3 miles apart. While there is little commercial intercourse between North Attleborough and Taunton, each of the consolidating banks draws a limited amount of business from the service area of the other. Since Massachusetts law allows countywide branching, there is reason to believe that competition between these two consolidating banks may increase in the future.

This consolidation will reduce the number of commercial banks located in northern Bristol County from four to three. The resulting bank will be the second largest in the area, with 35.5 percent of the deposits held by banks operating in this section of the county. The largest bank in the area, the product of a recent merger, controls 48.4 percent of the deposits held in this area. Thus, if this consolidation is consummated, the two largest banks located in northern Bristol County would control almost 84 percent of deposits held in this area, which has a population of well over 150,000. Moreover, Baystate Corp., the parent of the resulting bank, would solidify its position as the largest commercial banking organization operating in Bristol County; its share of county deposits would increase from 17.1 to 24 percent. The share of deposits held by the four largest banking organizations with offices in Bristol County would increase from 56.6 to 68.5 percent.

Because of the elimination of existing and potentially increasing competition between the merging banks and the increased concentration of commercial banking alternatives which would accompany the proposed consolidation, we conclude that it would have an adverse effect on competition.

* * *

The Citizens & Southern National Bank, Savannah, Ga., and The Citizens & Southern Bank of Chatham County, Savannah, Ga., and The Citizens & Southern Bank of Richmond County, Augusta, Ga.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Citizens & Southern Bank of Richmond County, Augusta, Ga., with	$6,480,000	2	
and The Citizens & Southern Bank of Chatham County, Savannah, Ga., with	4,152,000	1	
were purchased Dec. 8, 1971, by The Citizens & Southern National Bank, Savannah, Ga. (13068), which had	1,608,787,807	71	
After the purchase was effected the receiving bank had	1,687,591,741		74

COMPTROLLER'S DECISION

On August 6, 1971, The Citizens & Southern National Bank, Savannah, Ga., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of The Citizens & Southern Bank of Richmond County, Augusta, Ga., and The Citizens & Southern Bank of Chatham County, Savannah, Ga.

The Citizens & Southern National Bank, with IPC deposits of $975 million, was originally organized in 1887. While its home office is in Savannah, its principal executive offices are in Atlanta. It operates one or more branches in Athens, Atlanta, Augusta, Macon, and Valdosta, Ga., established prior to 1919 when no legal restrictions existed on branching in Georgia. It is also affiliated with a number of other banks through its relationship with The Citizens & Southern Holding Co.

The Citizens & Southern Bank of Chatham County, with IPC deposits of $3 million, was organized in 1969 under the auspices and control of the purchasing bank. It operates a single office located in the Oglethorpe Mall Shopping Center. Five percent of the stock of the bank is held by The Citizens & Southern Holding Co., while the remainder is held by close friends and affiliates of the Citizens & Southern system.

The Citizens & Southern Bank of Richmond County, Augusta, with IPC deposits of $5 million, was organized in 1904. It was originally the Bank of Sharon, located in Taliaferro County, before moving to Augusta and changing its name to The Citizens State Bank of Augusta. That followed the purchase of the bank by the former president of The Citizens & Southern National Bank, who then distributed the stock of the bank to The Citizens & Southern Holding Co. and to numerous officers, directors, and friends of The Citizens & Southern National Bank. Since its inception, The Citizens & Southern National Bank has completely dominated its activities. The bank has one branch office opened in August 1970.

Savannah, home of the purchasing bank and the county seat of Chatham County, is located on the Savannah River, 24 miles from the Atlantic Ocean, approximately 110 miles south of Charleston, S.C., 150 miles north of Jacksonville, Fla., and 270 miles southeast of Atlanta, Ga. The city of Savannah has an estimated population of 124,975 persons, and Chatham County has approximately 187,920 persons. The economy of the area is based on industry, with the largest single manufacturing industry being paper and allied products. Another large industry is represented by Grumman Aircraft. The presence of the Savannah River is, and has been, a prime factor in Savannah's economic development. The port of Savannah is the southeast's leading trade port between Baltimore and New Orleans. Its presence has attracted many new industries to the area in recent years.

Augusta, the county seat of Richmond County, is located on the eastern boundary of Georgia in the approximate geographic center of the States of Georgia and South Carolina. The fifth largest city in the State, Augusta is located at the head of navigation on the Savannah River, approximately 170 miles east of Atlanta, 130 miles northwest of the port of Savannah, and 70 miles south of Columbia, S.C. It is the principal trade center for a broad band of counties in Georgia and South Carolina which, when considered together, are known as the Central Savannah River area. Augusta has an estimated population of 59,864 persons, and Richmond County has a population of 162,937 persons. Manufacturing is the most significant economic activity in the area while military activity is also important.

Competition will not be adversely affected by consummation of this proposal. By virtue of the recent change in Georgia law pertaining to branching, the Citizens & Southern group of banks no longer need to operate as separate banks, but may combine to form one bank with separate branches. Because of the close relationship existing between the purchasing bank and the two selling institutions, with the latter being operated as *de facto* branches, the proposed transaction will be only a change in form and not in substance. No truly independent institution will be eliminated and competition will, therefore, not be affected.

It is concluded that the merger will have no adverse competitive effect and is in the public interest. The application is, therefore, approved.

November 4, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Richmond County. C&S Richmond was formerly the Bank of Sharon and was located in Sharon, Taliaferro County, Ga. In 1963, the controlling interest in the Bank of Sharon was sold to Mills B. Lane, Jr., at that time president of C&S National. In 1964, the Bank of Sharon (then known as the Citizens State Bank of Augusta) was moved from Taliaferro County to Richmond County. At about the same time, Mr. Lane sold 5 percent of the outstanding stock in the bank to the Citizens & Southern Holding Co. (the maximum it could own under State law) and the remainder of the stock to "numerous officers, directors, and friends" of C&S National. In 1969, the bank's name was changed to "The Citizens and Southern Bank of Richmond County."

C&S National operates eight offices in Richmond County, at distances from the offices of C&S Richmond ranging from about 1 mile to about 9 miles. Although there are several intervening banks, the proposed merger would seem to eliminate existing competition.

Richmond County is a highly concentrated banking market. The three largest banks in the county hold about 97 percent of total county deposits. C&S National holds the second largest share, about 29 percent. C&S Richmond is the smallest bank in the county, holding about 2 percent of total county deposits. The proposed acquisition would increase already serious concentration and clearly eliminate existing and potential future competition. The acquisition of C&S Richmond and C&S National would have an adverse effect on competition in Richmond County.

Chatham County. C&S Chatham was organized in 1969. The application states that C&S National participated in its organization, and Citizens & Southern Holding Co. has held 5 percent of its outstanding common stock since its organization.

C&S National operates nine offices in Chatham County, at distances from C&S Chatham ranging from about 1.5 miles to about 6 miles. Although there are several intervening bank offices, the proposed merger would seem to eliminate existing competition.

Chatham County is also a highly concentrated banking market. The three largest banks in the county hold about 82 percent of total county deposits. C&S National holds the largest share, about 43 percent. C&S Chatham is the smallest of eight banks in Chatham County, holding only 0.8 percent of total county deposits. The proposed acquisition, of a competing bank by the leading bank in a highly concentrated market, would increase already serious concentration and eliminate existing and potential future competition. Thus, although C&S Chatham is a small bank in both absolute terms and market share, the proposed acquisition of C&S Chatham by C&S National would have an adverse effect on competion in Chatham County.

* * *

The Wayne County National Bank of Wooster, Wooster, Ohio, and The Farmers Bank, Shreve, Ohio

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Farmers Bank, Shreve, Ohio, with	$3,440,000	1	
was purchased Dec. 27, 1971, by The Wayne County National Bank of Wooster, Wooster, Ohio (828), which had	45,272,423	3	
After the purchase was effected, the receiving bank had	49,887,494		4

COMPTROLLER'S DECISION

On August 18, 1971, The Wayne County National Bank of Wooster, Wooster, Ohio, applied to the Office of the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of The Farmers Bank, Shreve, Ohio.

The Wayne County National Bank of Wooster, the purchasing bank, with IPC deposits of $35.3 million, was organized in 1845, and presently operates two branches in Wooster. The condition, management, and earnings of this bank are all considered to be excellent.

Wooster, home of the purchasing bank, has a population of 18,700, and is the county seat of Wayne County. Situated in the northeast quadrant of the State, approximately 50 miles southwest of Cleveland, Wooster has an economy predicated upon abundant and diversified light industry with further support derived from some 1,700 students and faculty members of the College of Wooster.

In addition to the purchasing bank, Wooster is directly served by two other banking institutions: The Citizens National Bank of Wooster, with $20.8 million in deposits; and The Commercial Bank & Trust Co. of Wooster, with $21.1 million in deposits. Wayne County is additionally served by eight other smaller commercial banks, including the selling bank. Three smaller commercial banks in Holmes County and one in Ashland County also offer competition in the service area.

The Farmers Bank, with IPC deposits of $2.7 million, was organized in 1889, and operates no branches. It has a management succession problem in that its chief executive, who is its only male employee, is approaching retirement age, and the bank is unable to attract adequate qualified personnel due to its location and salary scale.

Shreve, Ohio, home of the selling institution, is located 8 miles southwest of Wooster. The village's population is about 1,600, and its livelihood is based upon local farming. There is no direct outlet of any competing bank in Shreve. Competition stems from the 11 other banks in Wayne County.

Consummation of this proposal will resolve the management succession problem at the selling bank and make available to the Shreve area a considerably increased lending limit, the functions of a corporate fiduciary, and a greater number of more sophisticated lending services than can be provided by the existing institution.

Competition will not be adversely affected. The transaction will slightly improve the purchasing bank's ability to compete with larger holding company subsidiaries in the service area. There will remain adequate alternatives for the banking public, notwithstanding the elimination of one unit bank which appears to be providing little more than minimal service.

Applying the statutory criteria, it is concluded the transaction is in the public interest. Therefore, the application is, hereby, approved.

OCTOBER 22, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The offices of the merging banks are located just 8 miles apart. There are no banking offices located between Wooster and Shreve, although a bank in Fredericksburg is located about 8 miles east of Shreve and a similar distance south of Wooster. There are two other commercial banks in Wooster. Farmers Bank and Wayne National each derive loans and deposits from the town in which the other is located. The proposed merger will eliminate some existing competition between Farmers Bank and Wayne National.

As of June 30, 1970, Wayne National was the largest of the five banks in the southwestern part of Wayne County, with about 50 percent of total deposits, and 47 percent of IPC demand deposits held by these five banks. As of the same date, Farmers Bank accounted for about 3.5 percent of the area's total deposits, and 2.5 percent of IPC demand deposits in the area.

Wayne County is currently served by 12 banks with 22 banking offices. Wayne National is the largest, with 27.5 percent of both total deposits and IPC demand deposits, as of June 30, 1970. Farmers Bank is the ninth largest bank in the county, with 0.2 percent of total deposits, and 1.4 percent of IPC demand deposits.

Wayne National received approval, in 1969, to establish a branch office to the southwest of Wooster which would have served the Shreve area. The branch was never opened. Wayne National remains a significant potential entrant into the Shreve area. Thus, approval of this acquisition would eliminate potentially increasing competition between the participating banks.

In addition, this acquisition by Wayne National will eliminate Farmers Bank as an entry vehicle for other potential entrants which are not already in the Wayne County market. First Bank Group, a large Ohio multibank holding company, recently entered Wayne

County by the acquisition of one of the smaller Wooster banks, and other multibank holding companies may be seeking entry vehicles into this market.

The proposed merger involves the acquisition of a very small local bank by the leading local competitor. We conclude that it will have an adverse effect on competition in the immediate area served by the merging banks.

* * *

Dominion National Bank, Baileys Cross Roads, Va., and Dominion Bank, Alexandria, Va.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Dominion Bank, Alexandria, Va., with	$11,289,626	3	....
and Dominion National Bank, Baileys Cross Roads, Va. (14904), which had	45,524,111	8	....
merged Dec. 31, 1971, under charter and title of the latter bank (14904). The merged bank at date of merger had	55,447,434	....	11

COMPTROLLER'S DECISION

On September 20, 1971, Dominion Bank, Alexandria, Va., and Dominion National Bank, Baileys Crossroads, 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.

Dominion National Bank, the charter bank, with IPC deposits of $31.1 million, was organized in 1960 as the Security National Bank. The bank currently operates a main office and five branches in Fairfax County, one branch in Falls Church, and one branch in Alexandria. It has also obtained permission to establish an additional *de novo* office in Fairfax County. In 1969, the charter bank became a subsidiary of Dominion Bankshares Corp., a registered bank holding company, headquartered in Roanoke, Va.

Dominion Bank, the merging bank, with IPC deposits of $9.1 million, was organized in 1964 as the City Bank & Trust Co., and was subsequently acquired by Dominion Bankshares Corp. in 1968. The merging bank operates its main office and two branches in the city of Alexandria.

Dominion Bankshares Corp., the parent company of the two banks involved in this application, is the fifth largest banking organization in Virginia. That registered bank holding company, with its main office in Roanoke, controls total deposits of approximately $600 million, and has subsidiaries with 61 banking offices in Virginia, none of which is located within 95 miles of the closest office of either the Dominion National Bank or the Dominion Bank.

When Dominion Bankshares Corp. acquired both the charter and merging banks, each was suffering from an insufficient capital structure and inefficient management. Upon acquisition, the parent holding company introduced new funds and aggressive, coordinated banking policies under the guidance of new management teams which has acted to establish sounder structure in both banks. As a direct result of that policy, Dominion National Bank has expanded within its trade area by successfully opening new offices and attracting substantial new customers. In the last 12 months, deposits have increased 28 percent, and net earnings for fiscal 1970 have increased significantly. Dominion Bank, however, has not freed itself of its operating difficulties to the same extent as the charter bank has done. Dominion Bank has a poor record of retained earnings and its deposit base is too small, relative to the normal cost of conducting business, to provide adequate net operating profits.

At present, there is no competition between the charter and merging banks. Dominion Bank primarily serves the city of Alexandria, while Dominion National Bank principally serves Fairfax County. Each of the banks in question serves a primary trade area which is separate and distinct, and only a small amount of loan and deposit business is derived from the primary service area of the other bank.

Consummation of the proposed merger will have no adverse effect on banking competition in the service area of the resulting bank. Both the merging and charter banks already have the same ownership, and the Dominion National Bank is presently supplying the active management of the Dominion Bank. It is expected that the resulting bank will more actively promote the existing offices of Dominion Bank, thereby providing better service for residents and more efficient competition with the larger Alexandria banks. Thus, the subject merger is essentially a corporate reorganization with the immediate objective of reducing overhead and eliminating duplicate operating costs, and with the ultimate purpose of obtaining greater future earnings and providing better service in Alexandria. The remaining 23 commercial banks in the service area will insure adequate banking alternatives to the resulting bank. It is concluded that the proposed merger is in the public interest and the application is, therefore, approved.

NOVEMBER 17, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Both of these banks are, and have been since their organization, subsidiaries of Dominion Bankshares Corp., a registered bank holding company. Because of this, the proposed merger is simply a corporate reorganization and as such would have no effect on competition.

* * *

FIRST NATIONAL BANK, ORRVILLE, OHIO, AND THE FARMERS & MERCHANTS BANK CO., SMITHVILLE, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Farmers & Merchants Bank Co., Smithville, Ohio, with	$3, 509, 837	1	....
and First National Bank, Orrville, Ohio (13742), which had	32, 209, 427	5	....
merged Dec. 31, 1971, under charter and title of the latter bank (13742). The merged bank at date of merger had	35, 719, 264	....	6

COMPTROLLER'S DECISION

On August 20, 1971, The Farmers & Merchants Bank Co., Smithville, Ohio, and the First National Bank, Orrville, Ohio, 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 First National Bank, the charter bank, with total IPC deposits of $24.6 million, was reorganized in 1933, and is the direct successor to the National Bank of Orrville, previously the Orrville Banking Co., which was established in 1881. The charter bank operates one in-town branch which began *de novo* in 1965. Through mergers with the First National Bank of Dalton, in February 1968, and the Bank of Mt. Eaton, in November 1969, the charter bank has acquired and now operates three other branches, one each in Dalton, Kidron, and Mt. Eaton.

The service area of the charter bank is composed of the townships of Green, Baughman, Sugar Creek, East Union, Paint, Salt Creek, Wayne, Milton, Canaan, Chippewa; the city of Orrville; and the villages of Dalton, Kidron, Mt. Eaton, and Smithville, all in Wayne County, Ohio. In addition, the townships of Sugar Creek, Tuscarawas, Lawrence, and Perry, in adjacent Stark County; and Paint Township in Holmes County, are all served by the charter bank.

Industry in the service area shows a concentration of manufacturing facilities which produce trucking and transportation supplies, milk products, gray iron, bronze and aluminum castings, fiberglass products, and valves for the oil and gas industry. The aggregate employment for those industries is approximately 4,000. In addition, all of Wayne County is known for its fertile farmlands and farm products of all kinds. The growing of such crops as corn, soybeans, wheat, and oats, as well as the raising of cattle, hogs, and sheep, is of prime importance to the economic base of the area.

The residential community consists, for the most part, of individually owned and occupied houses, complemented by a growing number of trailer parks. Although there are houses as costly as $100,000, the average price for the majority of recently built houses would be between $20,000 and $40,000. The trailer parks are composed of the more expensive class of trailers, costing an average of $10,000 each, and are used as a first step toward individual home ownership by people whose financial means do not allow them to buy a home immediately.

The Farmers & Merchants Bank Co., the merging bank, with IPC deposits of $2.5 million, was chartered in 1925. It does not operate any branches, nor has it ever been involved in any merger transactions. The managerial structure of the bank consists of elderly officers who seek a release from their banking responsibilities. The chief teller, the man responsible for running the internal affairs of the bank, is 69 years old and wishes to retire immediately upon consummation of this proposed merger. The lower strata of workers in this bank are young and too inexperienced to assume successful control of the bank. There has been a very large turnover of employees in the bank due to the low wages that are paid, a fact which also accounts for the difficulty in attracting experienced, competent people with a good potential for advancement in the management of the bank. The merging bank, with a lending limit of $25,000, has difficulty in meeting the credit needs of the customers in its immediate service area, causing many of its potential credit customers to be lost to other, larger financial institutions in the area, such as the three commercial banks in Wooster.

The economy of the service area of the merging bank is based on agriculture, with a trend toward increasingly larger farms, producing the same agricultural products as those in the service area of the charter bank. The population in 1970 was 1,278, with indications of only modest growth prospects. There are 10 commercial and industrial firms in Smithville; the largest is the Singer Products Corp., a manufacturer of component parts for agricultural equipment and trailers. Adding to the economic prospects of Smithville are the Wayne County Joint Vocational School, with an enrollment of 2,100 and a faculty of 125, which was completed 2 years ago; and, a branch of the University of Akron, now under construction, the first phase of which is to be completed in 1972. That school, to be known as the Wayne State Community and Technical College, should attract both people and the necessary service businesses to cater to the needs of the new school community.

At present there is no meaningful competition between the two banks in this proposed merger. The merging bank has almost no accounts in Orrville due to the bank's small size and limited services. Conversely, those banking with the charter bank and residing in, or near, Smithville do so because the smaller bank cannot meet their financial needs.

Upon consummation of the merger, significant competition will still be afforded the resulting bank by the 10 other unit banks in Wayne County, and by two large banks headquartered in Massillon which have service areas extending into eastern Wayne County. Those competitors include the $43.6 million Wayne County National Bank, and the $37 million First National Bank of Massillon, both of which are larger than the resulting bank.

This merger will solve two specific problems that now bother the merging bank. First, it will increase the lending limit to allow the resulting bank to accommodate the increasingly larger lines of credit demanded by customers in the Smithville area. Secondly, this transaction will remedy the management crisis of the merging bank.

Approval of the proposed merger will bring many benefits to the residents of the service area of the resulting bank. Among those benefits would be an increase in the savings interest rate, the introduction of a credit card, extended banking hours, automated services, and competitive loan interest rates. Those improved services will greatly enhance banking services in Smithville, thereby adding to the public convenience in the area.

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

November 9, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

This proposed merger would eliminate direct competition between Farmers Bank and First National in the Smithville-Orrville area. Farmers Bank is the only bank in Smithville. In addition to First National, there is one other commercial bank in Orrville, the Orrville Savings Bank (total deposits $12.0 million). The closest other competing banks are in Wooster.

Thus, the proposed merger would reduce the number of commercial banking alternatives in the Smithville-Orrville area from three to two.

Wayne County is currently served by 12 banks with 22 banking offices. First National holds the second largest share of deposits held by Wayne County banks, with 18.8 percent of total deposits, and 20.6 percent of IPC demand deposits, as of June 30, 1970. The four largest banks in the county have 74.4 percent of total deposits, and 79.9 percent of IPC demand deposits. Farmers Bank is the 11th largest, with 1.9 percent of total deposits, and 1.7 percent of IPC demand deposits. After the proposed merger, First National would account for 20.7 percent of total deposits, and 22.3 percent of IPC demand deposits, and the four largest would account for 76.3 percent of total deposits, and 81.6 percent of IPC demand deposits.

We conclude that the proposed merger will have an adverse effect on competition in the immediate area served by the merging banks.

* * *

FIRST UNION NATIONAL BANK OF NORTH CAROLINA, CHARLOTTE, N.C., AND BANK OF WINDSOR, WINDSOR, N.C. AND BANK OF FARMVILLE, FARMVILLE, N.C.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bank of Farmville, Farmville, N.C., with	$10, 631, 998	1	....
Bank of Windsor, Windsor, N.C., with	14, 674, 169	2	....
and First Union National Bank of North Carolina, Charlotte, N.C. (15650), which had	1, 291, 712, 722	158	....
merged Dec. 31, 1971, under charter and title of the latter bank (15650). The merged bank at date of merger had	1, 311, 393, 484	....	161

COMPTROLLER'S DECISION

On September 14, 1971, the Bank of Farmville, Farmville, N.C., and Bank of Windsor, Windsor, N.C., applied to the Comptroller of the Currency for permission to merge into the First Union National Bank of North Carolina, Charlotte, N.C., under the charter and with the title of the latter.

First Union National Bank of North Carolina, Charlotte, N.C., was chartered in 1908, and through a series of mergers and through *de novo* branching has become the third largest bank in North Carolina. With $1 billion in total deposits, the bank operates 153 offices in 71 communities throughout North Carolina. For large corporate customers, the First Union National Bank competes with every major bank in the southeast, and is in that sense a regional bank. In North Carolina, the bank's principal competitors are: Wachovia Bank, N.A., with total resources of approximately $1.8 billion, and 154 offices in approximately 55 communities throughout the State; the North Carolina National Bank, with total assets of $1.5 billion, and 105 offices in approximately 29 communities; First Citizens Bank & Trust Co., with total resources of $772 million, and 158 offices in 70 communities; Northwestern Bank, with total resources of $583 million; and Branch Banking & Trust Co., with resources of $280 million. The charter bank is the chief subsidiary of First Union National Bancorp, Inc., a registered one-bank holding company.

The Bank of Farmville, Farmville, N.C., was chartered in 1904, and now holds total deposits of $6.4 million. The bank's service area, which is the town of Farmville and a radius of 7 miles in surrounding Green and Pitt counties, has a population of 8,600. Bank of Farmville's rate of growth during the period between 1965 and 1970 was considerably less than that of commercial banks in North Carolina generally; the bank's loan portfolio growth was 75 percent, and its deposit growth was 56 percent, of the growth rates averaged for all commercial banks in the State.

The economy of the service area of the Bank of Farmville is supported mainly by agriculture, with tobacco the main cash crop. Over half the work force in Green County is agriculturally employed. In Pitt County, 70 percent of the work force is employed in agriculture or trade. During the period between 1960 and 1970, Green County recorded a 10 percent decrease in population, whereas Pitt County's population grew at a slow rate, greatly below that of the State as a whole.

The principal competitor of the Bank of Farmville is the Bank of North Carolina, N.A., with an office in Farmville. Bank of North Carolina, N.A., has total assets of approximately $134 million. Other banks exerting some competitive influence in the Farmville area include offices of the $1.8 billion Wachovia Bank & Trust Co., N.A., located at Walstonburg, approximately 7 miles west, and at Snow Hill, approximately 12 miles southwest. The $22 million Edgecombe Bank & Trust Co. has an office located at Fountain, approximately 6 miles north, and the Bank of North Carolina, N.A., Bank of Winterville, North Carolina National Bank, Planters National Bank & Trust Co., as well as Wachovia Bank & Trust Co., N.A., have offices in Greenville, approximately 15 miles east. The closest

463-499 O—72——8

First Union office of the merging bank is located at Wilson, approximately 25 miles northwest.

The principal competitor of the Bank of Windsor is an office of the $23 million Southern Bank & Trust Co. located at Windsor. Otherwise, there is an office of the Planters National Bank & Trust Co. at Colerain, approximately 24 miles northeast; an office of Wachovia Bank & Trust Co., N.A., at Aulander, approximately 25 miles northwest; and, an office of the $9 million Tarheel Bank & Trust Co., located at Lewiston, approximately 18 miles northwest. The closest First Union National Bank offices to this merging bank are in Elizabeth City, approximately 52 miles northeast, and in Rocky Mount, approximately 55 miles west.

The Bank of Windsor, Windsor, N.C., the other merging bank, was chartered in 1901, and presently holds deposits of $11.4 million. The bank, like The Bank of Farmville, has been generally conservative in its operations, and its loans and deposits are primarily agriculturally oriented. Although the rate of growth in loans shown by the Bank of Windsor compares favorably with other commercial banks in North Carolina, the bank's nearest competitor quadrupled the Bank of Windsor's deposit growth during the 1965–70 period.

The economy of Bertie County, where the Bank of Windsor is located, is supported primarily by agriculture, with approximately 70 percent of its labor force employed in agriculture and trade. From 1960 to 1970, the population of the county decreased slightly. Bertie County has one of the lowest per capita incomes in North Carolina.

Consummation of the proposed merger will not eliminate any present competition between the First Union National Bank and the merging banks. Due to the decline in populations and resulting stagnant economic conditions in the areas served by the merging banks, there is little economic incentive for First Union to enter the market areas of those banks *de novo*, and it is doubtful whether those areas would support an additional bank. First Union's entrance will provide specialized banking services such as computer services, mortgage financing and servicing, specialized loan services for small businesses, equipment lease loans, a charge plan system, and trust services, none of which are presently offered by the merging banks.

Applying the statutory criteria to the proposed mergers, we conclude that consummation of the proposal will serve the public interest. The application is, therefore, approved.

November 24, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The closest offices of First Union to Bank of Farmville are about 20 miles distant, with several offices of another large bank in the intervening area. The nearest offices of First Union to those of Bank of Windsor are over 50 miles distant. Loan and deposit overlap statistics are minimal. The areas served by the two smaller merging banks are in noncontiguous counties. Therefore, the proposed mergers would not appear to eliminate any significant amount of direct competition among the merging banks.

North Carolina permits statewide branching, and First Union could be permitted to establish *de novo* branches in the areas served by Bank of Farmville and Bank of Windsor. First Union is the third largest bank in North Carolina and has the capability to establish such offices. It is the largest bank eligible to enter *de novo* into Pitt County, and it is the second largest bank eligible to enter into Bertie County.

Five banks presently operate seven offices in Bertie County, including the State's largest, and seventh and ninth largest banks. Bank of Windsor is the fourth largest of these five banks, but holds 58.7 percent of county IPC demand deposits. Although the merger of First Union and Bank of Windsor would eliminate the only remaining independent bank headquartered in Bertie County, and permit First Union to obtain immediately the largest share of county deposits, it is questionable whether the declining state of the county's economy would attract new bank entrants.

In Pitt County, nine banks operate 21 offices; these banks include six of the State's 10 largest (and the two largest). Three banks hold about 75 percent of county IPC demand deposits, and Bank of Farmville holds 9.6 percent, the fourth largest share. The merging bank is the larger of the two independent banks headquartered in Pitt County and the eighth largest of the banks operating in the county. The merger of Bank of Farmville into First Union would eliminate the largest eligible potential entrant into Pitt County, eliminate the larger of only two remaining independents in the county, and permit First Union to assume immediately a substantial position in the area.

* * *

National Bank of the Commonwealth, Indiana, Pa., and First National Bank at Patton, Patton, Pa.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
First National Bank at Patton, Patton, Pa. (14263), with	$5,144,111	1	
was purchased Dec. 31, 1971, by National Bank of the Commonwealth, Indiana, Pa. (14098), which had	54,704,987	9	
After the purchase was effected, the receiving bank had	61,905,777		10

COMPTROLLER'S DECISION

On October 27, 1971, the National Bank of the Commonwealth, Indiana, Pa., applied to this Office for permission to purchase the assets and assume the liabilities of the First National Bank at Patton, Patton, Pa.

The purchasing bank has total deposits of $48.9 million, and operates eight branches to serve Indiana County and portions of Westmoreland, Armstrong, Cambria, and Jefferson counties. The selling bank has total deposits of $4 million, and operates no branches.

The selling bank is located in a declining economic area once supported by the soft coal industry. At present, only one industry provides employment; many residents commute elsewhere to work. Prospects for growth are limited.

The management of the selling bank is elderly, faces competition from four other banks, three of which are larger, and wishes to sell rather than to attempt to maintain service in a rather unproductive climate. The purchasing bank will be able to stimulate competition by providing added services and more liberal lending policies.

The two banks do not compete with each other; the closest office of the purchasing bank is 22 miles from the selling bank. The purchasing bank would continue to be subject to competition from the nine competing banks in its present service area, as well as the four other banks in the Patton area.

Applying the statutory criteria it is the conclusion of this Office that the proposal is in the public interest. It is, therefore, approved.

December 1, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Competition between Commonwealth and Patton Bank is not significant. Patton Bank's service area is limited in geographic scope, and does not overlap with those areas of Indiana and Cambria counties served by Commonwealth. Neither bank draws any appreciable deposit or loan business from the service area of the other. The proposed transaction would not eliminate any substantial existing competition.

Under Pennsylvania law, which permits branching by commercial banks in the county in which their home offices are located, and counties contiguous thereto, either of the parties to the proposed transaction could be permitted to branch into the service area of the other. In view of Patton Bank's size, however, it is not a source of significant potential competition in areas served by Commonwealth. While Commonwealth appears to be capable of *de novo* branching into attractive new markets, the economy and declining population of the area served by Patton Bank indicates that it is not a particularly attractive branching site. Moreover, Patton Bank is among the smallest banks serving northern Cambria County; its larger competitors include banks headquartered in Johnstown which operate branch systems throughout the county.

We conclude that the proposed transaction is unlikely to have any significantly adverse effect on potential competition.

* * *

The Framingham National Bank, Framingham, Mass., and Newton National Bank, Newton, Mass., and Waltham Citizens National Bank, Waltham, Mass.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Newton National Bank, Newton, Mass. (13252), with	$27, 205, 320	5	
Waltham Citizens National Bank, Waltham, Mass. (14541), with	13, 651, 672	1	
and The Framingham National Bank, Framingham, Mass. (528), which had	45, 306, 681	9	
consolidated Dec. 31, 1971, under charter of the latter bank (528) and title "Community National Bank." The consolidated bank at date of consolidation had	86, 163, 674		15

COMPTROLLER'S DECISION

On October 4, 1971, The Framingham National Bank, Framingham, Mass., the Newton National Bank, Newton, Mass., and the Waltham Citizens National Bank, Waltham, Mass., applied to the Office of the Comptroller of the Currency for permission to consolidate under the charter of The Framingham National Bank and with the title "Community National Bank."

The Framingham National Bank was originally chartered as a State bank in 1833, and has been in continuous operation since that date. In 1864, it converted to a National bank, and in December 1970, it became a subsidiary of Shawmut Association, Inc., a registered bank holding company which owns 97.8 percent of the bank's shares. The bank has seven branches and total deposits of $37.3 million, an increase of $18.9 million in the last 10 years.

The Newton National Bank was organized in 1928, and, since August 1945, has been a subsidiary of Shawmut Association, Inc., which owns 97.4 percent of its shares. The bank operates four branches, has an additional branch application pending, and currently has deposits of $21.8 million.

The Waltham Citizens National Bank was organized in 1946, as a subsididary of Shawmut Associates, the predecessor of Shawmut Association, Inc., which owns 95.9 percent of its shares. The bank has no branches and currently has deposits of $11.3 million. Over the past 10 years it has experienced little growth.

The primary service area of the resulting bank consists of the cities of Framingham, Marlborough, Ashland, Natick, Sudbury, Holliston, Hopkinton, Newton, Watertown, and Waltham, all of which are located in South Middlesex County, and, to a more limited extent, includes the adjacent cities of Boston, in Suffolk County; Brookline and Wellesley, in Norfolk County; and Southborough, in Worcester County. Excluding the cities and towns outside South Middlesex County, the combined population of the service area is approximately 355,000. The towns and communities which make up this service area are residential in character and their economies are based on diversified manufacturing, which employs 10,700 people in Newton, 7,800 people in Watertown, 36,150 people in Waltham, and 22,200 people in Framingham. The combined payroll for those workers in manufacturing firms exceeds $566 million. Framingham is also an important retail trade center serving surrounding towns as well as its own population.

Although the primary service area of the consolidating banks includes Boston, Brookline, Wellesley, and Southborough, State laws do not permit branching across county lines. Therefore, the basic service area of the resulting bank is considered to be only those cities in South Middlesex County. The major banking competitors headquartered in this county include the Newton-Waltham Bank & Trust Co., Waltham, with 19 offices and total deposits of $141 million; Framingham Trust Co., Framingham, operating 14 offices with total deposits of $80.7 million; and the Coolidge Bank & Trust Co., Watertown, with eight offices and deposits of $80 million. Approval of the proposed acquisition will leave 10 banks headquartered in South Middlesex County to provide adequate banking alternatives to residents and local businesses. Also, limited competition will be provided by the large Boston banks based outside the perimeter of the primary service area.

Consummation of the proposed acquisition will have no adverse effects in South Middlesex County. None of the consolidating banks have branches in any town in which another of the consolidating banks operates a branch. Thus, it is clear that the degree of market overlap is negligible. The consolidation will enable the resulting bank to compete more effectively by establishing a larger lending limit and a competitive trust service, and will eliminate operating inefficiences and needless duplications in their banking practices. The proposed consolidation will not significantly alter the allocation of deposits in the service area since all three banks are already commonly owned.

One of the major reasons for the proposed consolidation is the absence of management continuity in both the Newton and Waltham banks. The president of the Waltham bank has recently died, and the senior officers at the Newton bank are approaching retirement age. It is expected that approval of this application will alleviate the management succession issue.

Accordingly, it is the view of this Office that the proposed acquisition is in the public interest and will have no adverse competitive effects. The consolidation is, therefore, approved.

NOVEMBER 24, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

All of the participating banks are owned and controlled as subsidiaries of Shawmut Association, Inc., a registered bank holding company. Because of this, the proposed consolidation is simply a corporate reorganization and as such would have no effect on competition.

* * *

II. Mergers consummated pursuant to corporate reorganization, involving a single operating bank

THE NATIONAL BANK OF COMMERCE IN NEW ORLEANS, NEW ORLEANS, LA., AND N.B.C. NATIONAL BANK, NEW ORLEANS, LA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The National Bank of Commerce in New Orleans, New Orleans, La. (13689), with	$521, 055, 312	15	
and N.B.C. National Bank, New Orleans, La. (13689), which had	252, 668	0	
merged Jan. 1, 1971, under charter of the latter bank (13689) and title "First National Bank of Commerce". The merged bank at date of merger had	521, 307, 980		15

COMPTROLLER'S DECISION

On October 8, 1970, The National Bank of Commerce in New Orleans, New Orleans, La., and N.B.C. National Bank (organizing), New Orleans, La., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the First National Bank of Commerce.

The National Bank of Commerce in New Orleans, the merging bank, is headquartered in New Orleans, and has 14 branches, all located in New Orleans. This bank, with total resources of $446.4 million, and IPC deposits of $269.5 million, was originally chartered in 1933.

N.B.C. National Bank, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the First Commerce Corp. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

NOVEMBER 23, 1970.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan under which First Commerce Corp., a registered bank holding company, proposes to acquire all of the voting shares of NBC National Bank (organizing), a nonoperating institution, and as a contemporaneous transaction, to effect the merger of National Bank of Commerce in New Orleans and NBC National Bank (organizing). The effect of these transactions will be to transfer control of an existing bank to a registered bank holding company. In and of itself, however, the proposed merger would merely combine an existing bank with a nonoperating institution: as such, and without regard to acquisition of the surviving bank by First Commerce Corp., the proposed merger would have no effect on competition.

* * *

The First National Bank of Boston, Boston, Mass., and Old Colony Trust, N.A., Boston, Mass., and The Massachusetts Bank, N.A., Boston, Mass.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Boston, Boston, Mass. (200), with	$4, 042, 109, 396	3	....
Old Colony Trust, National Association, Boston, Mass. (15847), with	14, 765, 009	0	....
and The Massachusetts Bank, National Association, Boston, Mass. (200), which had	253, 165	0	....
merged Jan. 4, 1971, under charter of the latter bank (200) and title "The First National Bank of Boston." The merged bank at date of merger had	4, 054, 523, 630	....	3

COMPTROLLER'S DECISION

On October 23, 1970, The First National Bank of Boston, Boston, Mass., Old Colony Trust Co. (converting to Old Colony Trust, National Association), Boston, Mass., filed an application with the Comptroller of the Currency for permission to merge under the charter of The Massachusetts Bank, National Association, and with the title of The First National Bank of Boston.

The merger of The First National Bank of Boston, with IPC deposits of $1.5 billion, and the Old Colony Trust Co., the trust affiliate of First National, into The Massachusetts Bank is part of a plan of reorganization whereby First National and Old Colony will become a wholly owned subsidiary (except for directors' qualifying shares) of The First National Boston Corp., a Massachusetts business corporation.

The receiving bank, The Massachusetts Bank, National Association, is a newly organized National bank formed solely to facilitate the proposed plan of reorganization.

In 1929, Old Colony Trust Co. became the trust affiliate of The First National Bank of Boston. While the First National Bank engages in the entire spectrum of commercial banking activities, Old Colony Trust confines its activities to the rendering of trust services.

In addition to having identical beneficial ownership, The First National Bank of Boston and Old Colony Trust Co. are closely associated in policies, management, and operations. They are regarded as one in the public mind. The proposed merger will merely formalize an existing identity of ownership. Therefore, the proposed merger will have no anticompetitive effect on banking competition.

Applying the statutory criteria, we find the proposal is in the public interest. The application is, therefore, approved.

December 2, 1970.

SUMMARY OF REPORT BY ATTORNEY GENERAL

This merger is part of a corporate reorganization whereby The First National Bank of Boston and Old Colony Trust Co. will be merged into a nonoperating institution. The First National Bank of Boston and Old Colony Trust Co. have been jointly owned and controlled since 1929; the application's characterization of Old Colony Trust Co. as the bank's "trust affiliate" appears accurate. Thus, their merger into the same new bank would not have any adverse competitive effects.

* * *

The National Bank of New Jersey, New Brunswick, N.J., and The National Bank of New Jersey, New Brunswick, New Brunswick, N.J.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The National Bank of New Jersey, New Brunswick, N.J. (587), with	$87, 806, 147	6	....
and The National Bank of New Jersey, New Brunswick, New Brunswick, N.J. (587), which had	128, 500	0	....
merged Jan. 4, 1971, under charter of the latter bank (587) and title "The National Bank of New Jersey." The merged bank at date of merger had	87, 809, 749	....	6

COMPTROLLER'S DECISION

On October 23, 1970, The National Bank of New Jersey, New Brunswick, N.J., and The National Bank of New Jersey, New Brunswick (organizing), New Brunswick, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The National Bank of New Jersey, the merging bank, is headquartered in New Brunswick, and has six offices located throughout Middlesex County. This bank has total resources of $77.4 million, and IPC deposits of $56 million.

The National Bank of New Jersey, New Brunswick, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the Fidelity Union Bancorporation. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same location and with the same name as presently used by the merging bank.

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

DECEMBER 4, 1970.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan under which Fidelity Union Bancorporation, a registered bank holding company, proposes to acquire all of the voting shares of The National Bank of New Jersey, New Brunswick (organizing), a nonoperating institution, and as a contemporaneous transaction, to effect the merger of The National Bank of New Jersey and The National Bank of New Jersey, New Brunswick (organizing). The effect of these transactions will be to transfer control of an existing bank to a registered bank holding company. In and of itself, however, the proposed merger would merely combine an existing bank with a nonoperating institution; as such, and without regard to acquisition of the surviving bank by Fidelity Union Bancorporation, the proposed merger would have no effect on competition.

* * *

THE PEOPLES NATIONAL BANK OF MANASSAS, MANASSAS, VA., AND MANASSAS BANK, N.A., MANASSAS, VA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Peoples National Bank of Manassas, Manassas, Va. (6748), with	$20,906,050	4	
and Manassas Bank, N.A., Manassas, Va. (6748), which had	125,000	0	
merged Mar. 1, 1971, under charter of the latter bank (6748) and title "The Peoples National Bank of Manassas." The merged bank at date of merger had	21,031,050		4

The "Comptroller's Decision" and the "Summary of Report by Attorney General" for this case appeared in the 1970 Annual Report under the heading "Approved, but consummation deferred due to related litigation."

* * *

BELT NATIONAL BANK OF ST. JOSEPH, ST. JOSEPH, MO., AND BELT BANK OF ST. JOSEPH, N.A., ST. JOSEPH, MO.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Belt National Bank of St. Joseph, St. Joseph, Mo. (15176), with	$9,121,837	2	
and Belt Bank of St. Joseph, National Association, St. Joseph, Mo. (15176), which had	240,000	0	
merged Mar. 10, 1971, under charter of the latter bank (15176) and title "Belt National Bank of St. Joseph." The merged bank at date of merger had	9,404,806		2

COMPTROLLER'S DECISION

On December 1, 1970, the Belt National Bank of St. Joseph, St. Joseph, Mo., and the Belt Bank of St. Joseph, National Association (organizing), St. Joseph, Mo., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Belt National Bank of St. Joseph, the merging bank, is headquartered in St. Joseph, and is a unit bank. This bank, with total resources of $8 million, and IPC deposits of $7.1 million, was chartered originally in 1919.

Belt Bank of St. Joseph, National Association, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to Ameribanc, Inc. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

FEBRUARY 3, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan under which Ameribanc, Inc., a registered bank holding company, proposes to acquire all of the voting shares of Belt Bank of St. Joseph, N.A. (organizing), a nonoperating institution, and as a contemporaneous transaction, to effect the merger of Belt National Bank of St. Joseph and Belt Bank of St. Joseph, N.A. (organizing). The effect of these transactions will be to transfer control of an existing bank to a registered bank holding company. In and of itself, however, the proposed merger would merely combine an existing bank with a nonoperating institution; as such, and without regard to acquisition of the surviving bank by Ameribanc, Inc., the proposed merger would have no effect on competition.

* * *

THE AMERICAN NATIONAL BANK OF ST. JOSEPH, ST. JOSEPH, MO., AND AMERICAN BANK OF ST. JOSEPH, N.A., ST. JOSEPH, MO.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The American National Bank of St. Joseph, St. Joseph, Mo. (6272), with	$101,092,790	2	
and American Bank of St. Joseph, National Association, St. Joseph, Mo. (6272), which had	240,000	0	
merged Mar. 10, 1971, under charter of the latter bank (6272) and title "The American National Bank of St. Joseph." The merged bank at date of merger had	101,207,599		2

COMPTROLLER'S DECISION

On December 1, 1970, The American National Bank of St. Joseph, St. Joseph, Mo., and the American Bank of St. Joseph, National Association (organizing), St. Joseph, Mo., 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 American National Bank of St. Joseph, the merging bank, is headquartered in St. Joseph. It maintains no branch offices. This bank, with total resources of $96.3 million, and IPC deposits of $70.2 million, was chartered originally in 1889.

American Bank of St. Joseph, National Association, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to Ameribanc, Inc. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

FEBRUARY 3, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan under which Ameribanc, Inc., a registered bank holding company, proposes to acquire all of the voting shares of American Bank of St. Joseph N.A. (organizing), a nonoperating institution, and as a contemporaneous transaction, to effect the merger of American National Bank of St. Joseph and American Bank of St. Joseph, N.A. (organizing). The effect of these transactions will be to transfer control of an existing bank to a registered bank holding company. In and of itself, however, the proposed merger would merely combine an existing bank with a nonoperating institution; as such, and without regard to acquisition of the surviving bank by Ameribanc, Inc., the proposed merger woud have no effect on competition.

* * *

MERCANTILE TRUST CO., NATIONAL ASSOCIATION, ST. LOUIS, MO., AND LOCUST NATIONAL BANK, ST. LOUIS, MO.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Mercantile Trust Co., National Association, St. Louis, Mo. (15452), with	$1, 267, 676, 008	2	
and Locust National Bank, St. Louis, Mo. (15452), which had	998, 000	0	
merged Mar. 11, 1971, under charter of the latter bank (15452) and title "Mercantile Trust Company National Association." The merged bank at date of merger had	1, 267, 685, 208		2

COMPTROLLER'S DECISION

On December 23, 1970, the Mercantile Trust Co., National Association, St. Louis, Mo., and the Locust National Bank (organizing), St. Louis, Mo., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Mercantile Trust Co., National Association, the merging bank, is headquartered in St. Louis, and has one facility located in St. Louis. This bank, with total resources of $1.2 billion, and IPC deposits of $688.4 million, was chartered originally in 1855.

Locust National Bank, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the Mercantile Bancorporation, Inc. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

FEBRUARY 26, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan under which Mercantile Bancorporation, Inc., a registered bank holding company, proposes to acquire all of the voting shares of Locust National Bank (organizing), a nonoperating institution, and as a contemporaneous transaction, to effect the merger of Mercantile Trust Co., N.A. and Locust National Bank (organizing). The effect of these transactions will be to transfer control of an existing bank to a registered bank holding company. In and of itself, however, the proposed merger would merely combine an existing bank with a nonoperating institution; as such, and without regard to acquisition of the surviving bank by Mercantile Bancorporation, Inc., the proposed merger would have no effect on competition.

* * *

First National Bank & Trust Co. of Ithaca, Ithaca, N.Y., and Bank of Ithaca, N.A., Ithaca, N.Y.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
First National Bank & Trust Co. of Ithaca, Ithaca, N.Y. (222), with	$54, 936, 235	3	
and Bank of Ithaca, National Association, Ithaca, N.Y. (222), which had	238, 294	0	
merged Mar. 31, 1971, under charter of the latter bank (222) and title "First National Bank & Trust Co. of Ithaca." The merged bank at date of merger had	55, 174, 529		3

COMPTROLLER'S DECISION

On October 7, 1970, First National Bank & Trust Co. of Ithaca, Ithaca, N.Y., and Bank of Ithaca, N.A. (organizing), Ithaca, N.Y., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

First National Bank & Trust Co. of Ithaca, the merging bank, is headquartered in Ithaca, N.Y., and has three offices located in Ithaca and Tompkins County. This bank, with total resources of $55 million and IPC deposits of $39 million, was chartered originally in 1864.

Bank of Ithaca, N.A., the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to Security New York State Corp., a registered bank holding company. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

February 26, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan under which Security New York State Corp., a registered bank holding company, proposes to acquire all of the voting shares of Bank of Ithaca, N.A. (organizing), a nonoperating institution, and as a contemporaneous transaction, to effect the merger of First National Bank & Trust Co. of Ithaca and Bank of Ithaca, N.A. (organizing). The effect of these transactions will be to transfer control of an existing bank to a registered bank holding company. In and of itself, however, the proposed merger would merely combine an existing bank with a nonoperating institution; as such, and without regard to acquisition of the surviving bank by Security New York State Corp., the proposed merger would have no effect on competition.

* * *

Williamsburg National Bank, Williamsburg, Va., and Bank of Williamsburg, N.A., Williamsburg, Va.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Williamsburg National Bank, Williamsburg, Va. (15562), with	$9, 204, 555	1	
and Bank of Williamsburg, N.A., Williamsburg, Va. (15562), which had	125, 000	0	
merged Mar. 31, 1971, under charter of the latter bank (15562) and title "Williamsburg National Bank." The merged bank at date of merger had	9, 209, 682		1

COMPTROLLER'S DECISION

On January 20, 1971, the Williamsburg National Bank, Williamsburg, Va., and the Bank of Williamsburg, N.A. (organizing), Williamsburg, 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.

Williamsburg National Bank, the merging bank, is headquartered in Williamsburg, and has no branches. This bank, with total resources of $8 million, and IPC deposits of $5.7 million, was chartered in 1965.

Bank of Williamsburg, N.A., the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to Southern Bankshares Inc. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

FEBRUARY 22, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan under which Southern Bankshares, Inc., a proposed registered bank holding company, proposes to acquire all of the voting shares of Bank of Williamsburg, N.A. (organizing), a nonoperating institution, and as a contemporaneous transaction, to effect the merger of Williamsburg National Bank and Bank of Williamsburg, N.A. (organizing). The effect of these transactions will be to transfer control of an existing bank to a registered bank holding company. In and of itself, however, the proposed merger would merely combine an existing bank with a nonoperating institution; as such, and without regard to acquisition of the surviving bank by Southern Bankshares, Inc., the proposed merger would have no effect on competition.

* * *

FIRST CITY NATIONAL BANK OF HOUSTON, HOUSTON, TEX., AND FIRST CITY BANK NATIONAL ASSOCIATION, HOUSTON, TEX.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
First City National Bank of Houston, Houston, Tex. (13943), with	$1,278,604,634	1	
and First City Bank National Association, Houston, Tex. (13943), which had	250,000	0	
merged Apr. 1, 1971, under charter of the latter bank (13943) and title "First City National Bank of Houston." The merged bank at date of merger had	1,278,606,134		1

COMPTROLLER'S DECISION

On January 11, 1971, the First City National Bank of Houston, Houston, Tex., and the First City Bank National Association (organizing) Houston, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

First City National Bank of Houston the merging bank, is headquartered in Houston, Tex., and has an office located in Houston, Tex. This bank, with total resources of $1.2 billion and IPC deposits of $728 million was chartered originally in 1934.

First City Bank National Association, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the C. B. Investment Corp. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

MARCH 2, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan under which C. B. Investment Corp., a registered bank holding company, proposes to acquire all of the voting shares of First City Bank, National Association (organizing), a nonoperating institution, and as a contemporaneous transaction, to effect the merger of First City National Bank of Houston and First City Bank, National Association (organizing). The effect of these transactions will be to transfer control of an existing bank to a registered bank holding company. In and of itself, however, the proposed merger would merely combine an existing bank with a nonoperating institution; as such, and without regard to acquisition of the surviving bank by C. B. Investment Corp., the proposed merger would have no effect on competition.

* * *

THE CITIZENS NATIONAL BANK OF WOOSTER, WOOSTER, OHIO, AND THE F.B.G. NATIONAL BANK OF WOOSTER, WOOSTER, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Citizens National Bank of Wooster, Wooster, Ohio (7670), with	$23, 456, 774	3	
and The F.B.G. National Bank of Wooster, Wooster, Ohio (7670), which had	120, 000	0	
merged Apr. 30, 1971, under charter of the latter bank (7670) and title "The Citizens National Bank of Wooster." The merged bank at date of merger had	23, 576, 774		3

COMPTROLLER'S DECISION

On February 2, 1971, The Citizens National Bank of Wooster, Wooster, Ohio, and The F.B.G. National Bank of Wooster (organizing), Wooster, Ohio, applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The Citizens National Bank of Wooster, the merging bank, is headquartered in Wooster, and has two branch offices located in Wooster. This bank, with total resources of $23.5 million, and IPC deposits of $18.4 million, was chartered originally in 1905.

The F.B.G. National Bank of Wooster, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to First Banc Group of Ohio, Inc. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same location and with the same name as presently used by the merging bank.

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

MARCH 30, 1971

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan under which First Banc Group of Ohio, Inc., a registered bank holding company, proposes to acquire all of the voting shares of F.B.G. National Bank of Wooster (organizing), a nonoperating institution, and as a contemporaneous transaction, to effect the merger of Citizens National Bank of Wooster and F.B.G. National Bank of Wooster (organizing). The effect of this transaction will be to combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by First Banc Group of Ohio, Inc., the proposed merger would have no effect on competition.

* * *

THE FIRST NATIONAL BANK OF WAPAKONETA, WAPAKONETA, OHIO, AND THE F.B.G. NATIONAL BANK OF WAPAKONETA, WAPAKONETA, OHIO

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The First National Bank of Wapakoneta, Wapakoneta, Ohio (3157), with	$32,817,098	3	....
and The F.B.G. National Bank of Wapakoneta, Wapakoneta, Ohio (3157), which had	120,000	0	....
merged Apr. 30, 1971, under charter of the latter bank (3157) and title "The First National Bank of Wapakoneta." The merged bank at date of merger had	32,937,026	....	3

COMPTROLLER'S DECISION

On February 2, 1971, The First National Bank of Wapakoneta, Wapakoneta, Ohio, applied to the Comptroller of the Currency for permission to merge with The F.B.G. National Bank of Wapakoneta (organizing), Wapakoneta, Ohio, under the charter of the latter and with the title of the former.

The First National Bank of Wapakoneta, the merging bank, is headquartered in Wapakoneta, and has two other offices located in Auglaize County. This bank, with total resources of $29.8 million, and IPC deposits of $23.3 million, was chartered originally in 1884.

The F.B.G. National Bank of Wapakoneta, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to First Banc Group of Ohio, Inc. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

MARCH 30, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan under which First Banc Group of Ohio, Inc., a registered bank holding company, proposes to acquire all of the voting shares of The F.B.G. National Bank of Wapakoneta (organizing), a nonoperating institution, and as a contemporaneous transaction, to effect the merger of First National Bank of Wapakoneta and The F.B.G. National Bank of Wapakoneta (organizing). The effect of these transactions will be to transfer control of an existing bank to a nonoperating institution; as such, and without regard to acquisition of the surviving bank by First Banc Group of Ohio, Inc., the proposed merger would have no effect on competition.

* * *

FIRST NATIONAL BANK OF JOPLIN, JOPLIN, MO., AND FIRST BANK OF JOPLIN NATIONAL ASSOCIATION, JOPLIN, MO.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
First National Bank of Joplin, Joplin, Mo. (13162), with	$69,086,435	1	....
and First Bank of Joplin National Association, Joplin, Mo. (13162), which had	120,000	0	....
merged May, 3, 1971, under charter of the latter bank (13162) and title "First National Bank and Trust Company of Joplin." The merged bank at date of merger had	68,657,343	....	1

COMPTROLLER'S DECISION

On February 3, 1971, the First National Bank of Joplin, Joplin, Mo., and the First Bank of Joplin National Association (organizing), Joplin, Mo., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "First National Bank and Trust Company of Joplin."

First National Bank of Joplin, the merging bank, is headquartered in Joplin, and is a unit bank. This bank, with total resources of $60.3 million, and IPC deposits of $46.3 million, was chartered originally in 1928.

First Bank of Joplin National Association, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the First Community Bancorporation. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same location as presently used by the merging bank.

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

MARCH 15, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which First National Bank of Joplin would become a subsidiary of First Community Bancorporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by First Community Bancorporation, it would have no effect on competition.

* * *

THE SECURITY CENTRAL NATIONAL BANK OF PORTSMOUTH, PORTSMOUTH, OHIO, AND THE F.B.G. NATIONAL BANK OF PORTSMOUTH, PORTSMOUTH, OHIO

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Security Central National Bank of Portsmouth, Portsmouth, Ohio (7781), with	$62, 585, 949	5	
and The F.B.G. National Bank of Portsmouth, Portsmouth, Ohio (7781), which had	120, 000	0	
merged June 1, 1971, under charter of the latter bank (7781) and title "The Security Central National Bank of Portsmouth." The merged bank at date of merger had	62, 705, 949		5

COMPTROLLER'S DECISION

On February 2, 1971, The Security Central National Bank of Portsmouth, Portsmouth, Ohio, and The F.B.G. National Bank of Portsmouth (organizing), Portsmouth, Ohio, applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The Security Central National Bank of Portsmouth, the merging bank, is headquartered in Portsmouth and operates one branch there. It has three offices located elsewhere in Scioto County. This bank, with total resources of $62.8 million, and IPC deposits of $50.4 million, was chartered originally in 1893.

