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NOTES

THE OWNERSHIP OF BANKS IN NORTH DAKOTA

BANK HOLDING COMPANIES

"Bank holding company" means any company (1) that directly or indirectly owns, controls, or holds with power to vote 25 per centum or more of the voting shares of each of two or more banks or of a company that is or becomes a bank holding company by virtue of this Act, or (2) that controls in any manner the election of a majority of the directors of each of two or more banks; and, for the purposes of this Act, any successor to any such company shall be deemed to be a bank holding company from the date as of which such predecessor company became a bank holding company. Notwithstanding the foregoing, (A) no bank and no company owning or controlling voting shares of a bank shall be a bank holding company by virtue of such bank's ownership or control of shares in a fiduciary capacity, except as provided in paragraphs (2) and (3) of subsection (g) of this section, [which reads as follows: "(2) shares held or controlled directly or indirectly by trustees for the benefit of (A) a company, (B) the shareholders or members of a company, or (C) the employees (whether exclusively or not) of a company, shall be deemed to be controlled by such company; and (3) shares transferred after January 1, 1966, by any bank holding company (or by any company which, but for such transfer, would be a bank holding company) directly or indirectly to any transferee that is indebted to the transferor, or has one or more officers, directors, trustees, or beneficiaries in common with or subject to control by the transferor, shall be deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee."] (B) no company shall be a bank holding company by virtue of its ownership or control of shares acquired by it in connection with its underwriting of securities if such shares are held only for such period of time as will permit the sale thereof on a reasonable basis, and (C) no company formed for the sole purpose of participating in a proxy solicitation shall be a bank holding company by virtue of its control of voting rights of shares acquired in the course of such solicitation.¹

1. 70 Stat. 133 (1956), 12 U.S.C. § 1841 (as amended July 1, 1966, Pub. L. No. 89-485 § 1, 80 Stat. 236). The federal definition of a bank holding company is given because its

The Bank Holding Company Act of 1956 requires the registration of all companies which conform to the above definition.² Pursuant to this requirement, there are sixty-five registrants as of December 31, 1966.³ Of the sixty-five registered bank holding companies, only three are engaged in business in North Dakota: First Bank Stock Corporation, Minneapolis, Minnesota; Northwest Bancorporation, Minneapolis, Minnesota and Otto Bremer Company, St. Paul, Minnesota. (For the purposes of this note the Otto Bremer Company and the Otto Bremer Foundation will be treated as a single entity.)

The fact that the number of bank holding companies doing business in the state is small does not lead to the conclusion that their influence is equally small. Of the 166 banks operating in North Dakota as of December 31, 1966⁴, 33⁵ are owned by the bank holding companies in the following various proportions:

STATE BANKS

First State Bank of Cando—First Bank Stock Corporation owns 1950 of the 2,000 shares outstanding;⁶

Foster County State Bank of Carrington—Otto Bremer Company and Otto Bremer Foundation own a total of 4,498 shares of the 6,000 outstanding;⁷

Casselton State Bank—Otto Bremer Company and Otto Bremer Foundation own a total of 625 shares of the 1000 outstanding;⁸

First Merchants and Farmers Bank of Cavalier—First Bank Stock Corporation owns 1220 shares of 1250 outstanding;⁹

First State Bank of Cooperstown—First Bank Stock owns 910 shares of 1000;¹⁰

Walsh County Bank of Grafton—Otto Bremer Company and Otto Bremer Foundation own 4,890 shares of 6000;¹¹

application is most pervasive. Several states presently have regulations regarding bank holding companies: each state undertakes to define the term "bank holding company". Readers in those jurisdictions should refer to their respective state's statutes: ALASKA STAT. § 06.05.540(9); GA. CODE ANN. §§ 13-201.1(e) and 13-207; ILL. ANN. STAT., ch. 16½, § 72 (Smith-Hurd 1963); BURNS IND. ANN. STAT. § 18-1815 (Supp. 1964); KAN. GEN. STAT. ANN. § 9-504(a) (1964); LA. REV. STAT. ANN. § 6-1002 (Supp. 1966); MASS. GEN. LAWS ANN. ch. 167A, § 1(a) (Supp. 1966); MISS. CODE ANN. § 5235 (1957); OKLA. STAT. ANN., tit. 6, § 502 (B[3]) (1966); PA. STAT. ANN. tit. 7, § 6002(b); S. C. CODE ANN. § 8-599.102(b) (Supp. 1966); WASH. REV. CODE ANN. § 30.04.230 (1961).

2. 70 Stat. 137 (1956), 12 U.S.C. § 1844 (1964).

3. Board of Governors of the Federal Reserve System, FEDERAL RESERVE BULLETIN, Vol. 53, No. 6, p. 1042.

4. ABSTRACT OF REPORT OF THE CONDITION OF NORTH DAKOTA BANKS (December 31, 1966).

5. See Appendix for the capital accounts and deposits owned in North Dakota.

6. Report Number 21534 of the North Dakota Examining Committee (January 11, 1967).

7. Report Number 21535 of the North Dakota Examining Committee (December 30, 1966).

8. Report Number 21537 of the North Dakota Examining Committee (January 12, 1967).

9. Report Number 21539 of the North Dakota Examining Committee (January 11, 1967).

10. Report Number 21542 of the North Dakota Examining Committee (January 12, 1967).

11. Report Number 21561 of the North Dakota Examining Committee (January 8, 1967).

Northwestern State Bank of Hillsboro—Northwest Bancorporation owns 930 shares of 1000 outstanding;¹²

First State Bank of Langdon—First Bank Stock Corporation owns 2400 of 2500 shares;¹³

Elk Valley State Bank of Larimore—Otto Bremer Company and Otto Bremer Foundation own 1199 shares of 1500 outstanding;¹⁴

Farmers State Bank of Lisbon—Otto Bremer Company and Otto Bremer Foundation own 1732 shares of 2000;¹⁵

Farmers State Bank of Minnewaukan—Otto Bremer Company and Otto Bremer Foundation own 1200 shares of 1500;¹⁶

American State Bank of Minot—Otto Bremer Company and Otto Bremer Foundation own 9421 shares of 10,000;¹⁷

