NADINE HAYWARD
20 Foresters Lane
Springfield, IL 62704
(217) 698-1517

August 12, 1998

Federal Reserve Bank of Chicago
C/o Ms. Alicia Williams
Vice President Community Affairs
230 S. LaSalle St.
Chicago, IL 60604

RE: Testimony of Ms. Nadine Hayward in the negative, regarding the proposed Merger of Banc One Corporation and First Chicago NBD.

Dear Board of Governors and fellow panel presenters:

Thank you for this opportunity to testify in writing; I work as a medical technician for a group of physicians in Springfield, Illinois and my work schedule has made it difficult to be present for so brief an appearance. I trust my comments will not be discounted because I am unable to be present in person to testify.

I am not very clear about the role that the Federal Reserve Board plays in regulating banks, but I understand the issue before you is whether a merger of Bank One and First Chicago Bank should be permitted. I am however very certain of this: that my experience, resulting directly from the prior merger of Springfield Marine Bank and Bank One should not be permitted to happen to anyone else. Unless safeguards are provided or commitments received to avoid my experience than

I suggest this proposed merger must be blocked. Please allow me to explain.

Springfield Marine Bank was the oldest bank in Illinois. Indeed the old Marine Bank proudly displayed Springfield's favorite son, Abraham Lincoln, on its checking account. In 1988 my employers offered me participation in a pension plan and in a profit sharing plan. These plans were entrusted to the Springfield Marine Bank for their administration. I saw these plans as a way to save for my future and my eventual retirement.

I am not sophisticated in these matters, but when the plans were offered to me I obtained the necessary advice to direct the Bank (in writing) as to my investment choices and preferences. I directed the Bank in 1988 to invest all of my money into the stock market. After Springfield Marine Bank was purchased by Bank One someone in the trust department at Bank One, without my written or oral permission, and without my knowledge, switched all my investments from the stock market into a money market account. They just switched it.

I married Mark Hayward in 1997; Mark is more knowledgeable about these things and in reviewing my accounts he noticed the switch. We complained to the local trust office at Bank One. Our complaint fell on deaf ears for some time. Finally, in late 1997 my pension plan investments were switched back into the stock fund from the money market fund. Since then we have been seeking to have the Bank accept responsibility for its actions and to make restitution for improperly investing my monies contrary to my direction.

We read the papers and have become aware that in the years during which my money was invested in money market funds that stocks have doubled and tripled in value and more. Because of the wrongful switch I have missed that opportunity. I have had my retirement monies cut short.

When Mark and I tried to find out exactly what happened the local office would not respond. We were eventually referred to an attorney in Columbus, Ohio, one Ronald Kladder, who took the position on behalf of the Bank that, "Bank One simply is not a fiduciary with respect to the investment of Plan Accounts."

When I began my participation I was advised that the Marine Bank (Bank One's predecessor) would be handling my account; I was instructed to direct the Bank as to my investment preferences; the documents were all on Bank One forms; my direction was to the Bank; and, I had no reason in the world to believe anything other than that the Bank was following my directions. I did not police the Bank's actions and did not notice the switch.

We continue to be told by Bank One, through its attorney, that it is and was *my responsibility* to insure that my pension monies were invested correctly. In effect the Bank blames me for its wrong doing. Why do I pay the Bank trust administrative fees if it is not a fiduciary and it is my responsibility to supervise the investment of my pension monies?

I testify here today not to complain of my individual problem, but in the hopes of sparing someone else this headache and heartache. Mark and I have hired an attorney and continue in our efforts to redress my situation. However, I testify here because I firmly believe that if this proposed merger is permitted the situation will multiply and worsen. As banks and their trust departments are allowed to grow larger and larger, they become more insensitive and non-responsive and it becomes more and more frustrating for working people like me to know that their matters have been properly attended. I am confident that my experience is not unique.