The F.B.G. National Bank of Portsmouth, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the First Banc Group of Ohio, Inc. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

APRIL 30, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan under which First Banc Group of Ohio, Inc., a registered bank holding company, proposes to acquire all of the voting shares of F.B.G. National Bank of Portsmouth (organizing), a nonoperating institution, and as a contemporaneous transaction, to effect the merger of Security Central National Bank of Portsmouth and F.B.G. National Bank of Portsmouth (organizing). The effect of this transaction will be to combine an existing bank with a nonoperating institution; as such, and without regard to acquisition of the surviving bank by First Banc Group of Ohio, Inc., the proposed merger would have no effect on competition.

* * *

THE UNITED STATES NATIONAL BANK OF GALVESTON, GALVESTON, TEX., AND TWENTY-SECOND STREET NATIONAL BANK, GALVESTON, TEX.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The United States National Bank of Galveston, Galveston, Tex. (12475), with	$50,177,300	1	
and Twenty-Second Street National Bank, Galveston, Tex. (12475), which had	250,000	0	
merged June 30, 1971, under charter of the latter bank (12475) and title "United States National Bank of Galveston." The merged bank at date of merger had	50,427,300		1

COMPTROLLER'S DECISION

On March 11, 1971, The United States National Bank of Galveston, Galveston, Tex., and the Twenty-Second Street National Bank (organizing), Galveston, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "United States National Bank of Galveston."

The United States National Bank of Galveston, the merging bank, is headquartered in Galveston, Tex., and has one office located in Galveston. This bank, with total resources of $50.9 million, and IPC deposits of $25 million, was chartered originally in 1874.

Twenty-Second Street National Bank, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the United States National Bancshares, Inc. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

MAY 3, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Twenty-Second National Bank (organizing) would become a subsidiary of United States National Bancshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by United States National Bancshares, Inc., it would have no effect on competition.

* * *

New Jersey National Bank, Trenton, N.J., and Second New Jersey National Bank, Trenton, N.J

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
New Jersey National Bank, Trenton, N.J. (1327), with	$608, 128, 606	25	
and Second New Jersey National Bank, Trenton, N.J. (1327), which had	250, 000	0	
merged July 1, 1971, under charter of the latter bank (1327) and title "New Jersey National Bank." The merged bank at date of merger had	608, 378, 606		25

COMPTROLLER'S DECISION

On January 22, 1971, the New Jersey National Bank, Trenton, N.J., and the Second New Jersey National Bank (organizing), Trenton, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

New Jersey National Bank, the merging bank, headquartered in Trenton, has 22 offices located throughout Mercer and Monmouth counties, and one in Hunterdon County, as well as six approved but unopened branches in Monmouth, Middlesex and Mercer counties. This bank, with total resources of $536.6 million, and IPC deposits of $392.6 million, was chartered originally in 1804.

Second New Jersey National Bank, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the NJN Bancorporation. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

May 24, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan under which NJN Bancorporation, which will become a registered bank holding company, proposes to acquire all of the voting shares of the New Jersey National Bank, a nonoperating institution, and as a contemporaneous transaction, to effect the merger of Second New Jersey National Bank and New Jersey National Bank. The effect of these transactions will be to transfer control of an existing bank to a registered bank holding company. In and of itself, however, the proposed merger would merely combine an existing bank with a nonoperating institution; as such, and without regard to acquisition of the surviving bank by NJN Bancorporation, the proposed merger would have no effect on competition.

* * *

Texas Commerce Bank National Association, Houston, Tex., and Commerce Bank National Association Houston, Tex.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Texas Commerce Bank National Association, Houston, Tex. (10225), with	$1, 234, 177, 204	1	
and Commerce Bank National Association, Houston, Tex. (10225), which had	237, 377	0	
merged July 7, 1971, under charter of the latter bank (10225) and title "Texas Commerce Bank National Association." The merged bank at date of merger had	1, 234, 184, 404		1

COMPTROLLER'S DECISION

On December 15, 1970, the Commerce Bank National Association (organizing), Houston, Tex., applied to the Office of the Comptroller of the Currency for permission to merge with the Texas Commerce Bank National Association, Houston, Tex., under the charter of the former and with the title of the latter.

The Texas Commerce Bank National Association, the merging bank, is located in Houston, Tex., a city of 1.1 million. The bank was chartered July 8, 1912, and presently has IPC deposits of $666.6 million.

The Commerce Bank National Association, owned by Texas Commerce Bancshares, Inc., is being organized as a means to transfer ownership of the merging bank to the holding company. Prior to the merger, the organizing bank will not be operational.

Because the merging bank is the only operating bank in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will continue to conduct the merging bank's business at the present locations under title of Texas Commerce Bank National Association.

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

JUNE 1, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan under which Texas Commerce Bancshares, Inc., a registered bank holding company, proposes to acquire all of the voting shares of Commerce Bank, N.A. (organizing), a nonoperating institution, and as a contemporaneous transaction, to effect the merger of Texas Commerce Bank, N.A. and Commerce Bank, N.A. (organizing). The effect of these transactions will be to transfer control of an existing bank to a registered bank holding company. In and of itself, however, the proposed merger would merely combine an existing bank with a nonoperating institution; as such, and without regard to acquisition of the surviving bank by Texas Commerce Bancshares, Inc., the proposed merger would have no effect on competition.

* * *

FIRST AMERICAN NATIONAL BANK OF NASHVILLE, NASHVILLE, TENN., AND AMERICAN NATIONAL BANK OF NASHVILLE, NASHVILLE, TENN.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
First American National Bank of Nashville, Nashville, Tenn. (3032), with	$700, 331, 563	22	
and American National Bank of Nashville, Nashville Tenn. (3032), which had	257, 200	0	
merged July 15, 1971, under charter of the latter bank (3032) and title "First American National Bank of Nashville." The merged bank at date of merger had	700, 331, 563		22

COMPTROLLER'S DECISION

On January 9, 1969, the First American National Bank of Nashville, Nashville, Tenn., and the American National Bank of Nashville (organizing), Nashville, Tenn., 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 First American National Bank of Nashville, Nashville, Tenn., was organized in 1883, and presently holds IPC deposits of $349 million in its main office and 21 branches.

The American National Bank of Nashville (organizing), Nashville, Tenn., is a nonoperating institution which is being organized as a step in the corporate reorganization of the merging bank. With the exception of the directors' qualifying shares, all of the stock of the charter bank is owned by the First American National Corp., a Tennessee 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

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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.

March 10, 1969.

SUMMARY OF REPORT BY ATTORNEY GENERAL

[This merger] * * * is part of a transaction which will result in a presently existing bank becoming a wholly owned 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.

* * *

The First National Bank of Corsicana, Corsicana, Tex., and Bancorp National Bank of Corsicana, Tex., Corsicana, Tex.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Corsicana, Corsicana, Tex. (3506), with	$47,320,433	1	
and Bancorp National Bank of Corsicana, Tex., Corsicana, Tex. (3506), which had	120,000	0	
merged Aug. 31, 1971, under charter of the latter bank (3506) and title "The First National Bank of Corsicana, Tex." The merged bank at date of merger had	47,324,033		1

COMPTROLLER'S DECISION

On February 1, 1971, The First National Bank of Corsicana, Corsicana, Tex., and the Bancorp National Bank of Corsicana, Tex. (organizing), Corsicana, Tex., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of "The First National Bank of Corsicana, Tex."

The First National Bank of Corsicana, the merging bank, is headquartered in Corsicana. This bank, with total resources of $47.4 million, and IPC deposits of $34.5 million, was chartered originally in 1871.

Bancorp National Bank of Corsicana, Tex., the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to First Bancorp, Inc. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

July 20, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

This merger is part of a plan of corporate reorganization whereby the First National Bank of Corsicana will become a wholly owned subsidiary of a newly organized bank holding company. It will combine an existing bank with a nonoperating institution and will have no effect on competition.

* * *

Security National Bank of Roanoke, Roanoke, Va., and Roanoke Bank, N.A., Roanoke, Va.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Security National Bank of Roanoke, Roanoke, Va. (15117), with	$25,947,677	3	
and Roanoke Bank, N.A., Roanoke, Va. (15117), which had	252,756	0	
merged Sept. 1, 1971, under charter of the latter bank (15117) and title "United Virginia Bank/Security National." The merged bank at date of merger had	26,200,433		3

COMPTROLLER'S DECISION

On May 24, 1971, the Security National Bank of Roanoke, Roanoke, Va., and the Roanoke Bank, N.A., (organizing), Roanoke, Va., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title "United Virginia Bank/Security National." The main office of the resulting bank will be in Roanoke County.

Security National Bank of Roanoke, the merging bank, is headquartered in Roanoke, Va., and operates two branch offices in the area. This bank, with total resources of $25 million, and IPC deposits of $16 million, was chartered originally in June 1963. It is the smallest of the seven banks presently competing in the Roanoke Metropolitan Area.

Roanoke Bank, N.A., the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to United Virginia Bankshares Inc. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business as the merging bank, but from a main office located in Roanoke County.

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

July 20, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Roanoke Bank, N.A. (organizing) would become a subsidiary of United Virginia Bankshares, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by United Virginia Bankshares, Inc., it would have no effect on competition.

* * *

Southwest National Bank of El Paso, El Paso, Tex., and Second Southwest National Bank of El Paso, El Paso, Tex.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
Southwest National Bank of El Paso, El Paso, Tex. (14581), with	$73,615,410	1	
and Second Southwest National Bank of El Paso, El Paso, Tex. (14581), which had	245,000	0	
merged Sept. 30, 1971, under charter of the latter bank (14581) and title "Southwest National Bank of El Paso." The merged bank at date of merger had	73,860,410		1

COMPTROLLER'S DECISION

On January 12, 1971, Southwest National Bank of El Paso, El Paso, Tex., and the Second Southwest National Bank of El Paso, El Paso, Tex. (organizing), applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Southwest National Bank of El Paso, the merging bank, is headquartered in El Paso, Tex. This bank, with total resources of $68 million, and IPC deposits of $42 million, was chartered originally in 1947.

Second Southwest National Bank of El Paso, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the United Bank Shares, Inc. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

AUGUST 19, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which the Southwest National Bank of El Paso would become a subsidiary of a one-bank holding company. The instant merger would merely combine an existing bank with a nonoperating institution; as such it would have no effect on competition.

* * *

THE FIRST NATIONAL BANK OF DANVILLE, DANVILLE, VA., AND DANVILLE BANK, N.A., DANVILLE, VA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Danville, Danville, Va. (1985), with	$58, 382, 219	5	
and Danville Bank, N.A., Danville, Va. (1985), which had	130, 000	0	
merged Sept. 30, 1971, under charter of the latter bank (1985) and title "The First National Bank of Danville." The merged bank at date of merger had	58, 385, 819		5

COMPTROLLER'S DECISION

On June 15, 1971, The First National Bank of Danville, Danville, Va., and the Danville Bank, N.A. (organizing), Danville, Va., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The First National Bank of Danville, the merging bank, is headquartered in Danville, and has five offices located in Danville. This bank, with total resources of $55.4 million, and IPC deposits of $44.5 million, was chartered originally in 1872.

Danville Bank, N.A., the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the First & Merchants Corp. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

AUGUST 10, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Danville Bank, N.A. (organizing), would become a subsidiary of First & Merchants Corp., a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by First & Merchants Corp., it would have no effect on competition.

* * *

The Fourth National Bank of Tulsa, Tulsa, Okla., and The Fourth Bank of Tulsa, N.A., Tulsa, Okla.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
The Fourth National Bank of Tulsa, Tulsa, Okla. (13480), with	$99,545,713	2	
and The Fourth Bank of Tulsa, National Association, Tulsa, Okla. (13480), which had	250,000	0	
merged Oct. 29, 1971, under charter of the latter bank (13480) and title "The Fourth National Bank of Tulsa." The merged bank at date of merger had	99,552,913		2

COMPTROLLER'S DECISION

On August 6, 1971, The Fourth National Bank of Tulsa, Tulsa, Okla., and The Fourth Bank of Tulsa, National Association (organizing), Tulsa, Okla., 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 Fourth National Bank of Tulsa, the merging bank, is headquartered in Tulsa, Okla. This bank, with total resources of $92.3 million, and total deposits of $81.1 million, was chartered originally in 1930.

The Fourth Bank of Tulsa, National Association, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to The Fourth National Corp. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same location with the same name as presently used by the merging bank.

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

SEPTEMBER 23, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Fourth Bank of Tulsa, N.A. (organizing), would become a subsidiary of Fourth National Corp., a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by Fourth National Corp., it would have no effect on competition.

* * *

South Jersey National Bank, Camden, N.J., and Second South Jersey National Bank, Camden, N.J.

Name of bank and type of transaction	Total assets	Banking offices	
		In operation	To be operated
South Jersey National Bank, Camden, N.J. (1209), with	$429,016,602	36	
and Second South Jersey National Bank, Camden, N.J. (1209), which had	241,670	0	
merged Nov. 1, 1971, under charter of the latter bank (1209) and title "South Jersey National Bank." The merged bank at date of merger had	429,258,272		36

COMPTROLLER'S DECISION

On May 11, 1971, the South Jersey National Bank, Camden, N.J., and the Second South Jersey National Bank (organizing), Camden, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

South Jersey National Bank, the merging bank, is headquartered in Camden, and has offices throughout southern New Jersey and one in Philadelphia, Pa. This bank, with total resources of $392.4 million, and IPC deposits of $303.7 million, was chartered originally in 1812.

Second South Jersey National Bank, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the Heritage Corp. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

AUGUST 19, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Second South Jersey National Bank (organizing) would become a subsidiary of Heritage Bancorporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by Heritage Bancorporation, it would have no effect on competition.

* * *

THE FIRST NATIONAL BANK OF PRINCETON, PRINCETON, N.J., AND SECOND NATIONAL BANK OF PRINCETON, PRINCETON, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Princeton, Princeton, N.J. (4872), with	$94, 677, 190	4	
and Second National Bank of Princeton, Princeton, N.J. (4872), which had	120, 000	0	
merged Nov. 1, 1971, under charter of the latter bank (4872) and title "The First National Bank of Princeton." The merged bank at date of merger had	94, 680, 862		4

COMPTROLLER'S DECISION

On July 8, 1971, The First National Bank of Princeton, Princeton, N.J., and the Second National Bank of Princeton (organizing), Princeton, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The First National Bank of Princeton, the merging bank, is headquartered in Princeton, and has four offices located throughout Mercer County. This bank, with total resources of $89.4 million, and IPC deposits of $78.4 million, was chartered in 1893.

The Second National Bank of Princeton, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to United Jersey Banks, a registered bank holding company. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

AUGUST 30, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Second National Bank of Princeton (organizing) would become a subsidiary of United Jersey Banks, a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such and without regard to the acquisition of the surviving bank by United Jersey Banks, it would have no effect on competition.

* * *

The First National Iron Bank of New Jersey, Morristown, N.J., and Second National Iron Bank of New Jersey, Morristown, N.J.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Iron Bank of New Jersey, Morristown, N.J. (1113), with	$194, 785, 688	18	
and Second National Iron Bank of New Jersey, Morristown, N.J. (1113), which had	121, 034	0	
merged Nov. 1, 1971, under charter of the latter bank (1113) and title "The First National Iron Bank of New Jersey." The merged bank at date of merger had	194, 906, 722		18

COMPTROLLER'S DECISION

On May 10, 1971, The First National Iron Bank of New Jersey, Morristown, N.J., and the Second National Iron Bank of New Jersey (organizing), Morristown, N.J., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

The First National Iron Bank of New Jersey, the merging bank, is headquartered in Morristown, N.J., and has 19 offices located throughout New Jersey. This bank, with total resources of $181 million, and IPC deposits of $130 million, was chartered originally in 1865.

The Second National Iron Bank of New Jersey, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the Heritage Bancorporation. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

August 19, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Second National Iron Bank of New Jersey (organizing) would become a subsidiary of Heritage Bancorporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by Heritage Bancorporation, it would have no effect on competition.

* * *

Central National Bank of Cleveland, Cleveland, Ohio, and Central Cleveland Bank, N.A., Cleveland, Ohio

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Central National Bank of Cleveland, Cleveland, Ohio (4318), with	$1, 308, 891, 000	49	
and Central Cleveland Bank National Association, Cleveland, Ohio (4318), which had	250, 000	0	
merged Dec. 31, 1971, under charter of the latter bank (4318), and title "Central National Bank of Cleveland." The merged bank at date of merger had	1, 309, 141, 000		49

COMPTROLLER'S DECISION

On February 25, 1971, the Central National Bank of Cleveland, Cleveland, Ohio, and the Central Cleveland Bank, N.A. (organizing), Cleveland, Ohio, applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Central National Bank of Cleveland, the merging bank, is headquartered in Cleveland, and has 48 branches located throughout Cleveland and Cuyahoga County. This bank, with total resources of $1.4 billion, and IPC deposits of $815.6 million, was chartered originally in 1890.

Central Cleveland Bank, N.A., the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the CNB Bancorporation. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

SEPTEMBER 2, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Central Cleveland Bank, N.A. (organizing) would become a subsidiary of CNB Bancorporation, a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by CNB Bancorporation, it would have no effect on competition.

* * *

LIBERTY NATIONAL BANK & TRUST CO., BUFFALO, N.Y., AND COURT STREET NATIONAL BANK & TRUST CO., BUFFALO, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Liberty National Bank & Trust Co., Buffalo, N.Y. (15080), with	$513, 624, 992	35	
and Court Street National Bank & Trust Co., Buffalo, N.Y. (15080), which had	240, 000	0	
merged Dec. 31, 1971, under charter of the latter bank (15080) and title "Liberty National Bank & Trust Co." The merged bank at date of merger had	513, 864, 992		35

COMPTROLLER'S DECISION

On October 4, 1971, the Liberty National Bank & Trust Co., Buffalo, N.Y., and the Court Street National Bank & Trust Co. (organizing), Buffalo, N.Y., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

Liberty National Bank & Trust Co., the merging bank, is headquartered in Buffalo and has 35 offices located throughout Buffalo and other communities in the general area. This bank, with total resources of $497.3 million, and IPC deposits of $376 million, was chartered originally in 1882.

Court Street National Bank & Trust Co., the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to the United Bank Corp. of New York. The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

NOVEMBER 17, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Court Street National Bank & Trust Co. (organizing) would become a subsidiary of United Bank Corp. of New York, a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such and without regard to the acquisition of the surviving bank by United Bank Corp. of New York, it would have no effect on competition.

* * *

NATIONAL COMMERCIAL BANK & TRUST CO., ALBANY, N.Y., AND CAPITAL CITY NATIONAL BANK, ALBANY, N.Y.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
National Commercial Bank & Trust Co., Albany, N.Y. (1301), with	$877,827,655	58	
and Capital City National Bank, Albany, N.Y. (1301), which had	250,020	0	
merged Dec. 31, 1971, under charter of the latter bank (1301), and title "National Commercial Bank & Trust Co." The merged bank at date of merger had	877,835,655		58

COMPTROLLER'S DECISION

On July 8, 1971, the National Commercial Bank & Trust Co., Albany, N.Y., and the Capital City National Bank (organizing), Albany, N.Y., applied to the Comptroller of the Currency for permission to merge under the charter of the latter and with the title of the former.

National Commercial Bank & Trust Co., the merging bank, is headquartered in Albany, N.Y., and maintains 57 offices in New York's Fourth Banking District. This bank has IPC deposits of $413.4 million.

Capital City National Bank, the charter bank, is being organized to provide a vehicle to transfer ownership of the merging bank to First Commercial Banks, Inc. (formerly Heartland, Central New York Corp.). The charter bank will not be operating as a commercial bank prior to the merger.

Because the merging bank is the only operating bank involved in the proposed transaction, there can be no adverse effect on competition resulting from consummation of the proposed merger. The resulting bank will conduct the same banking business at the same locations and with the same name as presently used by the merging bank.

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

OCTOBER 5, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

The proposed merger is part of a plan through which Capital City National Bank (organizing) would become a subsidiary of First Commercial Banks, Inc., a bank holding company. The instant merger, however, would merely combine an existing bank with a nonoperating institution; as such, and without regard to the acquisition of the surviving bank by First Commercial Banks, Inc., it would have no effect on competition.

* * *

III. Additional approvals

A. Approved, but in litigation

THE FIRST NATIONAL BANK OF ATLANTA, ATLANTA, GA., AND THE FIRST NATIONAL BANK OF TUCKER, TUCKER, GA.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The First National Bank of Tucker, Tucker, Ga. (15531), with	$5, 684, 097	1	
and The First National Bank of Atlanta, Atlanta, Ga. (1559), which had	1, 018, 432, 730	35	
applied for permission to merge Sept. 3, 1970, under charter and title of the latter bank (1559). The application was approved Jan. 20, 1971. The pending merger was challenged by Justice Department Feb. 18, 1971, and is presently in litigation			

COMPTROLLER'S DECISION

On September 3, 1970, The First National Bank of Tucker, Tucker, Ga., and The First National Bank of Atlanta, Atlanta, Ga., 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 Atlanta, with IPC deposits of $546 million, maintains 21 offices within the city of Atlanta, where it is the second largest bank, and two offices in the city of Decatur, DeKalb County. Because of restrictive State statutes, the applicant's branching and merging efforts in recent years have been confined within the city limits of Atlanta and Decatur. As a result of changes in Georgia statutes relating to branching and merging, the applicant is now able to branch and merge in any county where it had previously established a branch. Since the applicant maintains branches in Decatur, located in DeKalb County, the new laws permit the applicant to establish branches and consummate mergers throughout that county.

The First National Bank of Tucker, with IPC deposits of $4.3 million, is located in the community of Tucker, approximately 16 miles from the main office of the applicant in Atlanta, and 7.6 miles east of the applicant's nearest branch. The merging bank was established in 1965 with the assistance of officers of the applicant. In 1969, when it appeared that the State's banking laws would be changed, a director of the applicant acquired approximately 90 percent of the merging bank's outstanding stock with proceeds of a loan from the applicant, secured by the shares purchased. Three of the merging bank's five officers, including its president, are former officers of the applicant, and retain their retirement benefits from the applicant. The close relationship between the two institutions is reflected by the existence of a service contract through which the applicant provides the merging bank with non-officer staff needs and several technical staff services.

In view of the status of the merging bank as an affiliate of the applicant, consummation of the proposed merger will not result in a lessening of competition between the two banks; the merger transaction is, in essence, merely the substitution of a branch for an affiliate. In addition, the applicant's acquisition of merging bank's total deposits of $5 million will not result in any meaningful increase in the applicant's share of the market. The impact within the relevant market area of the merging bank will also be minimal, and competition will still be afforded by other banks within, or immediately adjacent to, the merging bank's primary service area. Two of these competitors, The Citizens and Southern Emory Bank, with total deposits of $37 million, and The Citizens and Southern Bank of Tucker, with total deposits of $20 million, are in the process of being merged. The bank resulting from that merger will be an affiliate of Atlanta's largest bank, the $1.3 billion deposit Citizens and Southern National Bank. Other competitors include The Citizens and Southern Bank of Stone Mountain, with deposits of $7 million, and Citizens Bank of Clarkston, which opened in 1970. Among those rivals, the three largest, with 91 percent of the area's deposits, are all affiliates of The Citizens and Southern National Bank, the merging bank ranks fourth. In light of those facts, it is apparent that competition in the area will be enhanced by the proposed merger which will have the effect of ensuring the continued existence of a healthy banking outlet that can effectively challenge the dominance of Citizen and Southern affiliates in the area.

Approval of the application will enable the merging bank, as a branch of the applicant, to draw more effectively upon the services and expertise now possessed by the applicant. The convenience and needs of the community require the expanded and more sophisticated services that will become available to the merging bank. In particular, the need for greater capacity to provide consumer credit should be accommodated through consummation of the merger. The merging bank will also be able to provide payroll services, lock-box services, accounts receivable financing, letters of credit, and other specialized services to commercial and industrial firms in its service area.

It is concluded that the merger will have no adverse competitive effect and is in the public interest. The application is, therefore, approved.

JANUARY 20, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

These two banks, as well as two others in DeKalb County (which are the subject of separate applications), are now controlled by Atlanta Bank. These two banks became affiliated with Atlanta Bank as a result of recent share acquisitions by individuals apparently acting on behalf of Atlanta Bank.

Glenwood Bank was opened in 1952, and operated as an independent and viable banking competitor in DeKalb County until 1968. At that time, a director of Atlanta Bank purchased over 96 percent of the outstanding stock of Glenwood Bank. The stock purchase was made with the proceeds of a loan from Atlanta Bank, represented by a note payable on demand and secured by the Glenwood Bank stock purchased. The principal amount of the loan has not been reduced, and interest, at the rate of 1 percent per annum, has been accrued but not paid. In addition, Atlanta Bank holds an option, evidenced by written agreement, to purchase the shares pledged as collateral for the loan.

Tucker Bank was acquired in a similar manner. A former director (presently an "Honorary Director") of Atlanta Bank purchased controlling interest in Tucker Bank in 1969 with similar financial assistance from and arrangements with Atlanta Bank. Tucker Bank had opened in 1965, and operated as an independent and viable banking competitor in DeKalb County until control passed to Atlanta Bank under the arrangement described above.

Glenwood Bank's home office is located some 3 miles from the nearest branch of Atlanta Bank. Tucker Bank's only office is located some 7 miles from the nearest branch of Atlanta Bank. Atlanta Bank's main office is 7 miles distant from Glenwood Bank and 16 miles distant from Tucker Bank. The application states that Atlanta Bank draws $5 million in deposits from Glenwood Bank's "service area" and $1 million in deposits from Tucker Bank's "service area." Although there are intervening banks, it is clear that a significant amount of competition which existed between Atlanta Bank and each of the other banks (particularly Glenwood Bank) at the time of their "affiliation," as well as the not insignificant amount which still exists, would be permanently eliminated by this merger.

The competitive implications must be seen in the light of banking structure in DeKalb County (an area which may overstate the market). Twenty-three banks operate 38 banking offices in the county, but most of these are subject to affiliations of various kinds and degrees with leading Atlanta banks. In fact, after making allowances for such affiliations, we find that five banking groups, each dominated by a large Atlanta bank, control over 95 percent of DeKalb County deposits. There appear to be only four banks not affiliated with these groups, and with one exception, these are under $1 million in deposits and less than 1 year old. The only bank of any size at all remaining in DeKalb County which has no known affiliation with an Atlanta bank is Peoples Bank of Lithonia, with deposits of $5.9 million. Thus, DeKalb County is in reality a highly concentrated banking market, completely dominated by the large Atlanta banks.

Atlanta Bank is one of the leaders in the county. It holds, directly at its DeKalb County offices, about 13 percent of total county deposits; and, when allowance is made for its "affiliate" banks, this figure becomes about 20 percent. This makes it the third largest banking group in the county. The largest share of county deposits is controlled by the Citizens and Southern Holding Co., which owns or is affiliated with eight banks with offices in DeKalb County. These include the bank holding the largest single share of county deposits (14 percent), and together these eight banks hold about 45 percent of DeKalb County deposits.

Glenwood Bank, the largest "affiliate" controlled by Atlanta Bank, holds about 4.6 percent of total county deposits, and Tucker Bank holds about 1.8 percent of such deposits. Both banks have a history of viable and independent banking predating the acquisition of control by Atlanta Bank. The kind of affiliation, and its short duration, does not preclude the possibility that Glenwood Bank and Tucker Bank could again become entirely independent competitors in an area where deconcentration is sorely needed.

It seems clear that the indirect acquisitions of Glenwood Bank and Tucker Bank, subjected to no regulatory scrutiny, had an adverse effect on competition at the time they were made; and that the consummation of these mergers would permanently foreclose the potential for future competition between these banks and Atlanta Bank in the future. This is particularly true of Glenwood Bank which is larger, closer to the offices of Atlanta Bank, and more directly competitive with it. The consummation of these mergers would thus be a significant step toward complete and permanent control of banking in DeKalb County by five large Atlanta banks. Because of these factors, we conclude that the proposed merger of Tucker Bank into Atlanta Bank would have an adverse effect on competition; and that the proposed merger of Glenwood Bank into Atlanta Bank would have a significantly adverse effect on competition.

* * *

THE CONNECTICUT NATIONAL BANK, BRIDGEPORT, CONN., AND THE FIRST NEW HAVEN NATIONAL BANK, NEW HAVEN, CONN.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
The Connecticut National Bank, Bridgeport, Conn. (335), with	$398,313,449	51	
and The First New Haven National Bank, New Haven, Conn. (2), which had	315,269,949	21	
applied for permission to consolidate Feb. 2, 1971, under charter of the latter bank (2) and title "The First Connecticut National Bank." The application was approved July 26, 1971. The pending consolidation was challenged by Justice Department Aug. 23, 1971, and is presently in litigation			

COMPTROLLER'S DECISION

On February 2, 1971, The Connecticut National Bank, Bridgeport, Conn., and The First New Haven National Bank, New Haven, Conn., 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 "The First Connecticut National Bank," with its main office in Bridgeport.

The First New Haven National Bank, the charter bank, with IPC deposits of $237.2 million, was originally chartered in 1792 through its predecessor, The New Haven Bank, N.B.A., and is the oldest bank in existence under the National system. It operates 22 branch offices in New Haven County, and has one approved but unopened branch. It is the seventh largest bank in the State in terms of total resources.

New Haven, the home office city of the charter bank, has a population of approximately 133,000, and is the third largest city in the State. Occupying 17.9 square miles, it is located in New Haven County on Long Island Sound, approximately 36 miles south of Hartford, and serves as the hub of a rapidly growing industrialized area. The population of New Haven has decreased by some 12 percent in the last decade. The population of New Haven County, on the other hand, has increased by 11 percent to 733,846.

The Connecticut National Bank, with IPC deposits of $301.6 million, can trace its beginnings to 1806. In 1865, it converted to a National Association and, in 1955, assumed its present name. This bank operates 48 branch offices of which 39 are concentrated in Fairfield County, 8 are in New Haven County, and 1 is in Litchfield County. It is ranked as the fourth largest bank in the State in terms of total resources.

Bridgeport, the home office city of The Connecticut National Bank, is the second largest city in the State, with a population of about 155,000, and a trade area population of 360,000. It is located in Fairfield County on Long Island Sound, approximately 19 miles southwest of New Haven, and about 60 miles northeast of New York City. Its economy is diversified and is relatively stable. The city, with its good harbor facilities, is one of the leading industrial and commercial centers in the State. Varied industrial plants, both large and small, dot the area around Bridgeport. While the population of the city has been relatively stable in recent years, the population of the surrounding area has shown very substantial growth.

The consolidation of the applicant banks will give the resulting bank some 71 branch offices to serve the two southwestern counties of Connecticut, *viz,* Fairfield and New Haven. That breadth of coverage will enable the applicants to achieve the goal of this application; namely, to become a regional bank of sufficient size to compete effectively in its market. The applicants hope, by combining their resources, to continue to serve the customers who are now outgrowing their individual capabilities, and, through their combined resources, to compete more effectively with the larger, statewide Connecticut banks and with the out-of-State banks that canvass the area for profitable banking business.

Inasmuch as Connecticut statutes encourage statewide branching through mergers, the two southwestern counties must be viewed in the context of the economy of the State as a whole. Not only does Connecticut lie midway between Boston and New York on the axis of the eastern megalopolis, but Fairfield County has long been considered to be a commuter's suburb of New York City. The excellent highway and transportation systems, including seaways, that connect Connecticut to its two adjacent metropolitan areas, have contributed significantly to its marked population increase in the last decade. The same transportation systems have encouraged the growth of industrial activity in the State, with all its concomitant benefits, until the area has become one of the leading industrial areas in the Nation.

Connecticut, unlike its neighboring States, is handicapped because it lacks large metropolitan centers in which, normally, large banks coexist with large industrial, manufacturing, business, and service concerns. The population of Connecticut has, historically, been spread out over its 169 towns, each of which operates independently as a trading area and a bank service area. Connecticut's spectacular growth has occurred along a corridor reaching from New York City, through Bridgeport and New Haven to Hartford, in the central portion of the State. Between 1963 and 1967, annual new capital expenditures for plants and equipment increased 84.9 percent for Fairfield County, the headquarters of Connecticut National Bank, and 73.2 percent for New Haven County, the headquarters of The First New Haven National Bank. For the same period, the value added by manufacture increased by 47.3 percent for the Bridgeport bank, and 36.3 percent, for the charter bank. Between 1960 and 1970, the population in Fairfield County increased 20.2 percent; in New Haven County the increase was 11.1 percent.

Concomitant with its population growth, the economy of the State has continued to expand. It now ranks first in the Nation in per capita income and per capita value added by manufacture, and second in per capita effective buying income. Constituting, as it does, such a lush banking market, the large billion- and near-billion-dollar institutions in New York, Boston, and Providence have canvassed it from border to border in search of business—and rightfully so. To withstand the competitive inroads of the out-of-State institutions, the local banking structure needs more large banks. They are essential to Connecticut if the wealth it generates is to remain within the State, and redound to the advantage of the people who created it.

Connecticut banks have been limited to a minor share in the State's growth.[1] In 1970, First New Haven National Bank had a lending limit of approximately $1.5 million. Of its 23 customers borrowing that amount, 18 have gone out of the area for additional financing. Connecticut National Bank, with a lending limit of $2 million, has had similar experiences. Both banks are able to provide only small portions of major commercial borrowing requirements, and both suffer from the lack of resources to service the international financing and corporate counseling needs of the large customers. By the consolidation of these banks, new and better services will be offered to their customers, thereby making the resulting bank more competitive.

Even though both participants in this proposal are located in southwestern Connecticut, they do not now compete with each other in any legally meaningful degree. First New Haven National Bank, which primarily serves New Haven County, draws less than 2 percent of its IPC deposits from Fairfield County, which is served by The Connecticut National Bank. On the other hand, The Connecticut National Bank obtains only 5.6 percent of its IPC deposits from areas in New Haven County where the First New Haven National Bank has its offices. With respect to loans, Connecticut National Bank derives less than 4 percent of its dollar volume from New Haven County, while the First New Haven National Bank derives somewhat less than 3 percent from Fairfield County.

The applicant banks do not compete substantially even in the three small areas where each operates one or more branch offices. In the Derby-Ansonia area, each bank has one branch on the town line; Connecticut National Bank has had its small branch in Ansonia since 1958, and First New Haven National Bank opened its branch several hundred yards away in Derby in 1966. Connecticut National Bank has had a branch office in Orange since 1956, and First New Haven National opened its branch, 1 mile away, in 1963. Neither of those offices has yet reached a $10

[1] See opinion of the Comptroller of the Currency dated Apr. 14, 1969, approving the application of the Connecticut Bank & Trust Co., Hartford, Conn., and The Connecticut National Bank, Bridgeport, Conn., to merge.

million deposit base. First New Haven National entered Milford by merger in 1955, when it acquired two offices. In 1959, it opened a third branch in Milford. Those three offices are ½, 2, and 2½ miles from Connecticut National's branch, which opened in 1956. The aggregate deposits of each bank, in those branch offices, in those three areas, constitute a very minute share of their total deposits.

Applicant banks have stated that, as a matter of prudent banking practice, the resulting bank will not wish to operate two separate offices in Orange or in the Ansonia-Derby area. It plans to sell one of the offices to another competing commercial bank which is not yet represented in the area, and which probably could not enter the area except by the purchase of such a branch. The same plan is proposed for one of the branches in Milford.

One of the advantages of this consolidation is the continuing existence of multiple banking offices. There are 23 commercial banks and 24 savings banks presently operating a total of 475 offices in the combined service areas of the applicant banks. Of the total deposits held by those institutions, Connecticut National Bank holds only 5.0 percent, and The First New Haven National Bank holds 3.7 percent; of the total loans, Connecticut National Bank holds 4.9 percent, and First New Haven National holds 3.8 percent.

The impact of this proposal on potential competition in the State's banking market derives from the application of the State's banking statutes, rather than from the effects of the union of the applicants. The Connecticut State statute on branch banking has created a crazy-quilt design of towns that are "open" or "closed" to *de novo* branch banking. One or the other of the applicants has a branch office in each of the 22 towns open for branch banking in the two counties. In addition, there are 12 towns open to branch banking in which neither applicant has a branch. The applicants' experience in entering "open towns" by *de novo* branching reveals that the potential business in rural communities cannot support or justify the high initial costs of opening a branch, nor can it justify the protracted operating period through which a branch must function before it becomes operationally viable. Those economic considerations, from a prudent point of view, foreclose those towns to *de novo* branching in the foreseeable future. Thus, the only local markets that can support a competitive *de novo* branch are the population centers of Bridgeport and New Haven, Stanford, Waterbury, and Norwalk, all of which are closed to *de novo* entry by State statute.

This application does not present any problem of concentration of banking resources. Connecticut National Bank ranks sixth and First New Haven National Bank ranks 10th among the 49 commercial and savings banks operating competing offices in southwest Connecticut. While the bank resulting from this consolidation will rank fourth in size in the area, a gain of two places, it will possess combined deposits of only $569 million, and loans of $432 million, which represent less than 9 percent of those held by competing banks in their service areas. That percentage does not represent an undue concentration of resources in view of the growth of the 11 new commercial banks chartered, for the same area, since 1960. Since 1960, both banks' share of the market has decreased significantly, thereby rendering them less competitive in the overall market.

The banking market in the two-county area, as in all of Connecticut, is fragmented rather than concentrated. The eight leading banks [2] in the area hold approximately 60 percent of the deposits of the 47 banks maintaining offices in the area. Between 1962 and 1967, acquisitions by three of the four leading competitors in the area represented less than 3.5 percent of the total assets of banks competing in the area. Between 1962 and 1968, 11 commercial banks were chartered in Fairfield and New Haven counties. Those factors indicate that the general banking public in these counties is well served; however, they fail to disclose that the large commercial accounts, which represent the industrial concerns on which the economy of Connecticut depends, are not able to find banking resources in these counties.

The slight increase in the concentration of banking resources that will result from this consolidation will put the participants in a stronger competitive position in the State, and in the various sections of the State they both serve. That increase will not result in a substantial lessening of competition among commercial banks anywhere in the State. Experience has shown that the combination of banking resources through

[2] As of June 20, 1971:

Name of bank—	*Resources in millions*
1. Hartford National Bank	$1,254.00
2. Connecticut Bank & Trust	1,176.80
3. Union Trust Co.	591.20
4. Connecticut National Bank	412.40
5. State National Bank of Connecticut	403.80
6. City National Bank	377.40
7. First New Haven National	299.00
8. Second National Bank	206.70

mergers and holding company acquisitions, especially where those forms of bank expansion are specifically encouraged by State laws, has stimulated competition to an unusually high degree without danger to the viability of competing banks, and has thereby contributed considerably to the good of the banking public. Those beneficial effects are found in North Carolina, Virginia, Maryland, Pennsylvania, New York, California, and, to a limited degree, in Connecticut.

It is well documented that industrial development in Connecticut is largely financed by out-of-State banks, particularly those located in New York and Boston, and so banking profits are being drained from the State. The only method open for applicants to compete with those banks is to consolidate their resources, to raise their lending limits, and to provide the sophisticated banking services demanded by industrial and commercial customers, *de novo* branching, even if it were feasible, would not serve that purpose. Smaller consolidations, likewise, would not result in an aggregation of resources sufficiently large to meet the requirements of large corporations located in Fairfield and New Haven counties. The banking structure in southwest Connecticut, together with the proximity of the New York banks, poses a unique situation in which the applicants are likely to be uninvolved bystanders as their corporate markets are taken over by out-of-State banks that already have the resources to conduct banking business on the large scale demanded by today's economy.

Applying the statutory criteria, it is concluded that the consolidation proposed is in the public interest. Therefore, the application to consolidate is approved.

JULY 26, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

All of First New Haven's 21 offices are in New Haven County, where it has a leading market position. Connecticut National Bank operates eight offices in New Haven County in addition to its 39 offices in Fairfield County and one in Litchfield County. The main offices of the consolidating banks are approximately 19 miles apart. Both banks operate offices in the towns of Milford and Orange. In addition, Connecticut National Bank's Ansonia office is within 1 mile of the First New Haven office in Derby. These four towns are all located between Bridgeport and New Haven. The application indicates that the bulk of the business of both banks is derived from those towns in which they operate offices. It is thus apparent that the proposed consolidation will eliminate direct competition between Connecticut National Bank and First New Haven, particularly in the Orange-Milford-Ansonia-Derby area (total population 97,000).

First New Haven is the second largest of nine commercial banks headquartered in New Haven County. It holds the largest share of deposits in New Haven County banking offices, about 24.1 percent, while Connecticut National Bank's eight New Haven County offices hold about 5.3 percent. If the proposed consolidation is approved, the resulting bank would increase its share to 29.4 percent, and the share of the four leading banks in the county would increase from 68.1 to 73.4 percent.

The effects of the proposed consolidation will be most immediate in the Orange-Milford-Derby-Ansonia area, where seven commercial banks operate 16 offices. First New Haven and Connecticut National Bank hold 39.0 and 19.5 percent (first and second largest shares), respectively, of the total deposits in these offices. If the proposed consolidation is approved, the resulting bank would hold almost 60 percent of commercial bank deposits in this area, and would operate eight of its 16 offices.

Connecticut banking law permits statewide *de novo* branching into any incorporated city or town which is not the site of the head office of another bank. Both Bridgeport and New Haven are presently closed to *de novo* entry by new banks. Of a total of 50 towns in Fairfield and New Haven counties, however, 36, containing a total population of 680,000, are open to *de novo* entry by outside banks.

Five New Haven County towns in which First New Haven presently operates offices are open to branching by Connecticut National Bank. In at least three of these towns, as well as in New Haven itself, First New Haven holds the leading market position. It may also be possible for Connecticut National Bank to organize a holding company and charter a *de novo* bank in the city of New Haven.

First New Haven also has branching opportunities in three towns in northern New Haven County, and 12 towns in Fairfield County in which Connecticut National Bank presently operates offices. Connecticut National Bank holds the second largest share of deposits, only slightly below the leader, in the immediate Bridgeport area. It may also be possible for First New Haven to organize a holding company which could charter a *de novo* bank in the city of Bridgeport.

Finally, in the remaining six counties in Connecticut, 103 of a total of 127 towns, containing a population of about 870,000, are open to *de novo* entry by both Connecticut National Bank and First New banks are important competitors for deposits both statewide and in Seattle, while other financial institutions also offer competition.

Washington Trust Bank, the merging institution, with total deposits of $87 million, was organized in 1902. All of its eight branch offices are located in the Spokane area. While substantial growth has occurred in the merging bank in the last 10 years, its customers do not enjoy the more comprehensive services larger institutions provide.

Spokane, Wash., home of the merging bank, with a population of 170,516, and a trade area population of over 1 million, is the second largest city in the State. Located 288 miles east of Seattle, between the Cascade Mountain range and the Continental Divide, it is in a generally arid part of the State. A stable economy has been produced by diversification among agriculture, lumbering, light manufacturing, mining, military installations, and retail and wholesale trade; agriculture and lumbering have the major roles. The merging bank, the seventh largest of Washington's 85 commercial banks, controls 1.6 percent of statewide deposits. In Spokane there are seven commercial banks with 38 banking locations and $459 million in total deposits. Of those, Old National Bank of Washington is largest, with 14 offices and $160 million in total area deposits. Seattle-First National Bank is second largest, controlling $134 million in deposits. The merging institution is third largest, with $87 million in area deposits. First National Bank in Spokane is fourth largest, controlling $37 million in deposits, and is followed by Pacific National Bank of Washington with $26 million in deposits, and American Commercial Bank with $10 million in deposits. The $5 million Farmers and Merchants Bank of Rockford, located 18 miles south of Spokane, has an office in Opportunity, a suburb of Spokane, which competes with a branch of the merging bank in the same town.

Any competition which now exists between the participating banks in this proposal is *de minimus*. The National Bank of Commerce has no branches in the city of Spokane, and has only two small branches in Spokane County, located in the small communities of Deer Park and Medical Lake. Washington Trust Bank has no offices outside Spokane County. Each branch of The National Bank of Commerce is located at least 15 miles from the nearest office of Washington Trust Bank. A close examination of the business done by National Bank of Commerce at those two branches indicates that they cannot realistically be regarded as providing significant competition to Washington Trust Bank. The public hearing produced evidence showing that slightly over one-half of 1 percent of the demand deposits at Washington Trust Bank have addresses at Deer Park or Medical Lake. Even less, *viz*, 0.01 percent of passbook savings at Washington Trust come from Deer Park and only 0.02 percent come from Medical Lake. The same general pattern was shown to be true of loans at Washington Trust Bank. Approximately 5 percent of the deposits, and less than 3 percent of the loans, at the Deer Park Branch of charter bank originated within the Spokane city limits. The evidence showed the figures on the Medical Lake Branch of charter bank to be slightly higher.

The National Bank of Commerce is prohibited by the branch banking laws of Washington from *de novo* branching into Spokane, or any other city or town in which any other bank has an office, except Seattle. Similarly, Washington laws effectively prevent The National Bank of Commerce from causing a new Spokane bank to be formed, to later serve as a merger partner. Any such new bank would, under Washington law, be prohibited from entering any sale, merger, or consolidation agreement for not less than 10, and for as many as 20 years, without prior approval of the State Supervisor of Banking. Accordingly, the only available method by which The National Bank of Commerce can lawfully enter Spokane is by merger with one of the existing banks; the advisory opinions on the competitive effects of this merger stress that such a merger should be with the smallest commercial bank in Spokane. The smallest bank in Spokane is the $10 million State-chartered American Commercial Bank. The evidence received at the public hearing on this application demonstrated that this small bank, chartered in 1965, cannot legally merge with any other bank until it is at least 10 years old.

Another question is whether Washington Trust Bank may reasonably be expected to enter statewide competition with The National Bank of Commerce. There is no evidence that Washington Trust Bank has ever seriously considered so drastic an expansion of its present size and position. It is pertinent that Washington Trust Bank does not now have any office outside Spokane County, and, indeed, until 1957 it did no branching even within the city of Spokane. Washington Trust Bank has no prior merger or acquisition history. It is prevented by the branch banking laws of Washington from *de novo* branching in any city or town, other than Spokane, in which any other bank now has an office. The bank's size and history, together with the barriers created by the laws of Washington, indicate that Washington Trust Bank may not realistically be expected to enter statewide competition with The

National Bank of Commerce within the reasonably foreseeable future. Accordingly, potential competition will not be adversely effected by this merger.

Consummation of this proposed merger will serve the public interest of the Spokane area by bringing, to the city and its environs, an alternative source of sophisticated banking services, and by promoting competition among the financial institutions serving the area. Evidence adduced at the hearing demonstrated that the Washington Trust Bank, because of its relatively small size, cannot adequately meet the banking needs of many Spokane borrowers who, as a result, have been forced to deal with larger commercial banks. This merger will not only bring another alternative source of larger credit to Spokane for the convenience of potential borrowers, but it will also provide another source of broad range banking services to all in the area who have a need. Those expanded services will include expertise in agricultural and mining loans. Student loans, economic opportunity loans, low-income housing lending, SBA loans, and turnkey low-cost housing construction loans for the elderly will all become available after the merger. FHA and VA mortgage lending, which Washington Trust does not now offer its customers, will also be provided. The National Bank of Commerce will also bring, to Spokane, considerable expertise in international banking through its large international banking department which has offices in Hong Kong, Singapore, London, Tokyo, and New York City.

The enhanced competition that this merger will produce will contribute to the convenience and needs of bank customers in Spokane, the Spokane area, and, therefore, the State of Washington. The National Bank of Commerce alone among the five largest banks of the State, is now restricted to only one of the four principal cities of the State. As indicated earlier, the only method available by which The National Bank of Commerce may lawfully enter the city of Spokane is by merger with Washington Trust Bank. In contrast, the first and third largest banks in the State, Seattle-First National Bank and the Pacific National Bank of Washington, are represented in each of the State's four principal cities. The other banks in Spokane will be strengthened by the fact that, because of State laws, the merged bank will not be permitted to branch *de novo* in Spokane. That will enable the locally-based banks to grow and acquire competitive muscle.

It is concluded that the merger will have no adverse competitive effect, and is in the public interest. The application is, therefore, approved.

September 24, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

National Bank of Commerce of Seattle ("NBC") operates two branch offices in Spokane County: one in Deer Park (22 miles north of Spokane), and the other in Medical Lake (15 miles west of Spokane). Washington Trust Bank ("WTB") draws deposits from these areas, and there are no banking offices in the areas between these communities and the Spokane city limits. Therefore, the proposed merger will eliminate some existing competition.

Under Washington's restrictive branch banking laws, a bank may establish *de novo* branches only in the city in which it has its principal place of business, in unincorporated areas in the county in which it is headquartered, and in incorporated cities and towns which do not have a banking office of any commercial bank. Thus, NBC cannot establish *de novo* branch offices in the city of Spokane. Nonetheless, NBC could acquire the city's smallest bank, or, through nominees, it could assist in chartering a new bank in Spokane, with which it might subsequently merge.

NBC is the second largest of the five statewide banks, which dominate commercial banking in Washington and together hold about 75 percent of all commercial bank deposits. The combined shares of NBC and the State's largest bank exceed 50 percent of such deposits. NBC's dominant position is perhaps even greater in the area surrounding Spokane. NBC is one of the three major statewide banking organizations which operate major regional systems in this area and control the bulk of its deposits, but it is the only one of these three which does not have offices in the city of Spokane itself. In view of the city's status as the most important economic center in the area, NBC has a very great incentive to enter Spokane in order to make its entire regional operation more efficient and profitable. Clearly, NBC is the most significant potential entrant into the city of Spokane.

Banking in the city of Spokane is highly concentrated. Three banking organizations hold over 90 percent of commercial bank deposits in the city, and operate 85 percent of its banking offices. WTB is the third largest banking organization in the city, in terms of deposits in banking offices in the city, and holds 17.6 percent of city deposits. In view of NBC's status as a most significant potential entrant into the city of Spokane, and the substantial position held by WTB, it is clear that the proposed merger would result in the loss of significant potential competition in Spokane.

The proposed merger would also eliminate WTB as a most significant potential entrant into other areas of eastern Washington which surround Spokane, and in which NBC is a major existing competitor. Moreover, in combination with one or more middle-sized banks located elsewhere in the State, WTB could organize a new statewide banking organization able to compete throughout the State with the five present leaders. Since Washington is characterized both by substantial statewide concentration and substantial concentration in every local market, the loss of such a potential for deconcentration has significant adverse economic effects.

Finally, NBC is one of two banks which dominate correspondent services in Washington. WTB presently holds a very small share, but it does appear to offer correspondent services to at least six of the 18 independent banks operating in eastern Washington. Given that base, it would appear that WTB is either a present competitor or is on the threshold of being one in providing general correspondent services to small banks in Washington. Its acquisition by one of the two dominant firms in this field will also produce a substantial anticompetitive effect.

To summarize, this merger will eliminate actual and potential competition in commercial banking between the merging banks in the city and county of Spokane, the eastern portion of the State of Washington, and the State as a whole, and will have similarly anticompetitive effects in correspondent services. Also, the trend of consolidations among leading banks in the State, of which this merger is but the most recent example, is likely to be further stimulated. We conclude that this merger would have a significantly adverse effect on competition.

* * *

SEATTLE-FIRST NATIONAL BANK, SEATTLE, WASH., AND THE FIRST NATIONAL BANK OF FERNDALE, FERNDALE, WASH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Seattle-First National Bank, Seattle, Wash. (11280), with	$2, 447, 138, 000	143	
applied June 15, 1971, for permission to purchase The First National Bank of Ferndale, Ferndale, Wash. (11667), which had	10, 807, 000	1	
The application was approved Oct. 29, 1971. The pending purchase was challenged by Justice Department Nov. 26, 1971, and is presently in litigation			

COMPTROLLER'S DECISION

On June 17, 1971, Seattle-First National Bank, Seattle, Wash., applied to the Comptroller of the Currency for permission to purchase the assets and assume the liabilities of The First National Bank of Ferndale, Ferndale, Wash.

The Seattle-First National Bank, the applicant, was organized in 1870, and through its statewide network of 142 branches holds total deposits of $1.97 billion. The bank has followed a policy of aggressive branch expansion but often has been hampered by a restrictive State law that prohibits *de novo* branching outside the bank's home county and into any community in which another bank has its main office.

Seattle, the service area of the applicant, is the center of commerce in the northwest. The economy of this area has suffered considerably as a result of the recent troubles of the aerospace industry. Consequently, the unemployment rate for the Seattle Metropolitan Area is presently 16 percent.

First National Bank of Ferndale, the selling bank, was chartered in 1904. With total deposits of $10 million, the bank is considered to be financially sound. The single office of the selling bank is located in Ferndale, Wash., a small town of 2,100 inhabitants. Its economy, although chiefly agricultural, shows signs of industrial development.

Applicant's branch nearest to Ferndale is located 12 miles southeast, in the town of Bellingham. The selling bank's chief competition stems from the Ferndale branch of The Bellingham National Bank, a bank holding deposits of $30.1 million. The Bellingham National Bank is planning to relocate its present branch in Ferndale to a more advantageous location in that town.

Consummation of the proposed acquisition will have no adverse competitive effect. As the nearest office of the applicant is 12 miles from the selling bank's single office, the service areas, because of natural barriers, do not overlap. There is no meaningful degree of actual competition between the two banks. Furthermore, the introduction into Ferndale of the applicant will result in the offering of many new and sophisticated banking services to area residents, including trust services, a credit card system, and FHA and VA mortgage lending. Of great importance is the fact that the proposed acquisition will solve the critical management succession problem that prompted the controlling shareholders to offer to sell The First National Bank of Ferndale.

In view of the above considerations, the proposed acquisition is in the public interest and is, therefore, approved.

October 29, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Seattle-First operates two offices in Whatcom County, one in Sumas and one in Bellingham. The Sumas branch is located 27 miles east of Ferndale; there is only a slight competitive overlap between this branch and FNB Ferndale. The Bellingham branch is located only 10 miles southeast of Ferndale and, as of June 30, 1970, was the largest single banking office in Whatcom County ($22.3 million in total deposits). While there are offices of other banks located between, or in the immediate proximity of the Bellingham branch and FNB Ferndale, each presently draws a not insubstantial amount of business from the other's area. In addition, a number of people live in either Bellingham or Ferndale and commute to work in the other city. This factor, in addition to the short distance between these two offices, indicates that they are presently alternative sources of banking to people in their area. As the area undergoes further industrialization and as population continues to increase, this commutation will likely increase, as will the degree of competition between the two banks. Thus, this transaction will result in the elimination of direct competition. Furthermore, by branching into unincorporated areas around Bellingham, and/or by using Bellingham media to promote its service, FNB Ferndale can increase its competition with Seattle-First's office and the other banking offices in Bellingham.

In addition, FNB Ferndale provides the only foothold by which major banks in the State not serving the urbanized, industrial areas of Whatcom County could enter the county. It is also one of the few vehicles through which major banks not in this area can market their services. Hence, this merger also serves to foreclose a substantial source of potential competition.

Six commercial banks operate 15 banking offices in Whatcom County. The three largest banks are National Bank of Commerce (the second largest bank in the State, with four branches in Whatcom County), Bellingham National Bank (headquartered in Bellingham with five offices in the county), and Seattle-First; together these three banks held about 76 percent of total deposits in the county, as of June 30, 1970. Seattle-First's two branches held about 21.6 percent of county deposits, while FNB Ferndale, the fifth largest bank in the county, held about 7.2 percent of such deposits. Thus, if this merger is consummated, the resulting institution would hold the second largest share of county deposits, 28.8 percent, and the three largest banks in the county would hold 83.2 percent of such deposits.

It should be noted that Whatcom County is an unrealistically large geographic market in which to assess the competitive effects of this transaction. But using a more limited area such as the western half of the county would not significantly change the above concentration figures (the three largest banks in this area have 74.9 percent, Seattle-First has 20.8 percent and FNB Ferndale has 7.5 percent).

Commercial banking in either Whatcom County as a whole, or in the western section of the county, is highly concentrated. The effect of this transaction would be to eliminate existing competition and to substantially increase the level of concentration in these areas, and to foreclose the potential for new entry by other banks in the State. Consequently, we conclude that this transaction would have a significantly adverse effect on competition.