First State Bank of Park River—First Bank Stock Corporation owns 1192.5 shares of 1250;¹⁸

Farmers State Bank of Richardton—Otto Bremer Company and Otto Bremer Foundation own 440 shares of 750;¹⁹

First Bank of Rolla—First Bank Stock Corporation owns 1950 of 2000 shares;²⁰

Citizens State Bank of Rugby—Otto Bremer Company and Otto Bremer Foundation own 990 shares of 1000 outstanding;²¹

NATIONAL BANKS

Dakota National Bank of Bismarck—Northwest Bancorporation owns 4605 shares of 5,000;²²

First National Bank of Bismarck—First Bank Stock Corporation owns 3,920 shares of 4,000;²³

Dakota National Bank of Fargo—Otto Bremer owns 459 of 2,100 shares;²⁴

First National Bank and Trust Company of Fargo—Northwest Bancorporation owns 11,537 shares of 12,000;²⁵

12. Report Number 21573 of the North Dakota Examining Committee (January 6, 1967).

13. Report Number 21583 of the North Dakota Examining Committee (December 31, 1966).

14. Report Number 21585 of the North Dakota Examining Committee (December 31, 1966).

15. Report Number 21588 of the North Dakota Examining Committee (January 10, 1967).

16. Report Number 21596 of the North Dakota Examining Committee (January 13, 1967).

17. Report Number 21597 of the North Dakota Examining Committee (December 31, 1966).

18. Report Number 21612 of the North Dakota Examining Committee (January 11, 1967).

19. Report Number 21620 of the North Dakota Examining Committee (January 19, 1967).

20. Report Number 21623 of the North Dakota Examining Committee (January 11, 1967).

21. Report Number 21624 of the North Dakota Examining Committee (January 12, 1967).

22. House Committee On Banking and Currency, TWENTY LARGEST STOCKHOLDERS OF RECORD IN MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM, 88th Cong., 2nd Sess. Vol. 4, p. 1014 (1964). The figures from this publication are as of May, 1962. This might appear to be a serious limitation to be dealing with shareholder lists over five years old. However, several state banks which are members of the Federal Reserve System have not had any change in ownership over this time span. From this the author is assuming that sweeping changes in the ownership of banks is an uncommon occurrence in North Dakota. The author thinks that the reader should, however, be aware of this possible limitation.

23. *Id.*

24. *Id.* at 1016.

25. *Id.* at 1017.

Merchants National Bank and Trust Company of Fargo—First Bank Stock Corporation owns 19,300 shares of 20,000;²⁶

Grafton National Bank—Northwest Bancorporation owns 1880 shares of 2000;²⁷

Red River National Bank of Grand Forks—First Bank Stock Corporation owns 15,720 shares of 16,000;²⁸

First James River National Bank of Jamestown—Northwest Bancorporation owns 1860 of 2,000 shares;²⁹

Jamestown National Bank—First Bank Stock Corporation owns 13,720 of the 14,000 shares;³⁰

First National Bank of Lidgerwood—First Bank Stock Corporation owns 690 of the 750 shares;³¹

First National Bank of Mandan—Northwest Bancorporation owns 2,760 shares of 3,000;³²

First National Bank of Minot—Northwest Bancorporation owns 4,670 of the 5,000 shares;³³

Union National Bank of Minot—First Bank Stock Corporation owns 3,933 shares of 4,000;³⁴

American National Bank of Valley City—Northwest Bancorporation owns 1,773 shares of 2,000;³⁵

First National Bank of Valley City—First Bank Stock Corporation owns 9,270 of the 10,000 shares;³⁶

Citizens First National Bank of Wahpeton—Northwest Bancorporation owns 1,740 shares of 2,000;³⁷

Wahpeton National Bank—First Bank Stock Corporation owns 1,940 of 2,000 shares.³⁸

It is generally conceded that the Bank Holding Company Act of 1956 "was intended to apply in the field of banking and bank holding companies the general purposes of the anti-trust laws—to promote competition and to prevent monopoly . . ." ³⁹ The means of achieving this purpose have been through the aforementioned requirement of registration⁴⁰ and through a limitation of operations by state boundaries. The words of the limitation are as follows:

Notwithstanding any other provision of this section, no ap-

26. *Id.*

27. *Id.*

28. *Id.* at 1018.

29. *Id.* at 1019.

30. *Id.*

31. *Id.*

32. *Id.*

33. *Id.* at 1020.

34. *Id.*

35. *Id.*

36. *Id.*

37. *Id.* at 1021.

38. *Id.*

39. 112 Cong. Rec. 11789 (daily ed. June 6, 1966) (remarks of Senator Robertson)

40. 70 Stat. 137 (1956), 12 U.S.C. § 1842 (d) (1964). This section provides that the forms of registration are to "include such information with respect to the financial condition and operations, management and inter-company relationship at the bank holding company and its subsidiaries, and related matters, as the Board may deem necessary or appropriate."

plication shall be approved under this section which will permit any bank holding company or any subsidiary thereof to acquire, directly or indirectly, any voting shares of, interest in, or all or substantially all of the assets of any additional bank located outside the State in which the operations of such bank holding company's banking subsidiaries were principally conducted on the effective date of this amendment or the date on which such company became a bank holding company, whichever is later, *unless the acquisition of such shares or assets of a State bank by an out-of-State bank holding company is specifically authorized by the statute laws of the State in which such bank is located, by language to that effect and not merely by implication.* For the purposes of this section, the State in which the operations of a bank holding company's subsidiaries are principally conducted is that State in which total deposits of all such banking subsidiaries are largest.⁴¹

First, because the principal operations of the bank holding companies' banking subsidiaries are not conducted in North Dakota (see note preceding Appendix) and secondly, because North Dakota does not statutorily provide for acquisition of banks by an out of state bank holding company, there appears to be no likelihood that bank holding companies will expand their operations in North Dakota. The efficacy of the Bank Holding Company Act can best be demonstrated by comparing the percentage of commercial banking facilities and the percentage of commercial bank deposits represented by banks of the bank holding companies in North Dakota.