What assurances do working people have from the Federal Reserve Board that Bank One's merger with First Chicago won't result in trust departments that further disclaim being a "fiduciary with respect to investment plan accounts," disavow plain fiduciary responsibilities and outrageously assert that it is the pension participant's own responsibility to see that his or her directions are followed? An even worse fear is that as the trust departments are allowed to get larger and larger that they become more and more adept and sophisticated in averting their responsibilities and wearing their customers down and out by more and more obscure jusifications for not heeding the customer's directions and lawful responsibilities.

I urge that until sufficient and proper safeguards are in place to insure bank customer care and satisfaction that no merger be permitted. Thank you for allowing me to comment on this matter. I trust that this process will be more sensitive to my concerns and inquiries than the Bank has been in responding to my demands regarding my investment losses.

Sincerely,

Nadine Hayward

Ms. Nadine Hayward

Speech for Federal Reserve Board Hearing

My name is Larry Gigerich. I am President of Indianapolis Economic Development Corporation. Previously, I served as Senior Advisor to Mayor Stephen Goldsmith for Economic Development and Workforce Development. Indianapolis Economic Development Corporation is a private sector 501{c}6 organization founded in 1983 to serve the residents and businesses of the Indianapolis region through the creation and retention of good paying jobs, the attraction of capital investment and diversification of our economic base.

The Indianapolis region has enjoyed record economic growth during the past six years. The center city and region have both seen their population grow. Our unemployment rate has dropped from 6.2% to 2.4%, during this period – a thirty-five year low. The downtown area has seen large businesses moving into the business core. Companies such as; Emmis Broadcasting, USA Group, NCAA and Anthem have moved, or will soon move, operations into our downtown area during this period – providing over 3,000 jobs. Other downtown projects, such as: Circle Centre Mall, the Conseco Fieldhouse, Victory Field, White River State Park and the Canal Walk have all been developed during the past six years.

Our suburbs have also experienced tremendous growth. The airport area has been an incredible growth engine for Indianapolis. During the past six years United Airlines, ATA, FedEx and the U.S. Postal Service have added over 5,100 new jobs in the region

Indianapolis' greatest strength may be the public-private partnership philosophy that exists in our community. Dating back to the days of their predecessors, American Fletcher National Bank (Bank One) and Indiana National Bank (NBD-First Chicago) have played an active role in the economic development efforts of Indianapolis. In fact, the banks were among the founding members of Indianapolis Economic Development Corporation some fifteen years ago. From their investments in Circle Centre Mall, Conseco Fieldhouse, numerous amateur sports projects and facilities, the bringing of professional sports to Indianapolis, their investments and lending in the center city, and active participation in efforts to attract new companies to and keep companies in our region.

Throughout the Bank One-First Chicago-NBD merger process, both banks have been keenly aware of the potential economic impact of the merger in our region. Both banks to date have worked very closely with Mayor Stephen Goldsmith and the Indianapolis Economic Development Corporation, to maximize employee retention and growth, investments in the community, utilization of excess property and charitable and economic development contributions in Indianapolis and Central Indiana.

Thank you for your consideration.

18

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Sincerely,

Nadine Hayward

Ms. Nadine Hayward

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MARSHALL PLAN FOR GARY

2700 Jackson Street, P.O. Box M-541, Gary, Indiana 46401
(219) 880-0118: Office, (219) 886-3690: Fax

August 13, 1998

Summary of Presentation made by Bennie Simmons, Jr., Founder, President and CEO, Marshall Plan for Gary (MPG), at the Federal Reserve Bank of Chicago, related to the Banc One Corporation merger with First Chicago NBD. <u>(Some of the major problems are outlined below):</u>

1. A request that was made by MPG to Bank One, Gary, Indiana, located on 6th Ave. and Broadway, for a copy of its most recent CRA report was questioned by one of its assistant bank managers. I was to told that I would have to speak to the bank manager to obtain the report. I was unable to wait to see the bank manager.

Several days later I went to the Bank One branch located at 53rd and Broadway and made the same request. In response to my request, I was given a report dated April 19, 1995 which covered Bank One branches located in the Indianapolis area which did not include Gary and/or the Northwest Indiana areas. The result being that, to date, I have not been given the information I requested relative to CRA activities by Bank One in Gary, Indiana.