* * *

B. Approved, but abandoned after litigation

OLD NATIONAL BANK OF WASHINGTON, SPOKANE, WASH., AND OROVILLE STATE BANK, OROVILLE, WASH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Oroville State Bank, Oroville, Wash. with	$6,713,115	1	
and Old National Bank of Washington, Spokane, Wash. (4668), which had	336,687,238	46	
applied for permission to merge Jan. 4, 1971, under charter and title of the latter bank (4668). The application was approved Apr. 27, 1971, but was abandoned by the banks June 25, 1971, after filing of antitrust suit by the Justice Department			

COMPTROLLER'S DECISION

On January 4, 1971, Oroville State Bank, Oroville, Wash. and Old National Bank of Washington, Spokane, Wash., applied to the Comptroller of the Currency for permission to merge under the charter and with the title of the latter.

Old National Bank of Washington, the charter bank, with IPC deposits of $268.3 million, was organized in 1891, and presently operates 44 branches in various parts of the State, 16 of which are in Spokane. This bank is a full-service institution and the fifth largest bank in the State in terms of the deposits, controlling 5.5 percent of the State's total. It is controlled by Washington Bancshares, Inc., Spokane, a registered bank holding company which owns 98.37 percent of its outstanding shares. The charter bank is an aggressive competitor.

Spokane, home of the charter bank and the center of its service area in eastern Washington, is the recognized capital and, with a population of 169,000 in the city, and 700,000 in its retail trade area, the largest city in the Inland Empire, an area encompassing eastern Washington, northern Idaho, and western Montana. The Inland Empire, with a population of almost 1.2 million is a unique area, bounded on the west by the Cascade Mountain Range, on the north by the Canadian border, on the east by the Rockies and Bitterroot Mountains, and on the south by the Blue Mountains. The nucleus of the economy is provided by forest products, mining, and agriculture. The Columbia Basin Project, lying within the Inland Empire, is located in east-central Washington. Manufacturing is important to the metropolitan Spokane area, with 350 manufacturing establishments in the area. There are a number of retail trade outlets and wholesale establishments in this area. Mining is also a factor in the Inland Empire area. In Seattle, where two of the charter bank's branches are located, the aerospace and aircraft industries are important; however, due to cutbacks in these industries, the economy is depressed.

Statewide, as noted above, the charter bank is fifth largest, with $276 million in total deposits, ranking behind the Seattle-First National Bank, with $1.7 billion in total deposits; The National Bank of Commerce of Seattle, with deposits of slightly over $1 billion; Pacific National Bank of Washington, with deposits of $566 million; and the Peoples National Bank of Washington, with deposits of $369 million. The Puget Sound National Bank, with deposits of $179 million, is the State's sixth largest bank. In Spokane, the charter bank competes with offices of the Seattle-First National Bank; Washington Trust Bank, Spokane; the First National Bank in Spokane; the Pacific National Bank of Washington, Seattle; and the American Commercial Bank, Spokane. Other financial institutions also compete in Washington and in the charter bank's service area.

Oroville State Bank, the merging bank, with IPC deposits of $5.7 million, was organized in 1942, and is a unit bank. Its lending limit is inadequate to handle the needs of larger borrowers within the area.

Oroville, home of the merging bank, is located some 200 miles northwest of the charter bank's head office city, 17 miles northwest of its nearest branch office in Tonasket, and approximately 4 miles south of the Canadian border on Highway 97. Oroville is at the confluence of the Similkameen and Okanogan rivers. Its population is 1,500, while its trade area population is 4,500. Oroville is the headquarters of the sprawling Tonasket-Oroville irrigation district, encompassing about 9,000 acres with some 400,000 apple trees. Growing, harvesting, and warehousing of apples is the basis for approximately 75 percent of the economy, with livestock adding 15 percent, and lumbering the remaining 10 percent.

The nearest branch to Oroville is the branch of the charter bank in Tonasket, 14 miles south. The nearest branch of any other bank is a branch of the Seattle-First National Bank in Omak, 42 miles south of Oroville and 25 miles south of Tonasket.

The merger will benefit the community of Oroville by introducing a bank more capable of effectively servicing the credit needs of that community, and by offering specialized agricultural lending. The community will be afforded the benefit of trust services and a credit card program. Old National's management trainee program will provide for future and successor management at branches of the merging bank.

Competition will not be adversely affected. Because the nearest office of the charter bank is 17 miles away, there is little present competition to be eliminated between the two banks. In Oroville, the merging institution will be replaced by offices of the charter bank and competition will not be affected. In the present service area of the charter bank the addition of the much smaller merging institution would have a negligible effect. Statewide, the charter bank's share of loans and deposits would increase by an insignificant 0.1 percent and 0.2 percent, respectively, while its position as fifth largest bank in the State of Washington will remain unchanged.

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

April 27, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

In the past year, Old National Bank has acquired First National Bank of Tonasket, and Commercial Bank of Washington, both of which operated offices in Okanogan County.

Until Old National Bank absorbed First National Bank in Tonasket, that bank and Oroville State Bank had been commonly owned; since then, Old National Bank and Oroville State Bank have been competitors.

Oroville State Bank was originally established to better serve customers of the Tonasket bank who lived in the Oroville area. Even today over 10 percent of the Tonasket office's deposits come from the Oroville postal area. No banking office exists in the intervening area.

Until recently, no banking competition was possible in the Oroville-Tonasket area. The dissolution of the common ownership ties between the Oroville and Tonasket offices has created some banking competition in the area although the service areas of the two banking offices might be more accurately described as contiguous, and to some extent overlapping, rather than coextensive. Most importantly, Old National Bank's Tonasket office is the only banking alternative within 40 miles of Oroville. Given the relative distances, it is apparent that this acquisition would eliminate the only reasonable banking alternatives in the Oroville-Tonasket area of Okanogan County and this would substantially eliminate any competition for the banking business in Oroville and Tonasket.

Banking in Washington, as a whole, is dominated by a few large organizations; the five largest organizations control over 75 percent of all commercial bank deposits in the State. Old National Bank is among these market leaders, ranking fifth. In Okanogan County, it has already acquired two banks with combined deposits of almost $14 million. The offices now controlled by Old National Bank, as of June 30, 1970, held over 30 percent of all commercial bank deposits in the county. Two other of the major banks in the State controlled 50 percent of such deposits in the county, and Oroville State Bank held most of the rest of the deposits, some 16 percent.

This merger thus would increase Old National Bank's share of county deposits to 46 percent, and the combined control of the three major statewide banks to 97 percent. In the Oroville-Tonasket area, Old National Bank would control 100 percent of all commercial bank deposits.

We conclude that the proposed merger will result in a monopoly in the Tonasket-Oroville area and hence will have an adverse effect on competition.

* * *

C. Approved, but abandoned, no litigation

PACIFIC NATIONAL BANK OF WASHINGTON, SEATTLE, WASH., AND BOTHELL STATE BANK, BOTHELL, WASH.

Name of bank and type of transaction	*Total assets*	*Banking offices*	
		In operation	*To be operated*
Bothell State Bank, Bothell, Wash., with	$15,503,000	4	....
and Pacific National Bank of Washington, Seattle, Wash. (3417), which had	766,353,000	62	....
applied for permission to merge Apr. 22, 1971, under charter and title of the latter bank (3417). The application was approved Aug. 5, 1971, but was abandoned by the banks Dec. 1, 1971	....	....	....

COMPTROLLER'S DECISION

On April 22, 1971, Bothell State Bank, Bothell, Wash., and Pacific National Bank of Washington, Seattle, Wash., 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 Pacific National Bank of Washington, the charter bank, with total deposits of $630 million, has its head office in Seattle, Wash. It operates 61 branches and two facilities, with three approved but unopened branches; approximately two-thirds of the branches are centered in King and Pierce counties, in western Washington. The primary service area of the charter bank, as a result of the concentration of its branches, is in King County, around Seattle, and in Pierce County, around Tacoma. The population of those two counties comprises 46 percent of the State's total population, which exceeds 3 million. A heavy concentration of industries oriented toward aerospace, shipbuilding, and natural resources is centered in this two-county area. That area is experiencing a severe recession at the present time, directly attributable to cutbacks in the construction and aerospace industries. Unemployment in the Seattle area is the highest of that in any major city in the Nation.

The Pacific National Bank of Washington is one of 19 commercial banks operating in King County, and one of nine commercial banks operating in Pierce County. Among its competitors are the $1.975 billion Seattle-First National Bank, the largest in the State; the $1.128 billion National Bank of Commerce of Seattle; and the $414 million Peoples National Bank of Washington, the State's fourth largest bank.

Bothell State Bank, the merging bank, has deposits of $13 million, and maintains its head office in Bothell, Wash., which is situated 16 miles northeast of the charter bank's head office. The merging bank was organized in 1908, and has remained a closely held corporation since that time; the family that has owned 95 percent of the stock has provided management since its founding. The recent death, in Vietnam, of the heir apparent, has created a serious management problem for the bank. The city of Bothell is located in King County and is considered a part of metropolitan Seattle. While the distance between the cities is only 16 miles, Lake Washington forms a natural barrier between the two areas. The city of Bothell has a present population of 4,883, and a service area population of 39,500. The service area is primarily residential, providing a "bedroom" community for people employed in Seattle and Everett. Its commercial activity is limited to small, strip-type developments to serve local community needs. The city is surrounded by a large unincorporated area of King County that is sparsely populated. It would seem certain that a resurgence of the Seattle economy will contribute to future development of all unincorporated areas in King County.

The primary competition for the merging bank is from the Northshore First National Bank in Bothell. There are no branches of the charter bank within the city of Bothell because State law prevents *de novo* branch banking in incorporated cities where a main office of a bank is domiciled. Competition will not be adversely effected by the consummation of the proposed merger. Because the nearest office of the charter bank is some 6 miles from the merging bank, competition between the two is minimal.

The greater resources and expanded services that will be provided by the resulting bank will benefit the residents of Bothell and will resolve the management problem. In the service area of the charter bank, the addition to it of the much smaller merging institution will have only a negligible competitive effect. The charter bank's State ranking will be unaffected by the merger.

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

AUGUST 5, 1971.

SUMMARY OF REPORT BY ATTORNEY GENERAL

Pacific National has branches located on three sides of the Bothell area. The nearest offices of Pacific National and Bothell Bank are 6 miles apart, but they are separated by a ridge of land and direct connections are difficult. Pacific National also has offices 10 miles south and 15 miles north of Bothell Bank's offices. In each case, other banks have offices in the intervening area. Applicants contend, moreover, that the Pacific National draws almost no deposits from the Bothell area. Nevertheless, considering the mobility of the King County residents, it is likely that the proposed merger may eliminate some existing competition.

Pacific National holds over 11 percent of deposits in commercial banking offices in King County, while Bothell Bank holds less than 1 percent. However, King County would appear to overstate the geographic area of any appropriate market in which to measure the competitive effects of the proposed merger.

King County and the State of Washington each have a highly concentrated banking structure. Four banks, including Pacific National, dominate banking in King County. The five largest banks in Washington, including Pacific National, hold over 75 percent of total bank deposits.

Even under Washington's restrictive branch banking laws, a bank may establish *de novo* branches in the city in which it has its principal place of business, in unincorporated areas in the county in which it is headquartered, and in incorporated cities and towns which do not have a banking office of any commercial bank. Hence, although neither of the merging banks can establish a branch in the headquarters city of the other, they can expand into the unincorporated areas of King County served by each other. Furthermore, both Pacific National and Bothell Bank have demonstrated an interest in and ability to expand *de novo* into the unincorporated areas of King County.

In the Bothell area, much of which is unincorporated, Bothell Bank holds about 50 percent of all bank deposits. This area is also served by one small independent bank and branches of the two largest banks in King County and in the State. In addition, a smaller bank, based in Bellevue, has a branch in the area. Pacific National is the largest of three banks over $100 million in deposits eligible to branch into the Bothell area; the next largest holds less than $17 million. In addition, both banks are opening new offices in the area south of Bothell and east of Lake Washington; they are, therefore, potential competitors in that area as well. Thus, the proposed merger would eliminate a substantial potential for increased competition in the developing unincorporated areas of King County, especially the northeastern section of the county.

This merger would eliminate some existing competition and substantial potential competition in King County, particularly in the Bothell area. Also, the proposed merger would continue the concentration of the State's banking resources in its very largest banks. We conclude that the proposed merger will have an adverse effect on competition.

* * *

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	Nov. 28, 1969	New York.
6	Howland, Jr., W. A	Dec. 1, 1969	....	Georgia.
	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	John L. Donovan	Boston, Mass	Connecticut, Maine, Massachussetts, New Hampshire Rhode Island, Vermont.
2	Charles M. Van Horn	New York, N.Y	New Jersey, New York, Puerto Rico, Virgin Islands.
3	R. Coleman Egertson	Philadelphia, Pa	Pennsylvania, Delaware.
4	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	Kenneth W. Leaf	Memphis, Tenn	Alabama, Arkansas, Louisiana, Mississippi, Tennessee.
9	Donald B. Smith	Minneapolis, Minn	Minnesota, North Dakota, South Dakota, Wisconsin.
10	John R. Burt	Kansas City, Mo	Iowa, Kansas, Missouri, Nebraska.
11	Michael Doman	Dallas, Tex	Oklahoma, Texas.
12	John R. Thomas	Denver, Colo	Arizona, Colorado, New Mexico, Utah, Wyoming.
13	H. Joe Selby	Portland, Ore	Alaska, Idaho, Montana, Oregon, Washington.
14	Arnold E. Larson	San Francisco, Calif	California, Guam, Hawaii, Nevada.

Table B–4

Changes in the structure of the National Banking System, by States, 1863–1971

	Organized and opened for business 1863–1971	Consolidated and merged under 12 U.S.C. 215		Insolvencies	Liquidated	12 U.S.C. 214		In operation Dec. 31, 1971
		Consolidated	Merged			Converted to State banks	Merged or consolidated with State banks	
United States	15,929	715	542	2,821	6,748	180	323	4,600
Alabama	204	4	4	45	63	0	0	88
Alaska	8	0	0	0	2	0	1	5
Arizona	33	1	0	6	21	1	1	3
Arkansas	166	1	2	39	55	0	0	69
California	608	21	47	66	394	4	19	57
Colorado	272	5	0	57	86	2	0	122
Connecticut	137	11	8	7	69	1	15	26
Delaware	32	0	0	1	18	0	8	5
District of Columbia	39	8	0	7	13	0	0	11
Florida	318	2	1	43	42	0	0	230
Georgia	209	8	4	42	87	8	0	60
Hawaii	7	1	0	0	4	1	0	1
Idaho	112	0	2	35	65	1	2	7
Illinois	985	20	9	227	299	14	1	415
Indiana	450	14	5	98	205	2	4	122
Iowa	565	4	2	205	243	11	1	99
Kansas	459	6	2	77	198	5	0	171
Kentucky	250	11	2	37	110	8	2	80
Louisiana	123	4	1	16	53	0	0	49
Maine	128	8	8	13	79	0	1	19
Maryland	157	3	17	17	69	1	11	39
Massachusetts	390	42	16	28	208	1	11	84
Michigan	358	11	4	77	157	0	5	104
Minnesota	519	8	0	116	193	4	0	198
Mississippi	100	5	4	16	35	2	0	38
Missouri	332	13	10	58	148	4	1	98
Montana	209	4	1	76	76	0	0	52
Nebraska	413	2	1	83	199	3	0	125
Nevada	18	1	0	4	8	0	1	4
New Hampshire	86	3	7	5	23	0	0	48
New Jersey	467	54	54	60	153	1	25	120
New Mexico	97	1	1	25	37	0	0	33
New York	1,031	126	80	130	441	12	76	166
North Carolina	164	8	22	44	58	0	9	23
North Dakota	263	3	0	100	118	0	0	42
Ohio	730	32	24	112	336	2	6	218
Oklahoma	782	12	6	85	454	28	0	197
Oregon	153	2	3	31	103	0	6	8
Pennsylvania	1,295	108	100	211	494	8	88	286
Rhode Island	70	3	2	2	58	0	0	5
South Carolina	137	8	13	43	49	1	4	19
South Dakota	224	14	2	93	81	2	0	32
Tennessee	222	9	2	36	94	2	2	77
Texas	1,353	45	13	142	574	45	4	530
Utah	46	4	0	6	22	3	2	9
Vermont	85	3	3	17	29	1	6	26
Virginia	289	23	51	28	74	2	10	101
Washington	245	19	9	51	141	0	1	24
West Virginia	203	11	0	38	68	0	0	86
Wisconsin	304	9	0	54	115	0	0	126
Wyoming	80	0	0	12	26	0	0	42
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 1971

	Number of banks	Capital stock: Common	Capital stock: Preferred	Capital notes and debentures
Increases:				
Banks newly chartered:				
Primary organization	66*	22, 622, 503		
Conversions of State banks	10	3, 352, 490		
Capital stock:				
Preferred: 7 cases by new issue			2, 432, 200	
Common:				
445 cases by statutory sale		77, 996, 684		
600 cases by statutory stock dividends		234, 137, 329		
5 cases by statutory consolidation		8, 823, 125		
25 cases by statutory merger		8, 370, 416		
6 cases by conversion of preferred stock		21, 457		
41 cases by conversion of capital notes		1, 535, 707		
Capital notes and debentures: 153 cases by new issue				356, 707, 452
Total increases	76	356, 859, 711	2, 432, 200	356, 707, 452
Decreases:				
Banks ceasing operations:				
Voluntary liquidations:				
Succeeded by National banks	4	800, 000		
Succeeded by State banks	3	1, 030, 398		
Statutory consolidations	5			
Statutory mergers	53†			
Converted into State banks	21	10, 046, 000		
Merged or consolidated with State banks	10	3, 080, 568		
Insolvent	1	50, 000		
Capital stock:				
Preferred: 12 retired			21, 253, 873	
Common:				
5 cases by statutory reduction		696, 000		
2 cases by statutory consolidation		2, 641, 485		
10 cases by statutory merger		9, 736, 135		
Capital notes and debentures:				
43 retirements				6, 563, 412
34 converted to common stock				5, 348, 452
Total decreases	97	28, 080, 586	21, 253, 873	11, 911, 864
Net change	—21	328, 779, 125	—18, 821, 673	344, 795, 588
Charters in force Dec. 31, 1970, and issued capital	4, 629	6, 438, 119, 253	62, 673, 634	1, 172, 368, 627
Charters in force Dec. 31, 1971, and issued capital	4, 608	6, 766, 898, 378	43, 851, 961	1, 517, 164, 215

*Includes 29 reorganized banks with capital stock of $4,302,502.
†Includes 29 reorganized banks.

Note: Premium on sale of common stock	$224,030,098	(437 cases)
Premium on sale of convertible notes	5,200,193	(41 cases)
Total	$229,230,291	(478 cases)

Table B-6

*Applications for National bank charters, approved and rejected, by States, calendar 1971**

	Approved	Rejected
ALABAMA		
Cheaha National Bank, Oxford	Jan. 18	
CALIFORNIA		
Los Angeles		Mar. 24
Santa Rosa		Oct. 1
Gavilan National Bank, Gilroy	Nov. 17	
COLORADO		
Arvada		Mar. 5
Broomfield		Apr. 13
Westland National Bank, Longmont	Apr. 13	
Denver		Apr. 27
Aurora		May 19
Unincorporated Area of Arapahoe County		Aug. 6
Castle Rock		Nov. 8
CONNECTICUT		
East Hartford		May 17
Liberty National Bank, Stamford	Sept. 20	
FLORIDA		
First National Bank of Palm Beach Gardens	Jan. 27	
Longwood		Feb. 9
Hobe Sound National Bank, Unincorporated Area of Martin County	Feb. 12	
Naples		Mar. 3
Naples		Mar. 3
Boca Raton		Mar. 9
Boca Raton		Mar. 9
Deerfield Beach		Mar. 9
Deerfield Beach		Mar. 9
Bradenton		Mar. 15
North Miami		Mar. 30
Village Plaza Palmer National Bank	Apr. 13	
Dunedin		May 19
Marine National Bank of St. Petersburg	May 19	
Tequesta		June 8
Barnett Bank of Brandon, National Association	June 10	
Orlando		June 10
Hollywood		June 11
Peoples National Bank, Naples	June 18	
United National Bank of Westland, Hialeah	July 21	
National Bank of Commerce	Aug. 2	
Palm Beach Gardens		Aug. 11
The Orlando National Bank West	Aug. 19	
Orlando		Aug. 19
North Bay		Sept 7
North Palm Beach		Sept. 9
First National Bank of Palm Bay	Sept. 27	
Second National Bank of West Hollywood, Hollywood	Nov. 11	
First National Bank of Seminole	Nov. 18	
Cape Coral		Nov. 30
Jefferson National Bank of Kendall	Dec. 8	
GEORGIA		
Commerce National Bank of Warner Robins	Aug. 16	
Ellijay		Dec. 15
ILLINOIS		
The National Bank of Oak Brook	June 16	
First National Bank of Lincolnshire		Aug. 23
Pekin	Aug. 9	
Community National Bank of Quincy	Aug. 26	
Gurnee National Bank	Sept. 22	
First National Bank of Wilmette	Dec. 22	
IOWA		
Arnolds Park		Jan. 26
The Lakes National Bank, Arnolds Park	Sept. 29	
KANSAS		
Overland Park		June 10
LOUISIANA		
Century National Bank in New Orleans	Dec. 29	
MAINE		
Central National Bank	Mar. 4	
MICHIGAN		
West Oakland Bank, National Association Novi	May 20	
The American National Bank in Portage	Oct. 26	
Flint		Oct. 28
MISSISSIPPI		
Wiggins		June 15
Citizens National Bank, Pascagoula	Nov. 10	
MISSOURI		
The Affton National Bank	Oct. 28	
NEW JERSEY		
Bank of Wayne, National Association	Jan. 4	
Township of Maplewood		Feb. 11
Shore National Bank, Township of Brick	Apr. 14	
Township of Franklin		May 18
Bayonne		Aug. 3
Borough of Bernardsville		Sept. 2
Midlantic National Bank, Township of Parsippany-Troy Hills	Oct. 26	
Township of Westfield		Nov. 19
The Hillsborough National Bank	Nov. 4	
NEW YORK		
Union National Bank, Albany	Mar. 11	
Citibank (Suffolk), National Association, Islip	July 15	
Chase Manhattan Bank of Long Island (National Association), Melville	July 23	
Hudson Valley National Bank, Yonkers	Dec. 21	
OHIO		
Community National Bank, Loveland	Sept. 30	
OKLAHOMA		
Bethany		Feb. 3
PUERTO RICO		
First National Bank of Puerto Rico, Hato Rey	Nov. 17	
SOUTH CAROLINA		
Township of Hilton Head Island		Oct. 13
TEXAS		
Lovelady		Jan. 11
Pasadena		Jan. 27
Union National Bank, Austin	Feb. 9	
San Antonio		Mar. 10
Houston		Mar. 29

See footnote at end of table.

TABLE B-6—Continued

*Applications for National bank charters, approved and rejected, by States, calendar 1971**

	Approved	Rejected
TEXAS—continued		
Dallas		May 21
Fidelity Bank, National Association, Dallas	May 21	
The Valley National Bank, McAllen	May 21	
Metropolitan National Bank, McAllen	May 21	
Nueces National Bank, Corpus Christi	June 16	
First National Bank of Colleyville	Aug. 10	
First National Bank of Deer Park	Aug. 10	
Fort Worth		Aug. 26
Chevy Chase National Bank, Austin	Sept. 21	
Montgomery County National Bank	Sept. 23	
Heritage National Bank, Tyler	Nov. 2	
Unincorporated Area of Fulton		Nov. 24
Braes Bayou National Bank, Houston	Dec. 21	
Houston		Dec. 29
Houston		Dec. 29
Round Mountain		Dec. 29
UTAH		
First Security Bank of Bountiful, National Association	Aug. 4	
VIRGINIA		
Arlington County		Feb. 23
First & Merchants National Bank of the Peninsula, Williamsburg	Dec. 29	
WASHINGTON		
Everett		May 18
WEST VIRGINIA		
The Teays Valley National Bank, Scott Depot	Dec. 29	
WISCONSIN		
St. Francis		Feb. 24
WYOMING		
Jackson		Apr. 27
The First National Bank of Jackson Hole, Jackson	Apr. 27	

*Excludes conversions, and charters to be issued pursuant to corporate reorganization.

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Table B–7

Applications for National bank charters, by States, pursuant to corporate reorganization, calendar 1971

	Approved	Rejected
CALIFORNIA		
B.C. National Bank, San Francisco	Dec. 7	....
SECPAC National Bank, Los Angeles	Dec. 29	....
INDIANA		
Meridian National Bank, Indianapolis	Aug. 20	....
KANSAS		
Polaris National Bank, Hutchinson	July 13	....
MICHIGAN		
The American Bank of Michigan, National Association, Kalamazoo	Apr. 27	....
American Bank of Niles, National Association, Niles	Sept. 28	....
Three Rivers National Bank, Three Rivers	Sept. 29	....
MISSOURI		
Livestock Bank of Kansas City, National Association, Kansas City	Oct. 29	....
NEBRASKA		
First National Bank in Grand Island, Grand Island	Nov. 4	....
NEW JERSEY		
New Citizens National Bank, Englewood N.J., Englewood	Feb. 16	....
Second South Jersey National Bank, Camden	Apr. 23	....
Second National Iron Bank of New Jersey, Morristown	Apr. 23	....
Second National Bank of Princeton, Princeton	May 4	....
New Madison National Bank (Madison, New Jersey), Madison	July 13	....
The Second American National Bank, Montclair	Aug. 4	....
Second New Jersey Bank (National Association), Clifton	Aug. 20	....
The Second City National Bank of Millville, Millville	Sept. 2	....
First National State Bank of Central Jersey, Trenton	Nov. 16	....
NEW YORK		
The Bank of Tappan Zee, N.A., Nyack	Feb. 17	....
East Bank, N.A., Smithtown	Feb. 24	....
National Bank of Northern New York, Watertown, Watertown	Mar. 3	....
The Nanuet National Bank of Rockland County, Nanuet	Apr. 23	....
Court Street National Bank and Trust Company, Buffalo	Apr. 30	....
Empire Bank, National Association, Middletown	May 3	....
First Bank of Bay Shore, National Association, Bay Shore	Oct. 26	....
Citibank (Western), National Association, Village of Silver Creek	Nov. 10	....
Citibank (Mid-Western), National Association, Village of Honeoye Falls	Dec. 14	....

	Approved	Rejected
OHIO		
Central Cleveland Bank, National Association, Cleveland	Feb. 1	....
The F.B.G. National Bank of Milford, Milford	Sept. 13	....
Cambridge National Bank, Cambridge	Dec. 22	....
OREGON		
DB National Bank, Roseburg	Oct. 8	....
PENNSYLVANIA		
Mellon Bank, N.A., Pittsburgh	Aug. 26	....
The King Street Bank, N.A., Lancaster	Dec. 13	....
SOUTH CAROLINA		
Security National Bank, Charleston	Nov. 18	....
TENNESSEE		
The National Bank of Kingsport, Kingsport	June 18	....
Fourth and Church Street National Bank, Nashville	Oct. 5	....
Union Planters Bank, National Association, Memphis	Nov. 8	....
TEXAS		
Bancorp National Bank of Corsicana, Texas, Corsicana	Jan. 12	....
Twenty-Second Street National Bank, Galveston	Feb. 10	....
Alamo Bank National Association, San Antonio	Mar. 19	....
State Bank, National Association, El Paso	June 8	....
Park Street Bank National Association, Beaumont	June 30	....
Sabine Bank, National Association, Port Arthur	July 16	....
Bank of Commerce, National Association, Antonio	July 23	....
Macgregor Bank National Association, Houston	July 27	....
Kilgore Bank, National Association, Kilgore	Aug. 10	....
Long Bank, National Association, Houston	Aug. 11	....
Continental Bank, National Association, Fort Worth	Aug. 30	....
First National Bank of North Richland Hills, North Richland Hills	Sept. 9	....
Burnett Plaza National Bank of Fort Worth, Fort Worth	Nov. 18	....
UTAH		
Zions Bank, N.A., Salt Lake City	Dec. 29	....
VIRGINIA		
Danville Bank, N.A., Danville	Apr. 27	....
Roanoke Bank, N.A., Roanoke	Apr. 28	....
Virginia Bank, N.A., Norfolk	June 29	....
Colonial Bank, NA, Roanoke County	June 29	....

Table B-8

*Newly organized National banks, by States, calendar 1971**

Charter No.	Title and location of bank	Total capital accounts
	Total, United States: 38 banks	$38,020,000
	COLORADO	
15885	Arapahoe Colorado National Bank, unincorporated area of Arapahoe County	400,000
15919	Skyline National Bank, Denver	700,000
	Total: 2 banks	1,100,000
	FLORIDA	
15858	Barnett Bank of Seminole County, National Association, Atlamonte Springs	600,000
15870	Midway National Bank, unincorporated area of Dade County	600,000
15865	East First National Bank, Fort Myers	900,000
15855	Security National Bank, unincorporated area of Lee County	750,000
15874	First National Bank of Hallandale, Hallandale	1,500,000
15914	Hobe Sound National Bank, unincorporated area of Martin County	1,000,000
15868	Lauderdale Lakes National Bank, Lauderdale Lakes	750,000
15894	Worth Avenue National Bank, Palm Beach	1,000,000
15890	First National Bank of Palm Beach Gradens, Palm Beach Gardens	1,005,000
15859	Security First National Bank, Plantation	1,000,000
15923	Charlotte County National Bank, Port Charlotte	1,075,000
15905	Marine National Bank of St. Petersburg, St. Petersburg	1,000,000
15901	Village Plaza Palmer National Bank, unincorporated area of Sarasota County	1,200,000
15900	Barnett Mall Bank, National Association, Winter Park	740,000
	Total: 14 banks	13,120,000
	ILLINOIS	
15921	Tollway-Arlington National Bank of Arlington Heights, Arlington Heights	600,000
15916	Suburban National Bank of Elk Grove Village, Elk Grove Village	500,000
15886	Lake Forest National Bank, Lake Forest	500,000
15915	The National Bank of Oak Brook, Oak Brook	1,600,000
15920	Community National Bank of Quincy, Quincy	500,000
	Total: 5 banks	3,700,000
	MASSACHUSETTS	
15892	The Colonial National Bank of Danvers, Danvers	1,500,000
	MICHIGAN	
15877	National Bank of Marshall, Marshall	700,000
15899	West Oakland Bank, National Association, Novi	750,000
	Total: 2 banks	1,450,000
	NEW JERSEY	
15913	Shore National Bank, Brick Township	2,500,000
15857	Fairfield National Bank, Fairfield Borough	1,250,000
15888	Pan American National Bank, Union City	1,500,000
	Total: 3 banks	5,250,000
	NEW YORK	
15917	Citibank (Suffolk), National Association, Islip	1,500,000
15922	Chase Manhattan Bank of Long Island (National Association), Melville	2,000,000
	Total: 2 banks	3,500,000
	NORTH CAROLINA	
15912	Greensboro National Bank, Greensboro	700,000

See footnote at end of table.

TABLE B-8—Continued

*Newly organized National banks, by States, calendar 1971**

Charter No.	Title and location of bank	Total capital accounts
	TEXAS	
15929	Brookhollow National Bank, Dallas	$1,500,000
15880	The Village Bank (National Association), Dallas	500,000
15896	The Village National Bank, Houston	800,000
15904	The Valley National Bank, McAllen	1,000,000
15856	Promenade National Bank, Richardson	1,000,000
	Total: 5 banks	4,800,000
	VIRGINIA	
15895	Atlantic National Bank, Norfolk	1,000,000
	WISCONSIN	
15878	University National Bank, Milwaukee	1,500,000
	WYOMING	
15903	The First National Bank of Jackson Hole, Jackson	400,000

*Excludes charters issued pursuant to corporate reorganizations.

TABLE B-9

National bank charters issued and mergers consummated pursuant to corporate reorganizations, by States, calendar 1971*

Effective date of merger	Operating bank New bank Resulting bank	Total capital accounts	Total assets
	LOUISIANA		
	The National Bank of Commerce in New Orleans, New Orleans NBC National Bank, New Orleans Charter issued December 29, 1970		
Jan. 1, 1971	First National Bank of Commerce, New Orleans	$43,779,454	$521,307,980
	MASSACHUSETTS		
	The First National Bank of Boston, Boston Old Colony Trust, National Association, Boston The Massachusetts Bank, National Association, Boston Charter issued December 30, 1970		
Jan. 4, 1971	The First National Bank of Boston, Boston	356,813,201	4,054,523,630
	MISSOURI		
	The American National Bank of St. Joseph, St. Joseph American Bank of St. Joseph, National Association, St. Joseph Charter issued March 8, 1971		
Mar. 10, 1971	The American National Bank of St. Joseph, St. Joseph	8,116,311	101,207,598
	Belt National Bank of St. Joseph, St. Joseph Belt Bank of St. Joseph, National Association Charter issued March 8, 1971		
Mar. 10, 1971	Belt National Bank of St. Joseph, St. Joseph	707,193	9,404,806
	Mercantile Trust Company National Association, St. Louis Locust National Bank, St. Louis Charter issued March 10, 1971		
Mar. 11, 1971	Mercantile Trust Company National Association, St. Louis	131,107,182	1,267,685,208
	First National Bank of Joplin, Joplin First Bank of Joplin, National Association, Joplin Charter issued April 26, 1971		
May 3, 1971	First National Bank and Trust Company of Joplin, Joplin	5,607,789	68,657,343

See footnote at end of table.

TABLE B-9—Continued

National bank charters issued and mergers consummated pursuant to corporate reorganizations, by States, calendar 1971*

Effective date of merger	*Operating bank* *New bank* *Resulting bank*	*Total capital accounts*	*Total assets*
	NEW JERSEY		
	The National Bank of New Jersey, New Brunswick The National Bank of New Jersey, New Brunswick, New Brunswick Charter issued December 30, 1970		
Jan. 4, 1971	The National Bank of New Jersey, New Brunswick	$7, 733, 937	$87, 809, 749
	New Jersey National Bank, Trenton Second New Jersey National Bank, Trenton Charter issued June 25, 1971		
July 1, 1971	New Jersey National Bank, Trenton	39, 734, 387	608, 378, 606
	South Jersey National Bank, Camden Second South Jersey National Bank, Camden Charter issued October 21, 1971		
Nov. 1, 1971	South Jersey National Bank, Camden	31, 461, 152	429, 258, 271
	The First National Iron Bank of New Jersey, Morristown The Second National Iron Bank of New Jersey, Morristown Charter issued October 22, 1971		
Nov. 1, 1971	The First National Iron Bank of New Jersey, Morristown	14, 657, 384	194, 906, 722
	First National Bank of Princeton, Princeton Second National Bank of Princeton, Princeton Charter issued October 28, 1971		
Nov. 1, 1971	The First National Bank of Princeton, Princeton	5, 693, 706	94, 680, 861
	NEW YORK		
	First National Bank and Trust Company National Association, Ithaca Bank of Ithaca, National Association, Ithaca Charter issued March 29, 1971		
Mar. 31, 1971	First National Bank and Trust Company of Ithaca, Ithaca	4, 997, 675	55, 174, 529
	National Commercial Bank and Trust Company, Albany Capital City National Bank, Albany Charter issued December 20, 1971		
Dec. 31, 1971	National Commercial Bank and Trust Company, Albany	67, 228, 411	877, 835, 654
	Liberty National Bank and Trust Company, Buffalo Court Street National Bank and Trust Company, Buffalo Charter issued December 20, 1971		
Dec. 31, 1971	Liberty National Bank and Trust Company, Buffalo	33, 856, 913	513, 864, 992
	OHIO		
	First National Bank of Wapakoneta, Wapakoneta The F.B.G. National Bank of Wapakoneta, Wapakoneta Charter issued April 29, 1971		
Apr. 30, 1971	The First National Bank of Wapakoneta, Wapakoneta	2, 117, 332	32, 937, 026
	The Citizens National Bank of Wooster, Wooster The F.B.G. National Bank of Wooster, Wooster Charter issued April 29, 1971		
Apr. 30, 1971	The Citizens National Bank of Wooster, Wooster	2, 504, 525	23, 576, 714
	The Security Central National Bank of Portsmouth, Portsmouth The F.B.G. National Bank of Portsmouth, Portsmouth Charter issued June 1, 1971		
June 1, 1971	The Security Central National Bank of Portsmouth, Portsmouth	4, 781, 180	62, 705, 948
	Central National Bank of Cleveland, Cleveland Central Cleveland Bank, National Association, Cleveland Charter issued December 22, 1971		
Dec. 31, 1971	Central National Bank of Cleveland, Cleveland	111, 045, 290	1, 309, 141, 000
	OKLAHOMA		
	The Fourth National Bank of Tulsa, Tulsa The Fourth Bank of Tulsa, National Association, Tulsa Charter issued October 26, 1971		
Oct. 29, 1971	The Fourth National Bank of Tulsa, Tulsa	8, 690, 304	99, 552, 913

See footnote at end of table.

TABLE B-9—Continued

National bank charters issued and mergers consummated pursuant to corporate reorganizations, by States, calendar 1971*

Effective date of merger	*Operating bank* *New bank* *Resulting bank*	*Total capital accounts*	*Total assets*
	TENNESSEE		
	First American National Bank of Nashville, Nashville American National Bank of Nashville, Nashville Charter issued July 14, 1971		
July 15, 1971	First American National Bank of Nashville, Nashville	$49, 899, 926	$700, 331, 563
	TEXAS		
	First City National Bank of Houston, Houston First City Bank National Association, Houston Charter issued April 1, 1971		
Apr. 1, 1971	First City National Bank of Houston, Houston	100, 215, 188	1, 278, 606, 133
	The United States National Bank of Galveston, Galveston Twenty-Second Street National Bank, Galveston Charter issued June 21, 1971		
June 30, 1971	United States National Bank of Galveston, Galveston	5, 033, 711	50, 427, 300
	Texas Commerce Bank National Association, Houston Commerce Bank National Association, Houston Charter issued July 1, 1971		
July 7, 1971	Texas Commerce Bank National Association, Houston	98, 392, 553	1, 234, 184, 404
	First National Bank of Corsicana, Corsicana Bancorp National Bank of Corsicana, Corsicana Charter issued August 23, 1971		
Aug. 31, 1971	The First National Bank of Corsicana, Corsicana	4, 756, 446	47, 324, 032
	Southwest National Bank of El Paso, El Paso Second Southwest National Bank of El Paso, El Paso Charter issued September 22, 1971		
Sept. 30, 1971	Southwest National Bank of El Paso, El Paso	4, 944, 372	73, 860, 410
	VIRGINIA		
	The Peoples National Bank of Manassas, Manassas Manassas Bank, National Association, Manassas Charter issued February 26, 1971		
Mar. 1, 1971	The Peoples National Bank of Manassas, Manassas	1, 915, 635	22, 871, 993
	Williamsburg National Bank, Williamsburg Bank of Williamsburg, National Association, Williamsburg Charter issued March 25, 1971		
Mar. 31, 1971	Williamsburg National Bank, Williamsburg	861, 568	9, 209, 681
	Security National Bank of Roanoke, Roanoke Roanoke Bank, National Association, Roanoke Charter issued August 25, 1971		
Sept. 1, 1971	United Virginia Bank/Security National, Roanoke	2, 185, 715	26, 200, 432
	The First National Bank of Danville, Danville Danville Bank, National Association, Danville Charter issued September 23, 1971		
Sept. 30, 1971	The First National Bank of Danville, Danville	6, 221, 047	58, 385, 818

*Includes only charter issuances related to mergers consummated during 1971. For a full listing of all charters issued during 1971, pursuant to corporate reorganization, see Table B-11.

Table B–10

State-chartered banks converted to National banks, by States, calendar 1971

Charter No.	Title and location of bank	Effective date of charter	Outstanding capital stock	Surplus, undivided profits and reserves	Total assets
	Total: 9 banks		$3,202,490	$9,900,154	$163,103,517
	FLORIDA				
15913	First National Bank & Trust Company, Jupiter/Tequesta, Florida, Tequesta. Conversion of First Bank and Trust Company, Jupiter/Tequesta.	Nov. 30	600,000	1,269,998	25,554,171
	MICHIGAN				
15889	The American Bank of Three Rivers, National Association, Three Rivers. Conversion of The American Bank of Three Rivers.	Aug. 2	357,500	267,821	6,203,204
	MONTANA				
15884	Montana National Bank of Bozeman, Bozeman. Conversion of Gallatin Trust and Savings Bank.	July 19	300,000	376,973	9,593,657
15907	United National Bank, Libby. Conversion of Lincoln Security Bank.	Oct. 15	100,000	258,248	4,347,286
15902	Montana National Bank of Richey, Richey. Conversion of First State Bank of Richey.	Oct. 11	75,000	92,290	2,798,375
	OHIO				
15861	Citizensbank National Association, Felicity. Conversion of Citizens Bank Company.	Mar. 8	100,000	174,346	2,199,566
	SOUTH CAROLINA				
15875	First Peoples National Bank of South Carolina, Hartsville. Conversion of The Peoples Bank of Hartsville.	June 3	300,000	1,297,515	14,182,611
	WASHINGTON				
15906	Olympic National Bank, Port Angeles. Conversion of Olympic State Bank.	Oct. 14	200,000	1,120,764	13,287,354
	WEST VIRGINIA				
15882	Kanawha Banking and Trust Company, N.A., Charleston. Conversion of Kanawha Banking & Trust Company.	July 1	1,169,990	5,042,199	84,937,293

Table B–11

National bank charters issued pursuant to corporate reorganizations, by States, calendar 1971

Charter No.	Title and location of bank	Date of issuance
	Total: 30 banks	
	INDIANA	
869	Meridian National Bank, Indianapolis	Dec. 30
	MISSOURI	
13162	First Bank of Joplin National Association, Joplin	Apr. 26
6272	American Bank of St. Joseph, National Association, St. Joseph	Mar. 8
15176	Belt Bank of St. Joseph, National Association, St. Joseph	Mar. 8
15452	Locust National Bank, St. Louis	Mar. 10
	NEW JERSEY	
1209	Second South Jersey National Bank, Camden	Oct. 21
4274	The Second American National Bank, Montclair	Dec. 23
1113	Second National Iron Bank of New Jersey, Morristown	Oct. 22
4872	Second National Bank of Princeton, Princeton	Oct. 28
1327	Second New Jersey National Bank, Trenton	June 25
	NEW YORK	
1301	Capital City National Bank, Albany	Dec. 20
15080	Court Street National Bank and Trust Company, Buffalo	Dec. 20
222	Bank of Ithaca, National Association, Ithaca	Mar. 29
	OHIO	
4318	Central Cleveland Bank, National Association, Cleveland	Dec. 22
7781	The F.B.G. National Bank of Portsmouth, Portsmouth	May 28
3157	The F.B.G. National Bank of Wapakoneta, Wapakoneta	Apr. 29
7670	The F.B.G. National Bank of Wooster, Wooster	Apr. 29
	OKLAHOMA	
13480	The Fourth Bank of Tulsa, National Association, Tulsa	Oct. 26
	TENNESSEE	
13103	Fourth and Church Street National Bank, Nashville	Dec. 30
3032	American National Bank of Nashville, Nashville	July 14
	TEXAS	
3506	Bancorp National Bank of Corsicana, Texas, Corsicana	Aug. 23
14581	Second Southwest National Bank of El Paso, El Paso	Sept. 21
12475	Twenty-Second Street National Bank, Galveston	June 22
13943	First City Bank National Association, Houston	Mar. 31
10225	Commerce Bank National Association, Houston	July 1
4525	Alamo Bank, National Association, San Antonio	Dec. 21
	VIRGINIA	
1985	Danville Bank, N.A., Danville	Sept. 22
6748	Manassas Bank, N.A., Manassas	Feb. 25
15117	Roanoke Bank, N.A., Roanoke County	Aug. 25
15562	Bank of Williamsburg, N.A., Williamsburg	Mar. 25

TABLE B-12

National banks reported in voluntary liquidation, by States, calendar 1971

Title and location of bank	*Date of liquidation*	*Total capital accounts of liquidated banks*
Total: 7 National banks		$8, 755, 348
ALABAMA		
City National Bank of Russellville, Russellville, Ala. (15466), absorbed by First National Bank of Russellville, Russellville (11846)	Oct. 15	826, 331
MASSACHUSETTS		
The Arlington National Bank, Arlington, Mass. (11868), absorbed by Coolidge Bank and Trust Company, Watertown	June 30	1, 337, 827
NEW JERSEY		
The Bergen County National Bank of Hackensack, Hackensack, N.J. (13364), absorbed by Commercial Trust Company of New Jersey, Jersey City	June 25	3, 179, 517
PENNSYLVANIA		
First National Bank at Patton, Patton, Pa. (14263), absorbed by National Bank of the Commonwealth, Indiana (14098)	Dec. 31	730, 000
Kiski Valley National Bank, Vandergrift, Pa. (14514), absorbed by First National Bank in Indiana, Indiana (14098)	Jan. 4	1, 176, 006
UTAH		
Granite National Bank, Salt Lake City, Utah (15196), absorbed by Commercial Security Bank, Odgen	Dec. 31	1, 083, 646
WASHINGTON		
Bank of Vancouver, N.A., Vancouver, Wash. (15538), absorbed by Peoples National Bank of Washington, Seattle (14394)	Apr. 5	422, 021

Table B-13

National banks merged or consolidated with State banks, by States, calendar 1971

Title and location of bank	Effective date	Total capital accounts of National banks
Total: 11 banks		$15, 160, 516
CALIFORNIA		
Bank of Long Beach, N.A., Long Beach, Calif. (15585), merged into Union Bank, Los Angeles, Calif., under the title "Union Bank"	July 26	1, 912, 226
ILLINOIS		
The South East National Bank of Chicago, Chicago, Ill. (14327), merged into Civic Center Bank and Trust Company, Chicago, Ill., under the title "Civic Center Bank and Trust Company"	Dec. 31	3, 190, 448
NEW JERSEY		
The Farmers and Merchants National Bank of Matawan, Matawan Township, N.J. (6440), merged into Franklin State Bank, Franklin Township, N.J., under the title "Franklin State Bank"	Aug. 20	2, 614, 785
OREGON		
First National Bank in Clatskanie, Clatskanie, Oreg. (14001), merged into Western Bank, Coos Bay, Oreg., under the title "Western Bank"	June 14	453, 619
First National Bank of Harrisburg, Harrisburg, Oreg. (9146), merged into Citizens Bank of Oregon, Eugene, Oreg., under the title "Citizens Bank of Oregon"	July 30	556, 754
Total: 2 banks		1, 010, 373
PENNSYLVANIA		
The First National Bank of Lansford, Lansford, Pa. (5234), merged into First Valley Bank, Bethlehem, Pa., under the title "First Valley Bank"	June 24	574, 348
The First National Bank of Nesquehoning, Nesquehoning, Pa. (10251), merged into First Valley Bank, Bethlehem, Pa., under the title "First Valley Bank"	Sept. 30	366, 018
The First National Bank of Sayre, Pa. (5666), merged into Commonwealth Bank and Trust Company, Muncy, Pa., under the title "Commonwealth Bank and Trust Company"	Dec. 1	1, 353, 153
Slatington National Bank and Trust Company, Slatington, Pa. (2293), merged into American Bank and Trust Company of Pennsylvania, Reading, Pa., under the title "American Bank and Trust Company of Pennsylvania"	Aug. 20	1, 170, 559
The First National Bank of State College, State College, Pa. (7511), merged into Lock Haven Trust Company, Lock Haven, Pa., under the title "Central Counties Bank"	June 30	2, 471, 382
Total: 5 banks		5, 935, 460
SOUTH CAROLINA		
The First National Bank of Laurens, Laurens, S.C. (14950), merged into Southern Bank and Trust Company, Greenville, S.C., under the title "Southern Bank and Trust Company"	Nov. 15	497, 224

Table B–14

National banks converted into State banks, by States, calendar 1971

Charter No.	Title and location of bank	Effective date	Total capital accounts of National banks
	Total: 21 banks		$35, 129, 720
	COLORADO		
9013	The First National Bank of Eagle County, Eagle, converted into First Bank of Eagle County	May 3	436, 625
	ILLINOIS		
14498	Oak Park National Bank, Oak Park, converted into First Bank of Oak Park	Oct. 1	6, 008, 098
14354	The Citizens National Bank of Warren, Warren, converted into Citizens Bank and Trust Company	June 28	472, 607
	MARYLAND		
15098	Citizens National Bank of Southern Maryland, Lexington Park, converted into Maryland Bank and Trust Company	Aug. 17	1, 138, 685
	MINNESOTA		
9253	The Farmers National Bank of Waseca, Waseca, converted into First State Bank of Waseca	Feb. 16	734, 658
	MISSISSIPPI		
15552	Citizens National Bank of Belzoni, Belzoni, converted into Citizens Bank & Trust Company Belzoni	Feb. 9	892, 717
14754	Attala National Bank of Kosciusko, Kosciusko, converted into Attala Bank of Kosciusko	July 13	641, 082
	NEW YORK		
2655	First National Bank and Trust Company of Corning, Corning, converted into First Bank and Trust of Corning	Apr. 19	2, 198, 522
	OKLAHOMA		
9985	The Oklahoma National Bank, Clinton, converted into Oklahoma Bank and Trust Company	May 18	759, 467
10548	The First National Bank of Ringling, Ringling, converted into Ringling State Bank	Apr. 1	267, 039
10317	The First National Bank, Snyder, converted into Bank of the Wichitas	Sept. 1	599, 668
15246	University National Bank of Stillwater, Stillwater, converted into University Bank	June 1	431, 969
15210	Mercantile National Bank, Tulsa, converted into Mercantile Bank and Trust Company	Apr. 1	1, 479, 502
10014	The First National Bank of Yale, Yale, converted into First Bank and Trust Company	Jan. 4	507, 966
	PENNSYLVANIA		
8913	The First National Bank of Bernville, Bernville, converted into Bernville Bank	July 1	379, 868
15393	Lincoln National Bank, Philadelphia, converted into Lincoln Bank	Sept. 7	5, 706, 271
	TEXAS		
15112	Southwest National Bank of Fort Worth, Fort Worth, converted into Southwest Bank	Oct. 21	1, 858, 228
14867	Medical Center National Bank, Houston, Houston, converted into Medical Center Bank, Houston	Apr. 12	4, 246, 794
15142	Northshore National Bank, Houston, Houston, converted into Northshore Bank, Houston	Jan. 20	639, 170
12091	The Merchants National Bank of Port Arthur, Port Arthur, converted into Merchants Bank	Apr. 19	4, 171, 336
	VIRGINIA		
15221	The American Bank, N.A., Falls Church, converted into The American Bank of Fairfax	Mar. 22	1, 559, 448

TABLE B-15

Purchases of State banks by National banks, by States, calendar 1971

Title and location of banks	Effective date	Total capital accounts of State banks
Total: 6 banks		$4,975,076
CALIFORNIA		
The Bank of California, N.A., San Francisco, Calif. (9655), purchased the Bank of Redding, Redding	Oct. 29	2,142,507
GEORGIA		
The Citizens and Southern National Bank, Savannah, Ga. (13068), purchased the Citizens and Southern Bank of Richmond County, Augusta	Dec. 8	726,227
and The Citizens and Southern Bank of Chatham County, Savannah	Dec. 8	497,762
OHIO		
The Clinton County National Bank and Trust Company of Wilmington, Wilmington, Ohio (1997), purchased The Port William Banking Company, Port William	Mar. 20	231,127
The Wayne County National Bank of Wooster, Wooster, Ohio (828), purchased the Farmers Bank, Shreve	Dec. 27	263,000
PENNSYLVANIA		
Western Pennsylvania National Bank, Pittsburgh, Pa. (2222), purchased the Provident Trust Company, Pittsburgh	Apr. 30	831,362
WISCONSIN		
First National Bank in Manitowoc, Manitowoc, Wis. (4975), purchased the State Bank of Francis Creek, Francis Creek	June 15	283,091

Table B-16

Consolidations of National banks, or National and State banks, by States, calendar 1971*

Effective date	*Consolidating banks Resulting bank*	*Outstanding capital stock*	*Surplus*	*Undivided profits and reserves*	*Total assets*
	Total: 6 consolidations				
	CONNECTICUT				
	The Waterbury National Bank, Waterbury (780)	$1, 250, 000	$2, 000, 000	$1, 031, 441	$82, 666, 950
	City Trust Company, Bridgeport	6, 898, 125	11, 650, 000	6, 985, 035	299, 620, 685
June 30	The City National Bank of Connecticut, Bridgeport (780)	8, 398, 125	15, 000, 000	6, 489, 847	375, 465, 152
	MASSACHUSETTS				
	The First-Machinist National Bank of Taunton, Taunton (416)	700, 000	700, 000	838, 425	38, 191, 620
	Manufacturers National Bank of Bristol County, North Attleboro (5944)	370, 000	1, 030, 000	492, 055	28, 572, 312
Nov. 30	United National Bank, Taunton (5944)	1, 000, 000	2, 000, 000	1, 130, 300	66, 763, 942
	The Framington National Bank, Framington (528)	735, 000	1, 205, 000	638, 773	45, 306, 681
	Newton National Bank, Newton (13252)	600, 000	800, 000	1, 181, 698	27, 205, 320
	Waltham Citizens National Bank, Waltham (14541)	300, 000	350, 000	731, 127	13, 651, 672
Dec. 31	Community National Bank, Framington (528)	2, 085, 000	2, 355, 000	2, 101, 599	86, 163, 673
	NEW JERSEY				
	Garden State National Bank, Hackensack (15570)	2, 317, 700	4, 000, 000	3, 422, 804	200, 380, 211
	North Jersey National Bank, Jersey City (1182)	6, 600, 000	6, 600, 000	2, 189, 821	168, 845, 100
Feb. 1	Garden State National Bank, Hackensack (15570)	6, 346, 215	15, 000, 000	3, 784, 110	369, 225, 311
	PENNSYLVANIA				
	Northern National Bank and Trust Company, Wellsboro (328)	400, 000	1, 140, 000	541, 000	34, 572, 556
	The Citizens National Bank and Trust Company of Towanda, Towanda (2337)	300, 000	800, 000	311, 429	17, 585, 348
Oct. 1	Citizens and Northern National Bank and Trust Company, Towanda (328)	1, 400, 000	1, 400, 000	692, 492	52, 157, 312
	SOUTH DAKOTA				
	United National Bank of Vermillion, Vermillion (15639)	650, 000	750, 000	483, 706	29, 077, 441
	Rushmore State Bank, Rapid City	300, 000	300, 000	302, 034	12, 469, 890
	The Security National Bank of Viborg, Viborg (13589)	50, 000	100, 000	245, 015	4, 573, 759
July 31	United National Bank of South Dakota, Rapid City (15639)	1, 075, 000	1, 075, 000	1, 030, 756	46, 121, 090

*Excludes consolidations involving only one operating bank, effected pursuant to corporate reorganization.

