



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 30, 1997

Mr. Matthew Lee
Inner City Press/Community on the Move
1919 Washington Avenue
Bronx, New York 10457

Dear Mr. Lee:

This letter responds to your request that the Board reconsider its approval of the applications and notices filed by Banc One Corporation, Columbus, Ohio ("Banc One"), and Banc One Oklahoma Corporation, Oklahoma City, Oklahoma ("BOC"), to acquire all the voting shares of Liberty Bancorp, Inc., Oklahoma City, Oklahoma ("Liberty"), and thereby to acquire Liberty's banking and nonbanking subsidiaries, including Liberty Bank & Trust Company of Oklahoma City, N.A., Oklahoma City, and Liberty Bank & Trust Company of Tulsa, N.A., Tulsa, both in Oklahoma.^{1/}

The Board's Rules of Procedure require that a request for reconsideration present relevant facts that for good cause shown were not previously presented to the Board. 12 C.F.R. 262.3(k). The members of the Board have carefully considered your request in light of this standard and all the facts of record.

You contend that a discrepancy between Banc One's application to the Board and a Banc One press release describing the number of states in which Banc One Mortgage Corporation ("BOMC") operates is a "blatant misstatement" by Banc One.^{2/} In light of all the facts, including assessments of Banc One's management and the Board's long experience as its supervisory

^{1/} Banc One Corporation, 83 Federal Reserve Bulletin ____ (Order dated April 29, 1997) ("Liberty Order").

– ^{2/} The Banc One application states that BOMC operates in 12 states, while the press release states that BOMC operates in 16 states.

agency, the discrepancy you cite is too minor to be material to the factors that the Board is required to consider under the Bank Holding Company Act ("BHC Act").

In addition, you allege that questions continue to exist regarding Banc One's 1996 Home Mortgage Disclosure Act ("HMDA") data^{3/} and the lending activities of Bank One, Arizona, N.A., Phoenix, Arizona, BOMC, and Banc One Financial Services ("BOFS"). Your contentions regarding the 1996 HMDA data were reviewed by the Board in connection with Banc One's acquisition of First USA, Inc., Dallas, Texas, and, for the reasons discussed in detail in the Board's order in that case,^{4/} those contentions do not warrant review or modification of the Board's decision regarding the BHC Act factors in the Liberty Order. In addition, your request presents no new facts that were not part of the Board's consideration of the fair lending and CRA records of all of Banc One's banks and nonbank subsidiaries.

You also criticize the Board's characterization, in the Liberty Order, of your request for Banc One's 1996 HMDA data as "recent" and the failure to announce the Board's consideration of the Banc One/Liberty application on the Board's message tape. Neither of these contentions raises issues that require consideration under the factors in the BHC Act.

^{3/} You contend that these data reflect: (1) disparities in the rate of loan originations, denials, and applications by racial group; (2) misrepresentations by Banc One as to the nature of the loan referral program among its affiliates; and (3) significant HMDA reporting errors, which you maintain have caused some loans to be double-counted and raise concerns about Banc One's managerial resources.

^{4/} Banc One Corporation, Inc., 83 Federal Reserve Bulletin ____ (Order dated May 14, 1997) ("First USA Order").

Based on all the facts of record, including the considerations discussed in this letter, no member of the Board has requested reconsideration of the Liberty Order, or determined that the Board's decision in this case should be altered. Accordingly, your request for reconsideration is hereby denied.

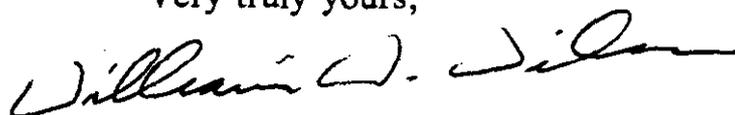
Finally, you request a stay of the Liberty Order until the Board completes its examination of fair lending practices at BOMC and until you have received and analyzed certain requested information from the Board and the Office of the Comptroller of Currency. The Board concluded in the Liberty Order that delaying action on the proposal until the Board investigated your allegations regarding BOFS or completed its examination of BOMC was not warranted. Your request for a stay also does not meet the standards applied by the courts or the Board for the stay of a Board order. Courts have stated that a stay request must establish: (1) whether the movant will suffer irreparable injury absent a stay; (2) whether a party will suffer substantial injury if a stay is issued; (3) whether the movant has demonstrated the likelihood of success on appeal; and (4) the public interests that may be affected.^{5/}

Your request for a stay fails to present facts demonstrating that consummation of Banc One's acquisition of Liberty would cause irreparable harm to your organization or any member or affiliate of your organization. In addition, for the reasons discussed in this letter, and in light of all the facts of record, the Board believes that its findings and conclusions are supported by substantial evidence, and that there is not a likelihood that you would prevail on the merits in this matter. Furthermore, a stay of the Liberty Order may have adverse economic effects on Banc One, BOC, and Liberty that would not be warranted in light of the unlikelihood that you would prevail on the merits. Finally, for the reasons discussed in the Liberty Order, the Board believes that

^{5/} See, e.g., McClendon v. City of Albuquerque, 79 F.3d 1014 (10th Cir. 1996). In considering a request for a stay of a Board order, the Board applies the same factors that courts consider in acting on such requests. See, e.g., Board letter to Mr. James B. Weidner dated May 6, 1987.

consummation of the proposal would be in the public interest. Accordingly, your request for a stay is hereby denied.

Very truly yours,

A handwritten signature in cursive script, appearing to read "William W. Wiles".

William W. Wiles
Secretary of the Board

cc: Federal Reserve Bank of Cleveland