2. Millions of dollars are deposited into Bank One and First Chicago NBD by Gary's city government, the Gary school system, unions, churches, and Gary residents. Those millions of dollars are being used to finance loans in communities outside of Gary.

3. Racial discrimination in lending practices is a reality for most black citizens in Gary. When community leaders and residents protest to the banks in Gary about this discriminatory practice, the bank loan officers and committees render the protests as unwarranted complaints based on their reported CRA activities.

4. The economic blight and disinvestment can be seen between Bank One and First Chicago NBD which are less than two blocks apart. As you can see in the photographs (see Exhibit A), there is nothing but vacant lots, boarded up buildings and a few struggling small businesses located between 8th Ave. and 5th Ave. on Broadway. The economic depravity one block east and one block west of the above-mentioned banks can also be seen in the photographs in Exhibit A.

5. In contrast, looking at the pictures in Exhibit B, which includes pictures of the adjacent communities of Merrillville and Hobart, Indiana, you will see a successful, flourishing business community surrounding Bank One and First Chicago NBD. These banks have invested millions of dollars into these communities in mortgage and business loans, etc.

6. On the first of every month senior citizens in Gary stand in long lines to receive bank services. Bank One has seven (7) teller windows available at the 6th and Broadway branch location, where two (2) large senior citizen residential buildings are located. However, most frequently only two (2) windows are manned with tellers forcing the older citizens to stand in line for much too long a period of time.

7. When First Chicago and NBD merged, the only bank in midtown Gary, on Broadway where there are longstanding successful businesses was closed as a result of the bank merger. The community was angry, disenfranchised and inconvenienced. If this is an indication of the proposed Banc One Corporation and First Chicago NBD merger, then, as a result, the economic depravity of Gary, Indiana will continue to escalate.

In conclusion, given these facts, MPG is requesting that the Federal Reserve System withhold approval of the proposed Banc One Corporation and First Chicago NBD merger until such time that Banc One Corporation has complied with the MPG requests for contractual agreements for financial reinvestment in Gary, Indiana.

MARSHALL PLAN FOR GARY

2700 Jackson Street, P.O. Box M-541, Gary, Indiana 46401
(219) 880-0118: Office, (219) 886-3690: Fax

August 10, 1998

Mr. John B. McCoy
President and CEO
Banc One Corporation
Department H1-0158
100 East Broad Street
Columbus, Ohio 43271

Dear Mr. McCoy:

The Marshall Plan for Gary (MPG) is requesting that Banc One Corporation address the needs of the Gary community and give serious consideration to the MPG's proposal for solutions to the problems that presently exist in Gary, Indiana as it relates to banking.

MPG is requesting that Banc One Corporation:

1. Banc One is presently advertising in its Northwest Indiana branch banks that it has revenues totaling $2 billion dollars available for lending. MPG is asking that $1 billion dollars be designated for lending and community reinvestment projects in the City of Gary over a period of eight years to begin in of 1998.

The $1 billion dollars should be targeted for student loans, mortgage lending, small business loans, franchise loans, and reinvesting dollars back into the community, as well as loans for export/import businesses. Also grants should be given to local community development corporations and for educational scholarships for Gary residents.

2. On the first of every month senior citizens in Gary stand in long lines to receive bank services. Bank One has seven (7) teller windows available at the 6th and Broadway branch location. However, most frequently only two (2) windows are manned with tellers forcing the seniors to stand in line for much too long a period of time. Therefore, we are requesting that you do not close this branch and that during the first of the month all teller windows are manned.

3. We are asking Banc One Corporation to establish a direct working relationship with MPG and designate a Banc One liaison who has the authority to make decisions and to expedite our requests in this document.

4. We are asking Banc One Corporation to collaborate with MPG to negotiate and develop a "second chance scoring system" for those who are disqualified by not scoring high enough under the existing scoring system.