On December 31, 1957 (the earliest date for which figures are available) the three bank holding companies operated thirty-four banks with five offices; this constituted 21.67 per cent of all commercial banking facilities in North Dakota. As a standard of comparison the percentage of commercial banking facilities represented by all bank holding companies in the entire United States was only 5.89 per cent; in the thirty-three states where bank holding companies were doing business this percentage was 8.09. Only the states of Nevada (64.86 per cent), Utah (44.55 per cent), Arizona (40.91 per cent), Idaho (36.19 per cent), Oregon (35.85 per cent), Massachusetts (30.11 per cent) and Montana (26.96 per cent) had a greater degree of concentration.⁴²

41. 70 Stat. 137 (1956), 12 U.S.C. § 1842 (d) (as amended July 1, 1966, Pub. L. No. 89-485 § 7, 80 Stat. 237.) (Emphasis supplied.) At this time no state specifically authorizes the acquisition of shares or assets of a state bank by an out of state bank holding company.

42. Board of Governors of the Federal Reserve System, FEDERAL RESERVE BULLETIN, Vol. 44, No. 16, p. 1224. The comparable figures for the years 1958 to 1961 are as follows: From December 31, 1958 through December 31, 1961, the bank holding companies operated thirty-four banks with five branches in the state of North Dakota. In 1958, this represented 21.43% of all commercial banking facilities in the State; the percentages

On that same date (December 31, 1957), the deposits in banks of bank holding companies in North Dakota constituted 37.81 per cent of all commercial bank deposits. By way of comparison, the percentage of commercial deposits represented by bank holding companies in the entire United States was only 7.52; in the thirty-three states where bank holding companies were doing business this percentage was 9.75. Only the states of Nevada (74.87 per cent), Minnesota (61.69 per cent), Montana (53.35 per cent), Utah (52.66 per cent), Oregon (44.46 per cent), Idaho (40.44 per cent), and Arizona (38.22 per cent) had a greater degree of concentration of commercial deposits.⁴³

Five years later on December 31, 1962 there were still three bank holding companies doing business in North Dakota. They operated thirty-four banks with five offices comprising 20.7 per cent of the total commercial banking facilities in the state. This percentage represented a decline of approximately five per cent and was nearly one full percentage point less of the commercial banking facilities in the state. As a standard of comparison, the percentage of commercial banking facilities represented by bank holding companies in the United States was 6.5 per cent—a rise of nearly fifteen per cent. In the thirty-one states where bank holding companies were doing business the percentage of commercial banking facilities represented by bank holding companies was 9.6 per cent—again, a rise of approximately fifteen per cent in the five year period. Again, only the states of Nevada (60.0 per cent), Utah (45.0 per cent), Arizona (37.5 per cent), Idaho (37.4 per cent), Oregon (34.4 per cent), Massachusetts (28.1 per cent) and Montana (25.8 per cent) had a greater degree of concentration of commercial banking facilities.⁴⁴

On that same date (December 31, 1962) the deposits in banks of the bank holding companies in North Dakota constituted 40.9 per cent of all commercial bank deposits. By way of comparison, the

of commercial banking facilities represented by the bank holding companies for 1959, 1960 and 1961 were 21.31, 21.2 and 21.1 respectively.

43. Board of Governors of the Federal Reserve System, FEDERAL RESERVE BULLETIN, Vol. 44, No. 10, p. 1224. The comparable figures for the years 1958 to 1961 are as follows:

DEPOSITS	PERCENTAGE OF COMMERCIAL BANK DEPOSITS
1958 \$293 million	38.33
1959 \$299 million	38.97
1960 \$303 million	39.93
1961 \$312 million	40.50

44. Board of Governors of the Federal Reserve System, FEDERAL RESERVE BULLETIN, Vol. 49, No. 7, p. 1012. The comparable figures for the years 1963, 1964, and 1965 are as follows: As of December 31, 1963, the bank holding companies operated thirty-three banks with eight branches; this constituted 21% of all commercial banking facilities in North Dakota. As of December 31, 1964, the bank holding companies operated thirty-two banks with nine branches; this constituted 20% of all commercial banking facilities in the State. As of December 31, 1965, the bank holding companies operated thirty-two banks and twelve offices in North Dakota; this constituted 20.4% of all commercial banking facilities in the State.

percentage of commercial deposits represented by bank holding companies in the entire United States was only 8.1; in the thirty-one states where bank holding companies were doing business this percentage was 10.8. Only the states of Nevada (70.1 per cent), Minnesota (61.1 per cent), Utah (52.0 per cent), Montana (51.9 per cent) and Oregon (42.5 per cent) had a greater degree of concentration of commercial deposits.⁴⁵

The latest figures available (December 31, 1966) indicate that there are three bank holding companies operating thirty-two (for the purposes of the Federal Reserve System, reports do not include the Dakota National Bank of Fargo within this number because the percentage of shares owned by a bank holding company do not constitute twenty-five percent) banks and fourteen offices in North Dakota; this constitutes 20.4 per cent of all commercial banking facilities in the state. As a standard of comparison the percentage of commercial banking facilities represented by bank holding companies in the entire United States is 7.8; in the District of Columbia and the thirty-four states where bank holding companies are doing business this percentage is 10.4. Only the states of Nevada (48.7 per cent), Idaho (42.7 per cent), Utah (39.9 per cent), Arizona (33.7 per cent), Oregon (34.2 per cent), Massachusetts (26.5 per cent) and Montana (24.8 per cent) have a greater degree of concentration.⁴⁶

On that same date (December 31, 1966) the deposits in banks of the bank holding companies in North Dakota constituted 37.9 per cent of all commercial deposits in the state. By way of comparison, the percentage of commercial deposits represented by bank holding companies in the entire United States is 11.6. In the District of Columbia and the thirty-four states where bank holding companies are doing business, this percentage was 14.2. Only the states of Nevada (62.8 per cent), Minnesota (58.7 per cent), Montana (53.0 per cent), Utah (48.6 per cent), Oregon (42.8 per cent), and Idaho (41.5 per cent) have a greater degree of concentration of commercial deposits.⁴⁷