TABLE B-17

Mergers of National banks, or National and State banks, by States, calendar 1971*

Effective date	Merging banks / Resulting bank	Outstanding capital stock	Surplus	Undivided profits and reserves	Total assets
	Total: 36 merger actions				
	ALABAMA				
	Midway Bank, Opelika	$175,000	$100,000	$81,758	$3,308,154
	Opelika National Bank, Opelika (11635)	250,000	625,000	274,231	19,104,475
Nov. 1	Opelika National Bank, Opelika (11635)	320,000	830,000	349,945	23,038,020
	CALIFORNIA				
	Santa Ynez Valley Bank, Solvang	300,000	300,000	290,499	11,729,005
	American National Bank, Bakersfield (15437)	870,930	568,410	325,742	38,192,537
Jan. 11	American National Bank, Bakersfield (15437)	1,146,780	623,632	91,324	49,814,338
	Hollywood National Bank, Los Angeles (15442)	510,155	386,084	593,072	1,489,311
	United States National Bank, San Diego (10391)	16,524,000	11,500,000	6,103,254	38,192,537
June 25	United States National Bank, San Diego (10391)	17,340,240	11,500,000	6,776,326	655,115,299
	Inland Bank, Pomona	1,718,595	377,502	0	33,746,068
	The Bank of California, N.A., San Francisco (9655)	43,728,285	27,774,430	11,319,527	1,962,100,715
Aug. 2	The Bank of California, N.A., San Francisco (9655)	43,728,285	27,774,430	8,812,207	1,991,243,366
	Newport National Bank, Newport Beach (15235)	1,938,640	711,000	1,186,661	89,419,006
	Southern California First National Bank, San Diego (3050)	7,062,495	13,285,305	9,805,955	728,642,847
Sept. 23	Southern California First National Bank, San Diego (3050)	7,062,500	15,934,940	10,992,616	818,061,854
	GEORGIA				
	First National Bank of Doraville, Doraville (15794)	300,000	200,000	40,715	2,418,567
	First Bank of South DeKalb, Decatur	325,000	226,571	0	2,143,265
	The First National Bank of Atlanta, Atlanta (1559)	14,912,340	30,924,750	21,373,674	978,013,997
Mar. 1	The First National Bank of Atlanta, Atlanta (1559)	14,912,340	32,034,397	21,373,674	982,401,095
	Southgate National Bank of Richmond County, Augusta (15219)	165,000	75,000	242,317	5,412,018
	The First National Bank and Trust Company of Augusta (1860)	600,000	1,900,000	1,257,599	54,791,656
Mar. 3	The First National Bank and Trust Company of Augusta (1860)	600,000	1,900,000	745,957	60,387,026
	ILLINOIS				
	The St. Clair National Bank of Belleville, Belleville (11478)	600,000	0	0	19,121,305
	The First National Bank of Belleville, Belleville (2154)	1,250,000	2,000,000	3,001,158	70,939,304
May 24	First National Bank of Belleville, Belleville (2154)	1,550,000	3,300,000	1,922,401	90,060,610
	MARYLAND				
	Patapsco National Bank in Ellicott City, Ellicott City (13773)	300,000	300,000	1,043,290	13,739,330
	The First National Bank of Maryland, Baltimore (1413)	12,526,260	27,473,740	15,993,467	755,156,457
Jan. 29	The First National Bank of Maryland, Baltimore (1413)	12,856,260	29,643,740	14,963,611	766,907,837
	First National Bank and Trust Company, Havre de Grace (3010)	302,500	500,000	267,019	17,304,999
	Maryland National Bank, Baltimore (13745)	17,000,000	38,000,000	42,037,683	1,377,595,483
Aug. 31	Maryland National Bank, Baltimore (13745)	17,000,000	38,000,000	43,136,819	1,393,615,771
	NEW JERSEY				
	The First National Bank of Milford, Milford (8779)	630,000	807,500	451,337	33,081,666
	The National State Bank, Elizabeth (1436)	9,000,000	14,000,000	2,850,092	369,181,028
Jan. 21	The National State Bank, Elizabeth (1436)	9,000,000	14,000,000	362,712	402,924,643
	Broadway National Bank and Trust Company of Pitman, Pitman (15518)	150,000	225,000	227,233	8,786,138
	Peoples National Bank of New Jersey, Westmont (12022)	3,502,629	4,419,853	3,550,564	186,397,559
Feb. 5	Peoples National Bank of New Jersey, Westmont (12022)	3,745,629	4,551,853	3,777,788	194,873,698

See footnote at end of table.

TABLE B-17—Continued

Mergers of National banks, or National and State banks, by States, calendar 1971*

Effective date	*Merging banks Resulting bank*	*Outstanding capital stock*	*Surplus*	*Undivided profits and reserves*	*Total assets*
	NEW JERSEY—continued				
	The First National Bank of Bordentown, Bordentown (9268)	$281, 980	$553, 720	$204, 911	$14, 158, 280
	First National Bank of South Jersey, Egg Harbor Township (1326)	8, 022, 000	8, 022, 000	3, 738, 157	297, 483, 713
Mar. 5	First National Bank of South Jersey, Egg Harbor Township (1326)	8, 797, 440	8, 797, 440	3, 227, 888	311, 641, 993
	Phillipsburg Trust Company, N.A., Phillipsburg (15648)	206, 025	304, 095	418, 961	15, 918, 650
	New Jersey Bank, N.A., Clifton (15709)	9, 170, 392	13, 107, 608	13, 158, 479	584, 769, 523
June 4	New Jersey Bank, N.A., Clifton (15709)	9, 691, 632	13, 096, 470	13, 577, 440	600, 688, 157
	The Second National Bank of Phillipsburg, Phillipsburg (5556)	312, 500	550, 000	305, 608	22, 755, 784
	American National Bank and Trust, Montclair (4274)	8, 334, 940	9, 735, 260	10, 761, 316	367, 548, 851
June 4	American National Bank and Trust, Montclair (4274)	8, 866, 188	10, 285, 260	11, 005, 107	390, 288, 411
	The First National Bank of Tuckerton, Tuckerton (14667)	171, 600	400, 000	106, 170	17, 145, 126
	Peoples National Bank of New Jersey, Westmont (12022)	3, 748, 389	4, 568, 332	3, 582, 062	215, 696, 568
Sept. 10	Peoples National Bank of New Jersey, Westmont (12022)	3, 980, 049	4, 908, 272	3, 688, 233	232, 841, 695
	Citizens National Bank of Morris County, Succasunna (6692)	1, 058, 750	1, 058, 750	1, 040, 900	48, 099, 372
	The Warren County National Bank, Washington (860)	430, 000	1, 420, 000	1, 251, 068	44, 297, 397
Sept. 24	First National State Bank of Northwest Jersey, Succasunna (860)	1, 488, 750	2, 478, 750	2, 291, 969	92, 396, 769
	The First National Bank of Glassboro (3843)	100, 000	1, 000, 000	444, 015	17, 533, 261
	First National Bank of South Jersey, Egg Harbor Township (1326)	8, 797, 440	8, 797, 440	4, 127, 518	351, 832, 388
Sept. 30	First National Bank of South Jersey, Egg Harbor Township (1326)	9, 697, 440	9, 697, 440	3, 871, 533	369, 365, 050
	NEW YORK				
	The Millerton National Bank, Millerton (2661)	200, 000	200, 000	222, 410	7, 442, 172
	National Bank of Westchester, White Plains (10525)	10, 314, 425	10, 340, 000	11, 240, 870	491, 641, 076
Jan. 1	National Bank of Westchester, White Plains (10525)	10, 514, 425	10, 540, 000	11, 452, 780	499, 083, 248
	The Farmers National Bank of Deposit, Deposit (9434)	50, 000	350, 000	137, 395	4, 875, 449
	The National Bank and Trust Company of Norwich, Norwich (1354)	2, 799, 260	2, 799, 260	2, 166, 031	82, 500, 053
Feb. 16	The National Bank and Trust Company of Norwich, Norwich (1354)	3, 019, 260	3, 149, 260	2, 110, 982	87, 400, 246
	Catskill National Bank and Trust Company, Catskill (1294)	150, 000	450, 000	244, 751	6, 930, 086
	Marine Midland Bank—Eastern, N.A., Troy (721)	2, 033, 750	3, 966, 250	5, 798, 166	171, 800, 718
May 28	Marine Midland Bank—Eastern, N.A., Troy (721)	2, 183, 750	4, 416, 000	6, 043, 168	178, 613, 694
	United Bank, Star Lake	150, 000	200, 000	159, 877	6, 318, 393
	The St. Lawrence County National Bank, Canton (8531)	493, 018	1, 206, 194	1, 135, 037	41, 109, 472
Sept. 10	The St. Lawrence County National Bank, Canton (8531)	555, 518	1, 687, 636	1, 138, 632	47, 666, 696
	The First National Bank of Winthrop, Winthrop (10747)	150, 000	175, 000	26, 637	3, 915, 636
	The Farmers National Bank of Malone, Malone (598)	448, 000	565, 750	819, 434	32, 070, 893
Sept. 20	The Farmers National Bank of Malone, Malone (598)	498, 000	840, 750	846, 072	35, 986, 530
	NORTH CAROLINA				
	Bank of Washington, Washington	478, 220	771, 780	693, 091	24, 513, 422
	North Carolina National Bank, Charlotte (13761)	16, 082, 610	53, 917, 390	16, 552, 918	1, 422, 955, 180
Jan. 29	North Carolina National Bank, Charlotte (13761)	17, 158, 605	54, 091, 395	17, 311, 691	1, 438, 029, 155
	Bank of Rocky Mount, Rocky Mount	150, 000	750, 000	151, 560	13, 797, 091
	First Union National Bank of North Carolina, Charlotte (15650)	18, 068, 825	37, 000, 000	13, 338, 351	1, 114, 132, 313
July 30	First Union National Bank of North Carolina, Charlotte (15650)	18, 368, 825	37, 600, 000	13, 475, 015	1, 127, 762, 356

See footnote at end of table.

TABLE B-17—Continued

Mergers of National banks, or National and State banks, by States, calendar 1971*

Effective date	Merging banks Resulting bank	Outstanding capital stock	Surplus	Undivided profits and reserves	Total assets
	NORTH CAROLINA—continued				
	Bank of Farmville, Farmville	$100,000	$1,000,000	$493,216	$10,631,998
	Bank of Windsor, Windsor	160,000	840,000	408,262	14,674,169
	First Union National Bank of North Carolina, Charlotte (15650)	18,368,825	37,600,000	14,873,002	1,291,712,721
Dec. 31	First Union National Bank of North Carolina, Charlotte (15650)	19,088,825	39,000,000	15,754,476	1,311,393,483
	OHIO				
	The Farmers and Merchants Bank Company, Smithville	60,000	190,000	123,626	3,509,836
	First National Bank, Orrville (13742)	800,000	1,200,000	1,021,176	32,209,426
Dec. 31	First National Bank, Orrville (13742)	920,000	1,580,000	894,802	35,719,263
	PENNSYLVANIA				
	Pocono Bank, East Stroudsburg	625,000	1,000,000	455,361	36,908,031
	Northeastern Pennsylvania National Bank and Trust Company, Scranton (77)	7,414,000	7,586,000	8,406,259	337,036,310
Apr. 2	Northeastern National Bank of Pennsylvania, Scranton (77)	9,164,000	9,164,000	7,158,621	373,926,830
	The First Stroudsburg National Bank, Stroudsburg (3632)	1,000,000	1,500,000	1,397,884	46,557,693
	The First National Bank of Eastern Pennsylvania, Wilkes-Barre (30)	3,726,800	6,786,400	3,751,874	213,765,333
Sept. 10	The First National Bank of Eastern Pennsylvania, Wilkes-Barre (30)	4,926,800	8,286,400	4,949,758	259,095,749
	The National Bank of Chester Valley, Coatesville (575)	800,000	1,200,000	647,179	29,024,752
	Provident National Bank, Philadelphia (15422)	14,958,216	45,296,784	28,162,475	1,081,667,265
Oct. 22	Provident National Bank, Philadelphia (15422)	14,958,216	48,470,544	28,162,475	1,111,218,598
	SOUTH CAROLINA				
	Bank of Clinton, Clinton	100,000	200,000	224,501	4,772,357
	First National Bank of South Carolina, Columbia (13720)	3,999,775	8,740,975	9,651,408	280,040,808
Jan. 29	First National Bank of South Carolina, Columbia (13720)	4,099,775	8,900,225	9,947,392	284,908,067
	Bank of Kershaw, Kershaw	200,000	400,000	314,875	8,739,378
	First National Bank of South Carolina, Columbia (13720)	5,000,000	10,000,000	9,233,556	297,835,389
Aug. 31	First National Bank of South Carolina, Columbia (13720)	5,000,000	10,000,000	10,163,602	306,226,828
	VERMONT				
	Northfield Trust Company, Northfield	51,000	175,000	272,277	5,534,241
	The Merchants National Bank of Burlington, Burlington, (1197)	700,000	810,000	807,913	50,637,710
Nov. 1	The Merchants National Bank of Burlington, Burlington, (1197)	785,000	810,000	1,221,191	56,171,951
	VIRGINIA				
	Eastern Shore Citizens Bank, Onancock	100,000	400,000	234,669	11,379,332
	United Virginia/Seaboard National, Norfolk (10194)	6,000,000	7,000,000	2,647,812	204,230,351
June 1	United Virginia/Seaboard National, Norfolk (10194)	6,282,050	7,217,950	2,882,481	213,599,458
	Dominion Bank, Alexandria	724,720	300,000	96,898	11,289,626
	Dominion National Bank, Baileys Cross Roads (14909)	1,235,280	1,340,627	573,260	45,524,110
Dec. 31	Dominion National Bank, Baileys Cross Roads (14909)	1,663,920	1,936,540	670,159	55,447,433
	WASHINGTON				
	National Bank of Mason County, Shelton (15418)	201,000	140,000	99,482	6,867,684
	Puget Sound National Bank, Tacoma (12292)	6,250,000	5,000,000	1,154,079	221,256,071
Mar. 19	Puget Sound National Bank, Tacoma (12292)	6,551,550	5,000,000	1,304,175	228,011,350

*Excludes mergers involving only one operating bank, effected pursuant to corporate reorganization.

Table B-18

*Mergers resulting in National banks, by assets of acquiring and acquired banks, 1960–71**

Assets of acquiring bank†	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
Under $10 million	82	82	0	0	0	0
$10 million to $24.9 million	128	114	14	0	0	0
$25 million to $49.9 million	146	95	40	11	0	0
$50 million to $99.9 million	152	99	34	16	3	0
$100 million and over	454	199	156	52	23	24
Total	962‡	589	244	79	26	24

*Includes all forms of acquisitions involving two or more banks, from May 13, 1960, through December 31, 1971.
†In each transaction, the bank with larger total assets was considered to be the acquiring bank.
‡Comprises 925 transactions, 22 involving three banks, six involving four banks, and one involving five banks.

Table B-19

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1971

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	Total	257	573	830
	ALABAMA			
14569	Birmingham Trust National Bank, Birmingham	2	0	2
3185	The First National Bank of Birmingham, Birmingham	1	2	3
14414	State National Bank of Alabama, Decatur	0	2	2
14664	City National Bank of Dothan, Dothan	2	0	2
5249	The First National Bank of Dothan, Dothan	2	0	2
15427	Shoals National Bank of Florence, Florence	1	0	1
8765	The Henderson National Bank of Huntsville, Huntsville	1	0	1
13414	The American National Bank & Trust Company of Mobile, Mobile	1	1	2
1595	The First National Bank of Mobile, Mobile	1	1	2
11635	Opelika National Bank, Opelika	1	0	1
15053	Phenix National Bank, Phenix	1	0	1
15604	The Deposit National Bank of Mobile County, Prichard	1	0	1
11846	The First National Bank of Russellville, Russellville	1	2	3
	ALASKA			
12072	The First National Bank of Anchorage, Anchorage	1	1	2
14651	National Bank of Alaska, Anchorage	1	0	1
	ARIZONA			
3728	First National Bank of Arizona, Phoenix	0	2	2
14324	The Valley National Bank of Arizona, Phoenix	2	6	8
	ARKANSAS			
11580	The Farmers National Bank of Clarksville, Clarksville	0	1	1
13719	The First National Bank of Conway, Conway	1	0	1
15504	First National Bank of Crossett, Crossett	0	1	1
14000	The Commercial National Bank of Little Rock, Little Rock	1	0	1
11113	The First National Bank of Nashville, Nashville	1	0	1
6758	The First National Bank of Newport, Newport	1	0	1

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Table B-19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1971

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	CALIFORNIA			
15437	American National Bank, Bakersfield	0	2	2
14695	City National Bank, Beverly Hills	0	1	1
15434	Commercial National Bank, Buena Park	0	1	1
11282	The First National Bank of Cloverdale, Cloverdale	0	1	1
15089	First National Bank of Daly City, Daly City	0	1	1
15557	Imperial Valley National Bank, El Centro	0	1	1
15453	Escondido National Bank, Escondido	1	0	1
15329	Humboldt National Bank, Eureka	0	1	1
15007	First National Bank of Fresno, Fresno	1	0	1
15478	Mechanics National Bank, Huntington Park	0	1	1
15495	Mid-Cal National Bank, Lodi	0	1	1
15585	Bank of Long Beach, National Association, Long Beach	1	0	1
2491	Security Pacific National Bank, Los Angeles, Los Angeles	2	24	26
6919	Central Bank, National Association, Oakland	1	1	2
15220	West Coast National Bank, Oceanside	1	0	1
15532	Commercial and Farmers National Bank, Oxnard	0	2	2
15276	Palm Springs National Bank, Palm Springs	0	1	1
15349	Valley National Bank, Salinas	1	1	2
3050	Southern California First National Bank, San Diego	2	4	6
10391	United States National Bank, San Diego	0	2	2
13044	Bank of America National Trust and Savings Association, San Francisco	0	25	25
9655	The Bank of California, National Association, San Francisco	0	9	9
1741	Crocker National Bank, San Francisco	1	6	7
15660	Wells Fargo Bank, National Association, San Francisco	2	10	12
2158	The First National Bank of San Jose, San Jose	1	1	2
15180	Security National Bank, Walnut Creek	0	1	1
15443	National Bank of Whittier, Whittier	0	1	1
	COLORADO			
7501	The First National Bank of Arvada, Arvada	1	0	1
1016	The First National Bank of Denver, Denver	1	0	1
14248	Union National Bank in Denver, Denver	1	0	1
14826	First National Bank in Walsenburg, Walsenburg	1	0	1
	CONNECTICUT			
780	The City National Bank of Connecticut, Bridgeport	4	12	16
335	The Connecticut National Bank, Bridgeport	0	2	2
4	The State National Bank of Connecticut, Bridgeport	0	3	3
15542	The Constitution National Bank, Hartford	0	1	1
1338	Hartford National Bank and Trust Company, Hartford	1	2	3
720	The Home National Bank and Trust Company, Meriden	1	0	1
2	The First New Haven National Bank, New Haven	1	0	1
227	The Second National Bank of New Haven, New Haven	0	1	1
15294	The Fairfield County National Bank, Norwalk	1	0	1
15549	Citizens National Bank of Southington, Southington	1	0	1
780	The Waterbury National Bank, Waterbury	1	0	1
	DISTRICT OF COLUMBIA			
2038	The First National Bank of Washington, D.C., Washington	1	0	1
15208	Madison National Bank, D.C., Washington	2	0	2
3425	The National Bank of Washington, D.C., Washington	1	0	1
15700	Security National Bank, D.C., Washington	1	0	1
	GEORGIA			
14907	The National Bank of Albany, Albany	2	0	2
1559	The First National Bank of Atlanta, Atlanta	0	11	11
9617	The Fulton National Bank of Atlanta, Atlanta	2	2	4
15541	The National Bank of Georgia, Atlanta	1	6	7
1860	The First National Bank and Trust Company of Augusta, Augusta	0	3	3
14483	American National Bank of Brunswick, Brunswick	0	1	1
4944	The First National Bank of Brunswick, Brunswick	1	0	1

Table B-19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1971

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	GEORGIA—continued			
7549	The Calhoun First National Bank, Calhoun	0	1	1
4012	The First National Bank of Cartersville, Cartersville	1	0	1
9613	The First National Bank of Cornelia, Cornelia	1	0	1
15148	First National Bank of Newton County, Covington	1	0	1
3907	The First National Bank of Dalton, Dalton	0	1	1
3983	The First National Bank of Gainesville, Gainesville	0	1	1
15572	First National Bank of Griffin, Griffin	1	0	1
15614	The First National Bank of Wayne County, Jesup	0	1	1
3830	The First National Bank of Cobb County, Marietta	2	0	2
2368	The First National Bank of Rome, Rome	1	0	1
10302	The National City Bank of Rome, Rome	2	0	2
13068	The Citizens and Southern National Bank, Savannah	0	12	12
15616	The Security National Bank, Smyrna	1	0	1
15651	First National Bank of Trion, Trion	0	1	1
	IDAHO			
14444	First Security Bank of Idaho, National Association, Boise	0	1	1
1668	The Idaho First National Bank, Boise	0	1	1
11076	The Farmers National Bank of Buhl, Buhl	0	1	1
4773	The First National Bank of Wallace, Wallace	1	1	2
	ILLINOIS			
2154	First National Bank of Belleville, Belleville	1	0	1
14402	The Belvidere National Bank and Trust Company, Belvidere	1	0	1
13146	La Salle National Bank, Chicago	1	0	1
6125	The First National Bank of Collinsville, Collinsville	1	0	1
15612	First National Bank of Eureka, Eureka	1	0	1
4003	The First National Bank of Harrisburg, Harrisburg	1	0	1
14387	The Harrisburg National Bank, Harrisburg	1	0	1
14509	Montgomery County National Bank, Hillsboro	1	0	1
14439	Union National Bank and Trust Company of Joliet, Joliet	1	0	1
14494	Palatine National Bank, Palatine	1	0	1
13886	The National Bank of Savanna, Savanna	1	0	1
14555	First National Bank of Skokie, Skokie	1	0	1
14521	Busey First National Bank, Urbana	1	0	1
	INDIANA			
5267	The Riddell National Bank of Brazil, Indiana, Brazil	1	0	1
12132	The National City Bank of Evansville, Evansville	1	0	1
13818	Fort Wayne National Bank, Fort Wayne	2	0	2
7725	Lincoln National Bank and Trust Company of Fort Wayne, Fort Wayne	1	0	1
10718	The First National Bank of Fremont, Fremont	0	1	1
14468	Gary National Bank, Gary	1	0	1
14292	The National Bank of Greenwood, Greenwood	1	0	1
14529	Mercantile National Bank of Indiana, Hammond	1	1	2
13759	American Fletcher National Bank and Trust Company, Indianapolis	1	4	5
984	The Indiana National Bank, Indianapolis	0	3	3
869	Merchants National Bank & Trust Company of Indianapolis, Indianapolis	0	1	1
11148	Purdue National Bank of Lafayette, Lafayette	1	0	1
13816	First National Bank in New Castle, New Castle	1	0	1
3864	The American National Bank of Vincennes, Vincennes	1	0	1
	IOWA			
2511	The Merchants National Bank of Cedar Rapids, Cedar Rapids	1	0	1
14868	Northwest Des Moines National Bank, Des Moines	1	0	1
317	The First National Bank of Dubuque, Dubuque	1	0	1
13707	The Community National Bank & Trust Company of Knoxville, Knoxville	1	0	1
15579	First National Bank of Muscatine, Muscatine	1	0	1
107	First National Bank of Ottumwa, Ottumwa	1	0	1
10812	The First National Bank of Paullina, Paullina	0	1	1
13112	The Clay County National Bank of Spencer, Spencer	1	0	1

TABLE B-19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 197.

Charter No.	Title and location of bank	Branches opened for business: Local	Outside branches	Total
	KANSAS			
3180	The First National Bank of Hutchinson, Hutchinson	1	0	1
	KENTUCKY			
9365	The American National Bank & Trust Company of Bowling Green, Bowling Green	1	0	1
6028	The First-Hardin National Bank of Elizabethtown, Elizabethtown	1	0	1
2901	The Second National Bank and Trust Company of Lexington, Lexington	0	1	1
10254	Second National Bank of London, London	1	0	1
109	First National Bank of Louisville, Louisville	0	2	2
14320	Liberty National Bank and Trust Company of Louisville, Louisville	1	0	1
13763	The First National Bank of Paintsville, Paintsville	1	0	1
995	The Clark County National Bank of Winchester, Winchester	1	0	1
	LOUISIANA			
9834	Louisiana National Bank of Baton Rouge, Baton Rouge	1	0	1
5023	The First National Bank of Lafayette, Lafayette	1	0	1
14849	Lakeside National Bank of Lake Charles, Lake Charles	0	1	1
13689	First National Bank of Commerce, New Orleans	1	0	1
	MAINE			
498	Bank of Maine, N.A., Augusta	0	1	1
3941	The First National Bank of Bar Harbor, Bar Harbor	0	1	1
1089	The First National Bank of Biddeford, Biddeford	1	0	1
2260	First-Manufacturers National Bank of Lewiston and Auburn, Lewiston	1	0	1
941	Canal National Bank, Portland	1	0	1
13768	Northern National Bank, Presque Isle	1	0	1
13730	Springvale National Bank, Springvale	0	1	1
	MARYLAND			
1413	The First National Bank of Maryland, Baltimore	0	1	1
13745	Maryland National Bank, Baltimore	1	8	9
15285	Belair National Bank, Bowie	0	1	1
1267	Farmers and Mechanics National Bank, Frederick	1	0	1
15051	The Central National Bank of Maryland, Hillandale	0	1	1
4364	The Citizens National Bank, Laurel	0	1	1
13776	The Garrett National Bank in Oakland, Oakland	0	1	1
15365	University National Bank, Rockville	0	2	2
14937	American National Bank of Maryland, Silver Spring	0	1	1
15154	Peoples National Bank of Maryland, Suitland	0	1	1
5471	The First National Bank of Southern Maryland of Upper Marlboro, Upper Marlboro	0	1	1
1596	The Union National Bank of Westminster, Westminster	0	1	1
	MASSACHUSETTS			
15483	Harbor National Bank of Boston, Boston	2	0	2
475	New England Merchants National Bank of Boston, Boston	0	1	1
2504	First County National Bank, Brockton	0	1	1
779	Plymouth-Home National Bank, Brockton	0	1	1
614	Middlesex Bank, N.A., Everett	0	1	1
2153	First Safety Fund National Bank, Fitchburg	0	1	1
528	The Framingham National Bank, Framingham	0	1	1
6077	Union National Bank, Lowell	0	1	1
14834	First National Bank of Natick, Natick	0	1	1
13241	Needham National Bank, Needham	0	2	2
1144	The Shelburne Falls National Bank, Shelburne Falls	0	1	1
2232	First Bristol County National Bank, Taunton	1	0	1
5944	United National Bank, Taunton	0	1	1
2108	The Union Market National Bank of Watertown, Watertown	1	0	1
79	Worcester County National Bank, Worcester	0	1	1
516	The First National Bank of Yarmouth, Yarmouth Port	0	1	1

TABLE B-19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1971

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	MICHIGAN			
15001	Central National Bank of Alma, Alma	1	0	1
15164	Huron Valley National Bank, Ann Arbor	2	0	2
14641	Peoples National Bank & Trust Company of Bay City, Bay City	0	1	1
14948	Michigan Bank, National Association, Detroit	0	1	1
13671	National Bank of Detroit, Detroit	0	1	1
3761	The First National Bank and Trust Company, Escanaba	1	0	1
15446	First National Bank of Fenton, Fenton	0	1	1
15575	Union Bank and Trust Company, National Association, Grand Rapids	2	0	2
13741	The National Bank of Jackson, Jackson	1	0	1
191	The First National Bank and Trust Company of Michigan, Kalamazoo	0	1	1
14032	Michigan National Bank, Lansing	0	1	1
1731	The First National Bank of Lapeer, Lapeer	0	1	1
14843	Security National Bank of Manistee, Manistee	0	1	1
12027	The Union National Bank and Trust Company of Marquette, Marquette	0	1	1
14582	First National Bank & Trust Company of Midland, Midland	0	1	1
13753	First National Bank of Southwestern Michigan, Niles	0	1	1
13739	Community National Bank of Pontiac, Pontiac	0	1	1
1918	Second National Bank of Saginaw, Saginaw	1	2	3
14523	First National Bank & Trust Company, Sturgis	1	0	1
13874	National Bank Wyandotte-Taylor, Taylor	1	0	1
15889	The American Bank of Three Rivers, National Association, Three Rivers	1	0	1
	MINNESOTA			
12922	Northwestern National Bank of St. Paul, St. Paul	1	0	1
	MISSISSIPPI			
3656	The First National Bank of Aberdeen, Aberdeen	0	1	1
5176	First Mississippi National Bank, Hattiesburg	0	2	2
15539	Southern National Bank of Hattiesburg, Hattiesburg	1	0	1
15851	First National Bank, Rosedale	0	1	1
15386	First National Bank of Iuka, Iuka	0	1	1
	MISSOURI			
1467	First National Bank and Trust Company, Columbia	1	0	1
13875	The National Commercial Bank of Liberty, Liberty	1	0	1
12916	The Boatmen's National Bank of St. Louis, St. Louis	1	0	1
	MONTANA			
15564	First National Bank and Trust Company, Billings	1	0	1
12407	The Midland National Bank of Billings, Billings	1	0	1
	NEBRASKA			
2994	The First National Bank of Fairbury, Fairbury	1	0	1
209	First National Bank of Omaha, Omaha	1	0	1
	NEVADA			
7038	First National Bank of Nevada, Reno, Nevada, Reno	1	2	3
15645	Nevada National Bank, Reno	0	1	1
	NEW HAMPSHIRE			
8038	First National Bank of Derry, Derry	0	1	1
1885	The Littleton National Bank, Littleton	0	1	1
1059	Bank of New Hampshire, National Association, Manchester	0	1	1

Table B-19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1971

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	NEW JERSEY			
15781	Atlantic National Bank, Atlantic City	0	1	1
11658	Beach Haven National Bank and Trust Company, Beach Haven	0	1	1
9498	The Farmers and Merchants National Bank of Bridgeton, Bridgeton	0	1	1
1222	Mechanics National Bank of Burlington County, Burlington	0	1	1
1209	South Jersey National Bank, Camden	0	3	3
13203	The Third National Bank and Trust Company of Camden, Camden	0	5	5
14975	Delaware Valley National Bank, Cherry Hill	1	0	1
15709	New Jersey Bank (National Association), Clifton	0	2	2
1114	First Clinton National Bank, Clinton	0	1	1
2076	The National Union Bank of Dover, Dover	0	1	1
15430	Raritan Valley National Bank, Edison Township	1	0	1
1326	First National Bank of South Jersey, Egg Harbor Township	0	2	2
1436	The National State Bank, Elizabeth, New Jersey, Elizabeth	0	2	2
4365	Citizens National Bank, Englewood	0	1	1
2331	The Flemington National Bank and Trust Company, Flemington	0	1	1
3843	The First National Bank of Glassboro, Glassboro	1	0	1
12014	First National State Bank of North Jersey, Hackensack	0	1	1
15570	Garden State National Bank, Hackensack	0	2	2
12022	Peoples National Bank of New Jersey, Haddon Township	0	1	1
8227	The Hardyston National Bank of Hamburg, Hamburg	0	1	1
4147	Peoples National Bank of Monmouth County, Hazlet	0	1	1
1737	The First National Bank of Hightstown, Hightstown	0	1	1
1191	The Burlington County National Bank of Medford, Medford	0	1	1
14673	The City National Bank of Millville, Millville	1	0	1
4274	American National Bank & Trust, Montclair	0	2	2
6728	The Farmers National Bank of Mullica Hill, Mullica Hill	0	1	1
13363	First Merchants National Bank, Neptune Township	0	1	1
15505	Security National Bank, Newark	0	1	1
12732	Meadowlands National Bank, North Bergen	1	0	1
14145	The Cape May County National Bank, Ocean City	1	0	1
13174	United National Bank of Central Jersey, Plainfield	0	1	1
5712	Ocean County National Bank, Point Pleasant	0	1	1
12984	The First National Bank of Burlington County, Riverside	1	0	1
5005	National Community Bank of Rutherford, Rutherford	0	4	4
3922	The City National Bank and Trust Company of Salem, Salem	0	1	1
15228	Plaza National Bank, Secaucus	0	1	1
3866	The First National Bank of Central Jersey, Somerville	0	2	2
860	First National State Bank of Northwest New Jersey, Succasunna	0	1	1
2509	The First National Bank of Toms River, Toms River	1	0	1
1327	New Jersey National Bank, Trenton	0	1	1
3709	The Broad Street National Bank of Trenton, Trenton	0	1	1
860	The Warren County National Bank, Washington	0	1	1
12022	Peoples National Bank of New Jersey, Westmont	0	5	5
12977	Citizens National Bank of South Jersey, Woodbine	0	1	1
	NEW MEXICO			
13814	First National Bank in Albuquerque, Albuquerque	1	0	1
14577	Liberty National Bank, Lovington	0	1	1
15108	Los Alamos National Bank, Los Alamos	0	1	1
14912	Security National Bank of Roswell, Roswell	3	0	3
	NEW YORK			
15758	First Trust Company of Albany, National Association, Albany	0	3	3
1301	National Commercial Bank and Trust Company, Albany	1	1	2
1253	Ballston Spa National Bank, Ballston Spa	0	1	1
15625	First-City National Bank of Binghampton, N.Y., Binghampton	0	1	1
12997	Franklin National Bank, Brooklyn	1	6	7
15080	Liberty National Bank and Trust Company, Buffalo	0	1	1
13590	United National Bank, Callicoon	0	1	1
8531	The St. Lawrence County National Bank, Canton	0	3	3
976	The Putnam County National Bank of Carmel, Carmel	1	0	1
9990	The Central Valley National Bank, Central Valley	0	1	1
11511	Marine Midland Tinker National Bank, East Setauket	0	2	2

Table B-19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1971

Charter No.	Title and location of bank	Branches opened for business: Local	Outside branches	Total
	NEW YORK—continued			
11087	Long Island National Bank, Hicksville	0	1	1
6587	Security National Bank, Huntington	0	3	3
222	First National Bank and Trust Company of Ithaca, Ithaca	1	0	1
7703	National Bank of North America, Jamaica	0	4	4
15626	The First National Bank of Jamestown, Jamestown	0	1	1
1753	Keesville National Bank, Keesville	0	1	1
598	The Farmers National Bank of Malone, Malone	0	1	1
13956	Empire National Bank, Middletown	0	1	1
13955	First Westchester National Bank, New Rochelle	1	0	1
2370	The Chase Manhattan Bank (National Association), New York	3	9	12
1461	First National City Bank, New York	3	6	9
15029	Royal National Bank of New York, New York	1	0	1
13295	Sterling National Bank & Trust Company of New York, New York	1	0	1
1354	The National Bank and Trust Company of Norwich, Norwich	0	1	1
15641	Bankers Trust Hudson Valley, National Association, Poughkeepsie	0	1	1
465	Marine Midland Bank of Southeastern New York, N.A., Poughkeepsie	1	6	7
11708	Scarsdale National Bank and Trust Comapny, Scarsdale	0	2	2
14763	Eastern National Bank of Long Island, Smithtown	0	1	1
1342	The Merchants National Bank & Trust Company of Syracuse, Syracuse	0	2	2
721	Marine Midland Bank-Eastern National Association, Troy	0	3	3
1392	The Oneida National Bank and Trust Company of Central New York, Utica	0	2	2
8158	Seaway National Bank, Watertown	1	0	1
10525	National Bank of Westchester, White Plains	0	1	1
	NORTH CAROLINA			
15636	City National Bank, Charlotte	1	0	1
15650	First Union National Bank of North Carolina, Charlotte	2	12	14
15650	First Union National Bank of North Carolina, Charlotte	0	1	1
13761	North Carolina National Bank, Charlotte	1	10	11
4597	First National Bank of Catawba County, Hickory	0	1	1
14676	Bank of North Carolina, National Association, Jacksonville	0	7	7
6744	Carolina First National Bank, Lincolnton	0	1	1
10610	Southern National Bank of North Carolina, Lumberton	0	3	3
11229	First National Bank of Reidsville, Reidsville	1	0	1
10608	The Planters National Bank and Trust Company, Rocky Mount	0	2	2
15165	First National Bank of Smithfield, Smithfield	0	1	1
6776	The First National Bank of Shelby, Shelby	1	0	1
15673	Wachovia Bank and Trust Company, N.A., Winston-Salem	0	15	15
	OHIO			
15609	Akron National Bank and Trust Company, Akron	0	2	2
14579	First National Bank of Akron, Akron	0	2	2
3721	First National City Bank of Alliance, Alliance	1	0	1
15227	Tiffin Valley National Bank, Archbold	0	1	1
7744	The Athens National Bank, Athens	1	0	1
911	The First National Bank of Barnesville, Barnesville	1	0	1
24	The First National Bank of Cincinnati, Cincinnati	0	1	1
14761	Society National Bank of Cleveland, Cleveland	0	1	1
7745	The Huntington National Bank of Columbus, Columbus	2	1	3
5065	The Ohio National Bank of Columbus, Columbus	2	0	2
2604	The Winters National Bank and Trust Company of Dayton, Dayton	0	1	1
15861	Citizensbank National Association, Felicity	0	1	1
36	The First National Bank of Findlay, Findlay	1	0	1
4884	The First National Bank of Girard, Girard	0	1	1
13767	First National Bank and Trust Company of Lima, Lima	1	1	2
4164	The Citizens National Bank of Marietta, Marietta	1	0	1
3234	Clermont National Bank, Milford	0	1	1
43	The First National Bank of Salem, Salem	0	1	1
14586	First National Bank of Toledo, Toledo	1	0	1
15470	Progress National Bank of Toledo, Toledo	1	0	1
2479	The Second National Bank of Warren, Warren	0	1	1
1997	The Clinton County National Bank and Trust Company of Wilmington, Wilmington	0	1	1

TABLE B-19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1971

Charter No.	Title and location of bank	Branches opened for business: Local	Outside branches	Total
	OHIO—continued			
828	The Wayne County National Bank, Wooster	1	1	2
13586	The Union National Bank of Youngstown, Youngstown	0	1	1
	OKLAHOMA			
12169	The First National Bank of Bethany, Bethany	1	0	1
10051	The Peoples National Bank of Checotah, Checotah	1	0	1
12918	The Citizens National Bank of Muskogee, Muskogee	1	0	1
5248	The First National Bank and Trust Company, Norman	1	0	1
11230	The Liberty National Bank and Trust Company of Oklahoma City, Oklahoma City	1	0	1
9564	City National Bank and Trust Company, Oklahoma City, Oklahoma City	1	0	1
14751	Security National Bank of Sapulpa, Sapulpa	1	0	1
	OREGON			
15583	Crater National Bank, Medford	0	2	2
1553	First National Bank of Oregon, Portland	0	5	5
15491	Great Western National Bank, Portland	1	0	1
4514	United States National Bank of Oregon, Portland	1	2	3
	PENNSYLVANIA			
373	The First National Bank of Allentown, Allentown	1	0	1
6645	The Merchants National Bank of Allentown, Allentown	1	0	1
9139	The National Bank of Arendtsville, Arendtsville	0	1	1
15422	Provident National Bank, Bryn Mawr	0	2	2
14170	First National Bank in Bangor, Bangor	0	1	1
664	First National Bank, Carbondale, Pennsylvania, Carbondale	0	1	1
355	Southeast National Bank of Pennsylvania, Chester	0	1	1
6037	The Denver National Bank, Denver	0	1	1
5084	The First National Bank of Ebensburg, Ebensburg	1	0	1
7702	Peoples National Bank of Susquehanna County, Hallstead	0	1	1
580	The Commonwealth National Bank, Harrisburg	0	1	1
6445	The First National Bank of Hawley, Hawley	0	1	1
4965	Union National Bank & Trust Company of Huntingdon, Huntingdon	0	1	1
14098	National Bank of the Commonwealth, Indiana	0	2	2
694	National Central Bank, Lancaster	0	1	1
10506	The Russell National Bank, Lewiston	1	0	1
9207	Community National Bank of Southern Pennsylvania, Littlestown	1	1	2
11524	The First National Bank of Loysville, Loysville	0	1	1
4625	McKeesport National Bank, McKeesport	1	0	1
13618	First Citizens National Bank, Mansfield	0	1	1
11244	The First National Bank of Mapleton, Mapleton Depot	0	1	1
870	Marine National Bank, Meadville	0	2	2
2252	Upper Dauphin National Bank, Millersburg	0	1	1
14542	Cumberland County National Bank and Trust Company, New Cumberland	0	1	1
4352	The First National Bank of Pen Argyl, Pen Argyl	0	1	1
539	The Philadelphia National Bank, Philadelphia	1	5	6
15422	Provident National Bank, Philadelphia	0	1	1
4832	The First National Bank of Philipsburg, Philipsburg	0	1	1
6301	Mellon National Bank and Trust Company, Pittsburgh	1	0	1
252	Pittsburgh National Bank, Pittsburgh	1	1	2
2222	Western Pennsylvania National Bank, Pittsburgh	1	1	2
77	Northeastern National Bank of Pennsylvania, Scranton	0	3	3
2333	Union National Bank and Trust Company of Souderton, Souderton	0	1	1
328	Citizens & Northern National Bank and Trust Company, Towanda	0	3	3
5034	Gallatin National Bank, Uniontown	0	1	1
4879	The Warren National Bank, Warren	0	1	1
11866	First National Bank and Trust Company, Waynesboro	0	1	1
30	The First National Bank of Eastern Pennsylvania, Wilkes-Barre	0	2	2

Table B–19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1971

Charter No.	Title and location of bank	Branches opened for business: Local	Outside branches	Total
	RHODE ISLAND			
13981	Columbus National Bank of Rhode Island, Providence	1	1	2
15723	Rhode Island Hospital Trust National Bank, Providence	1	2	3
	SOUTH CAROLINA			
14425	The Citizens and Southern National Bank of South Carolina, Charleston	0	3	3
2044	The Southern National Bank of Charleston, Charleston	0	2	2
13720	First National Bank of South Carolina, Columbia	1	3	4
10635	The Peoples National Bank, Greenville	1	2	3
15875	First Peoples National Bank of South Carolina, Hartsville	1	3	4
13918	First National Bank in Orangeburg, Orangeburg	1	0	1
14448	Rock Hill National Bank, Rock Hill	1	0	1
	SOUTH DAKOTA			
3578	The Mitchell National Bank, Mitchell	1	0	1
15639	United National Bank of South Dakota, Rapid City	0	4	4
	TENNESSEE			
14611	American National Bank & Trust Company of Chattanooga, Chattanooga	0	2	2
8443	The Harpeth National Bank of Franklin, Franklin	1	0	1
4177	The First National Bank of Greeneville, Greeneville	1	0	1
12031	First National Bank in Harriman, Harriman	1	0	1
15056	The First National Bank of Gibson County, Humboldt	0	1	1
13635	The Hamilton National Bank of Johnson City, Johnson City	1	0	1
10842	The First National Bank of Sullivan County, Kingsport	1	0	1
336	The First National Bank of Memphis, Memphis	1	0	1
13681	National Bank of Commerce, Memphis	1	1	2
13349	Union Planters National Bank of Memphis, Memphis	1	0	1
3032	First American National Bank of Nashville, Nashville	0	1	1
13103	Third National Bank in Nashville, Nashville	2	0	2
14828	National Bank of Newport, Newport	1	0	1
8889	The First National Bank of Savannah, Savannah	0	1	1
8640	The Farmers National Bank of Winchester, Winchester	0	1	1
	UTAH			
2597	First Security Bank of Utah, National Association, Ogden	0	1	1
4341	Zions First National Bank, Salt Lake City	0	1	1
	VERMONT			
1197	The Merchants National Bank of Burlington, Burlington	0	1	1
	VIRGINIA			
7093	Alexandria National Bank, Alexandria	0	1	1
9375	The Buchanan National Bank, Buchanan	0	1	1
10618	National Bank and Trust Company, Charlottesville	0	1	1
7973	The First National Bank of Christiansburg, Christiansburg	1	0	1
5394	The Second National Bank of Culpeper, Culpeper	1	0	1
12240	The Citizens National Bank of Emporia, Emporia	1	0	1
15353	Woodlawn National Bank, Fairfax County	1	0	1
14904	Dominion National Bank, Baileys Cross Roads, Falls Church	0	1	1
15334	American National Bank, Fredericksburg	2	0	2
1582	The National Bank of Fredericksburg, Fredericksburg	0	1	1
12290	The First National Bank of Fries, Fries	0	1	1
12267	The Old Point National Bank of Phoebus, Hampton	1	0	1
5261	Rockingham National Bank, Harrisonburg	0	1	1
10834	The Grayson National Bank, Independence	1	0	1
6748	The Peoples National Bank of Manassas, Manassas	0	1	1
10194	United Virginia Bank/Seaboard National Bank, Norfolk	1	5	6
9885	Virginia National Bank, Norfolk	1	2	3

TABLE B-19—Continued

Domestic branches entering the National Banking System, by de novo opening, merger, or conversion, by States, calendar 1971

Charter No.	Title and location of bank	Branches opened for business		
		Local	Outside branches	Total
	VIRGINIA—continued			
10080	The Central National Bank of Richmond, Richmond	1	0	1
1111	First & Merchants National Bank, Richmond	1	3	4
15530	Metropolitan National Bank, Richmond	0	1	1
15567	Second National Bank of Richmond, Richmond	0	1	1
2737	The First National Exchange Bank of Virginia, Roanoke	2	0	2
15117	United Virginia Bank/Security National Bank, Roanoke	1	0	1
1620	United Virginia Bank/National Valley, Staunton	1	0	1
6126	The Fauquier National Bank of Warrenton, Warrenton	0	1	1
6235	The Wise County National Bank, Wise	0	1	1
	VIRGIN ISLANDS			
14335	Virgin Islands National Bank, St. Thomas	1	0	1
	WASHINGTON			
12114	The First National Bank of Enumclaw, Enumclaw	1	0	1
15640	South Sound National Bank, Lacey	0	2	2
15906	Olympic National Bank, Port Angeles	1	1	2
13	The First American National Bank of Port Townsend, Port Townsend	1	0	1
4375	The National Bank of Commerce of Seattle, Seattle	3	2	5
3417	Pacific National Bank of Washington, Seattle	0	2	2
14394	Peoples National bank of Washington, Seattle	0	1	1
11280	Seattle-First National Bank, Seattle	2	2	4
4668	Old National Bank of Washington, Spokane	2	0	2
12292	Puget Sound National Bank, Tacoma	0	2	2
	WISCONSIN			
13645	The American National Bank and Trust Company of Eau Claire, Eau Claire	0	1	1
8281	First Wisconsin National Bank of Eau Claire, Eau Claire	0	1	1
212	The First National Bank of Kenosha, Kenosha	0	1	1
4975	First National Bank in Manitowoc, Manitowoc	0	1	1

Table B–20

Domestic branches of National banks closed, by States, calendar 1971

Charter No.	Title and location of bank	Branches closed: Local	Branches closed: Outside branches	Branches closed: Total
	Total	38	52	90
	ALABAMA			
15466	City National Bank of Russellville, Russellville	1	1	2
6173	The City National Bank of Tuscaloosa, Tuscaloosa	1	0	1
	ARKANSAS			
11113	The First National Bank of Nashville, Nashville	1	0	1
	CALIFORNIA			
15585	Bank of Long Beach, National Association, Long Beach	2	0	2
13044	Bank of America National Trust and Savings Association, San Francisco	0	5	5
1741	Crocker National Bank, San Francisco	0	2	2
	CONNECTICUT			
4	The State National Bank of Connecticut, Bridgeport	0	1	1
720	The Home National Bank and Trust Company, Meriden	1	0	
	ILLINOIS			
11478	The St. Clair National Bank of Belleville, Belleville	1	0	1
	INDIANA			
14468	Gary National Bank, Gary	1	0	1
12444	Old National Bank in Evansville, Evansville	1	0	1
	MAINE			
4127	Maine National Bank, Portland	0	1	1
	MARYLAND			
1413	The First National Bank of Maryland, Baltimore	2	0	2
13745	Maryland National Bank, Baltimore	0	1	1
15098	Citizens National Bank of Southern Maryland, Lexington Park	0	2	2
	MASSACHUSETTS			
11868	The Arlington National Bank, Arlington	0	2	2
200	The First National Bank of Boston, Boston	1	0	1
475	New England Merchants National Bank of Boston, Boston	1	0	1
1135	The Mechanics National Bank of Worcester, Worcester	1	0	1
	MICHIGAN			
13671	National Bank of Detroit, Detroit	2	0	2
13995	The National Bank of Eaton Rapids, Eaton Rapids	0	1	1
1918	Second National Bank of Saginaw, Saginaw	0	1	1
	MISSISSIPPI			
15552	Citizens National Bank of Belzoni, Belzoni	0	2	2
14754	The Attala National Bank of Kosciusko, Kosciusko	1	0	1
	MISSOURI			
4939	The First National Bank of St. Joseph, St. Joseph	1	0	1
15793	Springfield National Bank, Springfield	1	0	1
	NEBRASKA			
209	First National Bank of Omaha, Omaha	1	0	1

TABLE B-20—Continued

Domestic branches of National banks closed, by States, calendar 1971

Charter No.	Title and location of bank	Branches closed		
		Local	Outside branches	Total
	NEW JERSEY			
6440	The Farmers and Merchants National Bank of Matawan, Matawan Township	1	3	4
	NEW YORK			
1301	National Commercial Bank and Trust Company, Albany	0	1	1
2655	First National Bank and Trust Company of Corning, Corning	0	1	1
12997	Franklin National Bank, Mineola	0	1	1
1106	Highland National Bank of Newburgh, Newburgh	1	0	1
1461	First National City Bank, New York	0	1	1
	NORTH CAROLINA			
13761	North Carolina National Bank, Charlotte	0	1	1
15673	Wachovia Bank and Trust Company, N.A., Winston-Salem	0	2	2
	OHIO			
5214	The First National Exchange Bank of Sidney, Sidney	1	0	1
	OREGON			
15583	Crater National Bank, Medford	0	1	1
	PENNSYLVANIA			
15422	Provident National Bank, Bryn Mawr	1	0	1
694	National Central Bank, Lancaster	1	6	7
6301	Mellon National Bank and Trust Company, Pittsburgh	1	0	1
15393	Lincoln National Bank, Philadelphia	1	2	3
5666	The First National Bank of Sayre, Sayre	1	0	1
7511	The First National Bank of State College, State College	1	3	4
	RHODE ISLAND			
15664	Industrial National Bank of Rhode Island, Providence	0	1	1
	SOUTH CAROLINA			
14425	The Citizens and Southern National Bank of South Carolina, Charleston	1	2	3
13720	First National Bank of South Carolina, Columbia	1	0	1
2044	The South Carolina National Bank of Charleston, Charleston	0	2	2
14950	The First National Bank of Laurens, Laurens	1	0	1
	TENNESSEE			
15056	The First National Bank of Gibson County, Humboldt	1	1	2
	UTAH			
15196	Granite National Bank, Salt Lake City	1	0	1
	VIRGINIA			
15221	The American Bank National Association, Falls Church	1	3	4
9885	Virginia National Bank, Norfolk	1	0	1
1111	First & Merchants National Bank, Richmond	1	0	1
15117	Security National Bank of Roanoke, Roanoke	0	1	1
	WASHINGTON			
11280	Seattle-First National Bank, Seattle	1	1	2

Table B-21

Outstanding balances, credit cards and related plans of National banks, Dec. 31, 1971

	Credit cards			Other related credit plans		
	Number of banks	*Outstanding volume* (dollar amounts in thousands)	*Average balance per card*†	*Number of banks*	*Outstanding volume* (dollar amounts in thousands)	*Average balance per account*‡
United States	740	3, 246, 962	$235	701	817, 538	$539
Alabama	15	53, 316	233	8	2, 345	435
Alaska	1	*	*	0	0	0
Arizona	2	*	*	2	*	*
Arkansas	2	*	*	5	593	221
California	29	633, 332	267	18	151, 829	328
Colorado	37	76, 245	189	28	10, 758	495
Connecticut	6	43, 842	280	10	11, 192	102
Delaware	0	0	0	0	0	0
District of Columbia	1	*	*	1	*	*
Florida	55	104, 109	222	42	13, 960	633
Georgia	23	138, 846	258	9	10, 985	625
Hawaii	0	0	0	0	0	0
Idaho	3	13, 170	232	1	*	*
Illinois	24	115, 319	226	62	28, 150	765
Indiana	37	44, 743	211	12	8, 177	444
Iowa	6	12, 423	154	12	1, 737	326
Kansas	4	24 791	187	8	863	356
Kentucky	32	32, 891	200	7	3, 964	548
Louisiana	4	35, 346	275	6	5, 361	593
Maine	13	7, 985	197	7	1, 067	671
Maryland	3	40, 147	198	5	8, 515	306
Massachusetts	44	55, 033	230	32	60, 816	822
Michigan	29	110, 947	188	24	30, 250	812
Minnesota	3	8, 925	139	61	22, 919	532
Mississippi	2	*	*	3	1, 333	546
Missouri	7	66, 139	218	13	9, 380	734
Montana	4	1, 107	167	7	759	312
Nebraska	5	43, 205	187	14	2, 375	485
Nevada	3	11, 669	238	1	*	*
New Hampshire	23	8, 628	216	5	1, 656	538
New Jersey	18	27, 664	203	22	33, 794	1, 134
New Mexico	4	12, 333	246	3	646	602
New York	28	390, 205	259	28	180, 986	842
North Carolina	8	74, 330	237	5	26, 460	460
North Dakota	1	*	*	10	1, 105	514
Ohio	102	189, 219	261	44	20, 203	481
Oklahoma	6	49, 737	220	12	2, 243	324
Oregon	2	*	*	0	0	0
Pennsylvania	19	110, 864	233	30	79, 326	1, 056
Rhode Island	4	22, 649	256	2	*	*
South Carolina	5	31, 268	235	2	*	*
South Dakota	1	*	*	4	237	600
Tennessee	13	75, 579	222	7	5, 220	324
Texas	41	150, 774	203	33	8, 897	405
Utah	4	17, 880	212	2	*	*
Vermont	6	4, 542	212	1	*	*
Virginia	18	81, 424	226	19	8, 055	470
Washington	6	85, 011	253	5	8, 872	465
West Virginia	7	10, 929	271	4	412	510
Wisconsin	22	42, 600	226	53	14, 193	560
Wyoming	8	776	139	12	1, 645	498
Virgin Islands	0	0	0	0	0	0

*State figures are withheld when they represent less than three banks. However, these amounts are included in the National totals.

†Average balance for cards with outstanding balances on Dec. 31, 1971.

‡Average balance for accounts with outstanding balances on Dec. 31, 1971.

Table B–22

Principal assets, liabilities, and capital accounts of National banks, by deposit size, year-end 1970 and 1971

[Dollar amounts in millions]

	Number of banks	Total assets	Cash and cash items	Loans*	Securities*		Fixed assets	Deposits			Capital stock	Capital notes and debentures	Surplus, undivided profits, and reserves
					Total	U.S. Treasury securities		Total	Demand	Time and savings			
1971 *Deposit size*													
Less than $1.0	15	$17	$3	$6	$4	$3	—	$10	$7	$3	$3	$0	$4
$1.0 to $1.9	75	140	22	59	47	33	$2	116	71	46	6	—	15
$2.0 to $4.9	549	2, 260	313	1, 007	775	445	34	1, 990	946	1, 044	54	—	167
$5.0 to $9.9	992	8, 270	1, 068	3, 875	2, 786	1, 350	138	7, 367	3, 322	4, 044	159	3	516
$10.0 to $24.9	1, 556	27, 566	3, 366	13, 145	9, 263	3, 930	481	24, 631	10, 565	14, 066	493	25	1, 517
$25.0 to $49.9	690	27, 546	3, 462	13, 600	8, 752	3, 328	509	24, 377	10, 521	13, 856	506	49	1, 409
$50.0 to $99.9	338	26, 447	3, 421	13, 231	8, 155	3, 027	507	23, 293	10, 139	13, 153	484	62	1, 321
$100.0 to $499.9	289	71, 275	11, 646	35, 699	19, 395	8, 320	1, 311	61, 278	30, 416	30, 861	1, 346	203	3, 477
$500.0 and over	96	212, 935	35, 900	113, 522	46, 853	15, 959	3, 628	171, 151	85, 997	85, 153	3, 777	1, 107	10, 368
Total	4, 600	376, 456	59, 201	194, 145	96, 029	36, 396	6, 611	314, 212	151, 985	162, 227	6, 828	1, 449	18, 795
1970 *Deposit size*													
Less than $1.0	24	40	8	10	18	14	1	18	14	4	8	0	11
$1.0 to $1.9	97	184	30	77	62	43	4	154	94	60	7	0	19
$2.0 to $4.9	636	2, 581	377	1, 176	874	536	39	2, 278	1, 120	1, 157	60	0	190
$5.0 to $9.9	1, 132	9, 384	1, 287	4, 443	3, 078	1, 553	160	8, 373	3, 911	4, 462	187	3	578
$10.0 to $24.9	1, 456	25, 616	3, 374	12, 346	8, 290	3, 801	456	22, 856	10, 257	12, 598	491	22	1, 423
$25.0 to $49.9	624	24, 413	3, 279	12, 093	7, 479	3, 002	464	21, 580	9, 774	11, 806	473	36	1, 270
$50.0 to $99.9	305	23, 928	3, 366	12, 094	6, 980	2, 860	456	21, 046	9, 705	11, 341	480	49	1, 216
$100.0 to $499.9	265	66, 737	11, 814	33, 661	17, 006	8, 470	1, 214	57, 498	30, 345	27, 155	1, 326	166	3, 328
$500.0 and over	82	188, 023	32, 505	101, 302	40, 459	13, 944	3, 117	149, 981	79, 902	70, 079	3, 488	885	9, 159
Total	4, 621	340, 906	56, 040	177, 202	84, 246	34, 223	5, 911	283, 784	145, 122	138, 662	6, 520	1, 161	17, 194

*Loans and securities figures are shown gross; reserves are not deducted from the respective assets.
NOTE: Data may not add to totals because of rounding.