5. We are requesting Banc One Corporation to develop a contract with MPG establishing MPG as the executor/administrator of this lending and reinvestment program. We are also asking the Federal Reserve to monitor all agreements made throughout the contractual period.

We are looking forward to your immediate attention and response to this request.

Sincerely,

Bennie Simmons, Jr.
Founder, President and CEO
Marshall Plan for Gary
2700 Jackson Street
P.O. M-541
Gary, Indiana 46401
(219) 880-0118: Office
(219) 886-3690: Fax

xc: Steven A. Bennett
Verne Istock
Daniel P. Cooney
Joe Barnett
Bank One-Merrillville
Federal Reserve System
President William Clinton

July 9, 1998

Board of Governors of the Federal Reserve System
Attn: Mr. William W. Wiles, Secretary
20th Street and Constitution Avenue
Washington, D.C. 20551

RE: ATTACHED PETITION AND HEARING REQUEST IN OPPOSITON TO BANC ONE CORPORATION'S PROPOSED ACQUISITION OF FIRST CHICAGO NBD AND ITS SUBSIDIARIES AND ALL RELATED APPLICATIONS AND NOTICES

Dear Secretary Wiles and others at the FRB:

On behalf of the Marshall Plan for Gary and its members and affiliates and business owners, attached please find a timely comment opposing and requesting hearings on Banc One Corporation's (Banc One's) proposed acquisition of First Chicago NDB and its banking and non-banking subsidiaries (First Chicago) and all related Applications and notices.

Banks are Billion Dollar corporations! Banks take billions of dollars of deposits from African Americans, Hispanics and poor people who live in the inner cities. They take deposits every week from churches in these cities and use that money to lend to businesses outside their neighborhoods and cities where, African Americans, Hispanics and poor people live. Our money is used to build other communities. Those businesses attract these consumers out of their neighborhoods and/or cities to buy merchandise not sold in their areas.

Businesses say they cannot locate in these neglected communities because there is too much crime. But Walgreens, medical centers, fast foods, liquor stores are all successful businesses which operate in these communities. Grocery stores owned by people from the Middle East, wigs and hair products retail stores owned by Koreans, and also cosmetic nail shops owned by Vietnamese all flourish and make incredible profits in African American, Hispanic and poor communities. While at the same time none of these businesses owners neither live nor shop in the communities where they own and operate these businesses which thrive off of African American, Hispanic and poor consumer dollars. Therefore there is only a one-way flow of revenue; and that is, immediately OUT OF THE COMMUNITIES WITH NO REINVESTMENT BACK INTO THE THESE COMMUNITIES. SO WE NEED BANKS TO LEND MONEY IN OUR AREAS TO THE PEOPLE LIVING IN THE COMMUNITY.

I am fifty years old, my father is seventy-five and we have lived in Gary, Indiana all of our lives. We have not seen banks make business loans to African Americans to enable them to open or expand their businesses on the same basis as they have loaned money to whites. IT'S NOT EVEN CLOSE! Bank One and First Chicago NBD have branches in the most blighted section of the city. Their bank branches are located adjacent to abandoned and burnt out buildings. Their main interest is in collecting money. An example of their insensitivity towards Gary resident is seen at the first of the month when senior citizens stand in long lines where there are six (6) windows available, but only one or two of the windows are manned with tellers.

So our money is not being invested in our community . I'm not necessarily talking about investments in housing developments (even though that is important and should not be neglected). If a person had a successful business or a good job, he could afford to buy a house. What I'm specifically speaking of is banks lending money to start up businesses, franchises, and for expanding existing businesses to minorities who want to or already own and operate businesses in their communities. I am referring to communities such as Gary, Indiana and the west side of Chicago. These are two areas I am very familiar with. They have about the same population, same crime rate and same rate of attrition of people leaving because of lack of available jobs or business opportunities because banks won't lend to help build the community.

