SOUTHEAST ARIZONA BANKS ENTER DISTRICT

In a move to improve banking services in Arizona, the Federal Reserve Board of Governors this month approved the transfer of the state's five southeastern counties from the Eleventh (Dallas) to the Twelfth (San Francisco) Federal Reserve District.

The boundary change will become effective January 1, 1977, and will extend the Twelfth District so that it includes the entire state of Arizona.

"The transfer was motivated by the desire of both Reserve Banks to improve service to commercial banks and the public and to improve the payments mechanism," said San Francisco Fed president John J. Balles. "The action was taken after extended studies by our bank and the Federal Reserve Bank of Dallas in concert with the banking community."

The shift makes it easier for the Fed to deal with Arizona's statewide banks as single entities. At present there are 321 banking offices in the Twelfth District's Arizona segment, 107 banking offices in the Eleventh District's jurisdiction. However, all but four of the 107 banking offices in the latter area have Twelfth District headquarters. The boundary transfer recognizes the reality of this western orientation, and facilitates serving all 16 of Arizona's banks and their 428 branches statewide.

The transferred area encompasses Cochise, Graham, Greenlee, Pima and Santa Cruz counties with a total population of almost 700,000. Tucson, the financial center of this region, is the second largest city in the state.

Banking offices in the five-county area account for almost one-fourth of the total deposits in Arizona.

Under the new set-up, the southeast Arizona area will be serviced predominantly by the Los Angeles Branch of the Federal Reserve Bank of San Francisco. Services are now provided by the El Paso Branch of the Federal Reserve Bank of Dallas.

As a result of the redistricting, check-collection services will be improved significantly because of better utilization of normal transportation patterns. Currency and coin services to the five affected counties will be continued by the El Paso Branch until the first of the year. After that time, these services will be performed by either Los Angeles or El Paso, whichever can provide more efficient cash services to these counties.

At the time of the creation of the Federal Reserve System 63 years ago, there was logic for dividing Arizona between the Eleventh and Twelfth Federal Reserve Districts. At that time mail was delivered by rail, and banks in southern Arizona were better served by a transportation corridor that tied them to El Paso. But with the

(continued on page 4)
FOUR FROM WEST JOIN CONSUMER COUNCIL

The Federal Reserve Board of Governors has selected four Westerners to serve on a blue-ribbon council authorized by Congress to advise the Fed on consumer-credit matters.

The four include Dr. William D. Warren, Dean of the School of Law of the University of California at Los Angeles; Roland E. Brandel of San Francisco, a partner in the law firm of Morrison and Foerster; Robert R. Dockson of Los Angeles, President and chief executive officer of the California Federal Savings and Loan Association; and Percy Loy of Portland, Oregon, President of the Kubla Khan Food Company.

Congress established the new Consumer Advisory Council to advise the Board of Governors regarding the implementation of legislation passed under the Consumer Credit Protection Act. The act encompasses Truth in Lending, Fair Credit Billing, Equal Credit Opportunity, Fair Credit Reporting, and Consumer Leasing. However, the Board can also place other consumer-related matters before the Council for its consideration.

Warren has been named Vice Chairman of the Council. He will also serve as interim Chairman until this coming January, when Mrs. Leonor K. Sulli- van (D-Mo.) retires from Congress to assume the position of Chairperson. Dr. Warren has been a consultant on consumer law and debtor-creditor law to the National Commission on Consumer Finance and several California agencies. He taught law at Stanford University and the University of Illinois before joining UCLA.

The two other Californians on the Council also have noteworthy academic credentials and practical experience relating to the consumer and the credit industry.

Brandel is a member of the Committee of the American Bar Association on the Regulation of Consumer Credit. He has worked extensively in the field of bank credit-card law. He has also been visiting professor of law at the University of California (Berkeley).

Dockson, in addition to his savings-and-loan activities, has served as dean of the School of Business and the Graduate School of Business Administration of the University of Southern California.

The fourth Western member of the Advisory Council is Percy Loy, who heads the Portland-based Kubla Khan Food Company. Loy is serving his third term as a member of the District Advisory Council of the Small Business Administration. He is a member of the Business Liaison Committee of the Business School of the University of Oregon, and is a past president of the Frozen Foods Council of Oregon and a past member of the Marketing Advisory Council of the Business School of the University of Oregon. He is also a member of the Board of Overseers of Lewis and Clark College.

The Council was designed to achieve fair representation for the interests of both creditors and consumers. Over 400 candidates nationwide were screened by the Board of Governors in selecting the 26 council members. Its membership includes representa-
Welcome to the System
TRACY-COLLINS BANK

Tracy-Collins Bank and Trust of Salt Lake City is Utah’s newest member of the Federal Reserve System.

Gilbert L. Shelton, President of Tracy-Collins, cited the benefits of Fed member services for his decision to join. “Tracy-Collins has grown to the size where Federal Reserve membership provides services that are necessary for our continued growth,” Shelton said. “Being a member of the System will enable us to improve our own services for correspondent banks in Utah, Idaho and Wyoming, as well as our own commercial customers.”

Tracy-Collins has a long and interesting history. It was founded in 1884 by a rugged individualist named Russel L. Tracy, who served as a scout for the U.S. Cavalry. In 1945, the name was changed to Tracy-Collins when James W. Collins became the institution’s president.

In 1970 Tracy-Collins moved into a new era when Gilbert L. Shelton was elected Chairman of the Board, succeeding Newell Dayton, a veteran of 48 years with the institution. Before his selection, Shelton was a partner in charge of management services for Touche, Ross and Company, of San Francisco. His specialized area of consulting was the banking industry. Since his association with Tracy-Collins, the bank’s assets have increased from $45 to $145 million.