Thus, if we look at what has been happening in North Dakota over the past decade, we shall see that the percentage of commercial facilities has decreased from 21.67 to 20.4. At the same

45. Board of Governors of the Federal Reserve System, FEDERAL RESERVE BULLETIN, Vol. 49, No. 7, p. 1012. The comparable figures for the years 1963, 1964 and 1965 are as follows:

	DEPOSITS	PERCENTAGE OF COMMERCIAL BANK DEPOSITS
1963	\$374 million	40.6
1964	\$377 million	38.4
1965	\$402 million	38.0

46. Board of Governors of the Federal Reserve System, FEDERAL RESERVE BULLETIN, Vol. 53, No. 8, 1440.

47. *Id.*

time the percentage of commercial facilities in the United States has increased from 5.89 to 7.8 and in the states where bank holding companies are doing business from 8.09 to 10.4. Secondly, the percentage of commercial deposits in North Dakota has increased ever so slightly from 37.81 to 37.9. (At the same time the percentage of commercial deposits in the United States has increased from 7.52 to 11.6 [in excess of a 50 per cent increase] and in the states where bank holding companies are doing business from 9.75 to 14.2 [an increase in excess of forty per cent].) Hence, we can see that for North Dakota the Bank Holding Company Act has been most effective in preventing further expansion and growth. The slight rise in deposits relative to a decline in commercial banking facilities can be attributed to the fact that the bank holding companies' subsidiaries are usually located in the larger commercial centers of the state and are also larger than the average bank in the state.

Thus far, we have been proceeding under the assumption that the bank holding companies doing business in the state have very few North Dakota shareholders. This has been a correct assumption; now is perhaps the proper time to document the assumption.

The Otto Bremer Company is a wholly owned subsidiary of the Otto Bremer Foundation, a philanthropic organization located in St. Paul, Minnesota.⁴⁸ The First Bank Stock Corporation has 524 shareholders who are residents of North Dakota; their aggregate holdings constitute 1.43 per cent of the outstanding 7,063,000 shares as of December 31, 1966.⁴⁹ The Northwest Bancorporation has 474 shareholders residing in North Dakota; these North Dakotans own 74,713 shares. Put in percentages, this is 3.8 per cent of all shareholders and 1.3 per cent of the total shares of the corporation.⁵⁰ A more complete analysis of the ownership of Northwest Bancorporation is set forth in the following two charts.

NORTHWEST BANCORPORATION⁵¹ STOCKHOLDER ANALYSIS—GEOGRAPHICAL

BANCO AREA	February 4, 1966				February 3, 1967			
	Stockholders		Shares		Stockholders		Shares	
	No.	%	No.	%	No.	%	No.	%
Minnesota _____	5,533	44.1	2,223,708	39.7	5,563	45.7	2,252,200	40.2
Iowa _____	576	4.6	133,939	2.4	566	4.7	131,111	2.3
South Dakota _____	842	6.2	120,047	2.1	835	6.9	118,650	2.1
Montana _____	389	3.1	99,199	1.8	300	2.5	52,917	.9

48. Letter of April 30, 1967 from Mr. Robert J. Reardon, Executive Vice President, Otto Bremer Company, St. Paul, Minnesota to Robert W. Kinsey.

49. Letter of April 27, 1967 from Mr. Larry K. Torgerson, Assistant Corporate Counsel, First Bank Stock Corporation, Minneapolis, Minnesota to Robert W. Kinsey.

50. Letter of April 26, 1967 from Mr. T. J. Barclay, Assistant Vice President and Assistant Secretary, Northwest Bancorporation, Minneapolis, Minnesota to Robert W. Kinsey.

51. *Id.*

Wisconsin	440	3.5	76,920	1.4	438	3.6	79,806	1.4
North Dakota	474	3.8	74,713	1.3	444	3.6	71,980	1.3
Nebraska	281	2.2	51,378	.9	272	2.2	54,233	1.0
TOTAL	8,535	68.0	2,779,904	49.6	8,418	69.2	2,760,897	49.2
Seven Largest Other States								
New York	446	3.5	1,164,819	20.8	421	3.5	1,184,136	21.1
Illinois	627	5.0	508,348	9.1	566	4.6	458,416	8.2
California	837	6.6	230,904	4.1	827	6.3	210,906	3.8
Delaware	22	.2	181,727	3.2	24	.2	185,609	3.3
Massachusetts	108	.8	127,138	2.4	92	.7	121,241	2.1
Connecticut	145	1.1	67,015	1.2	117	1.0	50,271	.9
Florida	211	1.9	55,108	.9	201	1.7	51,887	.9
TOTAL	2,396	19.1	2,335,059	41.7	2,248	18.5	2,262,466	40.3
Other States and Territories	1,551	12.4	428,012	7.6	1,431	11.7	530,527	9.5
Canadian and Foreign	59	.5	59,125	1.1	70	.6	54,567	1.0
GRAND TOTAL	12,541	100.0	5,602,100	100.0	12,167	100.0	5,608,457	100.0

NORTHWEST BANCORPORATION⁵²
STOCKHOLDER ANALYSIS—COMMON

TYPE OF HOLDER AND SIZE OF HOLDINGS

Type of Holder	February 4, 1966				February 3, 1967			
	Stockholders		Shares		Stockholders		Shares	
	No.	%	No.	%	No.	%	No.	%
Male	3,928	31.3	919,283	16.4	3,911	32.1	897,504	16.0
Female	4,967	39.6	991,211	17.7	4,840	39.8	984,399	17.6
Joint Tenancy	2,167	17.3	156,670	2.8	2,012	16.5	144,302	2.6
TOTAL	11,062	88.2	2,067,164	36.9	10,763	88.4	2,026,205	36.2
Brokers and Dealers	93	.7	178,914	3.2	88	.7	174,981	3.1
Fiduciaries	721	5.8	253,630	4.5	657	5.4	239,795	4.3
Corporations and Others	298	2.4	535,536	9.6	311	2.6	561,407	10.0
Nominees	367	2.9	2,566,856	45.8	348	2.9	2,606,069	46.4
GRAND TOTAL	12,541	100.0	5,602,856	100.0	12,167	100.0	5,608,457	100.0
Size of Holdings								
1-10	1,687	13.5	10,011	.2	1,679	13.8	9,891	.2
11-99	5,824	46.4	242,128	4.3	5,649	46.4	231,662	4.1
100-500	3,789	30.2	805,624	14.4	3,614	29.7	783,060	14.0
501-1,000	597	4.8	425,571	7.6	586	4.8	417,422	7.4
1,001-5,000	505	4.0	1,028,412	18.4	506	100.0	1,023,968	18.2
5,001-15,000	94	.7	759,330	13.5	90	4.2	715,989	12.8
15,001-and over	45	.4	2,331,024	41.6	43	.7	2,426,465	43.3
GRAND TOTAL	12,541	100.0	5,602,100	100.0	12,167	.4	5,608,457	100.0