Bank One and First Chicago NBD, who make billions of dollars, claim to be doing a great job in cities like Gary, Indiana and communities like the west side of Chicago. But go there and see with your own eyes how business people who have been struggling for years, working hard and can't get a business loan. These fine people who have the spirit of Sam Walton of Wal-Mart can't get integrity loans, and yet they are hard working people.

IT IS TIME that the federal government, regardless of which party, stop rubber stamping these large bank mergers at the expense of the poor and minority people in the inner cities. IT IS TIME that the federal government draw a line in the sand and let the Bank One, First Chicago merger not happen until there is a commitment made to the people of the community and its African American and/or Hispanic minority business owners. We want our concerns heard, addressed and a mutual agreement made before any merger takes place. IT IS TIME to stop all these bank mergers at the expense of the poor community residents and business owners.

Usually before banks merge they consolidate their departments, move their operations to their national or regional headquarters, and as a result minority community people lose jobs. Then after the merger takes place, branches close and more jobs are lost. But isn't it ironic how they maintain a few branches to take our deposits and then lend the money to businesses and homeowners in the suburbs or to downtown areas of big cities like Chicago.

IT IS TIME for the federal government and federal reserve board to call a spade a spade and look at this problem from a logical, realistic, humanistic and moral standpoint. If a city or inner city looks like Europe at the end of World War II and it has been that way for years, and yet there are branch banks operating in these areas what criteria is used to get these banks good CRA ratings? Statistics show that African Americans and other community minorities do not apply for loans. This is because they have been disenfranchised and discouraged by unfair lending practices by the American banking industry for many decades. In order to remedy and address this injustice to minority Americans, before this merger is allowed to happen, Bank One and First Chicago NBD must meet with community groups and the African American and Hispanic minority business owners to make a contractual agreement to determine how much money will be set aside for student loans, mortgage lending, small business loans, franchise loans, and commitments for reinvesting dollars back into the community, as well as loans for export/import businesses. Also, grants should be given to local community development corporations.

Capitalism at its best is all inclusive. During reconstruction African Americans owned 134 banks and many small businesses. These banks loaned money to struggling white farmers. But in order for African Americans and Hispanics to be economically empowered, our government needs the spirit of Presidents Lincoln and Johnson. Let's do for Gary and the West Side of Chicago and other struggling American communities

what was done for Europe through the Marshall Plan. The question is what was the outcome of the Marshall Plan? It made Europe a capitalistic democracy and eventually tore down the walls of communism and made this world a better place for life, liberty and the pursuit of happiness.

Sincerely for the progress of our nation,

Bennie Simmons, Jr.
Founder, President and CEO
Marshall Plan for Gary
2700 Jackson Street
P.O. Box M-541
Gary, Indiana 46401
(219) 880-0118: Office
(219) 884-1533: Home
(219) 886-3690: Fax

cc: President William Clinton
Chairman Alan Greenspan

July 9, 1998

The Honorable William Clinton
President
United States of America
1600 Pennsylvania Avenue N.W.
Washington D. C., 20550

Dear President Clinton:

Enclosed is a copy of a protest written to Mr. William W. Wiles, Secretary of the Board of Governors of the Federal Reserve System. We are petitioning you to assist us in our efforts to request a public hearing regarding Banc One Corporation's proposed acquisition of First Chicago NBD and its subsidiaries.

This is a very critical and serious issue for the citizens of Gary, Indiana. Thank you for your interest in the welfare of our community. We are looking forward to hearing from you regarding this matter.

Respectfully,

Bennie Simmons, Jr.
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Marshall Plan for Gary
2700 Jackson Street
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Gary, Indiana 46401
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18

KRISLOV & ASSOCIATES, LTD.
Attorneys at Law

SUITE 2120
222 NORTH LA SALLE STREET
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FAX (312) 606-0207
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August 13, 1998

Testimony to the Federal Reserve Board
by Clinton A. Krislov on Behalf of Milea C. Robinson
concerning the FIRST CHICAGO NBD CORP./BANC ONE CORP merger

Introduction/Summary

There is no benefit for consumers in this merger. There is only the elimination of competition and the certainty of increased fee charges and lowered benefits.