TABLE B–23

Dates of reports of condition of National banks, 1914–71

[For dates of previous calls see *Annual Report* for 1920, vol. 2, table No. 42, p. 150]

Year	*Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sept.*	*Oct.*	*Nov.*	*Dec.*
1914	13		4			30			12	31		31
1915			4		1	23			2		10	31
1916			7		1	30			12		17	27
1917			5		1	20			11		20	31
1918			4		10	29		31			1	31
1919			4		12	30			12		17	31
1920		28			4	30			8		15	29
1921		21		28		30			6			31
1922			10		5	30			15			29
1923				3		30			14			31
1924			31			30				10		31
1925				6		30			28			31
1926				12		30						31
1927			23			30				10		31
1928		28				30				3		31
1929			27			29				4		31
1930			27			30			24			31
1931			25			30			29			31
1932						30			30			31
1933						30				25		30
1934			5			30				17		31
1935			4			29					1	31
1936			4			30						31
1937			31			30						31
1938			7			30			28			31
1939			29			30				2		30
1940			26			29						31
1941				4		30			24			31
1942				4		30						31
1943						30				18		31
1944				13		30						30
1945			20			30						31
1946						29			30			31
1947						30				6		31
1948				12		30						31
1949				11		30					1	31
1950				24		30				4		30
1951				9		30				10		31
1952			31			30			5			31
1953				20		30			30			31
1954				15		30				7		31
1955				11		30				5		31
1956				10		30			26			31
1957			14			6				11		31
1958			4			23			24			31
1959			12			10				6		31
1960			15			15				3		31
1961				12		30			27			30
1962			26			30			28			28
1963			18			29			30			20
1964				15		30				1		31
1965				26		30				13		31
1966				5		30			20			31
1967				25		30				4		30
1968				18		29				30		31
1969				30		30				21		31
1970				30		30				28		31
1971				20		30			30			31

See Notes on next page.

Notes

Act of Feb. 25, 1863, provided for reports of condition on the 1st of each quarter before commencement of business.

Act of June 3, 1864—1st Monday of January, April, July, and October, before commencement of business, on form prescribed by Comptroller (in addition to reports on 1st Tuesday of each month showing condition at commencement of business in respect to certain items; i.e., loans, specie, deposits, and circulation).

Act of Mar. 3, 1869, not less than 5 reports per year, on form prescribed by Comptroller, at close of business on any past date by him specified.

Act of Dec. 28, 1922, minimum number of calls reduced from 5 to 3 per year.

Act of Feb. 25, 1927, authorized a vice president or an assistant cashier designated by the board of directors to verify reports of condition in absence of president and cashier.

Act of June 16, 1933, requires each National bank to furnish and publish not less than 3 reports each year of affiliates other than member banks, as of dates identical with those for which the Comptroller shall during such year require reports of conditions 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 conditions. (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 conditions, 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–24

Total and principal assets of National banks, by States, June 30, 1971

[Dollar amounts in millions]

	Number of banks	Total assets	Cash assets*	Securities, gross†			Loans, gross	Federal funds sold§	Direct lease financing
				U.S. Government obligations‡	State and local	Other			
United States	4, 599	$352, 964	$57, 255	$41, 207	$46, 254	$2, 071	$182, 867	$9, 574	$828
Alabama	89	3, 932	579	512	667	13	1, 927	122	1
Alaska	5	528	66	66	119	2	246	5	—
Arizona	3	3, 129	330	260	428	8	1, 983	—	3
Arkansas	69	1, 831	290	267	252	7	882	71	—
California	59	48, 487	7, 573	5, 670	5, 526	205	26, 082	920	301
Colorado	121	3, 824	610	402	414	17	2, 087	139	5
Connecticut	26	3, 261	546	166	517	25	1, 857	46	1
Delaware	5	40	8	10	1	—	21	3	—
District of Columbia	11	2, 316	455	344	285	13	1, 146	20	1
Florida	222	10, 610	1, 833	1, 636	1, 756	67	4, 511	436	5
Georgia	60	4, 870	902	326	507	35	2, 722	118	9
Hawaii	1	81	10	15	8	—	42	2	—
Idaho	7	1, 112	122	109	194	12	640	3	1
Illinois	412	29, 029	3, 879	4, 133	3, 881	257	14, 983	831	72
Indiana	122	7, 745	1, 128	1, 085	969	28	3, 828	499	20
Iowa	99	2, 570	498	386	290	18	1, 238	81	1
Kansas	171	3, 011	445	540	402	8	1, 376	158	1
Kentucky	80	2, 535	393	423	320	8	1, 227	99	2
Louisiana	49	4, 394	714	846	566	12	1, 954	170	4
Maine	19	767	108	61	126	2	437	8	—
Maryland	41	3, 034	470	335	478	28	1, 502	134	3
Massachusetts	84	9, 375	1, 745	799	1, 309	50	4, 800	212	60
Michigan	102	13, 939	2, 492	1, 654	1, 806	121	7, 284	185	12
Minnesota	198	7, 177	1, 128	960	848	36	3, 849	146	17
Mississippi	39	1, 794	271	258	208	5	963	29	—
Missouri	98	5, 793	1, 091	652	687	54	2, 835	321	20
Montana	49	987	116	145	129	3	544	17	—
Nebraska	125	2, 685	462	352	291	11	1, 457	39	—
Nevada	4	943	91	148	123	6	493	46	—
New Hampshire	48	779	124	94	90	2	432	16	—
New Jersey	122	11, 967	1, 490	1, 564	2, 182	133	6, 054	214	11
New Mexico	33	1, 268	184	165	181	4	644	57	1
New York	165	53, 485	11, 122	4, 359	5, 328	291	28, 583	869	177
North Carolina	22	5, 645	981	600	816	27	2, 942	68	6
North Dakota	42	861	96	145	117	1	468	9	—
Ohio	218	14, 583	1, 877	2, 060	2, 333	127	7, 384	425	14
Oklahoma	198	5, 073	895	670	824	18	2, 241	291	8
Oregon	9	3, 837	550	346	533	8	2, 172	7	10
Pennsylvania	296	21, 779	2, 955	2, 454	3, 498	147	11, 278	805	31
Rhode Island	5	1, 784	187	117	287	4	1, 136	8	1
South Carolina	20	1, 719	296	164	269	4	887	41	—
South Dakota	33	1, 050	115	162	139	2	583	18	—
Tennessee	77	5, 942	1, 079	698	780	41	3, 009	144	1
Texas	529	22, 473	4, 139	2, 496	3, 093	131	10, 780	1, 046	10
Utah	10	1, 057	153	102	123	9	611	24	3
Vermont	26	538	57	50	72	3	332	10	—
Virginia	100	5, 841	708	702	827	20	3, 294	114	1
Washington	23	5, 859	776	607	687	16	3, 223	260	3
West Virginia	85	1, 818	232	380	283	7	797	63	1
Wisconsin	126	4, 977	783	585	574	23	2, 668	193	8
Wyoming	41	674	92	114	80	2	347	15	1
Virgin Islands	1	157	11	12	28	—	87	15	—
District of Columbia—all‖	14	3, 351	634	524	410	21	1, 661	28	1

*Cash, balances with other banks, and cash items in process of collection.
†Includes investment securities and securities held in trading accounts.
‡Includes U.S. Treasury securities and obligations of other U.S. Government agencies.
§Also includes securities purchased under agreements to resell.
‖Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

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

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TABLE B–25

Total and principal liabilities of National banks, by States, June 30, 1971

[Dollar amounts in millions]

	Total liabilities	Deposits					Federal funds purchased†	Reserves on loans and securities
		Total deposits	Demand deposits, total	Time and savings deposits, total	Demand deposits IPC*	Time deposits IPC		
United States	$323, 155	$294, 138	$142, 818	$151, 320	$105, 000	$130, 685	$14, 473	$3, 802
Alabama	3, 581	3, 409	1, 713	1, 696	1, 295	1, 520	56	39
Alaska	492	477	215	262	168	128	1	5
Arizona	2, 905	2, 714	1, 084	1, 630	908	1, 462	102	26
Arkansas	1, 665	1, 606	853	753	656	688	30	14
California	45, 082	40, 456	15, 760	24, 696	13, 082	20, 254	2, 456	507
Colorado	3, 517	3, 299	1, 683	1, 617	1, 270	1, 377	83	34
Connecticut	2, 989	2, 786	1, 502	1, 284	1, 209	1, 176	80	32
Delaware	37	36	14	22	13	22	0	—
District of Columbia	2, 114	2, 017	1, 206	811	1, 041	793	45	20
Florida	9, 767	9, 277	4, 861	4, 417	3, 572	3, 833	232	77
Georgia	4, 409	3, 793	2, 241	1, 552	1, 666	1, 339	325	52
Hawaii	75	73	30	44	26	30	0	—
Idaho	1, 027	973	420	553	334	514	10	9
Illinois	26, 456	23, 675	11, 154	12, 521	8, 323	10, 836	1, 676	390
Indiana	7, 127	6, 467	3, 114	3, 353	2, 170	3, 189	405	69
Iowa	2, 361	2, 264	1, 149	1, 115	758	1, 033	52	24
Kansas	2, 716	2, 567	1, 351	1, 216	886	1, 049	81	23
Kentucky	2, 310	2, 213	1, 158	1, 056	932	998	45	27
Louisiana	3, 994	3, 788	2, 022	1, 766	1, 449	1, 432	93	43
Maine	698	643	304	340	259	316	22	7
Maryland	2, 779	2, 612	1, 457	1, 155	1, 143	1, 116	89	28
Massachusetts	8, 501	7, 318	4, 618	2, 700	3, 327	2, 341	759	110
Michigan	12, 894	12, 213	4, 825	7, 387	3, 394	6, 252	336	150
Minnesota	6, 604	6, 039	2, 933	3, 106	1, 853	2, 827	325	66
Mississippi	1, 635	1, 547	835	711	574	599	40	18
Missouri	5, 233	4, 645	2, 749	1, 896	1, 894	1, 761	480	51
Montana	911	862	331	531	262	486	13	11
Nebraska	2, 449	2, 318	1, 226	1, 091	859	1, 045	89	28
Nevada	869	843	378	465	303	381	2	8
New Hampshire	696	637	366	271	305	255	10	8
New Jersey	10, 981	10, 438	4, 514	5, 924	3, 658	5, 576	75	121
New Mexico	1, 174	1, 126	554	573	416	439	20	11
New York	48, 706	42, 487	24, 118	18, 369	14, 940	14, 813	1, 929	765
North Carolina	5, 149	4, 644	2, 462	2, 182	1, 918	1, 802	216	59
North Dakota	791	758	280	478	221	448	5	9
Ohio	13, 262	12, 375	5, 281	7, 094	4, 097	6, 416	450	139
Oklahoma	4, 606	4, 221	2, 252	1, 969	1, 595	1, 663	286	39
Oregon	3, 533	3, 295	1, 396	1, 898	1, 173	1, 696	92	39
Pennsylvania	19, 663	18, 092	8, 034	10, 058	6, 259	9, 145	920	232
Rhode Island	1, 626	1, 513	586	927	453	872	51	19
South Carolina	1, 575	1, 465	1, 016	449	833	423	29	18
South Dakota	962	928	357	571	276	507	1	14
Tennessee	5, 435	5, 065	2, 502	2, 563	1, 707	2, 144	193	48
Texas	20, 561	18, 471	10, 310	8, 161	7, 506	6, 566	1, 514	214
Utah	975	876	376	500	294	436	56	9
Vermont	495	476	164	312	140	304	5	4
Virginia	5, 371	5, 020	2, 115	2, 904	1, 749	2, 653	153	54
Washington	5, 397	4, 837	2, 169	2, 668	1, 752	2, 429	379	57
West Virginia	1, 647	1, 560	713	847	539	827	37	15
Wisconsin	4, 587	4, 217	1, 771	2, 446	1, 345	2, 146	119	52
Wyoming	614	594	266	328	187	286	4	5
Virgin Islands	148	113	30	83	13	45	0	1
District of Columbia—all‡	3, 050	2, 928	1, 758	1, 171	1, 511	1, 149	54	28

*IPC deposits are those of individuals, partnerships, and corporations.

†Also includes securities sold under agreements to repurchase.

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

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

TABLE B–26

Capital accounts of National banks, by States, June 30, 1971

[Dollar amounts in millions]

	Total capital accounts	*Debentures*	*Preferred stock*	*Common stock*	*Surplus*	*Undivided profits*	*Capital reserves*
United States	$26, 007	$1, 314	$64	$6, 681	$11, 325	$5, 955	$668
Alabama	311	1	0	87	131	82	11
Alaska	31	—	0	9	13	9	—
Arizona	199	25	0	37	90	47	0
Arkansas	151	8	0	38	58	44	4
California	2, 898	259	0	739	1, 240	610	51
Colorado	273	10	—	78	112	71	1
Connecticut	239	12	0	58	127	43	—
Delaware	3	0	0	1	1	1	—
District of Columbia	182	1	2	40	96	44	1
Florida	766	31	—	238	311	166	19
Georgia	409	50	0	108	125	87	40
Hawaii	6	2	0	2	1	1	0
Idaho	75	0	0	20	40	16	0
Illinois	2, 182	29	2	631	977	396	148
Indiana	550	3	0	127	241	169	8
Iowa	186	5	0	42	72	62	4
Kansas	273	7	1	72	109	82	2
Kentucky	198	0	0	39	98	57	4
Louisiana	356	—	3	78	175	91	8
Maine	61	—	0	21	21	18	1
Maryland	227	3	0	52	100	63	9
Massachusetts	765	34	0	158	369	176	28
Michigan	895	123	4	211	353	191	13
Minnesota	507	29	0	144	170	159	6
Mississippi	140	6	0	34	90	9	1
Missouri	509	27	3	118	182	175	4
Montana	65	3	0	24	24	14	—
Nebraska	208	4	—	53	75	74	2
Nevada	66	0	0	23	21	22	—
New Hampshire	75	—	0	14	40	20	1
New Jersey	864	42	—	225	367	213	18
New Mexico	83	1	0	25	26	17	14
New York	4, 015	273	41	1, 013	1, 895	684	110
North Carolina	437	70	0	103	177	83	4
North Dakota	60	4	0	17	21	18	1
Ohio	1, 182	30	0	307	568	273	4
Oklahoma	427	34	—	108	142	139	3
Oregon	265	25	0	80	93	68	—
Pennsylvania	1, 884	73	7	387	930	434	53
Rhode Island	139	—	0	29	73	37	—
South Carolina	126	0	0	27	56	38	4
South Dakota	75	5	0	20	26	23	1
Tennessee	459	19	0	125	183	115	16
Texas	1, 698	55	1	520	650	422	50
Utah	72	0	0	22	38	13	0
Vermont	39	1	1	10	13	13	1
Virginia	415	2	0	117	178	117	1
Washington	405	0	0	116	178	100	11
West Virginia	155	2	0	31	73	44	5
Wisconsin	338	5	0	97	149	81	5
Wyoming	55	2	0	6	25	20	1
Virgin Islands	8	0	0	—	4	3	—
District of Columbia—all*	273	13	2	51	128	78	1

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

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

Table B–27

Total and principal assets of National banks, by States, Dec. 31, 1971

[Dollar amounts in millions]

	Number of banks	Total assets	Cash assets*	Securities, gross†			Loans, gross	Federal funds sold§	Direct lease financing
				U.S. Government obligations‡	State and local	Other			
United States	4,600	$376,456	$59,201	$45,030	$48,648	$2,351	$194,145	$12,705	$871
Alabama	88	4,336	670	560	715	17	2,082	168	1
Alaska	5	554	83	86	100	1	258	3	—
Arizona	3	3,752	492	360	515	7	2,220	16	3
Arkansas	69	2,057	380	295	262	6	953	97	—
California	57	52,370	7,717	6,412	5,924	251	27,840	1,687	330
Colorado	122	4,182	736	413	445	24	2,244	163	6
Connecticut	26	3,382	519	172	574	26	1,933	50	—
Delaware	5	42	4	10	2	0	22	2	—
District of Columbia	11	2,332	427	259	270	13	1,216	92	1
Florida	230	11,566	2,087	1,675	1,851	87	4,950	533	4
Georgia	60	5,204	1,009	329	512	51	2,860	177	9
Hawaii	1	91	12	12	13	—	46	5	—
Idaho	7	1,193	129	139	208	8	669	8	—
Illinois	415	30,091	3,832	4,381	3,973	325	15,596	759	72
Indiana	122	8,554	1,557	1,206	988	36	4,048	479	21
Iowa	99	2,744	540	406	318	8	1,309	104	1
Kansas	171	3,356	527	593	425	10	1,469	248	1
Kentucky	80	2,792	446	424	389	10	1,305	151	2
Louisiana	49	4,863	865	829	664	22	2,101	242	5
Maine	19	786	101	66	104	2	463	25	—
Maryland	39	3,185	483	350	546	14	1,578	121	3
Massachusetts	84	9,655	1,953	836	1,067	52	5,010	279	61
Michigan	104	14,883	2,370	1,796	1,830	126	8,056	273	12
Minnesota	198	8,130	1,300	1,249	883	57	4,137	274	25
Mississippi	38	1,944	335	273	212	6	1,016	41	1
Missouri	98	6,512	1,238	797	788	41	2,956	544	18
Montana	52	1,112	129	208	145	3	566	31	—
Nebraska	125	3,084	551	432	303	10	1,588	122	—
Nevada	4	1,024	117	150	139	6	515	60	2
New Hampshire	48	855	125	120	76	6	459	46	—
New Jersey	120	12,838	1,579	1,769	2,274	161	6,342	349	16
New Mexico	33	1,385	196	182	219	6	704	44	—
New York	166	52,890	9,029	4,592	5,606	302	29,935	424	165
North Carolina	23	6,365	1,086	687	922	19	3,264	162	5
North Dakota	42	955	110	191	137	1	473	19	—
Ohio	218	15,655	2,102	2,411	2,362	153	7,790	433	16
Oklahoma	197	5,435	1,001	679	903	29	2,421	258	9
Oregon	8	4,261	630	395	670	8	2,309	79	8
Pennsylvania	286	22,842	3,037	2,650	3,617	160	11,689	1,025	34
Rhode Island	5	1,879	159	124	303	4	1,179	59	1
South Carolina	19	1,887	381	197	278	5	944	27	—
South Dakota	32	1,155	142	194	162	2	608	16	—
Tennessee	77	6,652	1,181	781	838	53	3,272	316	1
Texas	530	25,137	4,842	2,756	3,306	120	11,668	1,597	11
Utah	9	1,176	211	109	125	10	671	14	4
Vermont	26	583	57	57	60	4	364	27	—
Virginia	101	6,224	745	717	851	19	3,567	141	2
Washington	24	6,250	885	521	726	26	3,298	435	4
West Virginia	86	2,013	243	397	305	8	928	69	2
Wisconsin	126	5,369	733	634	626	34	2,807	386	11
Wyoming	42	738	108	132	94	2	361	18	1
Virgin Islands	1	138	10	10	21	....	85	7	0
District of Columbia—all‖	14	3,373	607	440	393	23	1,719	117	3

*Cash, balances with other banks, and cash items in process of collection.
†Includes investment securities and securities held in trading accounts.
‡Includes U.S. Treasury securities and obligations of other U.S. Government agencies.
§Also includes securities purchased under agreement to resell.
‖Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency.

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

TABLE B-28

Total and principal liabilities of National banks, by States, Dec. 31, 1971

[Dollar amounts in millions]

	Total liabilities	Deposits					Federal funds purchased†	Reserves on loans and securities
		Total deposits	Demand deposits, total	Time and savings deposits, total	Demand deposits IPC*	Time deposits IPC		
United States	$345,465	$314,212	$151,985	$162,227	$113,210	$138,222	$17,302	$3,917
Alabama	3,965	3,751	1,937	1,813	1,438	1,616	77	41
Alaska	514	498	220	278	181	137	0	6
Arizona	3,520	3,013	1,166	1,847	1,010	1,619	403	29
Arkansas	1,881	1,802	989	813	756	746	42	16
California	48,859	43,803	16,800	27,002	13,958	21,230	3,234	525
Colorado	3,863	3,628	1,885	1,743	1,477	1,533	94	36
Connecticut	3,102	2,956	1,632	1,324	1,350	1,175	44	36
Delaware	38	38	15	22	14	22	0	—
District of Columbia	2,121	2,033	1,221	812	1,041	793	42	22
Florida	10,676	10,162	5,355	4,807	3,966	4,112	254	82
Georgia	4,730	4,098	2,465	1,634	1,838	1,398	394	53
Hawaii	85	84	36	48	31	31	0	—
Idaho	1,105	1,056	469	587	370	542	2	10
Illinois	27,459	24,912	11,580	13,332	8,728	11,491	1,442	380
Indiana	7,918	7,090	3,523	3,567	2,499	3,376	530	71
Iowa	2,526	2,421	1,253	1,168	829	1,097	60	25
Kansas	3,051	2,793	1,516	1,277	1,006	1,108	174	24
Kentucky	2,556	2,434	1,309	1,125	1,038	1,054	68	28
Louisiana	4,448	4,199	2,246	1,954	1,576	1,511	126	47
Maine	716	680	327	353	272	332	7	8
Maryland	2,921	2,689	1,441	1,248	1,153	1,172	149	29
Massachusetts	8,776	7,659	4,964	2,695	3,564	2,285	724	113
Michigan	13,798	12,851	5,200	7,652	3,637	6,541	605	152
Minnesota	7,533	6,841	3,436	3,405	2,165	3,107	446	71
Mississippi	1,783	1,698	956	742	668	641	35	19
Missouri	5,951	5,236	3,298	1,938	2,141	1,815	615	55
Montana	1,032	979	402	576	305	532	15	11
Nebraska	2,841	2,655	1,441	1,214	978	1,151	127	28
Nevada	947	921	400	521	326	419	0	7
New Hampshire	770	717	428	289	326	269	9	8
New Jersey	11,816	11,324	5,084	6,241	3,968	5,799	73	125
New Mexico	1,276	1,214	558	656	435	477	23	14
New York	47,804	41,524	22,229	19,296	14,855	15,361	2,361	774
North Carolina	5,849	5,245	2,754	2,492	2,129	2,011	288	61
North Dakota	882	846	343	503	273	477	4	10
Ohio	14,290	13,303	5,737	7,566	4,503	6,847	521	144
Oklahoma	4,950	4,585	2,406	2,179	1,736	1,855	249	41
Oregon	3,949	3,702	1,545	2,158	1,277	1,768	140	41
Pennsylvania	20,661	19,038	8,317	10,720	6,724	9,637	1,001	238
Rhode Island	1,719	1,595	601	995	489	923	50	16
South Carolina	1,734	1,602	1,103	499	906	467	49	18
South Dakota	1,063	1,020	413	607	326	552	3	14
Tennessee	6,113	5,641	2,811	2,830	1,919	2,361	287	54
Texas	23,172	20,821	11,897	8,924	8,352	7,037	1,744	226
Utah	1,093	992	438	554	344	458	55	9
Vermont	538	521	184	338	149	325	3	5
Virginia	5,712	5,393	2,258	3,134	1,883	2,841	104	58
Washington	5,774	5,191	2,390	2,801	2,012	2,574	352	62
West Virginia	1,830	1,716	768	949	584	927	45	17
Wisconsin	4,949	4,464	1,936	2,528	1,474	2,268	228	53
Wyoming	675	651	286	365	215	317	5	5
Virgin Islands	129	126	19	107	14	81	0	1
District of Columbia—all‡	3,060	2,952	1,772	1,179	1,516	1,155	45	30

*IPC deposits are those of individuals, partnerships, and corporations.

†Also includes secruities 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–29

Capital accounts of National banks, by States, Dec. 31, 1971

[Dollar amounts in millions]

	Total capital accounts	Debentures	Preferred stock	Common stock	Surplus	Undivided profits	Capital reserves
United States	$27,072	$1,449	$43	$6,785	$11,818	$6,300	$676
Alabama	330	3	0	89	142	86	11
Alaska	35	—	0	13	13	13	—
Arizona	203	25	0	37	90	51	0
Arkansas	161	12	0	38	59	48	4
California	2,985	281	0	738	1,293	611	62
Colorado	283	11	—	78	116	77	1
Connecticut	245	12	0	58	131	44	—
Delaware	3	0	0	1	1	1	—
District of Columbia	189	1	2	40	96	49	1
Florida	808	33	—	245	326	185	19
Georgia	420	46	0	109	128	97	40
Hawaii	6	2	0	2	1	1	0
Idaho	78	0	0	20	41	17	0
Illinois	2,251	36	2	635	996	433	149
Indiana	565	3	0	128	248	177	10
Iowa	193	5	0	43	72	68	5
Kansas	281	7	1	72	114	84	3
Kentucky	208	0	0	39	101	63	4
Louisiana	368	1	3	79	178	102	6
Maine	63	—	0	21	22	19	1
Maryland	235	3	0	51	100	71	10
Massachusetts	765	36	0	159	373	169	28
Michigan	933	124	4	213	391	189	12
Minnesota	527	32	0	145	172	172	7
Mississippi	142	6	0	37	96	1	1
Missouri	506	27	3	118	183	172	1
Montana	69	4	0	25	25	15	—
Nebraska	215	4	—	53	76	79	4
Nevada	70	0	0	23	22	25	—
New Hampshire	78	1	0	14	43	20	1
New Jersey	897	41	—	234	380	223	18
New Mexico	96	11	0	25	37	18	5
New York	4,311	296	20	1,071	2,071	743	110
North Carolina	454	70	0	105	182	94	4
North Dakota	63	4	0	17	21	20	2
Ohio	1,221	31	0	309	587	292	2
Oklahoma	443	37	—	109	147	148	2
Oregon	271	25	0	80	102	64	0
Pennsylvania	1,942	77	7	388	960	460	51
Rhode Island	144	—	0	29	73	42	—
South Carolina	135	0	0	28	57	44	6
South Dakota	78	5	0	21	27	25	1
Tennessee	485	19	0	126	194	131	16
Texas	1,739	60	1	522	662	444	50
Utah	74	0	0	21	38	14	0
Vermont	40	2	—	10	13	14	1
Virginia	454	27	0	118	180	126	3
Washington	413	0	0	121	179	97	15
West Virginia	167	3	0	32	80	47	5
Wisconsin	367	26	0	98	150	88	5
Wyoming	57	2	0	7	25	22	1
Virgin Islands	8	0	0	—	4	3	—
District of Columbia—all*	283	14	2	51	128	87	1

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

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

Table B–30

Loans of National banks, by States, Dec. 31, 1971

[Dollar amounts in millions]

	Loans	Loans secured by real estate	Loans to financial institutions	Loans to purchase or carry securities	Loans to farmers	Commercial and industrial loans	Personal loans to individuals	Other loans
United States	$194, 145	$46, 640	$13, 593	$5, 610	$6, 165	$73, 532	$43, 495	$5, 108
Alabama	2, 082	382	108	14	39	681	790	68
Alaska	258	114	1	—	0	80	61	1
Arizona	2, 220	567	232	12	192	599	588	30
Arkansas	953	232	23	21	61	299	307	9
California	27, 840	8, 429	1, 897	376	841	10, 394	4, 986	917
Colorado	2, 244	485	150	14	251	638	658	48
Connecticut	1, 933	688	75	15	2	570	494	87
Delaware	22	13	1	0	—	2	6	—
District of Columbia	1, 216	358	158	27	0	352	267	54
Florida	4, 950	1, 221	271	66	54	1, 613	1, 643	82
Georgia	2, 860	465	154	23	23	1, 086	1, 053	55
Hawaii	46	18	0	0	—	20	7	1
Idaho	669	180	13	7	113	147	203	6
Illinois	15, 596	2, 765	1, 767	733	380	6, 892	2, 598	460
Indiana	4, 048	1, 267	221	115	97	1, 093	1, 182	73
Iowa	1, 309	332	17	31	268	332	314	16
Kansas	1, 469	204	47	33	363	434	376	11
Kentucky	1, 305	348	75	16	76	318	439	33
Louisiana	2, 101	400	159	38	23	836	576	70
Maine	463	166	6	2	7	143	134	6
Maryland	1, 578	493	112	17	18	441	462	34
Massachusetts	5, 010	811	514	62	8	2, 613	925	78
Michigan	8, 056	3, 111	695	131	54	2, 197	1, 645	224
Minnesota	4, 137	1, 043	302	158	215	1, 490	874	54
Mississippi	1, 016	207	46	18	37	307	372	30
Missouri	2, 956	541	238	135	138	1, 164	702	37
Montana	566	152	2	1	109	136	163	3
Nebraska	1, 588	183	45	63	524	387	364	22
Nevada	515	193	9	3	10	132	163	3
New Hampshire	459	127	4	1	5	143	172	8
New Jersey	6, 342	2, 574	193	63	13	1, 699	1, 631	170
New Mexico	704	134	22	12	75	217	232	12
New York	29, 935	4, 747	2, 974	2, 089	100	15, 323	3, 977	725
North Carolina	3, 264	357	142	32	34	1, 497	1, 156	45
North Dakota	473	143	3	1	86	127	107	5
Ohio	7, 790	2, 270	347	110	106	2, 298	2, 429	230
Oklahoma	2, 421	461	146	75	248	829	563	99
Oregon	2, 309	579	107	26	107	1, 037	434	20
Pennsylvania	11, 689	3, 312	706	162	162	4, 071	2, 876	399
Rhode Island	1, 179	530	60	6	—	350	212	21
South Carolina	944	134	35	11	13	312	385	53
South Dakota	608	143	5	2	197	129	126	6
Tennessee	3, 272	498	230	61	47	1, 321	1, 056	60
Texas	11, 668	1, 545	826	659	629	4, 982	2, 605	423
Utah	671	209	26	26	29	214	141	25
Vermont	364	176	1	2	10	73	95	8
Virginia	3, 567	1, 038	104	30	70	1, 018	1, 210	98
Washington	3, 298	875	177	47	170	1, 270	693	66
West Virginia	928	288	20	6	8	226	366	14
Wisconsin	2, 807	991	122	55	77	880	579	104
Wyoming	361	78	4	3	76	104	92	5
Virgin Islands	85	62	0	0	0	14	8	1
District of Columbia—all*	1, 719	525	237	37	0	444	403	74

*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–31

Income and expenses of National banks, by States, year ended Dec. 31, 1971*

[Dollar amounts in thousands]

	United States	Alabama	Alaska	Arizona	Arkansas	California	Colorado	Connecticut	Delaware
Number of banks	4, 600	88	5	3	69	57	122	26	5
Operating income:									
Interest and fees on loans	$13, 668, 075	$155, 421	$22, 711	$158, 314	$67, 111	$1, 996, 798	$175, 573	$139, 841	$1, 586
Income on Federal funds sold and securities purchased under agreements to resell	533, 833	6, 956	477	211	4, 971	64, 284	6, 386	2, 190	129
Interest and dividends on investments:									
U.S. Treasury securities	1, 849, 539	25, 319	2, 059	12, 314	10, 617	237, 257	17, 887	8, 053	463
Obligations of other U.S. Government agencies and corporations	442, 894	4, 845	2, 647	3, 206	4, 737	50, 713	4, 963	2, 449	140
Obligations of States and political subdivisions	1, 841, 008	26, 896	5, 232	18, 226	10, 737	209, 706	17, 719	21, 430	55
Other securities	137, 819	709	1, 032	289	368	26, 116	846	1, 272	6
Trust department income	700, 894	5, 595	364	5, 093	1, 485	84, 690	12, 016	13, 780	0
Service charges on deposit accounts	709, 657	12, 496	2, 576	8, 915	4, 943	130, 286	13, 173	8, 235	80
Other service charges, collection and exchange charges, commissions, and fees	624, 598	7, 372	2, 492	4, 371	1, 647	121, 749	12, 102	5, 095	42
Other operating income	801, 183	4, 515	393	5, 812	2, 203	139, 865	5, 994	4, 593	36
Total operating income	21, 309, 500	250, 124	39, 983	216, 751	108, 819	3, 061, 464	266, 659	206, 938	2, 537
Operating expense:									
Salaries and wages of officers and employees	4, 140, 212	51, 476	9, 918	49, 447	21, 846	644, 419	55, 884	54, 359	596
Pensions and other employee benefits	698, 418	8, 365	1, 264	7, 744	3, 157	101, 894	8, 374	9, 845	89
Interest on deposits	7, 228, 718	81, 591	13, 597	81, 497	36, 653	1, 188, 052	78, 481	56, 372	926
Expense of Federal funds purchased and securities sold under agreements to repurchase	739, 565	2, 843	66	7, 280	1, 715	107, 716	5, 302	4, 221	2
Interest on borrowed money	80, 744	202	61	0	10	1, 156	1, 936	185	0
Interest on capital notes and debentures	67, 788	80	8	1, 035	517	12, 658	941	589	0
Occupancy expense of bank premises, net	810, 972	6, 888	1, 631	8, 162	4, 412	134, 505	9, 756	11, 368	101
Furniture and equipment, depreciation, rental costs, servicing, etc	606, 574	8, 798	1, 486	7, 452	3, 832	65, 979	10, 150	7, 439	120
Provision for loan losses (or actual net loan losses)	514, 125	7, 174	577	4, 145	1, 885	73, 574	7, 516	4, 279	0
Other operating expenses	2, 543, 301	30, 684	4, 085	21, 816	13, 994	321, 115	43, 323	24, 954	317
Total operating expense	17, 430, 417	198, 101	32, 693	188, 578	88, 021	2, 651, 068	221, 663	173, 611	2, 151
Income before income taxes and securities gains or losses	3, 879, 083	52, 023	7, 290	28, 173	20, 798	410, 396	44, 996	33, 327	386
Applicable income taxes	942, 747	12, 582	1, 085	5, 089	4, 252	94, 938	13, 278	7, 475	177
Income before securities gains or losses	2, 936, 336	39, 441	6, 205	23, 084	16, 546	315, 458	31, 718	25, 852	209
Net securities gains or losses (after tax effect)	106, 939	1, 366	572	115	743	3, 916	1, 270	676	23
Net income before extraordinary items	3, 043, 275	40, 807	6, 777	23, 199	17, 289	319, 374	32, 988	26, 528	232
Extraordinary charges or credits	—1, 836	—192	+3	0	+58	+568	+671	+67	0
Minority interest in consolidated subsidiaries	—117	+1	0	0	0	0	—34	0	0
Net income	3, 041, 322	40, 616	6, 780	23, 199	17, 347	319, 942	33, 625	26, 595	232

Changes in capital accounts:									
Increases:									
Net income transferred to undivided profits	3, 041, 322	40, 616	6, 780	23, 199	17, 347	319, 942	33, 625	26, 595	232
Capital stock, notes and debentures sold or issued including premium received	733, 659	5, 810	0	12, 302	5, 184	112, 784	4, 180	3, 838	0
Addition to surplus, undivided profits and reserves incident to mergers and consolidations	63, 707	3, 797	0	0	0	5, 371	20	2, 778	0
Transfers from reserves on loans and securities	39, 881	387	0	0	47	225	182	1	0
All other increases	177, 610	2, 370	137	37	1, 200	3, 027	1, 565	71	44
Total increases	1, 014, 857	12, 364	137	12, 339	6, 431	121, 407	5, 947	6, 688	44
Decreases:									
Cash dividends declared:									
On common stock	1, 386, 154	15, 863	794	9, 089	4, 075	168, 397	12, 836	13, 801	78
On preferred stock	4, 013	0	0	0	0	0	19	0	0
Capital stock, notes and debentures, retired including premium paid	77, 115	1	20	196	162	14, 403	63	21	0
Reduction in surplus, undivided profits and reserves incident to mergers and consolidations	11, 584	0	0	0	0	2, 635	258	250	0
Transfers to reserves on loans and securities	157, 940	653	167	1, 620	709	21, 100	1, 627	1, 809	23
All other decreases	143, 406	1, 631	83	176	807	4, 275	2, 759	259	70
Total decreases	1, 780, 212	18, 148	1, 064	11, 081	5, 753	210, 810	17, 562	16, 140	171
Net change in capital accounts	2, 275, 967	34, 832	5, 853	24, 457	18, 025	230, 539	22, 010	17, 143	105
Capital accounts†	25, 986, 951	312, 485	31, 593	193, 588	151, 701	2, 879, 610	272, 976	230, 684	3, 281
Ratios:									
Net income before dividends to capital accounts (percent)	11. 70	13. 00	21. 46	11. 98	11. 43	11. 11	12. 32	11. 53	7. 07
Total operating expense to total operating revenue (percent)	81. 79	79. 20	81. 77	87. 00	80. 89	86. 59	83. 13	83. 90	84. 79

See footnotes at end of table.

Table B-31—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1971*

[Dollar amounts in thousands]

	District of Columbia	*Florida*	*Georgia*	*Hawaii*	*Idaho*	*Illinois*	*Indiana*	*Iowa*	*Kansas*
Number of banks	11	230	60	1	7	415	122	99	171
Operating income:									
Interest and fees on loans	$83, 512	$358, 310	$249, 228	$4, 174	$52, 871	$1, 019, 668	$284, 915	$93, 084	$106, 063
Income on Federal funds sold and securities purchased under agreements to resell	3, 731	24, 542	8, 459	159	667	37, 007	19, 161	4, 310	6, 218
Interest and dividends on investments:									
U.S. Treasury securities	17, 535	59, 595	15, 559	727	6, 682	176, 277	50, 166	18, 233	26, 495
Obligations of other U.S. Government agencies and corporations	2, 591	33, 221	3, 437	106	302	55, 629	12, 241	5, 132	6, 243
Obligations of States and political subdivisions	9, 554	71, 795	21, 203	384	8, 174	158, 309	37, 904	11, 991	15, 629
Other securities	703	3, 534	1, 957	5	801	15, 876	3, 132	467	394
Trust department income	5, 431	20, 123	11, 297	0	634	70, 565	13, 253	3, 743	3, 145
Service charges on deposit accounts	6, 164	26, 313	17, 853	13	3, 694	29, 996	15, 639	5, 028	7, 237
Other service charges, collection and exchange charges, commissions, and fees	2, 026	26, 944	7, 002	266	1, 460	31, 791	11, 444	6, 149	5, 933
Other operating income	1, 829	14, 171	20, 475	48	448	74, 401	10, 845	1, 630	2, 940
Total operating income	133, 076	638, 548	356, 470	5, 882	75, 733	1, 669, 519	458, 700	149, 767	180, 297
Operating expense:									
Salaries and wages of officers and employees	32, 169	122, 101	84, 139	1, 639	15, 861	273, 630	86, 484	28, 446	34, 065
Pensions and other employee benefits	4, 628	17, 856	15, 015	173	2, 501	47, 716	13, 843	3, 846	4, 844
Interest on deposits	36, 573	214, 181	75, 494	2, 178	26, 525	604, 655	160, 232	53, 726	58, 832
Expense of Federal funds purchased and securities sold under agreements to repurchase	1, 729	12, 492	15, 154	3	198	84, 142	18, 833	2, 289	3, 318
Interest on borrowed money	24	957	12, 124	0	992	11, 282	590	384	349
Interest on capital notes and debentures	1, 044	1, 827	1, 738	75	0	1, 690	144	223	464
Occupancy expense of bank premises, net	5, 868	17, 737	15, 839	390	1, 796	60, 722	19, 556	4, 743	5, 908
Furniture and equipment, depreciation, rental costs, servicing, etc	4, 576	21, 217	13, 549	201	2, 114	38, 026	15, 070	7, 252	6, 077
Provision for loan losses (or actual net loan losses)	4, 291	16, 965	10, 821	400	1, 384	44, 530	11, 379	1, 673	4, 394
Other operating expenses	16, 379	102, 079	49, 224	849	7, 707	168, 091	52, 770	17, 082	20, 793
Total operating expense	107, 281	527, 412	293, 097	5, 908	59, 078	1, 334, 484	378, 901	119, 664	139, 044
Income before income taxes and securities gains or losses	25, 795	111, 136	63, 373	−26	16, 655	335, 035	79, 799	30, 103	41, 253
Applicable income taxes	8, 091	17, 707	19, 608	42	4, 736	83, 157	18, 851	9, 151	12, 406
Income before securities gains or losses	17, 704	93, 429	43, 765	−68	11, 919	251, 878	60, 948	20, 952	28, 847
Net securities gains or losses (after tax effect)	1, 851	4, 868	2, 709	443	−280	16, 741	4, 351	786	1, 316
Net income before extraordinary items	19, 555	98, 297	46, 474	375	11, 639	268, 619	65, 299	21, 738	30, 163
Extraordinary charges or credits	+982	+595	+352	0	−20	+311	+173	+10	+276
Minority interest in consolidated subsidiaries	0	0	0	0	0	0	0	10	0
Net income	20, 537	98, 892	46, 826	375	11, 619	268, 930	65, 472	21, 738	30, 439

Changes in capital accounts:									
Increases:									
Net income transferred to undivided profits...	20, 537	98, 892	46, 826	375	11, 619	268, 930	65, 472	21, 738	30, 439
Capital stock, notes and debentures sold or issued including premium received.........	1, 006	22, 574	8, 495	0	0	20, 721	1, 169	3, 359	377
Addition to surplus, undivided profits and reserves incident to mergers and consolidations.	7	21	2, 204	0	0	664	1, 200	0	21
Transfers from reserves on loans and securities.	832	1, 454	835	0	0	2, 856	667	77	334
All other increases.......................	121	4, 493	1, 455	0	1	16, 860	3, 464	1, 301	2, 197
Total increases.........................	1, 966	28, 542	12, 989	0	1	41, 101	6, 500	4, 737	2, 929
Decreases:									
Cash dividends declared:									
On common stock....................	8, 430	33, 982	19, 348	132	4, 329	102, 497	17, 811	7, 329	9, 795
On preferred stock...................	637	0	0	0	0	58	0	0	39
Capital stock, notes and debentures, retired including premium paid.................	34	1, 916	7, 732	0	0	3, 670	930	0	55
Reduction in surplus, undivided profits and reserves incident to mergers and consolidations...............................	0	0	0	0	0	79	949	0	0
Transfers to reserves on loans and securities...	466	3, 106	2, 266	0	137	11, 256	3, 358	468	929
All other decreases......................	335	2, 741	1, 575	0	12	34, 958	13, 846	1, 328	3, 141
Total decreases.........................	9, 902	41, 745	30, 921	132	4, 478	152, 518	36, 894	9, 125	13, 959
Net change in capital accounts.....................	12, 601	85, 689	28, 894	243	7, 142	157, 513	35, 078	17, 350	19, 409
Capital accounts†.......................	182, 285	764, 908	407, 048	5, 489	74, 653	2, 177, 839	548, 209	184, 372	271, 744
Ratios:									
Net income before dividends to capital accounts (percent)......................	11. 27	12. 93	11. 50	6. 83	15. 56	12. 35	11. 94	11. 79	11. 20
Total operating expense to total operating revenue (percent)........................	80. 61	82. 60	82. 22	100. 44	78. 01	79. 93	82. 60	79. 90	77. 11

See footnotes at end of table.

TABLE B-31—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1971*

[Dollar amounts in thousands]

	Kentucky	*Louisiana*	*Maine*	*Maryland*	*Massachusetts*	*Michigan*	*Minnesota*	*Mississippi*	*Missouri*
Number of banks	80	49	19	39	84	104	198	38	98
Operating income:									
Interest and fees on loans	$94, 477	$147, 962	$35, 304	$118, 542	$354, 047	$542, 378	$281, 304	$77, 323	$198, 841
Income on Federal funds sold and securities purchased under agreements to resell	6, 227	9, 701	916	5, 642	14, 594	18, 092	6, 876	2, 755	16, 161
Interest and dividends on investments:									
U.S. Treasury securities	21, 443	40, 185	3, 470	16, 990	43, 739	81, 628	37, 085	11, 305	32, 873
Obligations of other U.S. Government agencies and corporations	2, 544	5, 025	203	4, 607	5, 153	13, 486	10, 721	2, 176	6, 183
Obligations of State and political subdivisions	13, 736	23, 833	4, 648	18, 660	43, 234	72, 374	33, 118	8, 576	26, 248
Other securities	454	905	102	692	2, 666	6, 739	1, 009	226	1, 201
Trust department income	2, 513	2, 920	2, 043	3, 914	41, 496	21, 977	16, 290	1, 514	14, 899
Service charges on deposit accounts	5, 275	10, 312	1, 806	8, 978	17, 722	22, 696	12, 423	5, 751	6, 657
Other service charges, collection and exchange charges, commissions, and fees	2, 797	9, 554	1, 532	4, 558	20, 107	16, 345	18, 388	4, 469	9, 614
Other operating income	4, 295	3, 889	642	3, 111	29, 451	18, 559	17, 235	3, 764	19, 228
Total operating income	153, 761	254, 286	50, 666	185, 694	572, 209	814, 274	434, 449	117, 859	331, 905
Operating expense:									
Salaries and wages of officers and employees	30, 085	45, 974	11, 839	40, 273	133, 756	146, 131	72, 904	21, 836	59, 898
Pensions and other employee benefits	4, 468	7, 245	1, 888	5, 910	22, 865	24, 499	12, 354	3, 532	9, 952
Interest on deposits	50, 130	85, 031	14, 894	48, 562	124, 827	350, 130	151, 611	32, 646	90, 533
Expense of Federal funds purchased and securities sold under agreements to repurchase	2, 419	4, 676	610	4, 860	36, 932	19, 085	19, 481	2, 639	22, 233
Interest on borrowed money	59	1, 538	104	733	4, 516	2, 873	2, 673	66	206
Interest on capital notes and debentures	7	24	9	169	2, 099	6, 236	1, 678	250	1, 272
Occupancy expense of bank premises, net	5, 530	9, 349	2, 435	8, 888	27, 697	31, 520	10, 932	3, 598	10, 198
Furniture and equipment, depreciation, rental costs, servicing, etc	4, 979	8, 777	2, 068	6, 405	19, 562	21, 890	11, 216	4, 572	9, 551
Provision for loan losses (or actual net loan losses)	3, 028	5, 652	846	3, 356	14, 936	9, 980	6, 140	5, 278	7, 360
Other operating expenses	20, 595	32, 240	7, 709	23, 082	73, 470	74, 449	49, 877	15, 743	42, 710
Total operating expense	121, 300	200, 506	42, 402	142, 238	460, 660	686, 793	338, 866	90, 160	253, 913
Income before income taxes and securities gains or losses	32, 461	53, 780	8, 264	43, 456	111, 549	127, 481	95, 583	27, 699	77, 992
Applicable income taxes	8, 025	14, 933	1, 613	12, 944	36, 132	26, 874	34, 642	8, 842	25, 086
Income before securities gains or losses	24, 436	38, 847	6, 651	30, 512	75, 417	100, 607	60, 941	18, 857	52, 906
Net securities gains or losses (after tax effect)	+2, 110	+4, 118	+407	+870	+6, 800	+3, 484	+2, 396	+38	+1, 728
Net income before extraordinary items	26, 546	42, 965	7, 058	31, 382	82, 217	104, 091	63, 337	18, 895	54, 634
Extraordinary charges or credits	+259	+311	+73	−100	−210	+65	+190	+3	−301
Minority interest in consolidated subsidiaries	0	0	0	0	0	0	0	0	0
Net income	26, 805	43, 276	7, 131	31, 282	82, 007	104, 156	63, 527	18, 898	54, 333

Changes in capital accounts:									
Increases:									
Net income transferred to undivided profits	26, 805	43, 276	7, 131	31, 282	82, 007	104, 156	63, 527	18, 898	54, 333
Capital stock, notes and debentures sold or issued including premium received	1, 764	1, 383	151	1, 210	17, 641	7, 794	9, 185	1, 565	1, 948
Addition to surplus, undivided profits and reserves incident to mergers and consolidations	0	153	0	2, 177	12, 019	460	20	0	100
Transfers from reserves on loans and securities	2, 294	1, 158	17	171	607	478	104	1, 679	5, 847
All other increases	893	7, 683	117	485	3, 071	2, 210	2, 256	436	3, 301
Total increases	4, 951	10, 377	285	4, 043	33, 338	10, 942	11, 565	3, 680	11, 196
Decreases:									
Cash dividends declared:									
On common stock	7, 681	13, 754	3, 221	10, 591	58, 592	33, 170	24, 194	9, 319	38, 325
On preferred stock	0	133	0	0	0	220	0	0	204
Capital stock, notes and debentures, retired including premium paid	0	7, 321	0	134	40	1, 983	20	120	0
Reduction in surplus, undivided profits and reserves incident to mergers and consolidations	0	100	0	0	1, 379	129	0	0	0
Transfers to reserves on loans and securities	3, 014	2, 723	402	520	4, 982	2, 252	2, 884	1, 203	8, 475
All other decreases	949	848	137	1, 270	4, 440	1, 922	1, 359	748	7, 128
Total decreases	11, 644	24, 879	3, 760	12, 515	69, 433	39, 676	28, 457	11, 390	54, 132
Net change in capital accounts	20, 112	28, 774	3, 656	22, 810	45, 912	75, 422	46, 635	11, 188	11, 397
Capital accounts†	197, 675	354, 529	61, 291	225, 999	754, 221	895, 338	505, 707	137, 757	502, 380
Ratios:									
Net income before dividends to capital accounts (percent)	13. 56	12. 21	11. 64	13. 84	10. 87	11. 63	12. 56	13. 72	10. 82
Total operating expense to total operating revenue (percent)	78. 89	78. 85	83. 69	76. 60	80. 51	84. 34	80. 00	76. 50	76. 50

See footnotes at end of table.

TABLE B-31—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1971*

[Dollar amounts in thousands]

	Ohio	*Oklahoma*	*Oregon*	*Pennsylvania*	*Rhode Island*	*South Carolina*	*South Dakota*	*Tennessee*	*Texas*
Number of banks	218	197	8	286	5	19	32	77	530
Operating income:									
Interest and fees on loans	$553, 686	$175, 015	$172, 528	$804, 458	$83, 764	$73, 851	$47, 007	$234, 615	$821, 047
Income on Federal funds sold and securities purchased under agreements to resell	24, 064	13, 168	1, 513	37, 472	1, 342	2, 849	1, 284	12, 980	57, 522
Interest and dividends on investments:									
U.S. Treasury securities	103, 326	34, 657	13, 986	120, 501	5, 255	7, 354	7, 807	31, 451	102, 519
Obligations of other U.S. Government agencies and corporations	16, 956	3, 602	3, 836	21, 866	1, 342	3, 752	1, 456	7, 146	34, 127
Obligations of States and political subdivisions	94, 984	32, 959	24, 281	126, 606	10, 213	9, 743	5, 986	32, 361	119, 032
Other securities	8, 003	960	485	10, 080	279	280	131	2, 206	7, 073
Trust department income	23, 865	5, 840	6, 168	54, 312	8, 076	2, 910	876	8, 765	38, 217
Service charges on deposit accounts	29, 965	10, 856	14, 407	24, 040	2, 761	7, 149	3, 072	12, 383	41, 718
Other service charges, collection and exchange charges, commissions, and fees	22, 321	8, 609	5, 827	34, 172	2, 174	2, 446	2, 700	12, 329	37, 862
Other operating income	18, 655	5, 094	4, 670	42, 673	1, 891	3, 383	514	11, 514	33, 096
Total operating income	895, 825	290, 760	247, 701	1, 276, 180	117, 097	113, 717	70, 833	365, 750	1, 292, 213
Operating expense:									
Salaries and wages of officers and employees	163, 633	53, 222	57, 417	226, 799	20, 281	31, 033	11, 591	70, 505	221, 384
Pensions and other employees benefits	22, 303	7, 478	9, 968	41, 293	4, 937	5, 230	2, 036	11, 204	31, 656
Interest on deposits	326, 772	96, 349	93, 254	458, 203	41, 450	20, 016	29, 580	123, 183	417, 654
Expense of Federal funds purchased and securities sold under agreements to repurchase	22, 140	11, 604	2, 859	46, 889	2, 218	1, 853	103	11, 852	68, 814
Interest on borrowed money	878	695	179	4, 779	755	28	34	394	12, 015
Interest on capital notes and debentures	1, 522	1, 674	1, 012	3, 847	21	0	216	914	1, 533
Occupancy expense of bank premises, net	29, 761	7, 239	10, 574	44, 987	4, 055	4, 410	2, 034	12, 258	28, 144
Furniture and equipment, depreciation, rental costs, servicing, etc	25, 314	7, 561	6, 755	34, 879	2, 119	4, 642	2, 214	13, 614	39, 615
Provision for loan losses (or actual net loan losses)	23, 396	7, 649	4, 361	18, 804	3, 117	1, 985	1, 475	10, 713	40, 885
Other operating expenses	116, 657	37, 730	23, 622	140, 251	14, 789	16, 888	6, 543	44, 173	163, 042
Total operating expense	732, 376	231, 201	210, 001	1, 020, 731	93, 742	86, 085	55, 826	298, 810	1, 024, 742
Income before income taxes and securities gains or losses	163, 449	59, 559	37, 700	255, 449	23, 355	27, 632	15, 007	66, 940	267, 471
Applicable income taxes	30, 219	12, 444	8, 303	48, 107	7, 068	8, 555	4, 527	16, 095	69, 412
Income before securities gains or losses	133, 230	47, 115	29, 397	207, 342	16, 287	19, 077	10, 480	50, 845	198, 059
Net securities gains or losses (after tax effect)	6, 435	2, 157	465	1, 658	259	983	233	2, 153	10, 228
Net income before extraordinary items	139, 665	49, 272	29, 862	209, 000	16, 546	20, 060	10, 713	52, 998	208, 287
Extraordinary charges or credits	+645	−164	+2	+161	0	+85	0	+347	−9
Minority interest in consolidated subsidiaries	−3	−4	0	0	0	0	0	−26	0
Net income	140, 307	49, 104	29, 864	209, 161	16, 546	20, 145	10, 713	53, 319	208, 278

Changes in capital accounts:									
Increases:									
Net income transferred to undivided profits	140, 307	49, 104	29, 864	209, 161	16, 546	20, 145	10, 713	53, 319	208, 278
Capital stock, notes and debentures sold or issued including premium received	4, 985	15, 985	25, 000	35, 342	0	1, 127	2, 636	1, 672	18, 331
Addition to surplus, undivided profits and reserves incident to mergers and consolidations	545	51	0	6, 465	0	1, 281	727	2, 040	804
Transfers from reserves on loans and securities	4, 935	933	0	1, 052	96	988	24	189	5, 901
All other increases	2, 069	3, 372	22	13, 827	434	1, 190	1, 094	9, 454	11, 734
Total increases	12, 534	20, 341	25, 022	56, 686	530	4, 586	4, 481	13, 355	36, 770
Decreases:									
Cash dividends declared:									
On common stock	55, 507	20, 948	12, 897	90, 315	8, 536	6, 941	4, 125	16, 924	83, 150
On preferred stock	0	17	0	683	0	0	0	0	37
Capital stock, notes and debentures, retired including premium paid	248	188	0	1, 135	14	0	25	65	897
Reduction in surplus, undivided profits and reserves incident to mergers and consolidations	139	0	0	777	0	0	0	243	760
Transfers to reserves on loans and securities	8, 840	1, 768	1, 639	8, 721	228	742	127	2, 974	16, 521
All other decreases	2, 961	2, 961	31	5, 690	2, 159	116	793	1, 996	20, 233
Total decreases	67, 695	25, 882	14, 567	107, 321	10, 937	7, 799	5, 070	22, 202	121, 598
Net change in capital accounts	85, 146	43, 563	40, 319	158, 526	6, 139	16, 932	10, 124	44, 472	123, 450
Capital accounts†	1, 179, 447	425, 073	256, 194	1, 877, 800	140, 062	125, 886	73, 357	460, 976	1, 690, 164
Ratios:									
Net income before dividends to capital accounts (percent)	11. 90	11. 55	11. 66	11. 14	11. 81	16. 00	14. 60	11. 57	12. 32
Total operating expense to total operating revenue (percent)	81. 75	79. 52	84. 78	79. 98	80. 05	75. 70	78. 81	81. 70	79. 30

See footnotes at end of table.