Since North Dakotans own such a small amount of stock in the two publicly held corporations doing business in North Dakota as bank holding companies, it is profitable to explore the shareholder lists and determine who actually owns First Bank Stock and Northwest Bancorporation.

Northwest Bancorporation, which ranks fifth among the bank holding companies in the United States,⁵³ has the following large shareholders:

^{52.} *Id.*

^{53.} *Moody's Bank and Finance Manual, April 1967, London: Moody's Investor, Ltd., p. a37.*

BANKS (through nominees or outright)

1. Brack and Company—First Trust Company, St. Paul, Minnesota, (a subsidiary of First Bank Stock Corporation) owns 199,567 shares or 3.68 per cent.
2. Emseg and Company—Northwestern National Bank, Minneapolis, Minnesota, (a subsidiary of Northwest Bancorporation) owns 192,578 shares or 3.552 per cent.
3. Carothers and Clark—Bank of Delaware, Wilmington, Delaware owns 175,300 shares or 3.233 per cent.
4. Carson and Company—Morgan Guaranty Trust Company of New York owns 161,450 shares or 2.978 per cent.
5. Finat and Company, First National Bank, Chicago, Illinois owns 126,484 shares or 2.333 per cent.
6. Touchstone and Company—First Pennsylvania Banking and Trust Company, Philadelphia, Pennsylvania owns 125,000 shares or 2.305 per cent.
7. Bruch and Company—First National Bank, Minneapolis, Minnesota (a subsidiary of First Bank Stock Corporation) owns 124,712 shares or 2.3 per cent.
8. Thomas and Company—First National Bank, New York, New York owns 104,200 shares or 1.922 per cent.
9. Olen and Company—First National Bank, Chicago, Illinois owns 96,540 shares or 1.781 per cent.
10. Shaw and Company—Morgan Guaranty Trust Company of New York owns 69,668 shares or 1.285 per cent.
11. Tepe and Company—Morgan Guaranty Trust Company of New York owns 63,540 shares or 1.172 per cent.
12. Pratt and Company—Boston Safe Deposit and Trust Company, Boston Massachusetts, owns 48,000 shares or .885 per cent.
14. Tegge and Company—Morgan Guaranty Trust Company of New York owns 45,345 shares or .836 per cent.
15. Fait and Company—Northwestern National Bank of Minneapolis (a subsidiary of Northwest Bancorporation) owns 43,997 shares or .811 per cent.
18. Brown Brothers—Harriman and Company, New York, New York, owns 31,411 shares or .579 per cent.
20. Wonham, Albert and Company, Bank of Montreal Trust Co., New York (a subsidiary of Bank of Montreal) owns 29,310 shares or .541 per cent.

INSURANCE COMPANY

13. St. Paul Fire and Marine Insurance Company, St. Paul, Minnesota owns 46,000 shares or .848 per cent.

INDIVIDUALS

17. Robert Congdon, Duluth, Minnesota owns 33,285 shares or .614 per cent.
19. Sargent and Company (nominee of John S. Pillsbury) Minneapolis, Minnesota owns 29,900 shares or .551 per cent.

OTHERS

16. MacLaren and Company (Archer Trust) Minneapolis, Minnesota owns 42,000 shares or .775 per cent.⁵⁴

First Bank Stock Corporation ranks sixth among the bank holding companies in the United States;⁵⁵ it has the following large shareholders:

BANKS (through nominees or outright)

1. Brack and Company—First Trust Company, St. Paul, Minnesota (a subsidiary of First Bank Stock Corporation) owns 292,546 shares or 8.430 per cent.
2. Bruch and Company—First National Bank, Minneapolis, Minnesota (a subsidiary of First Bank Stock Corporation) owns 179,489 shares or 5.172 per cent.
3. Touchstone and Company—First Pennsylvania Banking and Trust Company, Philadelphia, Pennsylvania owns 79,000 shares or 2.276 per cent.
4. Finat and Company—First National Bank, Chicago, Illinois owns 63,289 shares or 1.824 per cent.
5. Olen and Company—First National Bank, Chicago, Illinois owns 55,859 shares or 1.610 per cent.
6. Tepe and Company—Morgan Guaranty Trust Company of New York owns 41,725 shares or 1.202 per cent.
9. Emseg and Company—Northwestern National Bank of Minneapolis (a subsidiary of Northwest Bancorporation) owns 36,350 shares or 1.047 per cent.
10. Regan and Company—First National Bank, Minneapolis, Minnesota (a subsidiary of First Bank Stock Corporation) owns 35,735 shares or 1.030 per cent.
11. Nornat Company—Northern City National Bank, Duluth, Minnesota (a subsidiary of First Bank Stock Corporation) owns 34,689 shares or 1.000 per cent.
15. Schmidt and Company—Morgan Guaranty Trust Company of New York owns 28,700 shares or .827 per cent.
16. Tegge and Company—Morgan Guaranty Trust Company of New York owns 28,212 shares or .813 per cent.