Average middle class consumers will be injured by the approval of the proposed merger of First Chicago NBD and Banc One. Banking consumers are witnessing the continued and dramatic shrinking of the number of banks and the concentration of banks, and as a result have less banking choices. The availability of banking choices has been terribly reduced; in the 1940s and 1950s there were over 30,000 banks and now there are just over 9,000 nationwide. In the last six years alone the number of banks has fallen dramatically from just under 12,000 to just over 9,000. Therefore, when people hear about Banc One, unfortunately they are in some places literally served by only one bank.

Because of the reduction in the number of banking choices and the increasing concentration of banks, average banking customers, the middle class, has less consumer options and face increased fees and decreased interest rates.

This merger should be rejected by the board because it fails to meet the standards set forth in the U.S. Antitrust Law, the Bank Holding Company Act, and the Bank Merger Act. This merger will result in a monopoly, lessen competition, in ways that are not "clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served." 12 U.S.C. § 1842(c).

Divestiture plans for Indianapolis branches has not yet been fully disclosed. In the latest press reports there is industry speculation that although the sale of the Indianapolis branches will create the third or fourth largest bank in the area, the sale of the branches will be to a new bank with no local presence, thereby strengthening the merged banks position. See, Eileen Ambrose, 2 Banks Out of Running for NBD Deposits, Assets, The Indianapolis Star, July 15, 1998; Brett Chase, Banc One Indiana Branch Sale Down to A Few Final Bidders, American Banker July 29, 1998.

Furthermore, the merging banks have not reveled divestiture plans or addressed the issue facing communities where the merger will essentially create one bank towns in Illinois. Entire elimination of the only competition between banks will be the result if this Board approves the merger. Overlap of branches created by this merger that has not been addressed for Northern Indian or for Illinois, specifically in Chicago, northern Cook county, and the collar counties.

Lastly, because banking is local[1], the board should examine the relevant markets of this merger in the context of the impact of the merger; that is, local areas and neighborhoods rather than solely by state, city, or county boundaries.

The following testimony is made on behalf of a First Chicago NBD Corp. customer, Milea C. Robinson, and is based upon a complaint filed in Federal Court[2], but voluntarily dismissed, pending the decision of this body and the other governmental agencies entrusted to enforce the Bank Holding Act, The Bank Merger Act, and the U.S. Antitrust Laws. Our comment and complaint (filed as an exhibit with our comment to the Board) is incorporated to our testimony by reference.

I. The Basis for Opposition

We oppose the First Chicago/NBD Corp. - Banc One Corp. merger because it violates federal antitrust laws under the Sherman Act, 15 U.S.C. § 1 et. al., the Bank Merger Act of 1966, §12 U.S.C. 1828, and The Bank Holding Company Act, § 12 U.S.C. 1841 et. al. by a direct and immediate lessening of competition among banks in the two banks' present markets.

The Merging Banks

First Chicago NBD Corp. (First Chicago) is a Bank Holding Company and is a Delaware Corporation, with its principal executive offices in Chicago, Illinois. First Chicago transacts business in hundreds of cities in Illinois, Indiana, Delaware, New York, Michigan, and Florida. Banc One Corp. is a Bank Holding Company and is an Ohio corporation, with its principal executive office in Columbus, Ohio. Banc One Corp. (Banc One) transacts business in hundreds of cities in Illinois, Indiana, Ohio, Arizona, Colorado, Kentucky, Louisiana, Oklahoma, Texas,

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[1]In this testimony and in our previous filings it has been demonstrated that banking customers on average only travel 2 to 5 miles for their banking needs.

[2]This testimony is based upon Ms. Robinson's complaint previously filed, but voluntarily dismissed in favor of this comment, as the one available forum for the challenge (attached and incorporated by reference) and in response to the merger application on file with this body.

usual interest charges. Very recently, First Chicago reported record profits "as gains in the bank's fee income offset declines in loan income." See, First Chicago profits rise 8%, Chicago Sun Times, July 14, 1998, at 49.