TABLE B-31—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1971*

[Dollar amounts in thousands]

	Montana	*Nebraska*	*Nevada*	*New Hampshire*	*New Jersey*	*New Mexico*	*New York*	*North Carolina*	*North Dakota*
Number of banks	52	125	4	48	120	33	166	23	42
Operating income:									
Interest and fees on loans	$44, 160	$114, 419	$40, 944	$35, 049	$434, 394	$53, 503	$1, 989, 138	$239, 035	$35, 502
Income on Federal funds sold and securities purchased under agreements to resell	1, 378	3, 715	2, 338	1, 571	14, 319	3, 001	34, 389	4, 868	874
Interest and dividends on investments:									
U.S. Treasury securities	7, 608	15, 452	6, 618	5, 628	68, 326	7, 741	195, 101	23, 457	6, 915
Obligations of other U.S. Government agencies and corporations	1, 490	5, 331	2, 191	320	21, 813	1, 054	27, 878	14, 059	1, 593
Obligations of States and political subdivisions	5, 435	12, 315	5, 018	3, 555	86, 890	7, 826	222, 980	35, 272	4, 836
Other securities	170	392	286	151	9, 433	289	19, 341	1, 201	63
Trust department income	420	4, 846	1, 818	928	18, 062	1, 208	119, 740	12, 642	839
Service charges on deposit accounts	2, 808	5, 362	3, 170	3, 147	27, 899	4, 000	66, 232	13, 822	2, 205
Other service charges, collection and exchange charges, commissions, and fees	2, 083	6, 917	1, 079	555	11, 509	2, 976	79, 841	11, 356	1, 798
Other operating income	498	5, 413	1, 052	1, 203	11, 316	1, 026	218, 256	16, 662	437
Total operating income	66, 050	174, 162	64, 514	52, 107	703, 961	82, 624	2, 972, 896	372, 374	55, 062
Operating expense:									
Salaries and wages of officers and employees	11, 383	33, 471	13, 048	12, 186	146, 176	15, 830	550, 185	88, 275	8, 839
Pensions and other employee benefits	1, 947	5, 112	1, 910	2, 183	25, 368	2, 265	117, 129	15, 609	1, 499
Interest on deposits	27, 408	53, 847	22, 038	12, 556	260, 778	29, 129	885, 368	108, 477	24, 675
Expense of Federal funds purchased and securities sold under agreements to repurchase	543	3, 861	18	297	3, 716	973	128, 583	8, 440	69
Interest on borrowed money	27	130	56	35	561	78	11, 586	756	7
Interest on capital notes and debentures	137	211	0	35	2, 096	99	13, 417	4, 269	186
Occupancy expense of bank premises, net	1, 770	6, 600	2, 692	2, 596	30, 994	2, 342	131, 688	15, 439	1, 393
Furniture and equipment, depreciation, rental costs, servicing, etc	2, 129	8, 095	1, 611	1, 914	21, 690	2, 494	68, 646	14, 672	1, 628
Provision for loan losses (or actual net loan losses)	888	3, 457	2, 336	1, 072	13, 937	2, 588	89, 854	5, 791	600
Other operating expenses	8, 694	21, 942	7, 195	9, 229	82, 007	10, 245	396, 652	43, 785	5, 355
Total operating expense	54, 926	136, 726	50, 904	42, 103	587, 323	66, 043	2, 393, 108	305, 513	44, 251
Income before income taxes and securities gains or losses	11, 124	37, 436	13, 610	10, 004	116, 638	16, 581	579, 788	66, 861	10, 811
Applicable income taxes	2, 671	11, 346	4, 126	2, 659	11, 729	4, 608	146, 813	16, 897	2, 890
Income before securities gains or losses	8, 453	26, 090	9, 484	7, 345	104, 909	11, 973	432, 975	49, 964	7, 921
Net securities gains or losses (after tax effect)	305	417	91	1, 185	4, 172	441	6, 204	−1, 116	234
Net income before extraordinary items	8, 758	26, 507	9, 575	8, 530	109, 081	12, 414	439, 179	48, 848	8, 155
Extraordinary charges or credits	−296	+134	+15	+43	+31	+56	−6, 952	+71	−20
Minority interest in consolidated subsidiaries	0	0	0	0	−41	0	0	0	0
Net income	8, 462	26, 641	9, 590	8, 573	109, 071	12, 470	432, 227	48, 919	8, 135

Changes in capital accounts:									
Increases:									
Net income transferred to undivided profits	8, 462	26, 641	9, 590	8, 573	109, 071	12, 470	432, 227	48, 919	8, 135
Capital stock, notes and debentures sold or issued including premium received	2, 873	1, 220	0	347	21, 537	10, 767	274, 865	12, 331	1, 901
Addition to surplus, undivided profits and reserves incident to mergers and consolidations	0	5	0	2	15, 300	802	2, 578	829	0
Transfers from reserves on loans and securities	328	1, 379	0	216	1, 666	3	1, 007	192	21
All other increases	245	1, 780	0	692	4, 208	708	49, 706	11, 074	405
Total increases	3, 446	4, 384	0	1, 257	42, 711	12, 280	328, 156	24, 426	2, 327
Decreases:									
Cash dividends declared:									
On common stock	3, 666	11, 119	2, 979	3, 002	49, 429	4, 674	290, 217	20, 901	2, 719
On preferred stock	0	6	0	0	3	0	1, 931	0	0
Capital stock, notes and debentures, retired including premium paid	80	20	0	0	311	60	34, 790	0	0
Reduction in surplus, undivided profits and reserves incident to mergers and consolidations	0	0	0	0	3, 063	0	366	0	0
Transfers to reserves on loans and securities	689	1, 524	225	234	4, 180	2, 247	19, 434	1, 782	32
All other decreases	252	887	0	319	2, 909	371	5, 901	461	574
Total decreases	4, 687	13, 556	3, 204	3, 555	59, 895	7, 352	352, 639	23, 144	3, 325
Net change in capital accounts	7, 221	17, 469	6, 386	6, 275	91, 887	17, 398	407, 744	50, 201	7, 137
Capital accounts †	65, 325	206, 859	66, 444	74, 697	865, 124	86, 074	4, 078, 965	431, 780	59, 773
Ratios:									
Net income before dividends to capital accounts (percent)	12. 95	12. 88	14. 43	11. 48	12. 61	14. 49	10. 60	11. 33	13. 61
Total operating expense to total operating revenue (percent)	83. 16	78. 51	78. 90	80. 80	83. 43	79. 93	80. 50	82. 04	80. 37

See footnotes at end of table.

TABLE B-31—Continued

Income and expenses of National banks, by States, year ended Dec. 31, 1971*

[Dollar amounts in thousands]

	Utah	*Vermont*	*Virginia*	*Washington*	*West Virginia*	*Wisconsin*	*Wyoming*	*Virgin Islands*	*District of Columbia—all‡*
Number of banks	9	26	101	24	86	126	42	1	14
Operating income:									
Interest and fees on loans	$49,715	$25,812	$268,660	$256,405	$63,412	$196,463	$28,990	$7,192	$119,237
Income on Federal funds sold and securities purchased under agreements to resell	801	939	4,699	22,610	4,135	10,494	664	14	4,644
Interest and dividends on investments:									
U.S. Treasury securities	4,924	2,565	29,689	23,658	17,874	26,905	5,676	583	27,696
Obligations of other U.S. Government agencies and corporations	1,411	423	10,336	5,068	5,832	6,514	789	0	3,310
Obligations of States and political subdivisions	5,779	2,596	33,483	30,156	11,720	23,354	3,432	818	14,094
Other securities	196	241	839	2,165	433	1,467	135	9	1,098
Trust department income	1,308	396	9,661	11,655	2,011	7,123	426	0	9,498
Service charges on deposit accounts	3,761	1,435	11,370	22,807	1,991	7,035	1,890	105	9,052
Other service charges, collection and exchange charges, commissions, and fees	2,760	269	13,556	13,893	1,548	9,470	1,156	136	2,867
Other operating income	881	577	7,620	11,461	1,540	10,440	750	184	2,514
Total operating income	71,536	35,253	389,913	399,878	110,496	299,265	43,908	9,041	194,010
Operating expense:									
Salaries and wages of officers and employees	12,143	7,216	79,186	94,161	17,987	54,871	8,260	1,959	43,753
Pensions and other employee benefits	1,641	1,056	13,843	14,726	2,463	10,399	1,051	237	6,579
Interest on deposits	24,081	14,464	137,326	124,781	40,245	118,793	16,296	4,098	52,392
Expense of Federal funds purchased and securities sold under agreements to repurchase	1,971	56	4,602	27,970	1,923	7,777	195	0	2,069
Interest on borrowed money	1,821	97	1,103	366	85	242	242	776	76
Interest on capital notes and debentures	0	88	383	0	172	1,049	129	0	1,638
Occupancy expense of bank premises, net	1,742	1,312	14,225	18,962	3,224	11,012	1,692	290	9,259
Furniture and equipment, depreciation, rental costs, servicing, etc	1,699	1,192	13,712	13,274	2,941	10,469	1,164	163	5,918
Provision for loan losses (or actual net loan losses)	1,082	603	8,293	11,032	1,692	4,761	1,848	339	5,026
Other operating expenses	8,284	4,239	50,972	44,598	13,480	31,272	5,655	854	22,300
Total operating expense	54,464	30,323	323,645	349,870	84,212	250,645	36,532	8,716	149,010
Income before income taxes and securities gains or losses	17,072	4,930	66,268	50,008	26,284	48,620	7,376	325	45,000
Applicable income taxes	6,092	831	15,385	9,139	6,408	12,823	2,140	−261	15,697
Income before securities gains or losses	10,980	4,099	50,883	40,869	19,876	35,797	5,236	586	29,303
Net securities gains or losses (after tax effect)	−566	+230	+1,892	+2,232	+1,293	+1,619	+315	−2	2,033
Net income before extraordinary items	10,414	4,329	52,775	43,101	21,169	37,416	5,551	584	31,336
Extraordinary charges or credits	−1	+12	+99	−126	−155	+40	+3	0	+982
Minority interest in consolidated subsidiaries	0	0	0	0	0	0	0	0	0
Net income	10,413	4,341	52,874	42,975	21,014	37,456	5,554	584	32,318

Changes in capital accounts:									
Increases:									
Net income transferred to undivided profits	10, 413	4, 341	52, 874	42, 975	21, 014	37, 456	5, 554	584	32, 318
Capital stock, notes and debentures sold or issued including premium received	0	1, 376	28, 546	535	2, 252	25, 093	500	0	1, 006
Addition to surplus, undivided profits and reserves incident to mergers and consolidations	0	498	648	120	0	0	0	0	7
Transfers from reserves on loans and securities	142	68	134	44	84	183	43	0	832
All other increases	88	508	2, 615	66	970	1, 870	679	0	121
Total increases	230	2, 450	31, 943	765	3, 306	27, 146	1, 222	0	1, 966
Decreases:									
Cash dividends declared:									
On common stock	4, 342	1, 622	21, 812	17, 513	5, 138	17, 930	2, 303	0	13, 355
On preferred stock	0	26	0	0	0	0	0	0	637
Capital stock, notes and debentures, retired including premium paid	0	43	75	200	30	114	0	0	34
Reduction in surplus, undivided profits and reserves incident to mergers and consolidations	0	0	55	402	0	0	0	0	0
Transfers to reserves on loans and securities	182	761	3, 888	2, 785	742	971	339	221	785
All other decreases	197	511	4, 309	272	1, 201	1, 061	443	0	335
Total decreases	4, 721	2, 963	30, 139	21, 172	7, 111	20, 077	3, 085	221	15, 146
Net change in capital accounts	5, 922	3, 828	54, 678	22, 568	17, 209	44, 525	3, 691	363	19, 138
Capital accounts†	71, 551	38, 479	423, 112	402, 923	155, 223	342, 300	54, 492	7, 494	273, 522
Ratios:									
Net income before dividends to capital accounts (percent)	14. 55	11. 28	12. 50	10. 66	13. 53	11. 10	10. 19	7. 79	11. 81
Total operating expense to total operating revenue (percent)	76. 14	86. 02	83. 00	87. 49	76. 21	83. 75	83. 20	96. 40	76. 81

*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 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–32

Income and expenses of National banks, by deposit size, year ended Dec. 31, 1971*

[Dollar amounts in thousands]

	Banks operating full year with deposits in December 1971, 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, 600	89	549	992	1, 556	690	338	290	96
Operating income:									
Interest and fees on loans	$13, 668, 075	$4, 202	$74, 798	$288, 130	$981, 112	$998, 675	$959, 403	$2, 558, 186	$7, 803, 570
Income on Federal funds sold and securities purchased under agreements to resell	533, 833	383	5, 004	16, 942	54, 833	48, 936	41, 900	102, 549	263, 286
Interest and dividends on investments:									
U.S. Treasury securities	1, 849, 539	1, 784	24, 574	74, 240	213, 587	179, 898	167, 745	357, 298	830, 413
Obligations of other U.S. Government agencies and corporations	442, 894	503	8, 330	25, 570	73, 806	66, 049	55, 348	91, 643	121, 644
Obligations of States and political subdivisions	1, 841, 008	158	6, 637	37, 597	150, 016	160, 475	153, 185	387, 296	945, 644
Other securities	137, 819	68	1, 008	2, 804	8, 789	9, 730	10, 575	25, 582	79, 263
Trust department income	700, 894	0	122	588	5, 695	18, 528	33, 092	134, 144	508, 725
Service charges on deposit accounts	709, 657	256	5, 205	23, 160	78, 119	72, 220	62, 093	141, 741	326, 863
Other service charges, collection and exchange charges, commissions, and fees	624, 598	134	2, 400	9, 136	30, 251	33, 312	36, 715	129, 652	382, 998
Other operating income	801, 183	127	1, 602	5, 366	19, 106	19, 142	22, 355	89, 771	643, 714
Total operating income	21, 309, 500	7, 615	129, 680	483, 533	1, 615, 314	1, 606, 965	1, 542, 411	4, 017, 862	11, 906, 120

Operating expense:									
Salaries and wages of officers and employees	4, 140, 212	2, 464	30, 712	101, 025	304, 982	301, 731	294, 694	811, 824	2, 292, 780
Pensions and other employee benefits	698, 418	186	2, 978	12, 214	42, 797	45, 553	46, 278	130, 116	418, 296
Interest on deposits	7, 228, 718	1, 790	44, 077	174, 192	619, 985	616, 211	586, 678	1, 359, 699	3, 826, 085
Expense of Federal funds purchased and securities sold under agreements to repurchase	739, 565	2	99	478	2, 172	5, 286	10, 325	91, 068	630, 135
Interest on borrowed money	80, 744	10	130	200	1, 010	1, 542	1, 502	9, 439	66, 911
Interest on capital notes and debentures	67, 788	3	16	112	1, 401	2, 574	3, 562	9, 447	50, 673
Occupancy expense of bank premises, net	810, 972	330	4, 350	15, 462	55, 550	58, 921	60, 390	156, 011	459, 958
Furniture and equipment, depreciation, rental costs, servicing, etc	606, 574	227	3, 390	13, 437	43, 948	48, 133	48, 439	147, 448	301, 552
Provision for loan losses (or actual net loan losses)	514, 125	187	3, 776	14, 264	39, 523	32, 112	33, 283	87, 615	303, 365
Other operating expenses	2, 543, 301	1, 463	17, 523	64, 153	206, 519	205, 124	193, 335	497, 125	1, 358, 060
Total operating expense	17, 430, 417	6, 661	107, 051	395, 537	1, 317, 887	1, 317, 187	1, 278, 486	3, 299, 792	9, 707, 815
Income before income taxes and securities gains or losses	3, 879, 083	954	22, 629	87, 996	297, 427	289, 778	263, 925	718, 070	2, 198, 305
Applicable income taxes	942, 747	345	6, 293	23, 228	71, 475	64, 460	56, 413	161, 500	559, 033
Income before securities gains or losses	2, 936, 336	609	16, 336	64, 768	225, 952	225, 318	207, 512	556, 570	1, 639, 272
Net securities gains or losses (after tax effect)	+106, 939	+50	+860	+3, 692	+14, 014	+16, 280	+14, 906	+31, 631	+25, 505
Net income before extraordinary items	3, 043, 275	659	17, 196	68, 460	239, 966	241, 598	222, 418	588, 201	1, 664, 777
Extraordinary charges or credits	−1, 836	−2	+64	+446	+399	+370	+1, 482	+369	−4, 964
Minority interest in consolidated subsidiaries	−117	0	−35	0	−10	−6	+1	−52	−15
Net income	3, 041, 322	657	17, 225	68, 906	240, 355	241, 962	223, 901	588, 518	1, 659, 798
Cash dividends declared:									
On common stock	1, 386, 154	443	5, 225	19, 574	64, 992	77, 552	75, 207	245, 279	897, 881
On preferred stock	4, 013	0	0	5	67	130	26	1, 012	2, 773
Total cash dividends declared	1, 390, 167	443	5, 225	19, 579	65, 059	77, 682	75, 233	246, 291	900, 654

*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.

Table B–33

Capital accounts, net income, and dividends of National banks, 1944–71

[Dollars amounts in thousands]

Year (last call)	*Number of banks*	*Capital stock (par value)**			*Total capital accounts**	*Net income before dividends*	*Cash dividends*		*Ratios (percent)*			
		Preferred	*Common*	*Total*			*On preferred stock*	*On common stock*	*Net income before dividends to capital accounts*	*Cash dividends to net income 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, 926	$139, 012	10. 01	35. 04	4. 79	3. 53
1945	5, 023	80, 672	1, 536, 212	1, 616, 884	4, 467, 618	490, 133	4, 131	151, 525	10. 97	31. 76	5. 12	3. 48
1946	4, 013	53, 202	1, 646, 631	1, 699, 833	4, 893, 038	494, 898	2, 427	167, 702	10. 11	34. 38	4. 56	3. 48
1947	5, 011	32, 529	1, 736, 676	1, 769, 205	5, 293, 267	452, 983	1, 372	182, 147	8. 56	40. 51	4. 22	3. 47
1948	4, 997	25, 128	1, 779, 362	1, 804, 490	5, 545, 993	423, 757	1, 304	192, 603	7. 64	45. 76	5. 19	3. 50
1949	4, 981	20, 979	1, 863, 373	1, 884, 352	5, 811, 044	474, 881	1, 100	203, 644	8. 17	43. 11	5. 24	3. 52
1950	4, 965	16, 079	1, 949, 898	1, 965, 977	6, 152, 799	537, 610	712	228, 792	8. 74	42. 69	4. 43	3. 73
1951	4, 946	12, 032	2, 046, 018	2, 058, 050	6, 506, 378	506, 695	615	247, 230	7. 79	49. 04	5. 11	3. 81
1952	4, 916	6, 862	2, 171, 026	2, 177, 888	6, 875, 134	561, 481	400	258, 663	8. 17	46. 14	5. 83	3. 77
1953	4, 864	5, 512	2, 258, 234	2, 263, 746	7, 235, 820	573, 287	332	274, 884	7. 92	48. 01	6. 02	3. 80
1954	4, 796	4, 797	2, 381, 429	2, 386, 226	7, 739, 553	741, 065	264	299, 841	9. 58	40. 50	5. 50	3. 88
1955	4, 700	4, 167	2, 456, 454	2, 460, 621	7, 924, 719	643, 149	203	309, 532	8. 12	48. 16	4. 87	3. 91
1956	4, 659	3, 944	2, 558, 111	2, 562, 055	8, 220, 620	647, 141	177	329, 777	7. 87	50. 99	4. 49	4. 01
1957	4, 627	3, 786	2, 713, 145	2, 716, 931	8, 769, 839	729, 857	171	363, 699	8. 32	49. 85	4. 52	4. 15
1958	4, 585	3, 332	2, 871, 785	2, 875, 117	9, 412, 557	889, 120	169	392, 822	9. 45	44. 20	5. 07	4. 18
1959	4, 542	3, 225	3, 063, 407	3, 066, 632	10, 003, 852	800, 311	165	422, 703	8. 00	52. 84	5. 12	4. 23
1960	4, 530	2, 050	3, 257, 208	3, 259, 258	10, 695, 539	1, 046, 419	99	450, 830	9. 78	43. 09	4. 83	4. 22
1961	4, 513	2, 040	3, 464, 126	3, 466, 166	11, 470, 899	1, 042, 201	119	485, 960	9. 09	46. 64	5. 83	4. 24
1962	4, 503	9, 852	3, 662, 603	3, 672, 455	12, 289, 305	1, 068, 843	202	517, 546	8. 70	48. 44	2. 05	4. 21
1963	4, 615	24, 304	3, 861, 738	3, 886, 042	13, 102, 085	1, 205, 917	1, 126	547, 060	9. 20	45. 46	4. 63	4. 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
1969	4, 669	62, 453	6, 165, 757	6, 228, 210	22, 158, 066	2, 534, 029	4, 428	1, 063, 647	11. 44	42. 15	7. 09	4. 82
1970	4, 621	62, 572	6, 326, 508	6, 389, 080	24, 080, 719	2, 829, 334	4, 677	1, 273, 039	11. 75	45. 16	7. 46	5. 31
1971	4, 600	56, 761	6, 640, 849	6, 697, 610	25, 986, 802	3, 041, 122	4, 011	1, 386, 166	11. 70	45. 71	7. 07	5. 35

*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–34

Loan losses and recoveries of National banks, 1945–71

[Dollar amounts in thousands]

Year	Total loans end of year, net	Net losses or recoveries (+)	Ratio of net losses or net recoveries (+) to loans	Year	Total loans end of year, net	Net losses or recoveries (+)	Ratio of net losses or net recoveries (+) to loans
			Percent				Percent
1945	$13, 948, 042	+$7, 740	+0. 06	1960	$63, 693, 668	$130, 177	. 20
1946	17, 309, 767	3, 207	. 02	1961	67, 308, 734	112, 412	. 17
1947	21, 480, 457	29, 913	. 14	1962	75, 548, 316	97, 617	. 13
1948	23, 818, 513	19, 349	. 08	1963	83, 388, 446	121, 724	. 15
1949	23, 928, 293	33, 199	. 14	1964	95, 577, 392	125, 684	. 13
1950	29, 277, 480	14, 445	. 05	1965	116, 833, 479	189, 826	. 16
1951	32, 423, 777	22, 108	. 07	1966	126, 881, 261	240, 880	. 19
1952	36, 119, 673	19, 326	. 05	1967	136, 752, 887	279, 257	. 20
1953	37, 944, 146	32, 201	. 08	1968	154, 862, 018	257, 280	. 17
1954	39, 827, 678	25, 674	. 06	1969	168, 004, 686	303, 357	. 18
1955	43, 559, 726	29, 478	. 07	1970	173, 456, 091	601, 734	. 35
1956	48, 248, 332	41, 006	. 08	1971	190, 308, 412	666, 190	. 35
1957	50, 502, 277	35, 428	. 07				
1958	52, 796, 224	38, 173	. 07	Average for 1945–71	73, 472, 658	129, 746	. 18
1959	59, 961, 989	25, 767	. 04				

Note: For earlier data, including figures on gross losses and chargeoffs and gross recoveries, see *Annual Report of the Comptroller of the Currency*, 1947, p. 100 and 1968, p. 233.

Table B–35

Securities losses and recoveries of National banks, 1945–71

[Dollar amounts in thousands]

Year	Total securities end of year, net	Losses and chargeoffs*	Ratio of net losses to securities	Year	Total securities end of year, net	Losses and chargeoffs*	Ratio of net losses to securities
			Percent				Percent
1945	$55, 611, 609	$74, 627	0. 04	1960	$43, 852, 194	$154, 372	. 30
1946	46, 642, 816	74, 620	. 09	1961	49, 093, 539	51, 236	. 08
1947	44, 009, 966	69, 785	. 10	1962	51, 705, 503	47, 949	. 08
1948	40, 228, 353	55, 369	. 07	1963	52, 601, 949	45, 923	. 07
1949	44, 207, 750	23, 595	. 04	1964	54, 366, 781	86, 500	. 15
1950	43, 022, 623	26, 825	. 04	1965	57, 309, 892	67, 898	. 11
1951	43, 043, 617	57, 546	. 12	1966	57, 667, 429	302, 656	. 52
1952	44, 292, 285	76, 524	. 15	1967	69, 656, 371	149, 545	. 21
1953	44, 210, 233	119, 124	. 25	1968	76, 871, 528	344, 068	. 44
1954	48, 932, 258	49, 469	. 08	1969	70, 216, 983	286, 215	. 41
1955	42, 857, 330	152, 858	. 32	1970	84, 157, 505	137, 704	. 16
1956	40, 503, 392	238, 997	. 56	1971	95, 948, 647	+189, 347	+. 20
1957	40, 981, 709	151, 152	. 35				
1958	46, 788, 224	67, 455	. 12	Average for 1945–71	53, 016, 050	118, 748	. 22
1959	42, 652, 855	483, 526	1. 09				

*Excludes transfers to and from valuation reserves beginning in 1948.

Note: For earlier data, including figures on gross losses and chargeoffs and gross recoveries, see *Annual Report of the Comptroller of the Currency*, 1947, p. 100 and 1968, p. 234.

TABLE B–36

Assets and liabilities of National banks, date of last report of condition, 1950–71

[Dollar amounts in thousands]

Year	*Number of banks*	*Total assets**	*Cash and due from banks*	*Total securities, net*	*Loans, net*	*Other assets*	*Total deposits*	*Liabilities for borrowed money*	*Other liabilities*	*Capital*	*Surplus undivided profits and reserves*
1950....	4, 965	$97, 240, 093	$23, 813, 435	$43, 022, 623	$29, 277, 480	$1, 126, 555	$89, 529, 632	$76, 644	$1, 304, 828	$2, 001, 650	$4, 327, 339
1951....	4, 946	102, 738, 560	26, 012, 158	43, 043, 617	32, 423, 777	1, 259, 008	94, 431, 561	15, 484	1, 621, 397	2, 105, 345	4, 564, 773
1952....	4, 916	108, 132, 743	26, 399, 403	44, 292, 285	36, 119, 673	1, 321, 382	99, 257, 776	75, 921	1, 739, 825	2, 224, 852	4, 884, 369
1953....	4, 864	110, 116, 699	26, 545, 518	44, 210, 233	37, 944, 146	1, 416, 802	100, 947, 233	14, 851	1, 754, 099	2, 301, 757	5, 107, 759
1954....	4, 796	116, 150, 569	25, 721, 897	48, 932, 258	39, 827, 678	1, 668, 736	106, 145, 813	11, 098	1, 889, 416	2, 485, 844	5, 618, 398
1955....	4, 700	113, 750, 287	25, 763, 440	42, 857, 330	43, 559, 726	1, 569, 791	104, 217, 989	107, 796	1, 488, 573	2, 472, 624	5, 463, 305
1956....	4, 659	117, 701, 982	27, 082, 497	40, 503, 392	48, 248, 332	1, 867, 761	107, 494, 823	18, 654	1, 716, 373	2, 638, 108	5, 834, 024
1957....	4, 627	120, 522, 640	26, 865, 134	40, 981, 709	50, 502, 277	2, 173, 520	109, 436, 311	38, 324	1, 954, 788	2, 806, 213	6, 278, 004
1958....	4, 585	128, 796, 966	26, 864, 820	46, 788, 224	52, 796, 224	2, 347, 698	117, 086, 128	43, 035	1, 999, 002	2, 951, 279	6, 717, 522
1959....	4, 542	132, 636, 113	27, 464, 245	42, 652, 855	59, 961, 989	2, 557, 024	119, 637, 677	340, 362	2, 355, 957	3, 169, 742	7, 132, 375
1960....	4, 530	139, 260, 867	28, 674, 506	43, 852, 194	63, 693, 668	3, 040, 499	124, 910, 851	110, 590	3, 141, 088	3, 342, 850	7, 755, 488
1961....	4, 513	150, 809, 052	31, 078, 445	49, 093, 539	67, 308, 734	3, 328, 334	135, 510, 617	224, 615	3, 198, 514	3, 577, 244	8, 298, 062
1962....	4, 505	160, 657, 006	29, 683, 580	51, 705, 503	75, 548, 316	3, 719, 607	142, 824, 891	1, 635, 593	3, 446, 772	3, 757, 646	8, 992, 104
1963....	4, 615	170, 233, 363	28, 634, 500	52, 601, 949	83, 388, 446	5, 608, 468	150, 823, 412	395, 201	5, 466, 572	4, 029, 243	9, 518, 935
1964....	4, 773	190, 112, 705	34, 065, 854	54, 366, 781	95, 577, 392	6, 102, 678	169, 616, 780	299, 308	5, 148, 422	4, 789, 943	10, 258, 252
1965....	4, 815	219, 102, 608	36, 880, 248	57, 309, 892	116, 833, 479	8, 078, 989	193, 859, 973	172, 087	7, 636, 524	6, 089, 792	11, 334, 232
1966....	4, 799	235, 996, 034	41, 689, 580	57, 667, 429	127, 453, 846	9, 185, 179	206, 456, 287	1, 015, 147	9, 975, 692	6, 299, 133	12, 159, 775
1967....	4, 758	263, 374, 709	46, 633, 658	69, 656, 371	136, 752, 887	10, 331, 793	231, 374, 420	296, 821	11, 973, 852	6, 602, 519	13, 127, 097
1968....	4, 716	296, 593, 618	50, 952, 691	76, 871, 528	154, 862, 018	13, 907, 381	257, 883, 926	689, 087	16, 496, 707	7, 008, 482	14, 515, 416
1969....	4, 669	310, 263, 170	54, 727, 953	70, 030, 342	168, 004, 686	17, 500, 189	256, 426, 791	2, 283, 717	28, 284, 638	7, 347, 948	15, 906, 249
1970....	4, 621	337, 070, 049	56, 040, 460	84, 157, 465	173, 455, 791	23, 416, 333	283, 784, 496	1, 280, 365	27, 130, 131	7, 680, 597	17, 194, 460
1971....	4, 600	372, 538, 487	59, 200, 995	95, 948, 647	190, 308, 412	27, 080, 433	314, 211, 616	866, 103	30, 387, 265	8, 277, 752	18, 794, 699

*After deduction of securities and loan reserves.

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-37

Foreign branches of National banks, by region and country, Dec. 31, 1971

Region and country	Number
Central America	44
El Salvador	1
Guatemala	3
Honduras	3
Mexico	5
Nicaragua	3
Panama	29
South America	137
Argentina	38
Bolivia	5
Brazil	19
Chile	9
Colombia	28
Ecuador	15
Guyana	1
Paraguay	6
Peru	8
Uruguay	4
Venezuela	4
West Indies Caribbean	107
Antigua	2
Bahamas	59
Barbados	4
British Virgin Islands	3
Cayman Islands	1
Dominican Republic	14
French West Indies	1
Grenada	2
Haiti West Indies	1
Jamaica	7
Netherlands Antilles	3
St. Lucia	1
Trinidad and Tobago	6
West Indies Federation of States	3
Europe	97
Austria	1
Belgium	4
England	26
France	10
Germany	18
Greece	13
Ireland	3
Italy	6
Luxembourg	1
Netherlands	7
Northern Ireland	1
Scotland	1
Switzerland	6
Africa	2
Liberia	2
Middle East	15
Bahrain	3
Israel	1
Lebanon	3
Qatar	1
Saudi Arabia	2
Trucial States	5
Asia and Pacific	81
Fiji Islands	1
Hong Kong	15
India	11
Indonesia	6
Japan	13
Korea	3
Malaysia	5
Okinawa	2
Pakistan	4
Phillippines	4
Republic of China	2
Singapore	11
Thailand	2
Vietnam	2
U.S. overseas areas and trust territories	45
Panama (Canal Zone)	2
Caroline Islands	1
Guam	4
Marianas Islands	1
Marshall Islands	1
Puerto Rico	19
Virgin Islands	17
Total	528
Military banking facilities	30

Table B–38

Total assets of foreign branches of National banks, year-end 1953–71*

[Dollar amounts in thousands]

1953	$1, 682, 919	1963	$2, 678, 717
1954	1, 556, 326	1964	3, 319, 879
1955	1, 116, 003	1965	7, 241, 068
1956	1, 301, 883	1966	9, 364, 278
1957	1, 342, 616	1967	11, 856, 316
1958	1, 405, 020	1968	16, 021, 617
1959	1, 543, 985	1969	28, 217, 139
1960	1, 628, 510	1970	38, 877, 627
1961	1, 780, 926	1971	50, 550, 727
1962	2, 008, 478		

*Includes military facilities operated abroad by National banks in 1966 and thereafter.

Table B–39

Foreign branches of National banks, 1960–71

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 foreigh branches of U.S. banks*
1960	93	75. 0	1966	230	94. 3
1961	102	75. 6	1967	278	95. 5
1962	111	76. 6	1968	355	95. 0
1963	124	77. 5	1969	428	93. 0
1964	138	76. 7	1970	497	92. 7
1965	196	93. 5	1971	528	91. 5

Table B–40

Assets and liabilities of foreign branches of National banks, Dec. 31, 1971: consolidated statement*

[Dollar amounts in thousands]

Assets		*Liabilities*	
Cash and cash items in process of collection	$248, 081	Certified and officers' checks, etc	$109, 748
Demand balances with other banks	955, 503	Demand deposits of individuals, partnerships, and corporations	3, 222, 741
Time balances with other banks	12, 674, 591	Demand deposits of other banks	933, 938
Securities	719, 349	Time deposits of individuals, partnerships, and corporations	8, 906, 220
Loans, discounts, and overdrafts, etc	19, 379, 739	Time deposits of other banks	22, 250, 356
Customers' liability on acceptances outstanding	1, 052, 536	U.S. Government deposits	260, 474
Fixed assets	134, 714	Liabilities for borrowed money	395, 857
Due from other foreign branches	11, 280, 045	Acceptances executed	1, 053, 707
Due from head office and other branches in the United States	3, 396, 921	Other liabilities	782, 873
Other assets	709, 248	Due to other foreign branches	10, 668, 272
Total assets	50, 550, 727	Due to head office and other branches in the United States	1, 699, 123
		Capital and undivided profits	267, 418
		Total liabilities and capital accounts	50, 550, 727

*Includes military facilities.

Table B–41

Trust assets and income of National banks, by States, calendar 1971*

[Dollar amounts in millions]

	Number of banks	*Employee benefit accounts†*	*Other trust accounts‡*	*Total trust accounts*	*Agency accounts§*	*Total, trust and agency accounts*	*Trust department income* (Dollar amounts in thousands)
Total United States	1,729	56,505	88,985	145,490	36,638	182,128	704,959
Alabama	30	270	943	1,213	216	1,430	5,595
Alaska	4	36	18	54	26	80	364
Arizona	2	184	652	836	40	875	5,093
Arkansas	32	36	222	259	21	279	1,485
California	16	5,960	9,196	15,156	1,889	17,045	84,690
Colorado	31	430	1,347	1,777	378	2,155	12,016
Connecticut	12	438	2,089	2,527	988	3,515	13,780
Delaware	1	0	0	0	0	0	0
District of Columbia	6	397	1,322	1,719	1,249	2,968	9,498
Florida	91	387	3,672	4,059	1,151	5,210	20,123
Georgia	28	533	1,238	1,771	1,328	3,099	11,297
Hawaii	0	0	0	0	0	0	0
Idaho	2	37	65	103	36	139	634
Illinois	165	6,988	7,065	14,053	4,683	18,736	70,565
Indiana	99	488	2,485	2,973	901	3,873	13,253
Iowa	47	101	491	592	285	877	3,743
Kansas	50	67	530	598	138	736	3,145
Kentucky	53	57	370	426	138	564	2,513
Louisiana	21	195	284	478	95	574	2,920
Maine	16	41	263	304	110	414	2,043
Maryland	10	199	611	810	230	1,040	3,914
Massachusetts	55	3,440	4,526	7,966	1,720	9,687	41,496
Michigan	38	4,986	3,062	8,048	1,437	9,485	21,977
Minnesota	21	1,143	1,979	3,122	855	3,976	16,290
Mississippi	20	59	221	280	7	287	1,514
Missouri	37	802	2,676	3,478	1,255	4,733	14,899
Montana	14	6	65	71	13	84	420
Nebraska	21	155	553	709	194	902	4,846
Nevada	3	8	306	314	28	341	1,818
New Hampshire	22	11	168	180	71	251	928
New Jersey	73	425	1,892	2,317	811	3,128	18,062
New Mexico	18	21	250	272	41	313	1,208
New York	75	15,687	9,658	25,345	6,343	31,688	119,740
North Carolina	16	1,142	2,023	3,165	677	3,842	12,642
North Dakota	11	18	107	125	22	147	839
Ohio	62	1,804	4,581	6,385	1,326	7,712	23,865
Oklahoma	42	243	868	1,111	398	1,509	5,840
Oregon	2	251	703	954	133	1,087	6,168
Pennsylvania	126	5,516	9,246	14,762	3,071	17,832	54,312
Rhode Island	3	269	1,189	1,459	419	1,878	8,076
South Carolina	8	147	445	592	119	710	2,910
South Dakota	10	28	97	125	38	164	876
Tennessee	32	272	1,374	1,646	666	2,312	8,765
Texas	144	2,153	4,549	6,702	1,368	8,070	38,217
Utah	2	88	184	272	29	301	1,308
Vermont	11	5	57	62	13	75	396
Virginia	49	276	1,390	1,666	868	2,534	9,661
Washington	10	408	1,732	2,140	284	2,424	11,655
West Virginia	34	28	406	435	58	493	2,011
Wisconsin	38	265	1,750	2,015	445	2,459	7,123
Wyoming	16	4	63	68	27	94	426

*As of December 31, 1971.

†Employee benefit accounts include all accounts for which the bank acts as trustee, regardless of whether investments are partially, or wholly, directed by others. Insured plans or portions of plans funded by insurance are omitted, as are employee benefit accounts held as agent.

‡Includes all accounts, except employee benefit accounts and corporate accounts, for which the bank acts in the following, or similar capacities: Trustee (regardless of whether investments are directed by others), executor, administrator, guardian; omits all agency accounts and accounts for which the bank acts as registrar of stock and bonds, assignee, receiver, safekeeping agent, custodian, escrow agent, or similar capacities.

§Includes both managing agency and advisory agency accounts.

‖Includes National and non-National banks in the District of Columbia, all of which are supervised by the Comptroller of the Currency. Note: Data may not add to totals because of rounding.

APPENDIX C

Addresses and Selected Congressional Testimony of the Comptroller of the Currency

Certain of those changes were fostered by the revision of regulations by our Office, largely in the direction of granting more discretion to bank management.

Some of these new or expanded services have been very much in the limelight in recent years as a result of litigation brought by non-bank competitors, and proposed legislation supported by those same competitors. The same banking services were further spotlighted by the passage, in the late 1970, of the amendments to the Bank Holding Company Act, and by the recent issuance of the Federal Reserve Board's draft regulation to implement the holding company legislation.

In my view, when the "competitive" policy touchstone is applied to the regulatory actions which spurred the provision of such services by the banking industry, the actions pass the test with flying colors. In every instance, whether involving data processing services, leasing activity, travel services, insurance services, or others, the effect of bank entry has been to increase the number of alternative sources of supply available to consumers of the services. That increase in alternative supply sources has, of course, created added competition in the markets involved. It is our belief that that added competition has redounded to the benefit of the public; no one has been able to support a challenge to this view.

Note that banks did not bring suit to prevent certain firms from offering competition, nor did they ask Congress to provide legislative protection for them. The posture of the banking industry in the area of expanding financially related services has been, and is, highly procompetitive. It seems to me, in retrospect, that this simple but crucial point was never adequately made during the long congressional discussions of bank holding companies and their proper activities. Certainly, the general public was never sufficiently exposed to this position to understand its implications. As I indicated in my testimony on the bank holding company legislation last May, I believe the position of the banking industry would have been better understood had the issue been couched in these terms: applying a public interest criterion, what products and services should the commercial banking industry be allowed to offer? The end result of the legislation, of course, was to define the limits of banking activity, or at least to call for their definition through regulation. However, in the context of both congressional and public discussion, concentration on "holding companies" masked somewhat the essential question. The term, "holding companies", tends, quite unfairly, to conjure up pictures of financial manipulators, robber barons, and a related cast of characters in the minds of the general public.

The Congress finally rejected, in my view fortunately, the concept of a statutory "laundry list" of prohibited activities. Even were the regulatory "laundry list" to be identical with the proposed statutory list, it is evident that the greater far greater flexibility of the former would make it preferable.

The proposed Federal Reserve Board regulation to implement the 1970 legislation should be studied extremely carefully by the banking industry and by other interested parties. It is, I believe, too early to make an assessment of those regulations. However, it is fair to note that the proposed provisions relating to data processing services and leasing services could be somewhat restrictive for banks. Other services now offered by a number of commercial banks were not included in the initial Fed regulation. Among those are travel services. The Federal Reserve Board has promised that additional activities will be added to the approved list over time. I would personally hope that the provision of travel services will be one of those added in the near future.

Before leaving the topic of the appropriate product and service mix for commercial banks, we should note that the very same issue has come to the fore in connection with most financial institutions. The savings and loan industry, for example, continues to push for added powers, powers which would bring the product mix of savings and loan associations closer and closer to that of commercial banks.

What appears to be the appropriate stance on these savings and loan proposals when we apply the competitive touchstone? I believe that the bank regulatory agencies and the banking industry itself would not oppose added competition from savings and loan associations provided the rules of the competitive game were made equitable. In other words, if savings and loan associations are to be granted powers which make them increasingly like commercial banks, then the savings and loan associations should also assume the responsibilities and burdens of commercial banks. Those fall primarily in the area of taxation and reserve requirements. I must say that that even-handed approach has apparently not generated great enthusiasm in the savings and loan industry.

Turning to another aspect of banking structure and its relationship to competition, we recently made the following statement, concerning branching, to the Financial Commission on Banking Structure and Regulation:

By far the most important gap in the array of structural alternatives available to the Comptroller is the highly restrictive nature of the branching statutes of many States, including an absolute bar to branching in the "unit-banking" States. Those State restrictions limit the ability of banks to serve the banking needs of local areas, inhibit the proper execution of merger policy, and often bar the optimum method of handling bank emergency situations.

A basic premise of bank regulation is that a regulator can come closer to attaining that banking structure consistent with the best banking performance, from the standpoint of the public, when he has, at his disposal, all avenues for change in structure. In other words, within the context of a given banking market, the regulator can best apply the criterion of the public interest when it is possible to charter new banks, to approve branches of existing banks, to approve mergers of existing banks, and to approve acquisitions of existing banks by holding companies.

The alternative of branching is needed in every one of our States. It is quite clear, that the broad mandate given to the Financial Commission on Banking Structure and Regulation makes it appropriate for the Commission to examine the question: Should the branching powers of National banks be determined by the individual States?

Before leaving the topic of branching, we may note two other developments which have some relevance. First, there are no geographical barriers to acquisition and expansion by bank holding companies insofar as their "nonbank" activities are concerned. Second, the tremendous expansion of credit cards, both within and without banking, and of related credit plans of all sorts, have tended to make branching restrictions somewhat less important than they once were. There is every indication that further technological developments will continue that trend.

I presume that the activities of our Office in connection with bank mergers are the best known element of our policies relating to banking competition. Most of the publicity concerning bank mergers has emanated from the court suits brought by the Antitrust Division against mergers approved by one of the banking agencies. In the context of those suits, of course, our Office unfortunately is pictured by some as overly "liberal" on bank mergers, and as paying too little attention to the effects of mergers on competition. In light of this Office's overall policies relating to competition, as I have outlined them to you, I think you will see why I find that criticism ironic. In the context of the whole financial sector, with all of its interrelated banking and financial markets, I doubt that any other single agency has done as much to encourage competition over the past decade as has ours.

The differences that have been exposed in the area of bank mergers relate to differing views of the characteristics, quality, and effectiveness of banking competition. In a word, I believe we take a broader view of competition than some of our critics.

Our bank merger policy is based on several principles. First, in our market economy, competition is the means to an end, not an end in itself. Second, the end sought in the operation of the commercial banking industry is the best attainable performance in meeting the financial needs of the public. Third, no unique relationship has been found between structure and performance in banking. Fourth, the additional ability to serve better the "convenience and needs" of the community gained through merger by a bank must also be recognized as reflecting a stronger competitive ability. Fifth, the added ability to meet the financial needs of the public gained through certain mergers is traceable to gaining the benefits of economies of scale over some range of bank size.

The wording of the Bank Merger Act has caused our Office some problems in our court presentations. Specifically, those problems center around the somewhat artificial separation of the impact of a merger on "competition" and on the ability of the banks in question to meet "the convenience and needs of the community to be served." We believe that the anticipated competitive strength of a bank resulting from a merger is a factor which cannot be separated either logically, or realistically, from the ability of that bank to meet the convenience and needs of the community. In the cases that have reached the Supreme Court to date, the Court has first reached an adverse competitive finding, without reference to the question of convenience and needs. The Supreme Court in the recent Phillipsburg decision restated and emphasized their views that the two factors must be considered separately. It appears that as long as an artificial wall is maintained between "competition" and "convenience and needs," it will be difficult for defendant banks to achieve a favorable court ruling.

Finally, in the area of chartering as well, we attempt to implement a policy consistent with the achievement of maximum competition compatible with the maintenance of liquidity, solvency, and continuity of our banking system. One aspect of our chartering policy has been recently highlighted by a spirited discussion of the role of black-owned banks and minority-owned banks in our urban society. In my own view, those

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banks, along with all other urban financial institutions, can play a significant role in the rebuilding of our inner city areas, and in the encouragement of new minority-owned enterprises. Although the minority-sponsored banks, being new institutions, may not seem statistically significant, their importance in opening opportunities for new minority-owned businesses and for developing financial expertise should not be minimized.

The decade of the 1970's promises to be a period of dynamic growth for banking and banking's financially related enterprises. Our Office will try to continue to maintain a regulatory climate which will encourage the responsiveness of the banking industry to the financial needs of the public.

REMARKS OF WILLIAM B. CAMP, COMPTROLLER OF THE CURRENCY, BEFORE THE SIXTY-SIXTH ANNUAL CONVENTION OF THE MASSACHUSETTS BANKERS ASSOCIATION, HAMILTON, BERMUDA, APR. 20, 1971

To all of us, it is obvious that the "business of banking" must be an evolutionary concept. In banking, only change is certain. For the banking industry to do its job responsively and responsibly, it must be geared to anticipate and to meet the ever-evolving financial needs of the public.

Recent confrontations between banking representatives and the Congress exposed a widespread lack of understanding of the necessity of evolution in banking products and services. That was most dramatically demonstrated in the bill passed by the House of Representatives in 1969 which contained the so-called "negative laundry list" of activities to be prohibited for bank holding companies, and, by implication, for banks. Fortunately, this "laundry list" was not contained in the legislation finally passed in December 1970. Also, in my view very fortunately, the basic banking statute under which our Office operates, the National Bank Act, contains an "incidental powers" provision. That provision gives to National banks "all such incidental powers as shall be necessary to carry on the business of banking." That flexible provision has allowed the National Bank Act to continue to serve for well over 100 years as the statute underlying the operation of the National Banking System. We are proud of the role our Office has played in the evolution of the system.

We made many changes in our own regulations and rulings, with the aim of eliminating holdover regulations from the 1930's that were no longer needed to maintain the liquidity, solvency, and continuity of the National Banking System. The net effect of the revisions was to grant bank management greater discretion to use its imagination and initiative in meeting new financial needs of our ever more complex economy.

The process involved a determination of which regulations were excess baggage—unneeded remnants of another age. Both in the elimination of existing restraints, and in the promulgation of additional regulations giving recognition to certain implied powers, we have kept a competitive criterion in mind. In fact, we could summarize our "acid test" for regulatory action in this way: those actions, consistent with existing statutes, which are aimed at achieving maximum competition compatible with maintenance of the liquidity, solvency, and continuity of the banking system are in the public interest and, therefore, should be adopted.

We are all aware that the shape of banking in the 1970's will be determined in considerable part by the implementation of the 1970 amendments to the Bank Holding Company Act. We are also conscious that the recommendations of the President's Commission on Financial Structure and Regulation are likely to have a substantial impact on the operation of banks and other financial institutions.

It is, of course, much too early to predict the probable thrust of the Commission's recommendations. However, we are encouraged by the high caliber of its members and by the broadness of the Commission's mandate. It is healthy for the Nation to have, periodically, a complete survey and evaluation of our financial institutions, their operation, and their supervision. The Commission has been receptive to ideas and recommendations from all quarters. That stance is fully consistent with the Commission's mandate.

The 1970 amendments to the Bank Holding Company Act will exert a great influence on the evolving definition of the business of banking, even though the legislations' provisions are in terms of activities of bank holding companies. While some activities may, over time, be considered permissible for holding companies but not for banks, the reverse situation is unlikely to persist indefinitely.

Perhaps the absence of geographic restrictions on the acquisition or establishment of "nonbanking" financially related activities will prove to be the most significant part of the 1970 legislation. As far as the competitive factor is concerned, it is evident that fewer problems will be raised by the acquisition of a company thousands of miles from the location of the base bank than by an acquisition in the bank's own territory.

Various interesting possibilities present themselves. For example, the acquisition or establishment of savings and loan associations by bank holding companies may eventually be allowed. Since savings and loan associations are allowed to branch in a number of States in which commercial banks cannot do so, control of a subsidiary savings and loan association is likely to be attractive.

In part due to a liberalization of our regulations, a steady increase in the total volume of direct lease financing by National banks has occurred over the past 8 years. The "full payout" criterion incorporated in the draft Federal Reserve regulation would eliminate a significant amount of bank leasing activity. Our experience has uncovered no abuses stemming from bank participation in that area. On the plus side, bank leasing activity has significantly increased the ability of lessees, in a number of industries, to serve the public.

Electronic data processing may well hold the key for shaping the banking frontiers of the 1970's. By the nature of bank operations, commercial banks are data processing institutions. The advent of large, high-speed computers simply allowed the data processing job to be done more quickly and more efficiently. Banks are natural sources of data processing services for many of their customers. It is vital that banks and bank holding companies be allowed to continue to pioneer in the data processing field.

A number of newer banking services which are expected to increase rapidly in importance during the 1970's are tied, directly or indirectly, to electronic data processing activity within banks. One cannot visualize even the current scope of bank credit card activity in the absence of computerized operations. All indications are that bank credit cards and related revolving credit operations will continue to grow in importance in the next decade. Credit cards have brought the day of automatic credit for bank customers closer than ever before.

Automatic deposits and cash disbursement machines will almost certainly grow in importance. Considerations of both customer convenience and labor cost appear to dictate that development. "Super-checks," or multiple-payment checks, are likely to become a part of the service package of more banks. A side benefit will be some reduction in the number of checks that our banking system must process. However, it does not appear likely that the 1970's will see the advent of the full "checkless society."

It is difficult to predict what the exact role of the specialized financial institutions will be during the 1970's. It is anticipated that the President's Commission will make some significant recommendations on that score. As you know, savings and loan associations, their trade associations, and their regulatory agency, the Federal Home Loan Bank Board, are all exerting strong pressure to increase the powers of the associations. Each such step taken makes the product-service mix of savings and loan associations more like that of commercial banks. In my view, if special-purpose institutions are to become more and more like general-purpose institutions, then they should also assume the responsibilities and obligations of the latter. Specifically, it appears to be quite inequitable for savings and loan associations to be given more and more of the powers held by commercial banks without at the same time assuming comparable tax and reserve burdens.

In terms of the evolution of banking structure in our country, I would anticipate that many additional bank mergers will occur, with the purpose of many being to gain the size necessary to achieve the economies of large scale. It is unlikely, in my view, that antimerger activity by the Antitrust Division can substantially deter this movement, insofar as it is based on principles of efficiency and optimum resource allocation. It would appear that, on occasion, we lose sight of the fact that competition is not an end in itself but rather a means toward an end. The end is the achievement of lower prices for better products and services for the consumer. It is inconsistent with the public interest to equate safeguarding "competition" with safeguarding "competitors."

Branch banking is likely to reach additional areas in the 1970's. In my view, it is unfortunate that some States have seen fit to deny to their citizens the demonstrable benefits of branch banking. In our Office, we will not make any attempt to force branching in those areas which have not made their own positive decision. However, the mandate given to the President's Financial Commission certainly encompasses the question: Can an adequate banking performance for the economy of today and tomorrow be achieved in the absence of a national policy for branching?

As bank supervisors, it is essential that we continue, and augment, our efforts to keep up with the constantly changing and evolving facets of the banking industry. In fact, we strive to forecast new developments insofar as possible; doing so gives us valuable leadtime to change elements of our supervisory mechanism.

Our aim in the 1970's will be to maintain a regulatory framework which allows banking to utilize its unique financial expertise and its related technological expertise to the fullest extent, insofar as that utilization is consistent with maintaining the liquidity, solvency, and continuity of the banking system. Our purpose and the purpose of the industry will be one—to assure that the financial needs of the public are anticipated and met.

STATEMENT OF WILLIAM B. CAMP, COMPTROLLER OF THE CURRENCY, ON H.R. 5700 AND H.R. 3287, APR. 21, 1971

Sections 2 through 9. Interlocking Relationships.—The bill would amend the Federal Deposit Insurance Corporation Act (and other banking law sections) to prohibit the following: (1) any officer, director, or employee of eight types of financial institutions from serving in a similar capacity with any other such institution; (2) any officer, director, or employee of such financial institution from serving in similar capacities with a corporation which does substantial and continuing loan or pension trust business with the financial institution; (3) commercial banks, savings and loan associations, and mutual savings banks from controlling or having interlocking relationships with a title company, property appraisal firm, or other company which offers services in connection with the closing of real estate transactions; (4) service as an officer or director or employee of a commercial bank or savings institution, by any lawyer who performs legal services for a customer of the institution in connection with transactions with it; and, (5) any interlocking relationship between any of the eight types of financial institutions and any corporation in which the institution has voting control of 5 percent or more of the stock.

The present Federal law (Section 8 of the Clayton Act, 15 U.S.C. 19) prohibits interlocking relationships between a member bank of the Federal Reserve System and any other bank located in the same city with such member bank or in any city, town, or village contiguous or adjacent thereto. There are presently no statutory prohibitions against interlocks between the other seven types of institutions listed in the bill or against interlocks between institutions more geographically separated than adjoining towns.

We agree that some strengthening of the present law on interlocking directorates is desirable. The administration presently is developing a proposal which would correct the existing deficiencies without disrupting legitimate business relationships. Under this approach, the regulatory agencies would be given authority to regulate interlocks with a mandate to protect the public from anticompetitive situations or other abuses.

We have not seen documented examples of practices against the public interest sufficient to justify the sweeping dislocation of accepted business practices which would be caused by the adoption of the other prohibitions in sections 2 through 9. On the contrary, we think it would be most detrimental to the public interest to curtail the use of scarce executive management talent in this way.

We see no possible justification for prohibiting, for example, a New York City banker who maintains a winter home in Florida or some other section of the country from contributing his banking knowledge to a small local bank in the latter community. Similarly we see no reason why a large commercial bank specializing in making loans to the chemical, furniture, or some other industry, should not be able to have on its board a business executive skilled in such field. It is no answer to say that such an executive could be found in a corporation doing no business with a particular bank. Service on a bank's board of directors, is not an unmixed privilege. There is substantial risk of liability involved in serving on the board of directors of any corporation, especially a bank, and, unless a financially responsible person has some good reason, such as a continuing business relationship, he will not assume such responsibility.

The possible abuses which sections 2 through 9 appear designed to prevent, fall into three main categories: (1) abuses of the competitive process; (2) unfair use of insider information to the detriment of the general investing public; and, (3) untenable conflicts of interest created by a single individual occupying positions of fiduciary responsibility to different sets of beneficiaries.

It is our opinion that there is sufficient Federal law on the books to deal with problems (2) and (3) and that the proposal I have just outlined would adequately take care of problem (1).

I do not think it is necessary to take the time of the committee to detail the elaborate set of statutory, judicial, and administrative apparatus which exists to control abuses of the competitive process. Although, as the committee knows, we do not always agree with the views of the Antitrust Division of the Department of Justice, we do not think that anyone, least of all our Office, could fault them for lack of zeal or conscientiousness in pursuing their statutory assignment.

The abuse of insider information is also specifically outlawed by existing Federal statutes, supplemented by strict judicial interpretations. I refer to the provisions of law administered by the Securities and Exchange Commission as interpreted by the *Texas Gulf Sulphur* decision.