BROKERS

19. Merrill Lynch, Pierce, Fenner and Smith, New York, New York owns 22,191 shares or .639 per cent.

TRUSTS AND INVESTMENT COMPANIES

18. Investors Syndicate of America, Inc., Minneapolis, Minnesota owns 25,000 shares or .720 per cent.

INSURANCE COMPANY

14. St. Paul Fire and Marine Insurance Company, St. Paul, Minnesota owns 30,654 shares or .883 per cent.

54. House Committee on Banking and Currency, BANK HOLDING COMPANIES SCOPE OF OPERATIONS AND STOCK OWNERSHIP, 88th Cong., 1st Sess. (1963) p. 79.

55. MOODY'S, *supra* note 53, at a37.

FOUNDATIONS

8. Olin Foundation Inc., Chicago, Illinois owns 38,141 shares or 1.099 per cent.
17. Amherst H. Wilder Foundation, St. Paul, Minnesota owns 26,318 shares or .758 per cent.
8. Olin Foundation Inc., Chicago, Illinois owns 38,141 shares or 1.099 per cent.

NONFINANCIAL CORPORATIONS

7. Federal Cartridge Corporation, Minneapolis, Minnesota owns 39,540 shares or 1.139 per cent.

INDIVIDUALS

12. Earle Brown, Minneapolis, Minnesota owns 34,597 shares or .997 per cent.
20. Eugene W. Leonard, Minneapolis, Minnesota owns 20,800 shares or .599 per cent.

OTHERS

18. MacLaren and Company (Archer Trust) owns 32,640 shares or .941 per cent.⁵⁶

In somewhat of a summary, it will be noted that both First Bank Stock Corporation and Northwest Bancorporation have many of the same shareholders. A nominee of the First Bank Stock Corporation subsidiary, Brack and Company, is the largest shareholder in BOTH Northwest Bancorporation and First Bank Stock Corporation; in addition, another nominee of a First Bank Stock Corporation subsidiary, Bruch and Company, is the second largest shareholder in First Bank Stock Corporation and the seventh largest in Northwest Bancorporation. Further, Emseg and Company, a nominee of a Northwest Bancorporation subsidiary, is the second largest shareholder in Northwest Bancorporation and the ninth largest in First Bank Stock Corporation. As well, the nominees of Morgan Guaranty Trust Company of New York have combined holdings of 6.3 per cent in Northwest Bancorporation and 2.8 per cent in First Bank Stock Corporation; Touchstone and Company, a nominee of First Pennsylvania Banking and Trust Company of Philadelphia holds 2.3 per cent of the shares of both Northwest Bancorporation and First Bank Stock Corporation. Various nominees of the First National Bank of Chicago hold 4.1 per cent of Northwest Bancorporation and 3.4 per cent of the First Bank Stock Corporation. In sum, the duplication among larger shareholders of both First Bank Stock Corporation and Northwest Bancorporation results in a concentration of ownership of 25.025 per cent and 23.846 per cent respectively.

For the time being, this concludes the discussion of ownership

56. House Committee on Banking and Currency, *supra* note 54, at 80-81.

of banks by bank holding companies in North Dakota; there will be occasion to make reference to bank holding companies in the conclusion of this note. The conclusion, however, contemplates to present an overview of the subject of North Dakota bank ownership. At this time we pass to a discussion of the patterns of ownership in the state by those other than the bank holding companies.

OWNERSHIP

(OTHER THAN BY BANK HOLDING COMPANIES)

The following banks are owned entirely by residents of North Dakota:

- *Security State Bank, Adams, North Dakota⁵⁷
- Bank of Beulah, Beulah, North Dakota⁵⁸
- First American Bank and Trust Company, Bismarck, North Dakota⁵⁹
- First State Bank of Buffalo, Buffalo, North Dakota⁶⁰
- *First State Bank of Buxton, Buxton, North Dakota⁶¹
- Grant County State Bank, Carson, North Dakota⁶²
- *Farmers State Bank, Crosby, North Dakota⁶³
- *Farmers and Merchants State Bank, Dickey, North Dakota⁶⁴
- *American State Bank, Dickinson, North Dakota⁶⁵
- Drayton State Bank, Drayton, North Dakota⁶⁶
- *First National Bank, Fessenden, North Dakota⁶⁷
- *The Fingal State Bank, Fingal, North Dakota⁶⁸
- Bank of Glen Ullin, Glen Ullin, North Dakota⁶⁹
- *Bank of Hamilton, Hamilton, North Dakota⁷⁰
- *Security State Bank, Hannaford, North Dakota⁷¹

57. Report Number 21525 of the North Dakota Examining Committee (December 31, 1966).

58. Report Number 21529 of the North Dakota Examining Committee (January 12, 1967).

59. Report Number 21530 of the North Dakota Examining Committee (December 31, 1966).

60. Report Number 21532 of the North Dakota Examining Committee (December 31, 1966).

61. Report Number 21533 of the North Dakota Examining Committee (January 12, 1967).

62. Report Number 21536 of the North Dakota Examining Committee (January 21, 1967).

63. Report Number 21543 of the North Dakota Examining Committee (December 31, 1966).

64. Report Number 21544 of the North Dakota Examining Committee (January 10, 1967).

65. Report Number 21545 of the North Dakota Examining Committee (February 4, 1967).

66. Report Number 21546 of the North Dakota Examining Committee (January 10, 1967).

67. House Committee on Banking and Currency, TWENTY LARGEST STOCK HOLDERS OF RECORD IN MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM, 88th Cong., 2nd Sess., Vol. 4, p. 1017 (1964).