Similarly, Banc One reported increasing its return on equity to above 20%. Although its net interest margins decreased from 5.53 to 5.36%, fee based business revenues increased to nearly one-third of all revenues. See, Moyer, Fee Income Drove Surge in Profits At biggest Banks in First Quarter, 163 American Banker No. 101, May 29, 1998, at 1.

Monopoly Power of the Merged Bank

This merger will immediately, directly, and substantially lessen competition and/or tend to create a monopoly in which the new bank will have and will exercise a monopoly power in the Illinois; Indianapolis, Indiana, and other cities banking markets in the Midwest. The merged banks as a result of the lessened competition created by the monopoly and the concentrated market cause substantial fee increases for banking services such as ATM use, checking, human teller transaction, and other transactions. This is a major concern because these two banks are the major consumer banks in Illinois and Indiana as leaders in profiting from charging fees rather than interest compensation.

Adverse Impact on Local Banking Consumers

The most recent studies confirm that consumer banking relationships are overwhelming local (within 3 to 5 miles) for both deposit and borrowing, that increased concentration in those local markets results in both lower payments to depositors and higher fees charged consumers in those markets. Has Antitrust Policy in Banking Become Obsolete?, New England Economic Review, Federal Reserve Bank of Boston, March April 1998 (Attached).

The Federal Reserve bank fee report to Congress found that fees are "significantly higher" at multi-state banks (i.e. average fee for stop payment orders were $4 higher for multi-state banks and $3 higher for not sufficient funds checks and overdrafts; annual non-interest checking fees were over $18 higher at large banks compared to small banks.) "Bank fees" can be, but are not limited to, a minimum balance requirement fee; ATM service charge; bounced check fees; fee for interest bearing checking account; account maintenance fee; human teller fee; ATM card fee; deposit item return fee; ATM only fee; early account closure fee; and telephone call center fee.

In the article Has Antitrust Policy in Banking Become Obsolete? the authors address the ability of banks to exercise market power by setting prices. They conclude that banks do exercise market power in pricing market deposits and CDs in their local markets. In fact, they summarize, "banks pay lower deposit interest rates in markets that are more concentrated." Id at 25.

The merger of these banks, and the resulting increased concentration of market power, presents absolutely no benefits to consumers. Rather the merger will result in a limitation on banking services, coupled with power in the remaining banks to levy new and increased fees and other charges. The threat of lessening competition created by the monopoly and the concentrated market power will result in a limitation of banking choices. The combined bank fosters the trend of increased concentration among banks, the continued decline in the number of banks, and fosters an environment of more mega-bank mergers and lessened customer service at greater costs.

In short, we ask that this merger be rejected unless and until the following concern are addressed in a manner that preserves competition.

1. Domination of Relevant Markets, Chicago. The merger is likely to result in the combined bank's ownership of about 32 bank branches in Chicago.

2. Domination of Relevant Markets, Cook County Excluding Chicago. The merger is likely to result in the combined bank's ownership of about 66 bank branches in Cook County, Illinois, excluding Chicago.

3. Domination of Relevant Markets, Collar Counties, Illinois. The merger is likely to result in the combined bank's ownership of about 82 bank branches in the Collar Counties of Illinois (DuPage, McHenry, Kane, Will, and Lake).

4. Domination of Relevant Markets, Indianapolis. The merger is likely to result in the combined bank's ownership of about 80 bank branches in Indianapolis, Indiana.

5. In Indianapolis, Banc One is currently the market leader and First Chicago is third, the combined company would have $5.63 billion in deposits, for a 52% share.

6. Domination of Relevant Markets, Marion County Indiana, Excluding Indianapolis. The merger is likely to result in the combined bank's ownership of about 21 bank branches in Marion County, Indiana excluding Indianapolis.

7. Domination of Relevant Markets, Southern Indiana. The merger is likely to result in the combined bank's ownership of about 29 branches in six southern Indiana counties.