With respect to conflicts of interest, there are many legal tools presently available. The common and statutory law of corporate and fiduciary responsibility provide effective civil remedies to aggrieved stockholders. In addition to this potential civil liability, questionable or improper actions of any bank director are subject to scrutiny, control, and effective sanctions by the bank supervisory agencies.

In addtion, Section 22 of the Federal Reserve Act (12 U.S.C. 375, 375A) and Regulation O, issued thereunder, control loans to executive officers.

A powerful deterrent to self-dealing practices in institutions with more than 500 shareholders is the public disclosure requirements imposed by the Securities Act amendments of 1964. The hand of the Federal banking agencies in controlling conflicts of interest was greatly strengthened in 1966 by the passage of the Financial Institutions Supervisory Act. (12 U.S.C. 1818(b)). That act empowered the agencies to issue a cease and desist order against any practice deemed detrimental to sound banking.

The philosophy underlying sections 2 through 9 appears to be one of suspicion of the integrity of the average businessman and banker. My more than 34 years of service with the Office of the Comptroller of the Currency has not led me to any such conclusion. My experience has been to the contrary—that with few exceptions, bankers and businessmen conduct their lives and affairs with integrity. We think that present law, if amended in accordance with the suggestion above, would be adequate to take care of the exceptions as they may arise.

Section 10. Mutual Savings' Bank Stockholdings in Other Financial Institutions.—Section 10 would completely eliminate the present practice of some mutual savings banks of owning shares of commercial banks, insurance companies, savings and loan associations, bank and S&L holding companies, and brokerage firms.

We believe that a better approach would be to prohibit such ownership only in those cases where interlocking relationships would be similarly prohibited.

Section 11. Commercial Bribery.—Section 11 would amend the Federal Criminal Code to make it a criminal offense for a financial institution to offer to give a bribe to an employee of any customer or potential customer of the bank.

This Office is not aware of any instance in which a National bank has sought to obtain business or influence a customer's conduct, by bribing the customer's agent or employee. In the absence of such instances, it is not apparent to us why Federal legislation is necessary. Some States now make commercial bribery a crime, and we know of no legal reason why such State laws would not be available for use against a financial institution.

Of course, if the committee has evidence of, or reason to believe that, banks, S&L's, and the other types of institutions listed in Section 11 have been guilty of abuses in this area, we would have no objection to the adoption of Section 11.

Sections 12 and 13. Trust Department Stockholdings.—Section 12 of the bill would require every insured bank to file, with the FDIC, a list of the aggregate holdings in a fiduciary capacity of all securities, other than Government securities. Specifically, it would require filing information as to the name, class, value, number held, and voting rights of the bank, and how the shares were voted by the bank in the previous year. This list would be available for public inspection.

We do not believe that the benefits to be achieved from this proposal justify the costs which it will involve, both to the Government and to the banks. This information would constitute a vast mass of statistics, requiring large storage areas and numbers of housekeeping personnel at the FDIC. Its very size would pose a severe limitation upon its utility. In addition, we question the usefulness, from a standpoint of most governmental policies, of such a listing. It presumably will reflect holdings as of a given date and have no transactional information. We believe that information with respect to specific holdings and transactions, obtained from specific banks as of specific times, is more relevant to the responsibilities of the various Government agencies having an interest in bank trust departments. Sufficient power to obtain such information presently exists in those agencies, in our opinion. If deficiencies exist, correction should be considered in the context of specific policy areas and agency needs. The accumulation of a vast storehouse of abstract data of this nature called for by Section 12 will not be of material aid in detecting or bringing appropriate corrective action in cases of abuse. Its primary utility, in our opinion, would be the facilitation of broad-scale policy studies, such as the recently completed institutional investors study of the SEC. We do not believe that the ready availability of this information for such inquiries, which appear to be best conducted at periodic intervals, furnishes sufficient justification for the cost involved.

This requirement would also be extremely burdensome upon the banks. Compilation of the information would require many man-hours of work on the part of bank personnel, and many hours of machine time in automated departments. In smaller banks, the cost involved could represent the difference between a profit and a loss in the operation of their trust departments. Thus, it would greatly increase the cost of operation as a corporate fiduciary and have the tendency to drive smaller competitors from the field and concentrate the business in the hands of the larger institutions. This effect is manifestly undesirable.

Section 13 would prohibit insured banks from holding, in the aggregate, in their trust departments, more than 10 percent of any class of stock in any corporation for which a registration statement has been filed under the Securities Act of 1933. In addition, it would forbid the holding of any stock, which has been issued by the bank or its parent company, in the bank's trust department.

These limitations would, we believe, be of questionable benefit. They would eliminate certain conflicts of interest and limit the potential for concentrations of control of corporations by banks through their trust departments. However, in so doing, they would cripple the effectiveness of professional corporate fiduciaries. A person planning the administration of his estate would have no assurance that the trust department of his selection would be able to accept his account, because some of his holdings might push the trust department aggregate over the 10 percent limit in a particular security. These considerations would become particularly acute in the case of family owned corporations. If the stock were registered under the Securities Act of 1933, the use of a corporate fiduciary would not be available to the family for estate planning purposes.

The flat prohibitions upon holding stock of the bank or its holding company pose even greater problems for the person planning his estate. If he holds stock of a bank, he would simply have to utilize the services of a different bank or individual. Large holdings of stock of a bank or bank holding company on the part of an individual reflects great confidence on his part in the management of that bank. It is natural that such a person would also have great confidence in such bank's ability to manage his estate. This provision might deprive him of his constitutional freedom of choice and even drive his holdings into the hands of a competitor bank. Even if the alternative institution were not a competitor, the implications from an antitrust standpoint, of encouraging the flow of blocs of stock of one bank to the trust department of another bank, are serious.

Finally, we believe that the net effect of this section would be to drive trust and estate business into the hands of individuals. Because of their mortality, frequent lack of expertise, and virtually complete freedom from governmental supervision, we do not regard this as a desirable result. We believe that the desirable ends sought to be achieved by this section are now being obtained through banking supervision. If it is felt that increased statutory safeguards are required, the bank supervisors can readily implement them. For example, Section 61 of Title 12 presently imposes a most effective restriction on the voting of National bank stock held in a trust department, in the election of directors of the fiduciary bank. This provision might well be extended to all insured banks.

Section 14. Equity Participation Loans.—Section 14 would make it a Federal crime for any insured bank, insured S&L holding company, mutual savings bank, or insurance company to take, as consideration for any loan, a share in the ownership or profits of the borrower.

This Office, in August of 1970, made a survey relating to equity participation loans by National banks. A sample of 502 National banks was surveyed, including all 149 National banks with deposits of $225 million or more. The remaining 353 banks in the sample were selected to provide representative coverage of geographic areas and bank size.

The results indicate that equity participation loans are relatively insigificant in the National Banking System. The sample banks reported only 112 such loans, totaling $159 million, as of August 31, 1970. That amount represented only 0.27 percent of the $58 billion volume of outstanding commercial and industrial loans on the books of the sample banks. Only 42 of the 502 banks in the sample reported any equity participation loans.

The volume of such loans by affiliates of banks in the sample was also small. Fourteen banks in the sample reported one affiliate each with equity participation loans. In all, 117 loans by these 14 affiliates totaled $28 million.

It is apparent from our sample that National banks are not making equity participation loans to any significant degree. We have no reason to believe that the attitude and practice of State member banks is different in this regard. Given the small amount of activity, it could be argued that no great harm or inconvenience would be caused (at least to banks) by the enactment of the prohibition of Section 14. However, we believe that the stronger considerations and arguments are to the contrary.

First, the enactment of Section 14 would represent a marked departure from the approach of past Congresses to the field of law commonly referred to as the usury statutes. Substantive regulation in this area has, almost without exception been left to the States. In the absence of compelling necessity, we do not think it advisable to take what might become the first step toward a general Federal usury law.

Second, we believe strongly in the principle that markets should be left free of any forms of price control, in the absence of compelling necessity. The traditional approach to the regulation of loan interest has been to impose only such controls necessary to protect the unsophisticated consumer. Interest rates on commercial loans have been left to find their natural level based on competition. The commercial loan segment of our free market has always been one of the most sensitive to changing money supply and general economic conditions.

Third, the restriction of Section 14 would apply only to banks, S&L's, their holding companies, and insurance companies. The omission of mortgage companies, pension funds, and other possible sources of construction and commercial loans, would give such lenders an obvious and unfair competitive advantage.

Sections 15, 16, 17, and 18. Insider Loans.—Section 15 would amend the Federal Deposit Insurance Act to require the following of insured banks:

(1) A report to the FDIC (for the purpose of placement in a public file) of the nature and amount of any loan to a director, officer, or employee of the bank, or any member of such person's immediate family.

(2) No loan to be made to any person acting as agent for another, except on condition that the bank be informed of the identity of the person receiving the beneficial interest of the loan.

(3) No loan to be made to any corporation of which 5 percent or more of the outstanding stock is owned in the aggregate by directors, officers, or employees of the bank.

We believe that the statutory tools presently available to the supervisory agencies to combat self-dealing are adequate. These tools are described in our earlier discussion of sections 2 through 9. The existing tools provide for more flexibility and fairness than the flat prohibition contained in the bill.

Also the interaction of the proposed public disclosure provision in Section 17(b) with the prohibition contained in Section 18 would result in an undue invasion of privacy of many bank employees and needless public disclosure of many harmless transactions. Section 22(g) of the Federal Reserve Act (12 U.S.C. 375A) as amended in 1967 expressly permits a member bank to make certain types of loans to its own executive officers. The permitted loans include a residential mortgage loan of up to $30,000; a children's education loan of up to $10,000; and, a general purpose loan of not more than $5,000. We see no supervisory purpose to be served by requiring such loans to be made a matter of public record as does proposed Section 17(b).

Sections 19, 20, and 21. Brokered Deposits.—Sections 19 and 20 prohibit any insured bank or S&L from making any payment to anyone as compensation for obtaining a deposit for the bank or S&L. A payment made by a person, other than the bank or S&L, for the purpose of obtaining a deposit for the bank or S&L is deemed to have been made by the bank or S&L if it had, or reasonably should have had, knowledge of the payment when it accepted the deposit.

The acceptance of deposits and loans placed through money brokers has been a significant contributing factor to several bank failures in the past few years. All of the Federal banking agencies now have outstanding directives designed to curb the practice.

We also support the principle of outlawing the troublesome aspects of brokered deposits by statute. In the National banks, the trouble-causing aspect has been the acceptance of questionable out-of-territory loans from the money broker as a condition of his obtaining deposits for the bank. However, we understand that the FDIC has found other types of brokerage abuses in some closed State banks.

We, therefore, support in principle a prohibition of brokered deposits. We think it important, however, that the charter supervisor, or some other banking agency, be given exemptive and regulatory authority to define the terms used in the statute. There are a few compensated deposit gathering services which are unobjectionable and even essential in certain markets.

Section 22. Gifts To Attract Deposits.—This section would prohibit the practice of offering merchandise or other premiums to depositors as an inducement to make or add to any deposit.

The use of merchandise premiums promoting retail deposits is presently closely limited by rulings of all the Federal banking agencies. The banking agencies' coordinating committee agreed some time ago to restrict the value of such premiums to a wholesale cost of $5 in connection with deposits of under $5,000 and $10 if the deposit is $5,000 or more.

It is our view that the existing regulatory approach to the giveaway problem is preferable to a flat prohibition since it provides a measure of flexibility to permit at least minimal competition to the benefit of the small depositor who at present is restricted to a much smaller percentage of interest than are depositors possessing over $100,000.

Sections 25, 26, and 27. Deposit Insurance for Public Units.—Sections would extend 100 percent insurance for deposits of Federal, State, and local governments in insured banks and S&L's.

Exempting public depositors from the $20,000 limit on insurance would appear to conflict with the objective under existing law of providing protection for the savings of individual families of moderate income who frequently lack the technical ability to appraise accurately the soundness of available outlets for their funds, while maintaining the incentive to holders of large accounts to investigate institutions before placing deposits in them. Moreover, exempting one class of depositors from the limitation on insurance coverage could lead to pressures to extend the exception to other classes.

Local law now requires in almost all cases that public deposits be secured in full by the depositor pledging Federal, State, or municipal bonds. Some States kill two birds with one stone by specifying that only home State bonds shall be eligible collateral for this purpose.

Adoption of Section 25 would eliminate any need for pledging and probably would have a substantial negative effect on the demand for municipal bonds, a market which already suffers from serious structural problems.

For these reasons we do not favor the adoption of Section 25.

H.R. 3287. Bank Stock Loans.—The bill flatly prohibits any insured bank from making a loan, the proceeds of which are used to buy any stock or bonds of any bank.

We understand the purpose of H.R. 3287 to be to stop the practice of one bank financing the takeover of control of another bank. However, the language of the bill goes much further and apparently prohibits any bank loan for the purpose of purchasing even one share of bank stock. This would make unlawful many, many routine loans for investment purposes. We know of no reason why an investor should not be able to purchase bank stock on margin in accordance with the prevailing margin requirements, in the same way as any other security.

Even if the bill were amended to prohibit only takeover loans, we feel that it would be still inadvisable for the following reasons:

(1) Our Office, and we are sure other bank supervisors, have had occasion to call on a financially strong institution to finance the purchase of control of a faltering one. This bill would take away that supervisory tool.

(2) One of the principal problems inherent in takeover loans, is the almost inevitable sequel of some of the taken-over bank's liquid funds being transferred to the lending bank as an interbank deposit. This interbank deposit is often a prearranged condition of the takeover loan. The Department of Justice, in a letter to the banking agencies, has taken the position that the use of an interbank deposit as a compensating balance for a loan to controlling persons of the depositing bank may constitute a misapplication of the depositing bank's funds. This position was made known to all banks by the Federal banking agencies in a circular letter in October 1970.

We believe that the distribution of the Justice letter has been effective in minimizing one of the most troublesome aspects inherent in takeover loans.

We understand another concern behind H.R. 3287 to be the prevention of bank takeovers in general by undesirable persons through the use of funds borrowed from other banks.

This is a laudable purpose with which we as bank supervisors could not agree more. However, the bill draws no distinction between the desirable and undesirable purchaser-borrower. We fear that the effect of cutting off prospective desirable bidders for banks from the conventional source of financing might be to promote one of the very things the bill is designed to prevent—the use of underworld money by undesirable elements.

It has been our experience that the great majority of bankers would never knowingly finance the takeover of another bank by dishonest persons. This is not to say that misjudgments have not and cannot occur. When one does occur, we feel that the tools presently available are sufficient to take care of the situation. Under the provisions of the Barr bill (12 U.S.C. 1817 (i) (1)), passed in 1966, a bank which makes a takeover loan must notify the supervisory agency of the takeover bank. This serves to alert the agency to watch out for possible changes in management competence.

For the above reasons, we do not favor the adoption of H.R. 3287.

Remarks of William B. Camp, Comptroller of the Currency, Before the Indiana Bankers Association and the Graduate School of Banking, Indiana University, Honoring Joseph W. Barr, Bloomington, Ind., Sept. 24, 1971

I have been asked, as speakers often are, to take a look at the future—to discuss the opportunities and challenges for American banking in the fast-moving world in which we live.

But, I can never meet with any group of bankers from Indiana without reflecting on the enormous contributions your State has made in the past, and is continuing to make, to sound banking progress.

The occasion for today's meeting is a tribute to my friend, Joe Barr, one of Indiana's most outstanding recent contributions to good banking. I have known him well and fondly since he came to Washington as a Congressman in 1958. He served on the House Banking Committee, unfortunately not long enough to become its chairman.

I knew him still more closely when he served as Assistant to the Secretary of the Treasury for Congessional Relations. We had a most harmonious relationship when he was chairman of the Federal Deposit Insurance Corporation.

When he returned to the Treasury as Under Secretary, we worked even more closely together. Joe, quite literally, became my boss when he was appointed Secretary of the Treasury. Now he works across the street from me as president of American Security and Trust, and I can look over his shoulder and second-guess him on every loan decision he makes.

Needless to say, of all the problems that might come before me, that worries me the least.

I am here today because I value his friendship, I admire his ability and talent, and I wish him every success as a progressive banking leader.

But Joe is not the only Indiana banker whose achievements are important to us.

In our Office, we are ever mindful of the powerful role played by Hugh McCulloch, first Comptroller of the Currency, in molding the shape and nature of the National Banking System. He gave it the stamp of his character in establishing its rectitude and reliability. He gave it the promise of his vision in setting its creative goals. He imparted to the new system much of his remarkable energy in promoting its progressive growth. Yet, in his own words, from his memoirs:

> In 1862 I went to Washington, to *oppose* the passage of the bill to establish a national banking system, which, if it passed, might be greatly prejudicial to the State banks, of one of the largest of which I was president.

McCulloch's efforts were unsuccessful, but his diligence, his talents, and his capabilities were so impressive that he was offered appointment as the first Comptroller, and was urged by Treasury Secretary Salmon P. Chase to accept.

Here is how McCulloch described his dilemma and his solution of it:

> It had become quite certain that the war was not to be brought to an early close, and that the expense of prosecuting it, already exceeding its anticipated cost when hostilities were commenced, must be enormously increased before it was ended. It was also equally certain that the notes of the State banks, imperfectly secured as most of them were, could not be safely received in the collection of the public revenues.
>
> I had, therefore, been forced to the conclusion that banks with a perfectly secured circulation, which would be current throughout the Union, were an absolute necessity, and a careful examination of the Bank Act had satisfied me that this necessity had been met by it.
>
> But I was president of a bank which I knew was sound to the core, and in whose welfare I was deeply interested. The offer of Mr. Chase was, therefore, not only unexpected but embarrassing. I was wedded to the bank which I had worked hard to place in a perfectly solvent condition. I could not resign the presidency of it without severing very agreeable official relations, nor without considerable pecuniary loss, and I had no desire to go to Washington. On the other hand, I had been forced to admit that there was a necessity for a National Banking System, and I felt that the Government had a right to any services that I might be able to render in the tremendous struggle in which it was engaged.
>
> Being thus in a straight, I did what all men who have sensible wives ought to do, when important questions are to be considered and acted upon—I consulted my wife. The conclusion was that I should resign the presidency of the bank and go to Washington . . .

In addition to the many parallels between this account of more than a hundred years ago and some of the dilemmas that face us today, I think there is a significant lesson to be learned. It is that the abiding love of a good woman is strong enough, and beneficial enough, to change even the most vigorous critic of a banking system into one of its most ardent supporters.

So, if any in my audience here have any talent as matchmakers, and if any of you know a good woman who would be willing to marry and reform Ralph Nader, I hope you will rise to the challenge on behalf of the entire banking system of the country.

Well, all of us can be changed in our thinking and improved in our attitudes. And the inevitability of change is one of the few constants on which we can rely.

Aware of the universal frailty of mankind, many critics of our system of representative democracy predicted shortly after its establishment that it could not long endure. They reasoned that, when the common man realized that it lay within his power to raid the public treasury by majority vote, he would soon do so, and, in the process, quickly bankrupt both the Government and the free enterprise economy it sought to foster.

The "Robin Hood" philosophy, that of taking from the rich and giving to the poor, has such widespread appeal that its preachment comes naturally to any demagogue willing to prey on the gullibility of his constitutents.

Some time ago, a speech was made on the floor of the Senate by a member who was dismayed at the turn of events he had seen. He declared:

> There are persons who constantly clamor. They complain of oppression, speculation, and pernicious influence of wealth. They cry out loudly against all banks and corporations, and all means by which small capitalists become united in order to produce important and beneficial results. They carry on mad hostility against all established institutions. They would choke the fountain of industry and dry all streams . . .

The speech went on at some length, but what I have quoted is enough to show the general nature of the remarks of Senator Daniel Webster to his colleagues on March 12, 1838.

On occasion, both our form of government and our type of economic system have come perilously close to foundering from just such assaults referred to by Daniel Webster.

Yet, always, the sober commonsense of free men and women, and the marvelous flexibility of our system has permitted us to change with the changing times, to adjust to new circumstances, and to compensate for different pressures and demands.

Instinctively, the American people bring to bear on their problems a self-disciplined rationality that is the enduring proof of their ability to govern themselves. Government, they reflect, always is the exercise of discipline, and self-government is inescapably the exercise of self-discipline.

If a better way of achieving our goals can be devised, the people seem to say, let's think it through, make our plans accordingly, and carry them out, cooly, confidently, and rationally.

Was this not the philosophy of Hugh McCulloch? Did he not adapt rationally to significant changes that faced him in his time and place? Do we not have a similar challenge and a similar obligation today? I think the answer must be in the affirmative on each point.

Today, commercial banks are demonstrating a new awareness of the relationship between their well-being and that of their communities. A few examples of specific programs initiated and operated by individual banks and groups of banks should suffice to illustrate my major thesis. My principal source is a volume recently published by the Bank Marketing Association, entitled "Public Affairs and Banking . . . An Action Report." A bank in Arizona recently pioneered a new program wherein some 60 minority businesses were given special attention and their owners received the capital, know-how, and encouragement they needed to build independence and success. The program goes into considerable depth with each business offered assistance in capital structuring, organization, and management.

Since its initiation, this program has helped small businesses of all types become realities for individuals belonging to minority groups, and millions of dollars have been put to work through these businessmen in establishing supermarkets, service stations, beauty shops, clothing stores, and many other classifications of business that, in turn, help the area economy and stabilize business conditions.

In 1969 our Office chartered a new National bank in Minneapolis, located in a ghetto area which for two summers had been the scene of demonstrations and unrest. The bank was financed by a registered bank holding company and headed by a dynamic and distinguished member of the black community.

The new bank, housed in one of the few buildings still left standing on an almost-deserted street, became a rallying point for new businesses and new outlooks.

The bank has not wrought major changes on the near north side during its short life, nor has it been responsible for any great outpouring of funds. It is too small for that. But the bank has been solidly established in a neighborhood with a wide mixture of races, with income levels from poverty to middle-class, all needing assistance in upgrading the opportunities for employment, better housing, and better schools in the area.

The bank will no doubt play a key part in the further renewal and redevelopment work in the area, and make the Plymouth Avenue business district take on greater life and activity to replace the scarred, boarded up buildings that mar part of the avenue's facade.

An antipollution code was drafted and adopted by the Maine Bankers Association, and has also been adopted, with only minor alterations by the New Jersey and Vermont associations. It is reported that a similar code has been adopted by the Missouri association. The Maine code requires that credit decisions relating to the financing of new industries and the expansion of existing industries, ensure that such financing shall not encourage or abet pollution of the air, land, or water of the State. A number of bank boards have specifically endorsed the code. Such action recognizes that the extension of a loan which would lead to substantial pollution in the bank's area, however profitable immediately, would not be in the bank's long-run best interest. If enough banks become accustomed to applying that test for loans in their own areas, it may be hoped that the test will be extended to outside-area loans.

An Indiana bank has a program of granting commercial loans of up to $500,000 each, on special terms, to companies wishing to finance antipollution equipment for existing facilities. Several banks are supplementing the funds available for "environmental" loans by selling specially designated certificates of deposit.

Certain bank programs can most properly be considered community contributions, because even their long-run profit connection is too tenuous to be measurable. Such programs do reflect a recognition by bank boards that an institution has certain civic responsibilities that lie outside direct market considerations. A good example is a program established by a bank in Chicago. The program has provided instructions in personal financial management to thousands of schoolchildren and adults. The bank's out-of-pocket expense has been about $100,000.

I would like to emphasize that I think of my message as essentially optimistic. I believe that we can have the continuing benefits of an enterprise economy and yet make rapid strides toward alleviating some of the social problems which have arisen as a byproduct of our growth. I feel confident that the banking industry will continue to play a vital and enlightened role as we move toward the achievement of new goals in our society.

Remarks of William B. Camp, Comptroller of the Currency, Before the National Bank Division of the American Bankers Association, San Francisco, Calif., Oct. 18, 1971

"The Evolution of the 'Business of Banking' "

Today I would like to discuss commercial banking in the 1970's. To all of us, it is obvious that, in banking, only change is certain. For the banking industry to do its job responsively and responsibly, it must be geared to anticipate and to meet the ever-evolving financial needs of the public.

Sometime ago, a friend gave me a copy of a 1905 issue of *The American Banker*. Some items which appeared in it sound all too familiar. It reported, for example, that "the question of whether gross living expenses have risen during the past year . . . is receiving a great deal of attention . . . in Washington . . ." One expert predicted "an era of rising prices."

The Pinkerton agency reported to the ABA that, during the previous 10 months, 26 "forgers and swindlers" and 25 burglars were convicted. It also reported that one gentleman who had drawn numerous small checks with which he swindled hotels was a "source of annoyance" to the bank in question.

The revolution in transportation wrought by the automobile was then just beginning. A banker, addressing a 1905 session of the Tennessee Bankers Convention which was held on Lookout Mountain that year, referred to "this age of wonderful advancements, . . . fast transportation like the Pennsylvania Flyer," a train which had just been placed in service between New York and Chicago. The speaker said, "Think of what a marvelous age we live in. We now have a train which can cover 900 miles in just 18 hours."

A bank in Texas advertised that it made collections in "Indian Territory." A bank in New York, by implication, was not yet cultivating the "friendly banker" image. It advertised that it offered to depositors "every facility which their balances, businesses, and responsibility warrant."

As we think of all the changes that have occurred in our economy and its mode of operations since 1905, it is clear that the banking industry has no choice but to try to keep pace.

During the course of congressional consideration of amendments to the Bank Holding Company Act, we were asked to provide an enumeration of the "specific areas of activity in addition to banking functions which bank holding companies should be permitted to engage in."

In replying, we stated that it would be "most unwise" to include in a statute an enumeration of the functions which could be performed by banks and bank holding companies. In support of this position, we quoted from an 1870 decision of the U.S. Supreme Court. In the case before the Court, one bank had actually sued another because the defendant had instituted the practice of certifying checks. Just think of that! The Court held that a National bank had the implied power to certify a check because ". . . the practice of certifying checks had grown out of the business needs of the country."

During the course of the litigation, the Court was requested to define the business of banking. In its wisdom, the Court said, in effect, "we cannot do this and it would not be proper even if we could. We live in a changing world, new products, new techniques, new and better methods of doing business are constantly coming into being." The introduction of check certification, the Court said, is a classic example of a "new and better method of doing business."

The Court added:

> Time and experience, if slower, are wiser lawmakers than legislative bodies. Customs have sprung from the necessities and the convenience of business and prevailed in duration and extent until they acquired the force of law. This mass of our jurisprudence has thus grown, and will continue to grow, by successive accretions.

The New York Free Banking Act of 1837 gave New York banks the ". . . power to carry on the business of banking . . . by exercising such incidental powers as shall be necessary to carry on such business." In 1857 the New York Court of Appeals was asked to define the powers of a bank. That Court, in language I consider quite classical, stated:

> The implied powers of a bank are not enumerated and defined; because no human sagacity can foresee what implied powers may, in the progress of time, the discovery and perfection of better methods of business, and the ever varying attitude of human relations, be required to give effect to the expressed powers. They are therefore left to implication.

Just 10 years ago, our Office embarked on a complete reexamination of its regulatory role. Since then, a large number of regulatory innovations have been adopted. As must be the case in any period of widespread change, some errors and false starts occurred. By and large, however, our policies, although often initially controversial, have gained widespread acceptance. We are indeed proud of the part which our Office has played in the dynamic growth of the banking industry during those 10 years. It is appropriate at this time, I believe, to review the major developments of the decade, and to take stock of banking's current position and its future course.

The expansion of banking's product and service mix during the past decade is perhaps the most striking single development. That expansion represented the industry's response to new financial needs of the public, both business enterprises and individuals. In my view, the responsiveness of an industry to newly emerging requirements of its customers is the best single test of how well that industry is serving the public. Of course, since the special nature of banking operations subjects the industry to a high degree of regulation, banks are not as free to respond immediately to new public demands as are the firms in nonregulated industries. It is in that area of regulation—our recognition of and response to emerging financial needs—that our Office has striven to be especially vigilant. In a series of actions, ranging from data processing through direct lease financing to travel services, we have endeavored to create a regulatory climate that rests on a recognition of the dynamics of our financial system. Put another way, we endeavored to alter or eliminate those regulatory restrictions, not required by statute, whose effects were to place barriers in the path of bank innovation. Aside from the statutory test, of course, we also had to ascertain whether the omission or modification of a given regulation would endanger the liquidity, solvency, or continuity of the National Banking System.

The movement of National banks into additional product and service lines increased the degree of competition in the markets for those products and services. The benefits of competition for the public, primarily more sources of supply at lower prices, need not be labored here. You will recall that the reaction of a number of nonbank competitors was to file lawsuits, against both National banks and our Office, charging that there was no statutory basis for the entry of National banks into those lines.

Several generalizations can be drawn about those suits. First, they were inherently anticompetitive. Virtually absent from the suits was the charge that, somehow, the public interest would not be served, were National banks to offer the services in question. The broad public interest test was simply not applied by the plaintiffs. Rather, it was asserted that National banks would have an undue competitive advantage in those service lines and, that further, there was no basis in law for National banks to engage in such activities.

The results of those various suits were mixed, but the harassment of banks took its toll. Obviously, the attractiveness of entering a particular service line was reduced when such action seemed almost certain to generate prolonged, expensive litigation. We hope that those challenges will not unduly deter banks from seeking new ways to serve the public.

When the times change and banks do not, I become concerned for the future of us all. I take very much to heart the warning in a recent report by a Presidential commission which found that "regulatory agencies are marked by rigidity and lack of adaptability." The same report noted that, in the face of rapidly changing situations, the regulatory agencies "lack flexibility and imagination" to carry out their objectives. The report warned that they "tend, with time, to become prisoners of old philosophies and outworn procedures."

In my view, all bankers, and, indeed, all bank regulatory authorities, have an obligation to continually participate in the learning process in order that they may have a better understanding of the public interest. For many years, the thinking of regulatory officials was shackled by the repressive and damaging attitude that the primary purpose of bank regulation was to take the risk out of banking by substituting the judgments of regulatory officials for the judgment of operating bankers.

Let me discuss with you some of the forces for change that I think are a challenge to us all and suggest some guidelines that I believe can be useful in many of the adjustments that must come about.

We live in an age of legitimate concern about a number of problems that seem to be byproducts of our complex, urban-oriented, interdependent economy. Among others, these include a marked deterioration of the cores of our urban centers; inadequate housing for a significant segments of our population; a sharp rise in the level of air, water, and noise pollution; and, our failure thus far to achieve completely equal employment opportunity for people of all races and backgrounds.

A broadly worded statement of national goals, aimed at alleviation and eventual elimination of those problems, can be drafted in such a way as to gain virtually universal support. Controversy arises when the generalities are translated into specific operating policies. I would like to give attention today to certain specifics dealing with the role of commercial banking and to some extent the role of business in general, in our efforts to progress with our national agenda.

In my view, much of the current criticism directed at the business sector reflects a lack of knowledge and understanding of the functioning of our free enterprise system, and of the crucial contribution by this system in making our economy the richest and the most productive in the world today. I believe that the banking industry, and to some extent the business sector in general, is receiving a "bum rap" from a number of its "social activist" critics. However, it will be plain as I proceed that I am not suggesting that anyone should rest on his laurels. There is much to be done, in both the public and private sectors, if our Nation is to fulfill the hopes and dreams of its citizens.

Certain key relationships underlie the functioning of financial institutions in our enterprise economy. I should note in passing that the temporary wage-price freeze now in effect will alter a number of relationships in the short term. However, the basic principles discussed here will again be fully applicable over the longer term.

Over 80 percent of bank funds stem from depositors who have every reason to believe that their funds will be carefully safeguarded. The banking industry can properly perform its principal functions only if individual institutions are operated in a way that maintains their solvency, and thus, the safety of their deposits. This point appears to escape some banking critics. The banking industry is faced with the sort of massive misconception about its role that recently led to a description of a branch system's operation as "being like a regressive tax, taking money from those who can least afford to lose it and giving it to those who need it least."

Commercial banks primarily serve as an intermediary between savers and borrowers. The savers seek the safety of their principal and, in the case of time deposits, a return on that principal. The credit made available to borrowers, both individuals and businesses, provides a vital lubricant in the functioning of our enterprise economy. In general, those borrowers who are able to provide reasonable assurance of their ability to repay loans will become the preferred risks. Where insufficient funds are available to meet the needs of all prospective borrowers, the interest rate mechanism serves as one allocative device.

It is clear that profits play a crucial role as a guiding force in this operation. The borrowers' anticipation of profitable operations leads them to the banker's window in the first place. The ability of the banker to make accurate assessments of the likelihood of profitable operations by prospective borrowers will, in turn, largely determine the eventual profits of the bank itself. Those for whom the term "profit" is a dirty word have failed, in my view, to study and to comprehend the dynamics of our economic history. The economic growth in this Nation over two centuries is firmly and unquestionably related to the incessant drive for profits on the part of both business enterprises and individuals.

I am certain that any self-styled "social activists" in the audience are at this point writing off my message as that of one more tired voice defending our system and all its results without qualification. If such is the case, I hope these listeners will not yet close their ears. One hears the term "social responsibility of business" very often today. This is a useful and meaningful phrase if defined within appropriate limits. However, if defined by those who fail to understand the functioning of an enterprise economy, it may be used, perhaps unwittingly, as a wedge to undermine the heart of our economic system.

I believe there are several key elements in the social responsibility of all who are engaged in the banking business. First, the banking business, indeed all business, must adhere strictly to the letter and the spirit of our laws. Of course, in a viable democratic society, the same adherence on the part of individuals is a necessity. Second, an important element of social responsibility is the involvement by bank officers and employees in the legislative, administrative, and electoral processes. The aim of this involvement should be to improve the body of law, or to aid in its proper interpretation. Finally, to carry out its social responsibility, the banking business must be operated in a manner consistent with the achievement of an efficient allocation of resources for the economy as a whole. Within the context of a competitive market economy, the appropriate guideline for the bank in achieving an approximation of that result, is to pursue its *long-run* profit goals.

The last requirement, in my view, is the key to a proper and consistent interpretation of true "social responsibility." Several points need to be made in connection with this requirement. Those who would remove the profit test as the basic operating guideline for businesses leave a dangerous vacuum. Banking, and all businesses, are simply called upon by these self-appointed guardians of the consumer and the public to follow the policies which those same paragons have decided, in their wisdom, are correct. Yet we know that differences of opinion and quite divergent orderings of priorities exist within any democratic society. The safeguard of the objective test of the marketplace is lost when enterprises succumb to the pressures of those critics of business. The full consequences of such a surrender can easily be overlooked.

Although the above may sound essentially negative, we can now turn to the positive aspects involved in our operating rule. Many critics of the profit motive as an operating principle fail to perceive that narrowly construed, *short-term* profit goals are often utterly inconsistent with broadly based *long-term* profit goals. When the "long view" is taken, as it should be, I believe, we find that the interests of business enterprises and of society are much closer to convergence. Let me now turn to some specific problem areas in our society, to show you how expansive and flexible this rule is. A leading banker recently made this statement:

> At a dinner of a group who know the financial community well, the question was raised: Can a commercial bank afford to respond to the escalating demands for more socially responsible behavior within our present, profit-oriented market system?
>
> My answer was that, given the current business environment, neither banks nor any other business enterprises can afford *not* to respond.
>
> No greater inducement needs to be offered for directing our attention and our resources as businessmen to the root problems of our society than that they exist, that they are impediments to human fulfillment and that they obviously require correction. I hasten to point out, however, that there is both self-concern and social concern in that conclusion, for businessmen must live in, as well as work in, the community environment—with all its ills.

It is clear, as we enumerate the principal social concerns of our day, that commercial banks operating in cities and towns across the country, must be, and are, involved in the manifold efforts to alleviate those concerns. Billion-dollar banks cannot leave the polluted atmosphere of large urban centers to resettle in our wilderness. The labor force for our banks is, and must be, drawn principally from urban areas. Bank customers and bank employees live in housing of all qualities found within our urban environment. The financing of the construction of adequate housing, and the holding of mortgages for individual homeowners, must be an important segment of the business of commercial banks. The maintenance of the competitive industrial structure by making available funds to new business entrepreneurs is also in the best interest of the banking system, individual banks, and the enterprise economy.

In a phrase, the long-run profit motive allows commercial banks to identify the interests of their institutions with the broad interests of the community where the bank is located. The profit prospects for an urban bank 10 years hence will not be bright in a situation where the urban core is deteriorating and in which social unrest permeates all activities.

In connection with the ability of commercial banks to identify their interest with that of the community in which they are located, I would like to point out one relationship which takes on considerable importance. Because of the economies of scale present in commercial banking, banks within most major urban centers have grown large in absolute terms. In a number of cities, this large absolute size is accompanied by a significant share of the total banking business within the city. To use a favorite phrase of the Antitrust Division, with which we have had occasional "friendly" differences, the banking structure in a number of cities is "concentrated." Without offering any general defense of such "concentration," it is clear that a closer identification of the long-run interest of the bank, and the long-run interest of the community is possible when the bank holds a significant share of the total banking business. Let me hasten to add that I am fully aware that this point, if misused, could lead to a defense of banking "monopoly." It would be both inappropriate and illogical so to use it. This audience is sufficiently knowledgeable to recognize the intense competition which exists among the leading banks in our major cities. I hope that other thoughtful observers will also be aware of the competitive milieu.

In conclusion, I would like to emphasize that I am essentially optimistic that we can have the continuing benefits of an enterprise economy and yet can make rapid strides toward alleviating some of the social problems that have arisen as a byproduct of our growth. I feel confident that the banking industry will continue to play a vital and enlightened role as we move toward the achievement of new goals in our society.

We should find not fear, but excitement, not doubt, but confidence, not anxious concern, but eagerness to explore the many new responsibilities and opportunities which lie ahead. We must continue to look confidently ahead, not backwards, nor sideways. The needs are clear.

Remarks of David C. Motter, Deputy Comptroller of the Currency (Economics), Before the District of Columbia Bankers Association Audit, Control, and Operations Section, Washington, D.C., Feb. 11, 1971

"Banking and Economic Growth: Old and New Horizons"

Introduction

I would like to confine my remarks to three areas, each relating to a quite specific aspect of the relationship between commercial banking and economic growth. It should be evident that this multifaceted topic can be approached in a variety of ways. The general relationship is so complex that it does not lend itself to a short discussion; for that reason I have chosen to spotlight several subtopics that have, I trust, considerable interest and relevance today.

Anyone interested in the current role commercial banks play in our growth and development, and in the projection of that role tomorrow, must examine the place of banks in our economic history. The dichotomy of monetary and credit functions of banking during the first decades of our Nation created difficult, and at times impossible, demands upon our early commercial banks. Even so, their contribution to our development was monumental. I shall first look briefly at that early period.

Then, I shall turn to a special case, and one of particular significance today, involving the contribution of one group of banks to urban development and growth. I refer to the important and newly controversial role of black banks in our urban ghetto areas.

Finally, I shall give attention to the changing cluster of bank products and services. The emergence of a new mix of products and services during the decade of the 1960's represented a response by the banking industry and, to a considerable extent, by the banking regulatory authorities, to the new and ever more sophisticated financial needs spawned by our rapid economic growth. The determination of the product-service mix to be offered by banking during the 1970's is a crucial question for banking today.

Banks' historical role in economic growth; the dichotomy of monetary and credit functions

Many scholars have devoted a very considerable amount of research to an exploration of the role of commercial banks in the economic growth and development of the United States. As a result, when the non-specialist turns his attention to that topic, he is fortunate to find a variety of sources waiting for him. However, a perusal of those sources demonstrates that economic historians have paid primary attention to the *monetary* functions of the banking system. The exploration of the credit function of commercial banks and, more specifically, the contribution of bank credit extension to the development of particular industries and firms, has been slighted. In so stating, it is unfair to ignore the important work of Professor Trescott in attempting to reverse this imbalance.

The inconsistancy, and often, the incompatibility of monetary and credit goals for the commercial banking system, often placed individual commercial banks in an impossible position. Throughout virtually all of the 19th century, there was a continuing need for expanded bank credit in the United States. Small firms engaged in a variety of economic activities were attempting to make use of our country's great wealth of natural resources by steadily expanding their operations. New firms and whole new industries sprang up almost overnight. The demands for short-term credit and, of course, for long-term capital, were tremendous.

The valiant attempt of a number of banks to supply the necessary funds to new business enterprises provided enormous, invaluable assistance to our economy's rapid development. In doing so, however, individual banks often became overextended. Their assets, largely in the form of relatively illiquid business loans, did not match the maturities of their volatile short-term liabilities. In the early part of the 19th century, those liabilities were largely in the form of individualized bank notes, although, by the time of the Civil War, total deposit liabilities exceeded total note liabilities in the system.

In a word, relative stability in the economy required a relatively stable monetary system. At the same time, the burgeoning credit demands of our new industries placed such a strain upon our commercial banking system that monetary stability remained an unattained goal. In the period between 1800 and 1860, a number of severe monetary panics created widespread economic distress.

This audience, in the context of the plentiful criticisms of banking put forward in recent years, can well appreciate the impossible position faced by our early commercial banks. The public tended to blame bankers for the financial panics. The public somehow expected bankers to provide monetary stability, yet that could be achieved only by a centralized monetary authority. The responsiveness of commercial banks to the credit needs of the economy itself generated the seeds of monetary fluctuations. A number of individual bankers were able to hold their own extensions of credit to prudent levels. However, it lay far beyond the power of individual bankers to achieve, simultaneously, monetary stability and expanding credit over any considerable period of time.

The advent of the National Banking System brought considerable stability to the financial sector, but the relative inflexibility of the system's mechanism created problems. With the formation of the Federal Reserve System, adequate centralized monetary control was finally achieved.

However, commercial banks are still the unwitting recipients of public ill-will during periods of monetary tightness. The central monetary authority carries out its policies principally through the commercial banking system in the first instance. As a result, banks often bear the brunt of unjustified public criticism for both high interest rates and lack of loanable funds. The banking industry will presumably never escape this, although a more extensive program in economic education might alleviate it.

A special case: the role of black banks in urban development and growth

I am sure that you are aware of a recent spirited discussion in connection with the proper role of black-owned commercial banks. Recently we have had three formal presentations on that subject, plus a variety of comments generated by those presentations. I would like to give some attention to the question of the place of such banks in our economy, as a special case of the relationship between commercial banks and economic development.

There are now more than 20 commercial banks that are classified by their own trade association as black-owned or minority-owned banks. The majority of those banks have been chartered since 1960. The bulk of the total assets and total deposits of such banks are held by those chartered since 1963. All of them are located in inner city, ghetto-type areas.

It is clear at the outset, then, that we are talking about a set of comparatively new banks, each facing a particular type of urban economic environment. The comparative newness of the banks, in and of itself, distinguishes them from the mass of commercial banks in our country. In any recent year, the number of newly chartered commercial banks has been well below 1 percent of the total population of banks existing at the beginning of that year.

When we look at the group of minority-owned banks, we are also looking at comparatively small banks. That is only a slight extension of the truism that newly chartered banks, by definition, are "small" banks. No new bank has been chartered at a capitalization exceeding $5 million in recent years, and the capitalization of most new banks is well below that figure. In other words, "large" new banks do not spring into existence.

The inner city location of the minority-owned banks provides a particular set of economic characteristics for their environment. These institutions, to meet their expressed purpose of fostering minority economic development, are located in the very areas which have seen an unfortunately large exodus of other economic enterprises in recent decades. It should be evident that the financial resources of the immediate communities within which such banks have been located are extremely limited. That fact will inevitably shape the banks' deposit activity, and will also determine, in large part, the characteristics of their loan demand.

Quite naturally, the attempt has been made to staff minority-owned banks mainly with blacks and members of other minority groups. That goal has been largely achieved for the teller and clerical positions within the banks. However, there have been some staffing problems at the executive level because the supply of financially trained members of minority groups is extremely limited.

Any bank, regardless of its ownership, presents a different picture during its first several years of operation than does a mature bank. Typically, deposit funds come in at a faster rate than can be absorbed prudently by the loan demand within the bank's area of operations. Also, certain internal operations have to go through a shakedown period; initial unit expenses, therefore, are often high relative to those of older banks. For those reasons, it appears mandatory in any analysis of black-owned banks to remove those that were recently chartered from the sample group. The convention adopted by one of the recent analyses, the exclusion of banks less than 5 years old, appears to be quite defensible.

Black banks have been criticized for exporting large amounts of their funds to borrowers outside their own communities. That is a typical pattern for *new* banks, which must, during the period when loan demand within their own area of operation is small relative to funds available, rely heavily on participations in loans extended by correspondent banks. The additional criticism that black banks tend to have relatively low loan-to-deposit ratios, is due to the same phenomenon of "newness." Relatively heavy investments in securities are characteristics of new banks, in the absence of sufficient loan demand.

It has also been pointed out that black banks' ratios of service charges to total demand deposits are relatively high. It is well known that the areas served by black banks generate many low-balance, high-activity accounts. Inevitably, the servicing of those accounts leads to service charges that are high relative to the deposit base.

Next, we come to a criticism that is immediately and directly related to the question of the proper role of the black banks in the development of new ghetto businesses. It has been pointed out that the ratio of total classified loans to total capital of the black banks is approximately double the same ratio for other banks of the same size. That statistic should hardly be surprising, given the nature of the purposes of the black banks, and the nature of the markets being served. In fact, in my view, a more severe criticisim of the black banks would be forthcoming if, in fact, these banks had classified ratios similar to those of all other banks. That would, I believe, indicate that the black banks were pursuing a much too cautious course in their efforts to provide financial backing to ghetto entrepreneurs.

Reference has also been made by black bank critics to the regulatory agencies' ratings of the management of such banks. It has been pointed out that, on the average, the management of black banks secures a lower rating than is true for other banks of about the same size. Again, that is largely a function of the short supply of qualified minority bank officers. Even more important, however, is the fact that the management ratings for black banks are considerably more favorable today than they were 2 years ago. Thus, the movement, the evolution, is definitely in the right direction.

The whole controversy concerning the economic justification of black banks is rather surprising, in one sense. Should one logically expect that, at this point in time, the cold statistics would provide a comparison favorable for those banks relative to all other banks of the same size in our country? The combination of newsness, smallness, location, and specific purpose, when combined, could hardly now yield a favorable statistical conclusion. Having said that, however, I should hasten to add that in many respects the performance of black banks has already been surprisingly good. A majority of those black banks which have been in existence for a significant period of time are returning profits to their owners. None of the newer black-owned banks have failed, which in itself is a significant statistic. Rates of return on assets and on capital have been improving, although they are not likely, in the near future, to match those of other banks of the same size.

The most positive factors in the operations of those banks, unfortunately, do not lend themselves to statistical treatment. Conversations with the officers of black banks, and with minority entrepreneurs who have secured loans from them, reveal the primary justification for their existence. It is clear that a number of ghetto-based enterprises have secured loans from them when the possibility of finding alternative loan sources was small. Further, the existence of black-owned banks in inner city areas has been a factor in the decision of many large commercial banks to restudy and revamp their entire procedures relating to loans to minority enterprises. Over time, the most important results of black bank operations may well be the impact on other banks' operations, the "demonstration effect" for other ghetto enterprises, and the training of a number of topflight black bank executives. The significance of that pool of executive talent will carry far beyond black-owned institutions.

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The changing cluster of banking products and services: Banks' response to the financial needs spawned by growth.

I would now like to turn to a subtopic which I feel is vitally related to banking's contribution to economic growth and development, although, by its nature, the relationship is sometimes overlooked. The products and services offered by the banking industry today are vastly different from those offered by banking 100 years ago. We need not go back that far in time, however, to note very substantial changes in the cluster of banking products and services. The decade of the 1960's saw the emergence of a sizable number of new banking services, and the pronounced expansion of a number of other services which previously had been unimportant. Within our Office, we are proud that a number of regulatory changes during the 1960's, largely in the direction of granting more discretion to bank management, played no small part in the development of a new product-service mix.

It should be clear that an ever-evolving set of products and services is vital if banking is to meet the needs of a dynamically growing economy. Those needs tend to become more and more specialized and sophisticated, as the interrelationships within our economy become more complex.

Both litigation instituted by competitors of banks and legislative thrusts inspired by these competitors have placed certain newer banking activities in the limelight.

In one sense, it is quite misleading to include data processing operations under "newer services;" banks, and most bank employees have been engaged in data processing, in one form or another, since the inception of banking. The head of one of the major New York City banks stated a number of years ago that he was essentially the chief executive of a data processing firm. The magnitude of financial records required in a banking operation dictates that that be the case. However, the technological revolution in data processing—the emergence of very large, highspeed computers—has drastically altered data processing activity. Banking, quite naturally, was one of the first industries to make great use of the new computers. Indeed, it seems clear that if the computer revolution had not occurred, the banking industry today would be virtually smothered in a sea of paper.

The performance of data processing operations for customers of banks, as well as for the banks themselves, was a natural and inevitable development. It reflected economies of scale relating both to machines and men. It is for that reason that data processing suits brought by nonbank data processing firms and associations have become crucially important for the banking industry. However, the most important development in that area in recent months relates not to litigation, but to the December 1970 legislation passed by Congress to bring one-bank holding companies under Federal regulation.

Fortunately, for both the public and the banking industry, Congress finally rejected the concept of a "laundry list" of activities specifically prohibited to one-bank holding companies and their subsidiaries. However, the Federal Reserve Board's draft regulation to implement the 1970 legislation should be scrutinized exceedingly carefully by the banking industry, just as it will be examined and commented upon by nonbank competitors.

A ruling by the Comptroller of the Currency in the early 1960's fostered and encouraged the entry of National banks into direct-lease financing activity. That is one of the few newer activities of commercial banks that has not been subject to litigation by nonbank competitors. One result has been that the total outstanding volume of direct-lease financing by National banks has moved steadily upward during the past few years, and now stands well above $600 million. The "laundry list" that was incorporated in the bill passed by the House of Representatives included a leasing criterion that would have substantially reduced bank activity in that area. As we have seen, that "laundry list" was eliminated from the final legislation.

Insurance activity by National banks increased during the 1960's, again in part due to liberalizing actions by the Comptroller of the Currency. Litigation brought by the association of insurance agents consumed a large amount of time and resources for all parties. The general rule which has emerged restricts the insurance activity of commercial banks to those transactions related to direct extension of credit. The association of insurance agents was one of the most active lobbyists during the prolonged congressional debates on the one-bank holding company issue. The Federal Reserve draft regulation in that area would allow a holding company to control a subsidiary which acts "as insurance agent or broker principally in connection with extensions of credit by the holding company or any of its subsidiaries." Given the history of bank activity in that area, and the related litigation, the draft Federal Reserve regulation appears to be consistent with political reality. Under the circumstances, a regulation relying upon broader criteria may not have been available to the Federal Reserve.

One of the more interesting aspects of the draft Federal Reserve regulation is the omission of two activites: the provision of travel services by holding company subsidiaries, and the offering of commingled funds as a part of trust operations. The omission of any reference to commingled funds is not surprising; Congress, itself, this past session failed to pass draft legislation which would have empowered commercial banks to operate such funds. The effect of the congressional inaction is to give great importance to the U.S. Supreme Court's forthcoming decision in that matter.

One hopes, however, that when other activities are later added by the Federal Reserve, as promised, that the provision of travel services will be included. There are a number of commercial banks that have operated travel services for many decades. One view even holds that in some old banking houses, the travel services preceded the banking services.

Two additional comments concerning the Federal Reserve regulation and the forthcoming hearings appear appropriate. First, it should be clear that the legislation itself, and the regulation to implement the legislation, vitally affect the entire banking industry and every individual bank, whether or not individual banks are subsidiaries of holding companies. While it is likely that over time the corporate umbrella of the bank holding company will be allowed to shelter some activities which could not be carried out by banks themselves, it is obvious that the converse is not true. In other words, it is doubtful that a situation will ever arise, or at least persist, in which a particular bank is allowed to carry on a certain activity directly, when that same activity is forbidden to the holding company complex.

Thus, in a very real sense, the final regulations of the Federal Reserve under the Holding Company Act amendments, will define the outer limits of banking and related financial enterprises. In my view, it is crucial not only to the banking industry but, more importantly, to the public, that the limits of bank-related activities be sufficiently flexible to allow continued responsiveness of the banking system to emerging financial needs.

When Congress finally agreed to delete the restrictive "laundry list" there was a feeling of relief, if not elation, on the part of many knowledgeable students of banking. Even were a regulation to imitate, in large part, the omitted statutory list, the greater flexibility of the former would make it clearly preferable.

The next few months are bound to be a busy and hectic period for our sister agency. We can only wish the Federal Reserve well as it embarks upon a new regulatory chapter. From the standpoint of the public, we must hope that the implementation of the recent legislation will allow the banking industry to continue to meet the financial demands associated with dynamic growth and development of our economy.

Remarks of Dean E. Miller, Deputy Comptroller for Trusts, at the Southeastern Trust School, Campbell College, Buies Creek, N.C., June 22, 1971

The supervision of the trust department, like that of the remainder of the bank, has been built around the examination process. Once each year, the examiners of this Office go, on a surprise basis, into each National bank trust department. At that time, the examiner seeks to detect any departures from law, from Regulation 9, and from sound fiduciary principles. Those matters are discussed with management at the close of the examination. Correction may be made while the examiner is present; if not, a criticism is made in the report of examination. That criticism is followed by this Office until the matter is resolved.

The entire process is confidential for two principal reasons. First, we are dealing with very personal relationships between the bank and its customer. This is particularly apparent in the trust department, where we may find a family's entire fortune. Confidentiality in such circumstances is desirable; as long as the proper protections can be supplied, confidentiality should be retained for that reason alone. But there is another reason as well, the protection of the bank.

Throughout our Nation's history, the public image of banks has been a very critical matter. More than once a bank has been closed after a loss of public confidence caused a run that put the bank into a hopeless condition. That lethal loss of public confidence can result from disclosure of the bank's departure, or alleged departure, from Federal laws or regulations. And it is by no means an historical phenomenon. We have seen it happen relatively recently. Since the primary public aim is to protect assets, rather than to exact retribution, the confidential means of corrective action is most appropriate. Anything that would unnecessarily weaken the bank's condition is contrary to the public interest. If matters subject to criticism can be corrected and abuses stopped or forestalled, and if the bank's condition can be protected, or even strengthened, in the process, the maximum benefit is received. That is the way the system works.

But I must acknowledge that banking and bank supervision pays a price for that method of operation.

The confidential nature of bank supervisory activity leads many who are not privy to such actions to conclude that none exist. That is apparently an easy conclusion for one to form if he is in disagreement with some basic aspect of the bank supervisory officials' policy. Experience also shows that it is one readily reached by those who compete with some aspect of a bank's operations, but are subject to a different system of regulation. Public statements to the effect that there is no bank supervision have had a demoralizing effect on some of our trust department examiners; more than one has indicated that to me. The trust examiners from the Comptroller's Office are good, hard-working, career Government employees. Their job is not an easy one. They spend long hours on the road, and nights and weekends away from their families. They are dedicated. They think they are doing a good job. I know they are trying, conscientiously, to do so. I can understand their frustration at the blanket characterizations of them as incompetent and ineffective. A more unfair accusation is difficult to conceive.

I think all of these things are evident in the current proposals for the imposition of a requirement that trust department security holdings be filed with some Federal agency, proposals which this Office has opposed. They reflect, we believe, a failure to appreciate the work of the bank examiner. The Government, through its bank examiners, scrutinizes the holdings of bank trust departments during their annual examinations. As noted above, they correct matters of criticism in a manner calculated not to jeopardize the confidentiality of the customer's property or the soundness of the bank. In contrast, I believe that a system of supervision based principally upon disclosure would only result in more haphazard governmental oversight, and the loss of the protections of confidentiality.

Please do not misunderstand me, I do not have the arrogance necessary to stand here and assert that that aspect of the public interest which the banking agencies oversee is supreme, and that all other interests must yield to it—that all other, and therefore lesser, governmental interests must accommodate themselves to our means of accomplishing our supervisory responsibilities. That is not what I am saying, and, obviously, is nonsense. My point is merely that before additional burdens are imposed upon an industry in the name of the public interest, there should be firm and convincing proof of the need. I do not believe that such a case has been made. The allegedly missing governmental interest in this situation is not that an uncorrected abuse is occurring, rather, it is that not enough is known about banking, on a continuing basis, by people other than bank supervisors, who may feel, therefore, that banks may have an unjustified advantage over their nonbank competitors because banks are supervised differently. Some people may call that an unfair characterization, but it is my analysis of the basic reasons being advanced. What is proposed is a system of regular reporting of holdings and either voting or transactional data, to the FDIC or the SEC. For smaller banks, that could be a prohibitive burden—there is no way around it. The cost experience of the banks that furnished similar information requested for the Institutional Investor Study shows that burden. I know of no bank where it cost less than $50,000. At many, the cost was much higher.