68. Report Number 21553 of the North Dakota Examining Committee (January 23, 1967).

69. Report Number 21558 of the North Dakota Examining Committee (January 9, 1967).

70. Report Number 21564 of the North Dakota Examining Committee (January 10, 1967).

71. Report Number 21566 of the North Dakota Examining Committee (January 9, 1967).

- *Bank of Hazelton, Hazelton, North Dakota⁷²
- Security State Bank of Hunter, Hunter, North Dakota⁷³
- State Bank of Kenmare, Kenmare, North Dakota⁷⁴
- Kulm State Bank, Kulm, North Dakota⁷⁵
- *Citizens State Bank, Lankin, North Dakota⁷⁶
- *Farmers State Bank of Leeds, Leeds, North Dakota⁷⁷
- McVille State Bank, McVille, North Dakota⁷⁸
- First National Bank, Devils Lake, North Dakota⁷⁹
- *State Bank of Marion, Marion, North Dakota⁸⁰
- Bank of Minto, Minto, North Dakota⁸¹
- The Citizens State Bank, Mohall, North Dakota⁸²
- *Stock Growers Bank, Napoleon, North Dakota⁸³
- Citizens State Bank, New England, North Dakota⁸⁴
- First State Bank, New Leipzig, North Dakota⁸⁵
- Lakeside State Bank, New Town, North Dakota⁸⁶
- *Peoples State Bank, Parshall, North Dakota⁸⁷
- *Liberty State Bank, Powers Lake, North Dakota⁸⁸
- Citizens State Bank of Ray, Ray, North Dakota⁸⁹
- First State Bank, Regent, North Dakota⁹⁰

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- 72. Report Number 21569 of the North Dakota Examining Committee (January 6, 1967).
 - 73. Report Number 21575 of the North Dakota Examining Committee (January 5, 1967).
 - 74. Report Number 21577 of the North Dakota Examining Committee (December 31, 1966).
 - 75. Report Number 21580 of the North Dakota Examining Committee (January 12, 1967).
 - 76. Report Number 21584 of the North Dakota Examining Committee (December 31, 1966).
 - 77. Report Number 21586 of the North Dakota Examining Committee (January 23, 1967).
 - 78. Report Number 21590 of the North Dakota Examining Committee (January 12, 1967).
 - 79. House Committee on Banking and Currency, TWENTY LARGEST STOCKHOLDERS OF RECORD IN MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM, 88th Cong., 2nd Sess., Vol. 4, p. 1015 (1964).
 - 80. Report Number 21593 of the North Dakota Examining Committee (January 11, 1967).
 - 81. Report Number 21599 of the North Dakota Examining Committee (December 30, 1966).
 - 82. Report Number 21600 of the North Dakota Examining Committee (December 21, 1966).
 - 83. Report Number 21603 of the North Dakota Examining Committee (January 12, 1967).
 - 84. Report Number 21605 of the North Dakota Examining Committee (January 20, 1967).
 - 85. Report Number 21606 of the North Dakota Examining Committee (January 10, 1967).
 - 86. Report Number 21609 of the North Dakota Examining Committee (January 13, 1967).
 - 87. Report Number 21613 of the North Dakota Examining Committee (January 6, 1967).
 - 88. Report Number 21616 of the North Dakota Examining Committee (December 31, 1966).
 - 89. Report Number 21617 of the North Dakota Examining Committee (January 12, 1967).
 - 90. Report Number 21618 of the North Dakota Examining Committee (January 29, 1967).
 - 91. Report Number 21622 of the North Dakota Examining Committee (January 6, 1967).
 - 92. Report Number 21630 of the North Dakota Examining Committee (January 12, 1967).
 - 93. Report Number 21635 of the North Dakota Examining Committee (December 31, 1966).

- *Rolette State Bank, Rolette, North Dakota⁹¹
- Bank of Steele, Steele, North Dakota⁹²
- *Pioneer State Bank, Towner, North Dakota⁹³
- *Walhalla State Bank, Walhalla, North Dakota⁹⁴
- *Security State Bank of Wishek, Wishek, North Dakota⁹⁵
- First National Bank, Williston, North Dakota⁹⁶
- *Farmers State Bank, Ypsilanti, North Dakota⁹⁷

*Indicates that the bank's shareholders are comprised of largely one family, i.e., the shareholders have the same last name. In the author's opinion this creates a strong presumption of familial relationship.

The following banks have non-North Dakotans holding twenty per cent or more of the outstanding shares of stock:

STATE BANKS

First State Bank of Arthur, Arthur, North Dakota; three non-residents own 100 shares of 500⁹⁸

First State Bank, Casselton, North Dakota; one non-resident owns 542 shares of 1,000⁹⁹

Farmers State Bank, Elgin, North Dakota; four non-residents own 120 shares of 250¹⁰⁰

Citizens State Bank, Enderlin, North Dakota; three non-residents, apparently of one family, own 516 shares of 1,000¹⁰¹

Peoples and Enderlin State Bank, Enderlin, North Dakota; three non-residents own 594 shares of 1,000¹⁰²

First State Bank of Gackle, Gackle, North Dakota; six non-residents own 210 shares of 500¹⁰³

Lincoln State Bank, Hankinson, North Dakota; two non-residents own 460 shares of 750¹⁰⁴

First State Bank of Harvey, Harvey, North Dakota; fifteen non-residents own 712 shares of 1500¹⁰⁵

94. Report Number 21639 of the North Dakota Examining Committee (December 30, 1966).

95. Report Number 21648 of the North Dakota Examining Committee (December 31, 1966).

96. House Committee on Banking and Currency, TWENTY LARGEST STOCKHOLDERS OF RECORD IN MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM, 88th Cong., 2nd Sess., Vol. 4, p. 1021 (1964).