8. Domination of Relevant Markets, Lake County Indiana. The merger is likely to result in the combined bank's ownership of 42 bank branches in Lake County, Indiana (Gary, Indiana).

9. Domination of Relevant Markets, Midwest. The merger is likely to result in the

combined bank's ownership of 2,270 bank branches in the Midwest.

The bank's merger is a violation of the Antitrust laws because within the area of competitive overlap, the effect of the merger on competition will be direct and immediate. The bank's merger is a violation of the Sherman Act, because competition for banking services in Illinois; Indianapolis, Indiana; Lake County Indiana; and other cities banking markets in the Midwest will be eliminated, and, at the very least, "the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly" and threatens injury to all consumers similarly situated.

The merger will not serve consumer interests or promote competition in that small banks may be content to follow the high prices set by the dominant merged bank. The merger will not serve consumer interest's or promote competition and will lessen competition and be use of the monopoly power because banking analysts anticipate that the bank merger will heighten banks ability to cross sell products and cause consumers to purchase bank products that they do not need or want from one bank in order to get the products they have chosen they need or want to purchase. The merger will not serve consumer interests or promote competition and will lessen competition in that bank watchers have reported that their is a lack of banking service in low-income areas. The application for merger should be denied as a violation of the Antitrust laws.

Alternatively, in the event of approval, the board should condition approval upon 1) divestiture of bank branches in each of the relevant markets, not just Indianapolis, including Chicago, and the Chicagoland area; and 2) other protective steps, such as fee freezes to protect consumer over the entire market and fee elimination for customers with multiple bank products.

II. FC/NBD and Banc One application: specific areas of overlap that need to be addressed.

The Banks' application concedes that divestiture is necessary in Indianapolis. However their divestiture plans do not go far enough. The first problem is that in the public version of the application we can not identify who are the potential purchaser of the divested banks. Are the banks going to divest these branches in parts or as a whole? The answer to this question is paramount to evaluating the Indianapolis divestiture plan.

Second, the merging banks have not addressed the serious overlap, monopoly power, and lessening of competition in the rest of Indiana. The Bank's refuse to concede the need for divestiture in all counties outside of Marion County, Indiana, and the Gary and Hammond, Indiana, area. The Board should focus on these areas.

Third, the Chicago relevant market has not been defined with any specificity. There are serious concerns as to the definition of the relevant market to be addressed before approval should be granted by this body. There is an open question as to the actual relevant market in the Chicago area. We assert that this market might include, Elgin or Aurora, Illinois, and a strong case can be made that it should include Gary and Hammond, Indiana.

Although it may seem contradictory, and in consideration to local banking patterns identified in the afore mentioned New England Economic Review article, the relevant market in Chicago may actually be much smaller than the city taken as a whole, and must also reflect the distinctness of each of Chicago's diverse neighborhoods, collar counties, and each or groupings of suburban Cook County. The relevant market should reflect the competition that consumers actually encounter, thus it might be the proper determination to find numerous relevant markets in the Chicagoland area. However the banks do not recognize these nuances of the relevant market in the application. Determination of numerous markets in the Chicagoland area may unveil serious competitive problems to this merger.

There also are various instances of direct overlap in the Chicago suburbs that have not been addressed by the merging banks in the application. Two examples are in Wilmette, Illinois, and in Evanston, Illinois, where the merging banks constitute almost the only major banks in the central business area. In both, the banks have branches directly across the street from each other. Merger of these branches will convert these and possibly some other overlap locations into virtual one bank towns.

III. The issues raised in the complaint, addressed above and incorporated here by reference, and these omissions in the application lead to the conclusion that this merger will cause a lessening of competition, even in light of any divestiture, slight as it is.

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This merger is not merely the effect of deregulation in the industry. In contrast, this Board should recognize, this is a merger of equals and of competitors. The result of the merger is not enhanced distribution of service and economies of scale, but rather a Midwest monopoly of banking services by lessening competition whether or not the banks declare that there is synergy created by the merger.

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