We are all aware of the relative unprofitability of bank trust departments. The cost increases of recent years have not been matched by revenues. An added burden such as this proposal is simply going to tend to drive many smaller banks out of the business. Persons in the areas served by such banks will find their choice of available corporate fiduciaries more limited and may have to go to bigger cities or to individuals for fiduciary services. Either result is undesirable.

The desire to have, continually on hand, broad-scale information on what is occurring in banks, or to impose an "equality" upon all institutional investors, regardless of the different needs and approaches of their basic regulatory structures, is not sufficient justification for the proposal. It is my contention that the fact that the present bank supervisory authorities may not be presently supplying every feature of every governmental concern, does not reflect a permanent inability on their parts to do so. And it does not, therefore, justify the conclusion that what is needed is in effect an additional system of bank supervision.

In the absence of a demonstrated inability of the existing mechanism to provide essential protections, a new mechanism should not be so blithely considered acceptable. There appears to be a prevailing belief that one can never be negative—that to be effective, only positive suggestions can be submitted. Applied to the present situation, that attitude has been portrayed as imposing the need for coming forward with counterproposals indicating how much of a reporting burden would be acceptable. Speaking personally, I think that approach is totally wrong. We are talking casually about the erection of another governmental imposition upon private industry! Such matters should never be approached in this light. Although we have seen much lip service given to the idea that he governs best who governs (and imposes regulations) least, it remains the unhappy truth that the standard answer to every problem—both real and potential—seems to be more government. Not only is the answer usually more government, but it is more diverse government—a new agency, a different breed of specialists, another bureaucracy designed to deal with one fragment of the concern. We see it happening here, in the trust business, which is perhaps the most susceptible to such inroads. It is the least profitable area of banking, and as a result, it is the area where banks and their trade associations have been most willing to accept compromises and have been least willing to take strong, continuing stands. But, somewhere in the process a desirable service to the public is being cut away, and the bureaucratic snarl is being enlarged. That is what concerns me.

Another of the questions facing the bank trustee these days relates to social responsibility. A frequently made criticism is that the fiduciary's responsibility is not properly served by the policy of many bank trust departments of voting with management when they agree, and of selling out when they don't. The trustee has a responsibility to utilize his power, so it is claimed, to attempt to make a better world, largely through the application of that power to influence the management of portfolio companies to carry out socially desirable practices. Banks have differed in their acceptance of that idea. Some, such as the First Pennsylvania in Philadelphia, apparently have accepted it. Others have stated that concern with factors other than the financial strength of a company, and similar considerations directly relating to the value of its securities, is an inappropriate intrusion by the fiduciary shareholder into an area of discretion rightfully belonging to others. Such an intrusion, they believe, brings with it a potential liability for involvement in areas outside the bank's expertise, and, possible responsibility for managerial errors in which it acquiesced or even participated. Some banks have simply said that our Office's Regulation 9 would not permit such a course of action.

Because Regulation 9 is a subject with which I have a modest familiarity, let me devote some time to that last assertion. I think it is false. The Regulation does no more that track the law of trusts in this regard. Therefore, if the law of a particular State permits, or requires, fiduciaries to act in accordance with their social responsibilities in handling the property of their trusts, Regulation 9 would similarly permit or require it. The Regulation by itself certainly does not preclude the possibility.

If I were to stop here, I am certain that I would be rightly accused of copping out, so I shall proceed further, although with much less assurance. Just what are the duties of the fiduciary under the law of trusts with regard to the social responsibilities of the companies in which it invests? The authorities are silent on that question. Courts and commentators have agreed that the trustee is under a duty to the beneficiaries to exercise its powers for the benefit of the trust. But no one, apparently, has faced the question of whether the "benefit of the trust" may be defined that broadly. As inhabitants of this earth, beneficiaries gain from measures that improve their environment or promote justice. But, if that somewhat indirect benefit, shared as it would be with every other inhabitant of this globe, is at the expense of a more immediate pecuniary benefit that might otherwise be obtained solely by the beneficiaries, I doubt seriously whether traditional standards of the law of trusts would be found to impose such a duty on the modern trustee. And if the result is a significant detriment to the trust, I would not have much confidence in the sanctity of the trustee from surcharge.

I understand that a recent study concluded that firms that had programs designed to protect the ecology were sounder than those that did not, and thus were better investments. I have not read that study, and I am totally unfamiliar with its content. I would expect though, that such findings would have to become more readily recognized by substantial segments of our population before a trustee could place much reliance on them as justification for making the social policies of a portfolio company determine how the trustee exercises its voting and other responsibilities. Such studies, being what they are, constitute doubtful bases for anticipation of judicial decisions.

I can, even now, hear the beneficiaries, and their attorneys, asking why the holders of beneficial interests in fiduciary relationships at corporate fiduciaries should have this special responsibility, not shared by others. I presume that one answer would be that theirs is not a unique responsibility, but one that is shared by all investors in our country's business enterprises, including the beneficiaries of trusts placed with individuals, and the holders of beneficial interests in mutual funds, etc. Thus, no one is treated differently among the beneficial interest holder group. The difference, of course, lies between the duties, and subsequent risks and limitations upon investment return, of those who own and invest directly and by whom there would be no oversight, certainly, and of those for whom investments are made. That distinction is real, and does contain the seeds of unfairness and inequality. One may rationalize that the beneficial owners of wealth held by fiduciaries are the recipients of assets largely earned by and obtained from others, and that the privilege of receiving such wealth must be tempered by some social responsibilities. It is an appealing argument, but, as the premise is not valid, we cannot avail ourselves of its conclusion. Persons owning stock directly might just as easily have received it from others, and beneficiaries of employee benefit trusts, as one example, receive their interests in the trust assets, in some measure, as a result of their own efforts. So, the beneficiary of a bank trust department account does not appear to belong to any special group susceptible to subjection, on any rational basis, to particular duties in that respect.

From the foregoing I think that we can deduce that it is difficult to construct a policy justification for determining that the courts should agree that a bank trustee has a duty in this regard. But, on the other hand, neither does it leave us with the firm assurance that courts would agree that the trustee is without such responsibilities. Where does it leave us?

I probably should emphasize here that everything you've heard since I last mentioned Regulation 9 is my own opinion, and nothing more. It might even be well at this point to reemphasize that fact. So qualified, it would appear to me that there are a great number of instances where the question of a loss in value, or the receipt of a lesser return by shareholders, as a result of the establishment by their company of socially oriented policies, has so remote a causative relationship as not to be significant factor. In those instances, the fact that the institution by a company's management of, for example, policies to protect or improve the ecology, at the urging of its bank trustee shareholders, is followed by a reduced earnings rate in a couple of years would hardly seem to be so clear an abuse of trustee discretion as to be a ground for surcharge.

On the other hand, this kind of an effect, even on a modest scale, could conceivably hurt the performance record of a bank. I do not shed many tears on that account, but I admit that I may be taking this attitude because of a bias. The whine that we've got to do something, or not do something, or else lose all our accounts to the unscrupulous competition has, in my opinion, already been used all too often. A continued preoccupation with performance will only lead banks, their customers, and their competitors marching into the most stifling labyrinth of governmental supervision that can be imagined by the Congress and whatever agency or agencies it chooses to help construct it. I don't give much weight to the adverse effects of a possible fall-off in performance resulting from causing the establishment of a social conscious investment policy by a portfolio company. I will say more about performance later.

On the other hand, the trustee could carry its espousal of causes too far. When it possibly would not be subject to criticism by beneficiaries when the causal relationship between the encouragement of socially desirable practices and loss to the accounts is more remote, if even ascertainable, the trustee can never lose sight of its principal duty to serve the beneficiaries and carry out the purposes of each account. A preoccupation with effecting social results, to the clear detriment of the trust accounts, should obviously be a breach of that fundamental duty of the fiduciary. That possibility is what I find most disquieting about some of the recent moves in this direction. There is a tendency to accompany such decisions with press releases and glamorous announcements that the X National Bank will vote its ABC stock in favor of this or that proposal. Insofar as it announces a decision made by trust department investment personnel, based upon a proper evaluation both of the company and the individual account requirements, that is not objectionable. But, there is a strong temptation in such a context for others to start making those decisions, on a blanket basis, for purposes, such as publicity, foreign to the primary duties and responsibilities of the trustee. That would be objectionable.

Undoubtedly it would be advantageous if I were now to sum up my preceding paragraphs.

1. Regulation 9 does not prohibit the National bank as trustee from taking into consideration social objectives in its investment and proxy decisions, unless such a prohibition exists in the law of trusts.

2. It does not appear that, under the law of trusts, it is a duty of the trustee to use its power to seek to effect social purposes. That duty may, perhaps, be found elsewhere, such as in the conscience of the bank's management.

3. It does not appear that the law of trusts would prevent the *prudent* use of the power of a trustee, determined with constant consciousness of the purposes of its accounts and the best interests of the beneficiaries, to accomplish such social ends.

4. It does appear that the law of trusts would furnish a remedy to the beneficiaries for the imprudent use of this power to their clear detriment.

A while back I dealt briefly with performance, and in a way which might be susceptible to an interpretation contrary to my overall opinions on the subject.

Many people believe that the investment performance of banks is generally poor. Such statements are usually accompanied by a horrible example or two, and the implication that they are characteristic of the industry. I think that such an implication is unwarranted with respect to banks generally, as it would be for mutual funds, for example. Exceptions exist, but I believe that the performance records of both banks and mutual funds are, by and large, good. I believe that the most recent study of bank common trust funds by Ed Hanczaryk of our Office, based upon our 1969 statistics, supports that belief. Let me provide some specifics about Ed's analysis and conclusions.

In brief, performance during 1969 of those two classes of funds for which measures have been calculated in the past, surpassed both the performance of the most relevant Standard & Poor's averages and that of mutual funds with similar objectives. Equity common trust fund total performance, on the average exceeded total performance of Standard & Poor's 425 industrial stock index. Total performance for equity funds is defined as the sum of the unit or share value change and the yield and, for Standard & Poor's index, as the sum of the price change and the yield. Yield of the S. & P.'s index was adjusted to arrive at a figure fully comparable to that computed for common trust funds. Unit or share value changes and S. & P.'s index changes are already expressed in comparable terms. After insuring comparability, we found that the index of total performance of equity common trust funds declined 5.2 percent during the year of generally declining stock prices, while the index of total performance of S. & P.'s industrials showed a slightly greater decline of 6.0 percent. Yields on the equity funds and S. & P.'s industrial stock index were quite similar, but the unit value of equity funds, declined an average of 8.0 percent, while the S. & P.'s stock index declined 8.9 percent.

The year 1969 was atypical in that stock prices generally declined through much of the year. A better measure of performance would involve looking at a longer period. For the 2-year period, 1968–69, the index of total performance of equity funds, on the average, gained 9.6 percent, while the index of total performance of S. & P.'s industrials gained only 6.9 percent. Again, differences in unit value and price changes were responsible; yields were quite similar.

Similarly, performance of diversified common trust funds exceeded the performance of Standard & Poor's high-grade corporate bond index during 1969. The index of total performance of diversified common trust funds declined 4.6 percent, while the index of total performance of S. & P.'s bonds declined 7.3 percent. Over the 2 years, 1968 and 1969, the index of total performance of diversified funds gained 7.4 percent while the index of total performance of S. & P.'s bonds declined 4.1 percent.

Data are not adjusted for the degree of risk in the common trust fund portfolios; hence, a comparison with mutual funds of similar aims will be instructive. We are not seeking to develop a comparison of the abilities of bank fund investment managers relative to the abilities of mutual fund managers. In view of the different problems and degrees of constraints on investment practices and policies, such comparisons are ill-advised. We seek only an objective (published) standard which, like common trust funds, incorporates some degree of risk. For that purpose, and using October-valued funds only, since they were the most numerous class, we compared equity funds with growth-income mutual funds, and diversified funds with balanced mutual funds.

As has been typical during periods of stock market decline, equity fund total performance exceeded total performance of growth-income mutual funds. The index of total performance of growth-income funds showed a net decline of 5.6 percent, while the index of total performance of bank equity funds showed a net loss of 1.9 percent. When we examine the 7-year period for which the Comptroller's trust data are available, we find the index of total performance for equity funds has, for the first time, reached a level higher than that of growth-income mutual funds.

During 1969, similarly, the index of total performance of bank diversified funds decreased less than the index of total performance of balanced mutual funds. The net decline was 4.1 percent for balanced mutual funds and only 2.4 percent for bank diversified funds. Over the 7-year period, 1963 through 1969, with year-end 1962 equal to 100, however, the index of total performance of balanced mutual funds reached a level slightly above that for bank diversified funds.

One qualification must be made; although all equity and diversified funds with October valuation dates are included in the comparisons, mutual fund comparisons were made in terms of the Wiesenberger mutual fund index, which is based on the performance of only five large funds in each class. Other indices are available. One other available index is Wiesenberger's index of management performance, but that index is not expressed in terms comparable to our total performance of common trust funds. Anyway, our aim was not to compare the worth of investment managements.

The results do appear to confirm earlier evidence that the constraints on trust fund management may have little adverse effect on performance of common trust funds during a declining market.

I am appending tables of data upon which these conclusions are based.

TABLE A

Common trust fund growth, 1963–69

Year	*Number of banks*	*Number of funds*	*Number of participations*	*Total assets* (dollars in millions)	*Average fund size* (dollars in thousands)	*Average account participation* (dollars in thousands)
1963	391	693	191, 300	4, 539. 8	6, 550. 9	23. 7
1964	418	784	227, 500	5, 819. 7	7, 423. 1	25. 6
1965	464	1, 016	271, 200	7, 529. 1	7, 410. 5	27. 8
1966	497	1, 089	295, 325	7, 612. 0	6, 989. 9	25. 8
1967	539	1, 195	316, 947	8, 347. 5	6, 985. 4	26. 3
1968	602	1, 429	343, 590	9, 553. 5	6, 685. 4	27. 8
1969	642	1, 590	373, 083	9, 203. 2	5, 788. 1	24. 7

SOURCE: Responses of National banks, State banks, and nondeposit trust companies to the "Common Trust Fund Survey" by the Office of the Comptroller of the Currency, 1963, 1964, 1965, 1966, 1967, 1968, 1969 (hereafter cited as "Surveys").

TABLE B

Common trust fund assets, funds, and participations, by class of fund, 1968–69

Item	*Equity*	*Diversified*	*Fixed income*	*Tax exempt*
1968				
Number of funds	533	319	435	142
Total assets (dollars in millions)	2, 739	3, 246	2, 011	1, 558
Average fund size (dollars in millions)	5. 1	10. 2	4. 6	11. 0
Number of participations	109, 240	104, 158	103, 310	26, 882
Average account participation (dollars in thousands)	25. 1	31. 2	19. 5	58. 0
1969				
Number of funds	615	357	468	150
Total assets (dollars in millions)	2, 866	3, 066	1, 861	1, 410
Average fund size (dollars in millions)	4. 7	8. 6	4. 0	9. 4
Number of participations	133, 220	109, 550	102, 731	27, 582
Average account participation (dollars in thousands)	21. 5	28. 0	18. 1	51. 1

SOURCE: "Surveys," 1968, 1969.

TABLE C

Common trust funds, by size of bank, 1968 and 1969

Bank assets (dollars in millions)	*Number of banks*	*Number of funds*	*Number of participations*	*Total assets* (dollars in millions)	*Average fund size* (dollars in thousands)	*Average account participation* (dollars in thousands)
1968						
Under 100.0	263	456	43, 930	574. 7	1, 260. 2	13. 1
100.0 and under 500.0	226	554	108, 303	2, 259. 8	4, 079. 2	20. 8
500.0 and under 1,000.0	53	184	60, 246	1, 680. 0	9, 130. 4	27. 9
1,000.0 and over	50	207	116, 706	4, 506. 0	21, 768. 2	38. 6
Trust companies	10	28	14, 405	533. 0	19, 035. 7	37. 0
Total	602	1, 429	343, 590	9, 553. 5	6, 685. 4	27. 8
1969						
Under 100.0	287	502	45, 170	553. 9	1, 103. 5	12. 3
100.0 and under 500.0	232	609	118, 238	2, 056. 6	3, 377. 0	17. 4
500.0 and under 1,000.0	60	222	73, 246	1, 756. 7	7, 912. 9	24. 0
1,000.0 and over	54	232	125, 475	4, 512. 0	19, 448. 2	36. 0
Trust companies	9	25	10, 954	324. 0	12, 959. 1	30. 0
Total	642	1, 590	373, 083	9, 203. 2	5, 788. 1	24. 7

NOTE: Data may not add to totals because of rounding.
SOURCE: "Surveys," 1968, 1969.

TABLE D

Asset composition of common trust funds, 1968 and 1969

Asset	*Amount* (dollars in millions)	*Percent of total*	*Asset*	*Amount* (dollars in millions)	*Percent of total*
1968			1969		
Cash	123. 4	1. 3	Cash	191. 6	2. 1
U.S. Government bonds:			U.S. Government bonds:		
Under 1 year	127. 6	1. 3	Under 1 year	313. 9	3. 4
All other	374. 8	3. 9	All other	330. 6	3. 6
State and local bonds	1, 552. 6	16. 3	State and local bonds	1, 218. 1	13. 2
Other bonds	1, 962. 6	20. 5	Other bonds	1, 879. 3	20. 4
Private placements	328. 6	3. 4	Private placements	351. 1	3. 8
Mortgages	227. 8	2. 4	Mortgages	218. 2	2. 4
Preferred stock	251. 3	2. 6	Preferred stock	250. 7	2. 7
Common stock	4, 549. 9	47. 7	Common stock	4, 339. 8	47. 2
Bank and financial	380. 0	4. 0	Bank and financial	374. 2	4. 1
Utilities	686. 0	7. 2	Utilities	629. 1	6. 8
All other	3, 483. 9	36. 5	All other	3, 336. 5	36. 3
Other assets	54. 5	0. 6	Other assets	93. 0	1. 0
Total	9, 553. 5	100. 0	Total	9, 203. 2	100. 0

NOTE: Data may not add to totals because of rounding.
SOURCE: "Surveys," 1968, 1969.

TABLE E

Asset composition of common trust funds, by class of funds, 1968 and 1969
(percent)

Asset	Equity	Diversified	Fixed income	Tax exempt
1968				
Cash	1.3	1.1	1.6	1.2
U.S. Government bonds:				
Under 1 year	2.2	1.1	1.6	(*)
All other	.1	6.0	8.8	.1
State and local bonds	(*)	(*)	1.0	98.2
Other bonds	1.8	19.9	63.0	.1
Private placements	.4	2.9	11.1	(*)
Mortgages	(*)	1.8	8.3	(*)
Preferred stock	2.2	3.9	3.2	(*)
Common stock	91.1	63.0	.5	.2
Bank and financial	7.6	5.3	(*)	(*)
Utilities	11.3	11.4	.3	(*)
All other	72.2	46.3	.2	.1
Other assets	.6	.3	.9	.2
Total	100.0	100.0	100.0	100.0
1969				
Cash	2.2	2.0	1.4	2.8
U.S. Government bonds:				
Under 1 year	3.2	1.4	2.5	9.5
All other	.2	4.5	6.3	4.8
State and local bonds	(*)	1.6	1.5	81.0
Other bonds	3.6	20.6	61.3	.2
Private placements	1.0	4.2	10.4	(*)
Mortgages	.2	2.0	8.1	0.0
Preferred stock	2.5	3.9	3.2	(*)
Common stock	85.0	60.0	3.8	.4
Bank and financial	7.7	4.8	.4	.1
Utilities	10.1	10.5	1.0	(*)
All other	67.3	44.3	2.4	.3
Other assets	1.8	.4	1.5	.2
Total	100.0	100.0	100.0	100.0

*Less than 0.05 percent.

NOTE: Data may not add to totals because of rounding.
SOURCE: "Surveys," 1968, 1969.

Table F

Common trust funds, by State and census region, 1969

Region	*Number of banks with common trust funds*	*Number of common trust funds*	*Number of account participations*	*Total assets of funds* (dollars in millions)
Total United States	642	1, 590	373, 083	9, 203. 2
New England:				
Percent of Nation	10. 7	11. 2	8. 5	10. 0
Total region	69	178	31, 602	917. 2
Connecticut	18	55	10, 658	306. 2
Maine	10	24	3, 199	76. 9
Massachusetts	28	68	13, 836	455. 7
New Hampshire	4	6	365	11. 8
Rhode Island	3	14	2, 483	56. 1
Vermont	6	11	1, 061	10. 5
Middle Atlantic:				
Percent of Nation	21. 3	19. 9	30. 0	32. 3
Total region	137	317	110, 336	2, 973. 3
New Jersey	20	44	7, 356	128. 2
New York	27	86	32, 275	1, 466. 4
Pennsylvania	90	187	70, 705	1, 378. 6
East North Central:				
Percent of Nation	18. 5	20. 1	18. 4	18. 1
Total region	119	320	68, 583	1, 670. 0
Illinois	27	65	14, 183	491. 0
Indiana	22	54	5, 660	95. 5
Michigan	17	54	12, 588	332. 4
Ohio	33	94	14, 663	367. 2
Wisconsin	20	53	21, 489	383. 9
West North Central:				
Percent of Nation	7. 8	7. 9	7. 3	6. 2
Total region	50	125	27, 201	572. 7
Iowa	5	10	1, 382	29. 1
Kansas	8	16	1, 322	18. 5
Minnesota	14	39	7, 890	148. 4
Missouri	10	27	11, 798	296. 6
Nebraska	5	9	2, 914	61. 4
North Dakota	3	11	961	8. 1
South Dakota	5	13	934	10. 6
South Atlantic:				
Percent of Nation	16. 7	15. 8	13. 1	12. 4
Total region	107	252	48, 895	1, 142. 5
Delaware	3	13	3, 405	109 8
District of Columbia	6	11	3, 488	95 0
Florida	24	58	5, 185	103 2
Georgia	12	28	6, 488	177 4
Maryland	7	21	7, 010	162. 9
North Carolina	11	28	9, 985	218. 4
South Carolina	3	7	2, 074	26. 5
Virginia	28	67	9, 505	226. 1
West Virginia	13	19	1, 755	23. 3

See footnotes at end of table.

TABLE F—Continued

Common trust funds, by State and census region, 1969

Region	*Number of banks with common trust funds*	*Number of common trust funds*	*Number of account participations*	*Total assets of funds* (dollars in millions)
East South Central:				
Percent of Nation	4. 4	4. 0	2. 8	1. 9
Total region	28	64	10, 567	179. 1
Alabama	7	14	2, 427	28. 4
Kentucky	8	22	3, 379	62. 7
Mississippi	3	6	1, 269	14. 8
Tennessee	10	22	3, 492	73. 1
West South Central:				
Percent of Nation	10. 1	9. 0	4. 7	4. 9
Total region	65	143	17, 500	447. 8
Arkansas	7	12	1, 388	15. 7
Louisiana	3	7	593	9. 3
Oklahoma	6	16	1, 886	50. 7
Texas	49	108	13, 633	372. 2
Mountain:				
Percent of Nation	6. 1	6. 2	5. 0	4. 4
Total region	39	99	18, 591	408. 8
Arizona	4	15	3, 446	109. 5
Colorado	17	43	7, 892	192. 9
Idaho	3	7	1, 284	21. 7
Montana	4	6	770	9. 5
Nevada	1	3	568	8. 6
New Mexico	4	12	1, 809	33. 9
Utah	5	11	2, 739	32. 1
Wyoming	1	2	83	. 6
Pacific:				
Percent of Nation	4. 4	5. 8	10. 7	9. 7
Total region	28	92	39, 808	891. 8
Alaska	1	1	52	. 8
California	12	42	24, 983	596. 2
Hawaii	3	10	2, 011	43. 1
Oregon	4	14	5, 342	94. 9
Washington	8	25	7, 420	156. 9

NOTE: Data may not add to totals because of rounding.
SOURCE: "Surveys," 1969.

Table G

*Total performance of equity funds, by bank size and fund size 1969**

Bank assets (dollars in millions)	Size of fund (dollars in millions): Under 1	1 and under 2	2 and under 5	5 and under 10	10 and under 25	25 and under 50	All funds†	Number of funds
Under 100.0	94. 39	93. 89	93. 71	93. 73	100. 51	....	94. 21	170
100.0 and under 500.0	95. 40	97. 05	96. 71	94. 66	95. 58	98. 68	96. 19	205
500.0 and under 1,000.0	97. 59	99. 44	94. 56	95. 76	95. 49	93. 41	95. 65	74
1,000.0 and over	95. 77	91. 18	89. 13	92. 30	91. 62	94. 12	91. 77	64
Trust companies.	89. 24	....	88. 21	93. 00	94. 08	....	92. 24	7
All banks	94. 83	95. 69	95. 08	94. 47	93. 90	94. 24	94. 86	....
Number of funds	166	93	124	63	52	22	....	520

*"Total performance " is the sum of percentage change in unit values and of yield. Data include all funds valued in October, November, and December. Arithmetic means used throughout.

†Includes performance results for large funds which were withheld from detailed data.

Source: "Surveys," 1969.

Table H

Performance of equity common trust funds and Standard & Poor's 425 industrial stocks, 1968 and 1969

Year ending	Number of funds: 1968	1969	Asset appreciation* (percent): 1968	1969	Yield† (percent): 1968	1969
Equity funds:						
October	211	242	11. 5	−4. 8	3. 2	2. 9
November	123	150	16. 2	−11. 1	3. 1	2. 8
December	97	130	10. 6	−10. 3	2. 9	2. 6
All funds	431	522	12. 7	−8. 0	3. 1	2. 8
S. & P.'s 425 industrials:						
October	....	....	8. 7	−7. 2	3. 0	2. 9
November	....	....	13. 8	−7. 8	3. 1	2. 9
December	....	....	11. 6	−13. 4	3. 1	2. 9
All months‡	....	....	10. 8	−8. 9	3. 1	2. 9

*For equity funds, average percentage increase in unit values.

†For equity funds, income distributed during the year as a percentage of beginning-year unit values; for S. & P.'s 425 industrials, the published yield multiplied by the ratio of the published current price index to the published year-earlier price index.

‡Data for individual months were weighted by number of common trust funds reporting for that month.

Source: "Surveys," 1968, 1969; Standard & Poor's *Security Price Index Record*, 1970 edition, pp. 5, 135.

Table I

Performance of diversified common trust funds and Standard & Poor's high-grade corporate bonds, 1968 and 1969

Year ending	*Number of funds* 1968	1969	*Asset appreciation** (percent) 1968	1969	*Yield*† (percent) 1968	1969
Diversified funds:						
October	171	176	7. 1	−6. 6	4. 4	4. 2
November	83	79	11. 0	−12. 0	4. 5	4. 4
December	39	58	7. 7	−11. 3	4. 4	4. 0
All funds	293	313	8. 3	−8. 8	4. 4	4. 2
S. & P.'s high-grade bonds:						
October	....	....	−1. 9	−13. 7	5. 1	5. 2
November	....	....	−1. 4	−13. 3	5. 2	5. 3
December	....	....	−4. 1	−13. 8	5. 3	5. 5
All months‡	....	....	−2. 3	−13. 6	5. 2	5. 3

*For diversified funds, average percentage increase in unit values.
†For diversified funds, income distributed during the year as a percentage of beginning-year unit values, for S. & P.'s high-grade bonds, the coupon amount used by S. & P. to compute their market price divided by their year-earlier market price.
‡Data for individual months were weighted by number of common trust funds reporting for that month.

Source: "Surveys," 1968, 1969; Standard & Poor's *Security Price Index Record*, 1970 edition, pp. 203, 222.

Table J

Performance of growth income mutual funds and October-valued equity common trust funds, 1963–69

Year ending Oct. 31	*Growth-income mutual funds*: *Annual share-value appreciation* (percent)	*Yield* * (percent)	*Total performance* †	*Index* § (1962=100.0)	*Bank equity funds*: *Annual unit-value appreciation* (percent)	*Yield* * (percent)	*Total performance* †	*Index* § (1962=100.0)
1963	27. 8	‡2. 9	‡30. 7	130. 7	24. 6	3. 7	28. 3	128. 3
1964	15. 2	2. 5	17. 7	153. 8	12. 8	3. 1	15. 9	148. 7
1965	7. 7	2. 4	10. 1	169. 3	6. 4	3. 1	9. 5	162. 8
1966	−11. 9	2. 5	−9. 4	153. 4	−11. 4	3. 1	−8. 3	149. 3
1967	15. 9	3. 0	18. 9	182. 4	12. 0	3. 6	15. 6	172. 6
1968	9. 8	2. 6	12. 4	205. 1	11. 5	3. 2	14. 7	198. 0
1969	−7. 7	2. 1	−5. 6	193. 6	−4. 8	2. 9	−1. 9	194. 2

*For mutual funds, published current yield multiplied by the ratio of the published current price index and the published year-earlier price index: for equity funds, income distributed during the year as a percentage of beginning-year unit values.
†"Total performance" is the sum of percentage change in share or unit values and of yield.
‡Yield for year ending Dec. 31 used in computation.
§Index based on annual total performance changes.

Source: Computed from Table H, and from *Investment Companies, 1965: Mutual Funds and Other Types*, 25th edition, New York, Arthur Wiesenberger & Co., 1965, pp. 46, 332, *Investment Companies, 1967*, p. 113, *Investment Companies, 1968*, p. 113, *Investment Companies, 1959*, p. 121, *Investment Companies, 1970*, p. 421.

TABLE K

Performance of balanced mutual funds and October-valued diversified common trust funds, 1963–69

Year ending Oct. 31	Balanced mutual funds				Bank diversified funds			
	Annual share-value appreciation (percent)	*Yield** (percent)	*Total performance†*	*Index§* (1962=100.0)	*Annual unit-value appreciation* (percent)	*Yield** (percent)	*Total performance†*	*Index§* (1962=100.0)
1963	16.0	‡3.2	‡19.2	119.2	12.5	4.0	16.5	116.5
1964	9.8	3.0	12.8	134.5	6.5	3.7	10.2	128.4
1965	2.0	2.9	4.9	141.1	2.3	4.0	6.3	136.5
1966	−11.4	3.0	−8.4	129.2	−9.7	3.8	−5.9	128.4
1967	5.9	3.5	9.4	141.3	3.4	4.4	7.8	138.4
1968	9.7	3.4	13.1	159.8	7.1	4.4	11.5	154.3
1969	−7.1	3.0	−4.1	153.2	−6.6	4.2	−2.4	150.6

*For mutual funds, published current yield multiplied by the ratio of the published current price index and the published year-earlier price index; for diversified funds, income distributed during the year as a percentage of beginning-year unit value.

†"Total performance" is the sum of percentage change in share or unit values and of yield.

‡Yield for year ending Dec. 31 used in computation.

§Index based on annual total performance changes.

SOURCE: Computed from Table I, and from *Investment Companies, 1965*, pp. 46, 332, *Investment Companies, 1967*, p. 112, *Investment Companies, 1968*, p. 113, *Investment Companies, 1969*, p. 121, *Investment Companies, 1970*, p. 421.

STATEMENT OF JUSTIN T. WATSON, FIRST DEPUTY COMPTROLLER OF THE CURRENCY, BEFORE THE NATIONAL COMMISSION ON CONSUMER FINANCE, JUNE 23, 1971

On behalf of the Comptroller of the Currency, I am glad to respond to the Commission's request for a description of the manner in which our Office is fulfilling its examination and enforcement responsibilities under Title I of the Consumer Credit Protection Act. You have also requested a statement of the extent to which our Office has responsibility for enforcement of State laws pertaining to consumer credit.

In a very real sense, our Office may be the first Federal consumer protection agency. Established in 1863 for the primary purpose of insuring the soundness of the Nation's currency, the Office, since 1913, has been primarily concerned with the protection of the liquidity and solvency of the country's National banks. Since virtually every consumer is a bank depositor at one time or another, it can be accurately stated that everything the Office does is for the protection of the consumer. That protection attaches to the consumer's most basic possession, his accumulated savings and other deposits.

We are proud of the role that the Comptroller of the Currency has played, for more than 100 years, in protecting the American consumer. As of June 17, 1971, our Office supervised 4,600 National banks. During 1970, we devoted 317,000 man-days to examining those banks. There has not been, to my knowledge, in history, a banking system which was as healthy, as safe, and as responsive to the needs of the banking public as the banking system which exists today in the United States.

As of December 31, 1970, National banks had $178 billion outstanding in loans. Of that amount, $38.7 billion was outstanding in credit cards or consumer loans. Banks in this country are a ready source of credit for everyone from giant corporations to the smallest borrower. We certainly hope that the lending of money, particularly in small amounts, to consumers, will not become overregulated so that banks cease to make such loans and a significant source of consumer credit is eliminated.

The Comptroller's Office does not believe that Government regulation is necessarily the best way to meet the needs of the banking public. Far more effective, in many instances, is the simple injection of competition so that the forces of the marketplace automatically take care of many of the problems which might concern this commission.

In carrying out that philosophy, the Comptroller's Office chartered 650 newly organized National banks in the decade 1961–70, as compared with 210 during the previous decade. Branch offices of existing banks have also been liberally approved to provide maximum choice to the public.

The Consumer Credit Protection Act, commonly known as the "Truth-in-Lending" Act, became effective on July 1, 1969. Prior to that date, the Federal

Reserve Board, pursuant to its statutory mandate, issued a comprehensive regulation, Regulation Z, implementing all aspects of the Act.

We are approaching the second anniversary of the effective date of the Act. In our opinion, during the past 2 years, a distinct improvement in consumer knowledge of the costs of borrowing and a resulting increase in the effectiveness of competition in the consumer lending field has resulted from the passage of the Act. However, a great deal remains to be done in those directions. The 1970 survey conducted by the Federal Reserve showed substantial improvement in the amount of consumer awareness of interest costs for almost all income groups and educational levels since the effective date.

It is the function of our Office to enforce the Act and the Regulation in connection with the consumer lending disclosure practices of National banks. Our Office, in close cooperation with the Federal Reserve Board, issues interpretations and renders opinions concerning the application of the law to the disclosure practices of National banks. To the best of our ability, we have examined National banks for violations and have enforced their compliance with the law. All complaints, received from whatever source, alleging violations of the Act, have been promptly followed up with the bank involved and appropriate corrective steps have been taken.

The enforcement activities of this Office are carried out by all of our examiners and attorneys in addition to their other duties. We have no personnel assigned exclusively to truth in lending, although several attorneys spend the bulk of their time on such matters. Although the passage of the Act has thus added appreciably to the Office workload, we believe that the present staffing arrangements are adequate to carry out our enforcement responsibilities under the Act. Under the present arrangements, we have approximately 1,500 examining personnel and 28 attorneys engaged in enforcement activities, in addition to their other duties. That enforcement pattern is not unusual for the Comptroller's Office. The organization of the Office is, with a few exceptions, geographical rather than functional. Thus we have no employees who work full time enforcing other important statutes such as those prohibiting embezzlements or securities law violations.

Immediately after the passage of the Act, our staff, in conjunction with that of the Federal Reserve Board, adopted a checklist for use by bank examiners. Through an educational program and the use of that checklist, we have attempted to educate all of our examining personnel in the requirements of the Act.

Whenever a violation is found during a bank examination, the matter is immediately called to the attention of the bank management and a report is forwarded to the Washington Office. Necessary follow-up procedures are taken from both the regional and Washington offices to obtain correction. In the relatively few cases of discovery of a willful violation, the matter is forwarded to the Justice Department for possible prosecution.

Another important part of our enforcement program is concerned with acting on complaints received from the public. All complaints are followed up by inquiry to the bank involved and necessary action is taken when warranted.

In addition to the rather lengthy checklist used by the examiners, the Federal Reserve Board recently adopted the use of a special page in its written examination report. The new report page requires the examiner in charge to attest to having made test checks of the bank's forms, procedures, and advertising. The examiner will also be required to report on the bank's procedures to detect defects in disclosures on dealer paper which the bank proposes to purchase. Our Office plans to begin using a similar page in our own reports as soon as the necessary printing arrangements can be made.

The most substantial problem encountered in the first 2 years has been that of educating our own staff and effected bank personnel as to the requirements of the Act and the Regulation. The specific application of the Act and the Regulation to the many variations in loan terms becomes very complicated and legalistic.

Probably the most difficult area in which to obtain meaningful and comparative disclosure is in the area of revolving credit. The Office initially placed great emphasis on the development of proper disclosure forms for use by National banks in their credit card and other revolving credit plans. Our initial assumption was that once a proper form was adopted, with spaces for each disclosure required by the Act, the main job would be completed. However, we have discovered that computerized billing, even on a properly drafted form, may sometimes result in misstatements of applicable rates and charges.

Some of the problems encountered in connection with open-end credit would be eliminated by the requirements of S. 652, which would impose some uniformity in billing methods. This Office has not as yet determined whether the facilitiation of disclosure effected by S. 652 would outweigh the Federal rate regulation implications involved in that approach.

Our Office has not found it necessary to enter into formal arrangements with other Federal agencies and State agencies for cross-referral of complaints. It is almost inherent in the bureaucratic process that an agency receiving complaints that are outside of its jurisdiction will swiftly forward them to the right agency.

Your letter requesting our appearance asked that our statement include a description of the extent to which our Office enforces State consumer credit protection laws.

Our Office, like most other Federal agencies, is primarily concerned with the enforcement of Federal law. Our statutory mandate or authority to enforce directly any State statute or regulation is limited.

In the area of lending, Section 85 of Title 12 of the United States Code provides that National banks may take, reserve, or discount interest on loans up to the amount allowed by the laws of the State where the bank is located. Any violations of Section 85 discovered by our examiners, or otherwise called to the attention of the Office, are noted in the examination reports, and appropriate corrective action is taken in the same manner as with any other violation of Federal law.

In addition, all lending is done under an elaborate set of common law and statutory rules; namely, the laws of contracts in the jurisdiction. The contracts of a National bank, like those of any other lender, are subject, in most respects, to the law of the jurisdiction in which the contract is made. In most States, the Uniform Commercial Code is the basic applicable law. The Uniform Consumer Credit Code is just beginning to be adopted by the States. In addition, many States have statutes providing special protections for consumer borrowers on matters such as: rebates and prepayments; release and satisfactions of debt; attorneys' fees; enforcement methods; repossession and deficiency balances; creditors' election of remedies; waivers of rights by debtors; setoffs; liability for destroyed or damaged property; referral, refinancing, and consolidation charges; judgment notes; statute of frauds; statute of limitations; minors' contract rights; garnishment; wage assignments; credit insurance; unconscionability; sale of consumer paper and holder-in-due-course doctrine; small loans; and, home improvement financing.

National banks must effectively compete in their localities with State lenders and must offer consumers comparable protections. They also must use local courts for their collection cases. By their nature, most of the protections listed above are implemented by use of standard forms of notes, loan applications, etc., by all corporate lenders in a jurisdiction. National banks, through statutorily required examinations by our Office, are subject to at least as much administrative enforcement in those areas as are State banks and other lenders.

Remarks of Dean E. Miller, Deputy Comptroller for Trusts, Before the Trust Conference of the Florida Bankers Association, Orlando, Fla., Oct. 28, 1971

"The Miller Corollary"

A fair share of our time is spent dealing with the law of trusts. This is because Regulation 9 in large measure tracks the law of trusts, which is primarily the common law of each State, supplemented by State statutes, and occasionally, by Federal law. Thus, our Office refers to the applicable law in each State to ascertain compliance with the requirements of Regulation 9. The supervisory powers of the Office of the Comptroller are, in a manner of speaking, engrafted upon the local law in each State.

The law of trusts is like all other law, be it constitutional, statutory, or common, in that occasional differences arise in interpretation. As regards National banks, such differences are usually resolved by our Office through its supervisory process. The result occasionally is that a National bank will have to comply with an interpretation of the law of trusts which differs from that of their attorneys. An example comes to mind which arose in several States in times past, it concerns bank trust investment in stock of the bank. Some attorneys and banks had believed that those broad but very general investment provisions which seem to be standard in most governing instruments provided sufficient authority for such investments. We disagreed, and have made our interpretation, that specific authority is required, prevail. That is history now. There are similar examples for other types of activities, usually involving conflict of interest situations.

Our criticism of various types of transactions for want of specific authority has occasionally resulted in the enactment by State legislatures of statutes providing such specific authority, a practice which I do not regard as well advised. Be that as it may, I can remember a banker calling me one day and informing me: "Our State legislature passed the Dean E. Miller law today." If I am to believe what I hear, there has been more than one enactment so labeled, but I treat such stories with no more than a grain of salt.

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But a more recent development, with a similar personal connotation, has furnished both the title for my talk, and the impetus for some of my subject matter today. That occurred recently when a banker proclaimed to me the "Miller Corollary" to the law of trusts, which applied in conflict of interest situations. As he stated it, it was not very flattering, but it went something like this: "Even if the transaction is specifically authorized, if you're a National bank you can't do it because Miller doesn't like it." Sort of a *Catch 22* of trusts, in other words.

This, I assure you, is not an accurate characterization of the way the trust supervisory function at the Comptroller's Office works. I am not the beginning and the end of that process, but merely a conduit between the Comptroller and the examiners. The Comptroller makes the policies of the Office based upon the advice of his staff, of which I am but one member. I get the notoriety only because I am sometimes the instrument by which the policy is conveyed to the particular banks.

The statement I quoted does have a germ of truth, however, in our view that the law of trusts, in certain circumstances, does not permit even specifically authorized activities. But it is incorrect to label it as the "Miller Corollary," because it has a much more respectable basis than that. It rests upon several unassailable principles of trust law.

As professional fiduciaries, holding yourselves out to the public as being expert in the performance of the various functions which are classified as fiduciary in nature, you are often held by courts to a higher standard than the nonprofessional. That may serve to restrict your ability to perform acts which otherwise might be acceptable. It is a principle which has long been recognized in the law of trusts, and it certainly wasn't invented by us.

The same result, a higher standard of responsibility, also proceeds from the fact that you are banks. As banks, you engage in a number of activities which must be carefully reconciled with the fiduciary function. Some activities can't be performed, simply as the price for being a bank, and also a professional fiduciary. Once again, that is not news. We didn't invent that either.

Finally, as we have repeatedly said with reference to direction trusts, all authorities given a fiduciary must be read in the context of the purpose for which the trust was established, and can never be expanded to become ends in themselves. Thus, things expressly authorized can only be done when consistent with the reason the trust was established.

All of the foregoing are justifications for the application of the "Miller Corollary." But the case does not end there. It must be recognized that trust law is a living growing body, which must, and will, I assure you, keep pace with the world in which it exists. Its principles will continually be applied and reapplied in new situations, from the perspective of modified attitudes as to right and wrong and permissible and nonpermissible, that result from the necessities of our changing world. We are not going to apply the principles of the law of trusts only in the precise literal and factual format in which they were devised. That would leave us in feudal times, and even the most reactionary observer among us will admit that we have left that stage. Indeed, just the opposite may occur in that a principle of trust law may be applied in the 1970's to achieve a factual result which is completely the opposite of that reached in a different era, thus reflecting an evolution of society's judgment as to where equity lies. As a matter of fact, history has shown that to be the way the common law developed. Very seldom was a precedent expressly reversed. Much more often a court would find that the different values of the contemporary era, although expressed in terms of the traditional principles, necessitated a different result, even though the facts of the situations appeared to be quite similar.

So it is in the world of the professional bank fiduciary in the 1970's. New values are becoming predominant, reflecting the evolving needs of our world. A bank must recognize that, and not attempt to turn back the clock, in order to operate consistently with the law of trusts. To rely on a decision whose time is past, or on exculpatory language in governing instruments—indeed, through persuading a State legislature to enact exculpatory statutes—in order to deny the responsibility of the professional corporate fiduciary, or of the bank, to the needs of this segment of the 20th century, would be extremely ill-advised. Such efforts, I assure you, are going to be, first of all, futile, and second, apt to result in adverse publicity and subsequent restraints that will be both damaging to banks, and will serve to greatly reduce the range of services which the consumer can obtain from banks. Trust law will not long permit you to excuse yourselves for service which is not in accordance with the high standard which you must maintain, and which you usually hold yourselves out as maintaining, just as it will not permit use of the fiduciary function merely as a device to promote the interests of the banks. It is not going to permit you to stay in the 18th century, or the 19th, or even in the 1960's, but will force you to recognize the values of the 1970's. If you choose to label the recognition of those facts as the "Miller Corollary" to the law of trusts, I gladly lend my name to the cause of education. But I claim no credit, for, once again, it is not my invention, but is merely the continuation of what began as the majestic progress of the common law.

Let me give you an example. Not long ago I spoke to a group in North Carolina, and stated, among other things, my conclusion that the law of trusts did not impose a duty upon the trustee to make social considerations a part of the investment decisionmaking process. But I did not say that it always would be so. I am not going to make the mistake of saying that such a thing will never happen. It might, as a result of court decisions, or more likely, the enactment of State or Federal legislation imposing such a duty. I am not advocating it, merely recognizing, as you must, that times can change.

So much for the sermon. Now let me move to a more mundane role.

I am sure most, if not all, of you are aware that this Office caused to be published in the *Federal Register* in September some proposed amendments to our Regulation 9 which, as you know, comprises the regulations governing the acting by National banks in fiduciary capacities. Those proposals were published for comment, it being contemplated that a period of at least 60 days would be given for interested members of the public to offer their reactions. Inasmuch as Section 584 of the Internal Revenue Code makes the provisions of Regulation 9 pertaining to common trust funds applicable to all banks, State or National, and inasmuch as the bulk of those proposed changes pertain to common trust funds, they should be of interest to both State and National banks.

We have viewed those proposals as more than just the mechanical process necessary to accomplish a revision of regulations. We also see them as a means of communication with all who have an interest in such rules. I emphasize that many of the proposals do not represent hard and fast determinations on our part as to whether any particular alteration should be accomplished in the form set forth, or, indeed, whether it should be accomplished at all. It may develop that just the opposite of what is proposed is what is needed. For that reason we value all comments very highly, and we earnestly solicit your views on all aspects of those proposals.

Roughly speaking, the changes can be organized into three categories. First, there are those dealing with the deletion of the authority for the collective investment of managing agency accounts. We have proposed to accomplish that end without conceding that the Supreme Court's decision in the *Investment Company Institute* case sounded the death knell for all possible types of collective investment of agency accounts. The subject is, in itself, a lengthy one, and would best be explored at another time should the occasion arise. However, I repeat for emphasis, that in making that proposal, we have taken pains to insure that it would not be viewed as a concession by our Office that we interpret the Supreme Court's opinion to mean that all types of pooled agency funds come within the proscription of the Glass-Steagall Act. We also have felt it most important to insure that the Office's previous recognition, that certain types of agency accounts, particularly when undertaken by banks, carry substantial fiduciary responsibilities, amounting, in some cases, to the equivalent of those of a trustee, remains unimpaired, regardless of what certain verbal alchemists may claim occurs when such accounts are invested collectively.

The second category of proposals are those that would effect changes in the substantive provisions of the Regulation. Principal among these are the proposed alterations of the rules pertaining to the promotion of collective investment funds and the addition of a further limitation on investments in certain prescribed circumstances. In the case of the former, we certainly have not made up our minds as to the most desirable solution, and the commentary we have received thus far certainly indicates that no hasty decisions should be made. It was proposed that a distinction be made between traditional common trust funds and pooled employee benefit trusts. Personally, I have felt that traditional common trust funds are not directly comparable to mutual funds of any type, and that, therefore, comparisons of their performance are not an accurate index of relative worth. I say this with full knowledge that our Office has been publishing such comparisons for the past few years. I think, however, that there is a distinction between a factual comparison which stops there and makes no claims about superiority as an investment medium, and is not written as a sales document for any type of function. I think, such a comparison can be a useful government service. However, private parties who have, from time to time, tried to judge banks' investment departments by the performance of their traditional common trust funds, particularly against other investment media, are, in my opinion, seriously misleading their readers because they invariably portray bank funds as investments being sold to the public, which, as you know, is not the case. Some have claimed that if we no longer require banks to disclose the holdings of such funds, we are promoting trust department secrecy, to the detriment of the public interest. I would point out that the amounts of assets held in those funds are but a small percentage of the total holdings of trust departments, and publication of those asset holdings is not a very meaningful disclosure. Further, the reports for such funds could be misleading, because the investment limitations to which common trust funds are subject means that they are not apt to reflect the total department holdings. Besides, the greater scrutiny they receive from the government, and others, militates against their use for an undesirable end, certainly one that would require public scrutiny as a deterrent.

On the other hand, I think that banks have little reason to protect their investment experience with reference to pooled employee benefit trusts. The only justification I can see is that banks should not be put in a posture in which they will have to engage in questionable investment practices in order to outdo the performance records of their competitors. Conceivably a ban on making available the reports for these funds might be useful. At best, however, that would be a clumsy tool which would not accomplish its purpose in many cases and, possibly, could cause more harm than good.

In the third category of the proposals for revisions, the communications function is best served through our publication of these proposed rules. This category was described in our *Federal Register* notice as incorporating "expressly into the Regulation previous interpretations of present language." That was done for several reasons. First, some persons, notably part-time bank lawyers, both on the bench and elsewhere, have, from time to time, demonstrated a failure to appreciate our Office's manner of interpretation and enforcement of the trust department rules. Schooled in other bodies of law, such as tax or securities, they believe that only the most strict verbal interpretation of the language of the Regulation would govern in any given case, regardless of its relationship to the intent of that language or the effect of the interpretation on other provisions of the Regulation. In fact, we have continually rejected any interpretation contrary to the intent of the provisions involved, or permitting the frustration of any other provision of the Regulation. Perhaps because of our unique enforcement apparatus, or possibly because we have shouted louder, we have been able, in every case, to make that philosophy stick and thus, to prevail in our positions. In so doing, I don't think we are being unreasonable or arbitrary. To me it would appear absurd for a regulator, when presented with a proposed interpretation of his regulations running counter to their designed purpose, to throw up his hands and say, in effect: "Oops! Sorry to have bothered you!", and go on his way. I must admit, however, that that is precisely what some of our critics from the outside have claimed in asserting that the regulations are ineffective. Because differing administrative procedures elsewhere occasionally continue to produce lawyers who, in advising their clients, tend to interpret our Regulation only verbally and without regard to its purpose, and thus get criticism of their clients from our Office, we have felt it necessary to put language into the Regulation which would forestall some of the more basic misinterpretations.

Another reason for this third category of amendments lies in the imperfections of our past system of providing rulings to the industry. Since Regulation 9 was revised extensively in 1963, we have had to apply it in a number of novel situations. When we felt that those rulings were of general interest, they were published in our manual of instructions for our trust examiners, which every National bank with a trust department has. That proved to be an imperfect mechanism. On our side, our list of holders became woefully inaccurate, for reasons which I am still not able to fathom—the Trust Division was not in charge of this function—and at the banks, it seemed that the manuals and their later supplements just never got into the right hands. I have learned that there is no perfect generalized mailing address label which can guarantee that a communication from us will reach the responsible person in the trust department of every bank. Recently our Office took steps to alleviate this problem for its commercial manual, by supplementing it through publication of its major rulings in the *Federal Register*. Major rulings on trust departments will similarly be published when the Regulation has been amended and we know which have continued validity.

We also intend to publish more of our rulings. In deciding which rulings had major importance we have been perhaps too conservative. Our practice as to the nonmajor rulings heretofore has been to make them available to our examiners through correspondence reports which provide, in categorized form, every ruling made by this Office. The theory was that the examiner would bring nonmajor rulings to the attention of banks through the examination process, by criticizing and correcting departures from them. Experience shows that this hasn't provided the maximum desirable communication.

For all of those reasons, therefore, we have felt it necessary to in effect "refurbish" the Regulation by putting some of these interpretations into specific regulatory language, so that *all* will be aware of them. And already, our commentary is showing that this communicative purpose is being served.

Let me illustrate some of my more general assertions. The proposed rules at Section 9.18(b)(9)(ii) would provide simply that

> no investment for a (traditional common trust fund) in the stocks, bonds, or other property of any one person, firm or corporation shall exceed 10 percent of the market value of the fund....

Presently that limitation is expressed differently in Regulation 9, as it was in its predecessor, the prior Regulation F of the Federal Reserve. The present language is

> No investment for a collective investment fund shall be made in stocks, bonds, or other obligations of any one person, firm, or corporation if as a result of such investment the total amount invested in stocks, bonds, or other obligations issued or guaranteed by such person, firm, or corporation would aggregate in excess of 10 percent of the then market value of the fund. . . .

Strictly speaking, that imposes a limitation solely at the time of investment, and would appear not to apply to situations where 10 percent is exceeded through ununiform price appreciation of particular securities in the portfolio, or through disproportionate sale of particular securities to obtain cash. So construed, it makes little sense. The purpose of that limitation is to impose a minimum standard of diversification upon common trust funds. A construction of the language which would limit its effectiveness to only one means of achieving diversification, and not apply to others is an absurdity. We have, therefore, ruled that if the 10 percent limitation is exceeded *through whatever means* correction must be made. But that ruling is apparently not known to some banks, and even some of our examiners, although they have been supplied with copies of it. So we are proposing to incorporate it into the Regulation expressly.

There are other similar proposals. For example, Regulation 9, in its provisions pertaining to self-dealing and conflicts of interest, which are reflective of local law, maintains the general principle that a bank fiduciary may not engage in any transaction that could be classified under those labels, unless the person who established the account expressly authorized the bank to do so. But there have been no absolute prohibitions in the sections on collective investment on this type of transaction, and, from time to time, it has been asserted that the Regulation permitted ready evasion by a bank through investment in one of its collective investment funds, the governing instrument of which, of course, is written by the bank. Thus, if the governing instrument for the collective investment fund were written with a provision authorizing say, the sale of assets to the fund by the bank, it would thus be able to bootstrap itself into having authority to self-deal, in spite of the absence of that authority in the governing instruments of the participating accounts. We have consistently ruled that a bank cannot, through insertion of an authorization for self-dealing or transactions involving a conflict of interest in the plans of its collective investment funds, enlarge upon the authority given it by its customer. To accept such an obvious attempt at evasion of the Regulation would, I believe, be a gross dereliction of our duty. Yet, because it appeared during argument of the *Investment Company Institute* case that even a Supreme Court Justice or two were willing to believe that we were such regulatory ostriches, we decided to propose to put express prohibitions in the Regulation. So far, the principal reaction of bankers seems to be susceptible of characterizations as "Whoever was doing that, anyway?" So, for the record, let me make it clear that this proposal is designed not to correct existing abuses, but more to present a regulatory framework which can be recognized by all to be complete in this respect.

It is indeed, singular that the Regulation should be so amended, not to fill a gap in its provisions or because it is not understood by those applying or subject to it, but rather in order that persons who are attempting to change the banks' supervisory function can better understand the process. To some measure, those persons will not understand, I am sure, regardless of what is done. A good example of this appeared in an article in a leading law review a few years ago. In that article the writer had apparently scanned our manual of instructions to our examiners until he came upon a statement that substantial amounts of the trust department deposit might be in time or savings deposits. Fortified with this discovery, he proceeded to find the supervision by our Office to be deficient because we permitted substantial amounts of trust funds to be deposited in the bank. This, of course, overlooked the fact that the trust deposit itself is subject to the regulatory requirement that funds held in a fiduciary capacity are not being held uninvested or undistributed any longer than is reasonable for the proper management of the account. The statement in the manual referred to funds that had already passed that test, recognizing that of those already scrutinized and determined to be reasonable, a substantial portion might be placed in time deposits. The writer did not talk to us or anyone else who had any familiarity with bank supervision, but rather plunged to his conclusion solely on the basis of his most superficial examination. This, I am afraid, is typical of much of the "learned study" which is being made of bank trust departments. Obviously nothing could be done by way of amendment of regulations or instructions to forestall conclusions reached by such means, and we do not intend to try. We hope to strike a balance between the needs of the sincere student and those who are seeking merely to condemn.

There are a number of more minor proposals which are contained in the publication by our Office, but for want of time I shall not attempt to deal with them all today. If any of you have questions, we shall be pleased, of course, to assist you and, as I stated earlier, we earnestly solicit your comments.

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