

**FEDERAL RESERVE BANK  
OF NEW YORK**

[ Circular No. 7216 ]  
August 23, 1973 ]

**BANK HOLDING COMPANIES**  
**Hearing on Affiliation of Savings and Loan Associations**  
**with Bank Holding Companies**

*To All Banks, and Others Concerned,  
in the Second Federal Reserve District:*

Following is the text of a statement issued August 20 by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System today invited comment and ordered a hearing to begin October 30 on an application by a bank holding company to acquire a savings and loan association.

The activity of operating a savings and loan association has not been determined by the Board to be closely related to banking. Consequently, in connection with this application, the Board will also consider whether to add operation of an S&L to its list of activities that are closely related to banking and permissible for acquisition by a bank holding company, subject to Board approval in individual cases.

The applicant in this case, American Fletcher Corporation, Indianapolis, Indiana, is seeking to acquire voting shares of the Southwest Savings and Loan Association, Phoenix, Arizona.

Requests to testify at the hearing should be submitted to the Secretary of the Board by October 1. The hearing will be held before available members of the Board commencing at 10:00 a.m. on October 30 at the Board's headquarters, 20th Street and Constitution Avenue, N. W., in Washington, D. C. Statements and comments on the issues will be received by the Board through November 30.

In inviting comment and ordering a hearing at this time, the Board hopes to focus public attention on the important issues involved in the possible affiliation of banks and savings and loan associations. Specifically, the Board's action was taken pursuant to a provision of its Regulation Y which states that any bank holding company may apply to the Board to engage in an activity it believes to be closely related to banking, even though the activity is not included specifically in the Board's list of permissible activities. The Regulation states that applications of this type will be processed under the same procedures that apply to applications to acquire an established concern engaged in a permissible activity that is closely related to banking.

The Board took no position on the issues at this time.

In addition to inviting comment on the general issue of affiliation of savings and loan associations with bank holding companies, the Board will consider whether certain specific limitations should be imposed upon bank holding companies seeking to enter this field. One possible question to be studied is whether a bank holding company should be permitted to operate both an S&L and a bank in the same geographic market. Another is whether the Board should limit acquisitions of S&Ls to one per bank holding company.

The application from American Fletcher may be inspected at the Board in Washington or at any of the Federal Reserve Banks.

Printed on the reverse side is the text of the Board of Governors' order on the hearing. If you should wish to participate in the hearing, your written request should be filed by October 1 and may be sent to our Bank Applications Department. Written comments on the issues involved in the hearing should be submitted by November 30 and may also be sent to our Bank Applications Department.

ALFRED HAYES,  
*President.*

(OVER)

(Reg. Y)

## BANK HOLDING COMPANIES

### Notice of Application to Acquire Company Engaged in the Operation of a Savings and Loan Association and of Possible Rulemaking with Respect Thereto.

The Board of Governors has received the following application filed pursuant to § 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR 225.4(b)(2)) for prior approval to acquire shares of a company engaged in the operation of a savings and loan association:

American Fletcher Corporation, Indianapolis, Indiana, has applied to acquire voting shares of South-west Savings and Loan Association, Phoenix, Arizona.

The activity of operating a savings and loan association has not heretofore been found by the Board to be closely related to banking. Applicant states that the proposed activity essentially involves the receipt of deposits and extension of credit, and is, in Applicant's opinion, closely related to banking. The Board therefore publishes this notice pursuant to section 225.4(a) of Regulation Y.

In connection with this application, the Board will also consider possible rulemaking to add the proposed activity to the list of activities the Board has previously determined to be closely related to banking. In its deliberations on the activity proposed in the present application and the proposed rulemaking related thereto, the Board will also consider possible imposition of certain restrictions and requirements upon bank holding company entry into the proposed activity. Among the possible restrictions and requirements the Board will consider are that: 1) the proposed subsidiary may not operate in any geographic market in which any banking subsidiary of the holding company system of which it would be a member operates and 2) a bank holding company would not be permitted to operate more than one savings and loan association.

Interested persons may express their views on the question of whether the operation of a savings and loan association is so closely related to banking or managing or controlling banks as to be a proper incident thereto, and on the restrictions which are being considered in

connection with the proposed activity and on any other appropriate restrictions.

Interested persons may also express their views on the question of whether consummation of the subject proposal can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."

In order to explore these issues, the Board has directed that an oral presentation be held before available members of the Board in the Board Room of its building on 20th Street and Constitution Avenue, N. W., Washington, D. C. commencing at 10:00 a.m. on October 30, 1973. Interested persons are invited to participate by presenting their views on all issues raised by the pending proposal. Interested persons need not participate in the oral presentation to have their views considered, and may do so by written comment. Written comments as they are received will be made available for inspection and copying in Room 1020 of the Board's building, 20th Street and Constitution Avenue, N. W., Washington, D. C. The application may be inspected and copied at the offices of the Board of Governors or at any of the Federal Reserve Banks.

Any requests to participate orally in the hearing should be submitted in writing accompanied, if possible, by a brief summary of the proposed testimony, and should be received by the Secretary, Board of Governors of the Federal Reserve System, Washington, D. C. 20551, not later than October 1, 1973. Each person orally participating in the hearing would normally be expected to limit their presentation to thirty minutes. Anyone wishing to submit written comments on this matter, on testimony received at the oral presentation, or on other comments received by the Board may do so at any time before the close of business November 30, 1973.