Other senior bank officers are Charles Canfield and Ronald Carnago, both Executive Vice Presidents.

In keeping with its expanding role in the banking community, Tracy-Collins recently moved into its new Tracy Financial Center in Salt Lake City. The bank also has subsidiary companies engaged in mortgage, real estate and insurance operations.

As Gilbert Shelton sees it, the bank founded by an old pony soldier has its feet firmly planted on the ground. He sees solid growth for Utah’s economy over the next few years as the state’s energy resources and recreational benefits are developed, and as more opportunities develop for Tracy-Collins to serve its customers in the booming West.

CONSUMER COMPLAINT PROCEDUREs ESTABLISHED

The Federal Reserve Board of Governors published a new regulation last month establishing procedures for handling complaints by consumers alleging unfair or deceptive practices by banks.

The new Regulation AA is effective immediately. Any consumer can have a complaint investigated by submitting it—preferably in writing—to the nearest Federal Reserve office. In the San Francisco District, an individual can contact the Consumer Affairs Unit, Federal Reserve Bank of San Francisco, P.O. Box 7702, San Francisco, CA 94120. Phone (415) 544-2226. Alternatively, consumers can write to the Director of the Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

The complaint should describe the bank practice or action objected to, and give the names and addresses of both the bank concerned and the person submitting the matter. The Federal Reserve will attempt to make a substantive reply within 15 days.

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Otherwise, it will acknowledge the complaint within 15 days and set a reasonable time to reply with a substantive response.

Complaints can be made regarding any bank. The Fed will handle complaints directly where the banks concerned are state-chartered member banks, and in other cases it will refer complaints to the proper regulatory agency. The Comptroller of the Currency regulates national banks, while the Federal Deposit Insurance Corporation has responsibility for state-chartered banks that are not System members.

“Procedures for dealing with consumer complaints are designed to accomplish two primary purposes,” the board said. “First, to assure consumers of prompt and responsive action on complaints involving state member banks, and prompt referral of complaints involving other banks. Secondly, through appropriate records, to provide the means to single out banking practices or acts that are widespread or frequent enough to warrant possible regulatory action by the Board.”

The Board established an Office of Saver and Consumer Affairs two years ago. This office, redesignated the Division of Consumer Affairs, administers consumer legislation for which the Board writes regulations or has other responsibilities. These laws now include the Truth in Lending Act, the Fair Credit Billing Act, the Equal Credit Opportunity Act, the Home Mortgage Disclosure Act, the Consumer Leasing Act, and the Fair Credit Reporting Act, as well as provisions against unfair and deceptive bank practices in recent amendments to the Federal Trade Commission Act.

“Any person with knowledge of an act or practice which that person considers unfair or deceptive may utilize the complaint procedures,” the board states. “A consumer complaint may arise under an existing Federal statute or Board regulation, but it may also be directed at an act or practice which is either expressly authorized or not prohibited by current Federal or state laws or regulations.”
ARIZONA — Continued

growth of air and truck traffic, out-of-state mail can now be transported quickly between the financial centers of Arizona—Phoenix and Tucson—and Los Angeles. Thus, there is little reason to continue segmenting the state with 14 counties in the Twelfth District, and the remaining five in the Eleventh.

District restructuring of this kind has been necessary in the past to reflect the nation's changing population and transportation patterns. For example, the Federal Reserve Bank of San Francisco established its first branch in Spokane in 1917, but later transferred its activities to branches in Seattle and Portland. More recently (1971), 24 western Missouri counties were transferred from the Eighth District under the Federal Reserve Bank of St. Louis to the Kansas City Fed's Tenth District in the interests of service and economy.

The Federal Reserve Bank of San Francisco serves the largest geographic area in the System. It has offices in Los Angeles, Portland, Salt Lake City, San Francisco and Seattle. With the addition of southeastern Arizona, the District will now encompass the entire states of Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah and Washington, with a population of over 33 million persons and more than 6,600 commercial banking offices.

CONFERENCE — Continued

paper in the Panamanian international market, and would also provide direct financing of exports on a medium-term basis. Dr. Antonio Dudley, executive secretary of the National Bank Commission of Panama, said he is hopeful that the new bank would be in operation in 1977.

“Such a multi-national bank would provide Latin America with its own financial regional center,” Dr. Dudley said. “We see this as an important step forward in providing credit that complements the existing sources available to Latin American nations. Such a bank is important to Latin American nations because it will consider the special needs of businesses throughout the region.”

The Latin American officials also discussed balance-of-payments problems of the Central and South American nations. A number of proposals were made to increase the amounts of credit available to the small countries of the region, and to ease existing technical restrictions so that the procedures for qualifying for loans would be simplified.

MULTINATIONAL BANK STUDY UNDERWAY

The Senate Banking Committee recently began a study of multinational banking to assess the need for new regulations or legislation in that field. In its last session, Congress considered legislation proposed by the Federal Reserve System and other agencies, but failed to act before adjournment.

The committee’s study outline makes the point that regulation here and abroad was not designed with multinational banking in mind. Consequently, there are twin dangers of “understeering” or “oversteering” by regulators in response to multinational-bank problems.

Among the central issues to be explored are whether changes in the existing bank regulatory structure are necessary to assure uniform supervision. Another study topic is whether regulatory agencies are examining loans to foreign nations adequately. The study will also assess whether foreign banks enjoy a competitive advantage with their multistate banking operations and securities affiliates, and whether they should be subject to Federal Reserve regulations and reserve requirements, as well as Federal Deposit Insurance Corporation regulations.