97. Report Number 21649 of the North Dakota Examining Committee (December 30, 1966).

98. Report Number 21526 of the North Dakota Examining Committee (January 10, 1967).

99. Report Number 21538 of the North Dakota Examining Committee (January 11, 1967).

100. Report Number 21548 of the North Dakota Examining Committee (December 30, 1966).

101. Report Number 21549 of the North Dakota Examining Committee (January 12, 1967).

102. Report Number 21550 of the North Dakota Examining Committee (December 30, 1966).

103. Report Number 21556 of the North Dakota Examining Committee (December 16, 1966).

104. Report Number 21565 of the North Dakota Examining Committee (January 3, 1967).

105. Report Number 21567 of the North Dakota Examining Committee (January 13, 1967).

- First State Bank of Hope, Hope, North Dakota; three non-residents, apparently of the same family and of the family of the principal shareholder (a North Dakotan) own 346 shares of 750¹⁰⁶
- Litchville State Bank, Litchville, North Dakota; three non-residents, apparently of the same family, own 124 shares of 500¹⁰⁷
- The Goose River Bank, Mayville, North Dakota; eleven non-resident shareholders own 310 shares of 1500¹⁰⁸
- Lamb's Bank of Michigan, Michigan, North Dakota; thirteen non-residents, ten with the surname "Lamb," own 134 shares of 500¹⁰⁹
- The Bank of Rhame, Rhame, North Dakota; four non-residents own 124 shares of 400¹¹⁰
- Merchants Bank, Rugby, North Dakota; nine non-residents, including one investment company from Minneapolis, own 10,218 shares of 15,000¹¹¹
- State Bank of Souris, Souris, North Dakota; five non-residents, four apparently of the same family as the largest North Dakota shareholder, own 3093 shares of 5,000¹¹²
- First Security Bank, Underwood, North Dakota; four non-residents own 266 shares of the 500 outstanding¹¹³
- Bank of Rhame, Rhame, North Dakota; four non-residents own 122 shares of 400.¹¹⁴
- First National Bank, Bowbells, North Dakota; three non-residents own 275 shares of 500¹¹⁵
- First National Bank, Bowman, North Dakota; one non-resident owns 202 shares of the 1,000 outstanding¹¹⁶
- Liberty National Bank, Dickinson, North Dakota; six non-residents own 877 shares of 2,000¹¹⁷
- First National Bank, Drake, North Dakota; three non-residents, two of which are corporations, own 940 shares of 1,000¹¹⁸
- Fargo National Bank, Fargo, North Dakota; nine non-residents, including one insurance company, own 1728 shares of 6,000¹¹⁹

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106. Report Number 21574 of the North Dakota Examining Committee (January 10, 1967).
107. Report Number 21589 of the North Dakota Examining Committee (January 12, 1967).
108. Report Number 21594 of the North Dakota Examining Committee (January 12, 1967).
109. Report Number 21595 of the North Dakota Examining Committee (January 17, 1967).
110. Report Number 21619 of the North Dakota Examining Committee (January 12, 1967).
111. Report Number 21625 of the North Dakota Examining Committee (March 4, 1967).
112. Report Number 21628 of the North Dakota Examining Committee (December 31, 1966).
113. Report Number 21637 of the North Dakota Examining Committee (December 31 1966).
114. House Committee on Banking and Currency, TWENTY LARGEST STOCKHOLDERS OF RECORD IN MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM, 88th Cong., 2nd Sess. Vol. 4, p. 1020 (1964).
115. *Id.* at 1015.
116. *Id.*
117. *Id.* at 1016.
118. *Id.*
119. *Id.* at 1017.

First National Bank, Hettinger, North Dakota; sixteen non-residents own 611 shares of 1,000¹²⁰

First National Bank, Linton, North Dakota; three non-residents own 320 shares of 1,000¹²¹

Chain banking has been defined as "an individual or group of individuals controlling two or more banks."¹²² As yet, there is no federal control over chain banking;¹²³ the usual rationale offered for the absence of regulation is that the powers of an individual or individuals to amass capital with which to gain control over

120. *Id.* at 1019.

121. *Id.*

122. *Id.* at iii.

123. Despite the absence of federal control over chain banking, several states have perceived the necessity for regulation and have acted accordingly. The earliest example of statutory regulation of chains occurred in Mississippi. § 5235 of the MISS. CODE ANN. (1957) provides that "No corporation shall be formed under the laws of this State, nor shall any foreign corporation be admitted to do business in this State, if in any such instance any object, purpose, or power of such corporation be, directly or indirectly, the organization, ownership or operation of banks in groups or chains, or in systems commonly referred to as group banking systems or chain banking systems. If the State Comptroller shall at any time discover that any bank in this State is operating as a member of any group banking system or chain banking system whether such system shall be owned by a corporation or an individual, individuals or association of individuals, or any combination of such owners, he shall immediately bring suit in the chancery court for an injunction preventing such bank from operating in this State; and, if the evidence shows such operation a permanent injunction shall issue." This section had its origin in Miss. LAWS. 1934, ch. 146. (Emphasis supplied.)

Other examples of more recent, and less explicit, regulation of chains are: GA. CODE ANN. § 13-207 (states that it shall be unlawful "for any action to be taken which results in a company becoming a bank holding company . . ." § 13-207 (b) defines company as any "corporation, partnership, foundation, joint stock company, business or voting trust, association or similarly organized group of persons, whether incorporated or not, and includes the shareholders and those persons who otherwise own the 'company' . . ." [Emphasis supplied.]) ILL. ANN. STAT., ch. 16½, § 73 (provides that it shall be unlawful "for any action to be taken hereafter which results in a company becoming a bank holding company. . ." § 72 defines company as "any corporation, business trust, voting trust, association, partnership, joint venture, or similar organization, but shall not include (1) an individual . . ." [Emphasis supplied.]) BURNS IND. ANN. STAT. § 18-1816 (provides that it shall be unlawful for any action to be taken which results in a company becoming a bank holding company; § 18-1815 defines a company as "any bank, corporation, partnership, joint-stock company, business trust, voting trust, joint venture, association or similar organization. . ." [Emphasis supplied.]) LA. REV. STAT. ANN. § 6-1002 (prohibits action to be taken which results in a company becoming a bank holding company; § 6-1002 defines a company as "any corporation, business trust, partnership, association or similar organization. . ." [Emphasis supplied.]) MASS. GEN. LAWS ANN. ch. 167A, § 2 (requires the prior written approval of the board of bank incorporation before a company may become a bank holding company; ch. 167A, § 1(c) defines a company as "any banking institution, corporation, partnership, business trust, voting trust, unincorporated association, joint stock association. . ." [Emphasis supplied.]) OKLA. STAT. ANN. tit. 6, § 502(C) (makes it unlawful for a company to become a bank holding company; tit. 6, § 502(B) defines a company as "any bank, corporation, business trust, voting trust, association, partnership, joint venture, or similar organization, but shall not include (a) an individual. . ." [Emphasis supplied.]) PA. STAT. ANN. tit. 7, § 6002 (makes it unlawful for a company to become a bank holding company; tit. 7, § 6002(c) defines a company as "any bank, corporation, partnership, joint stock company, business trust, voting trust, association, or similar organization. . ." [Emphasis supplied.]) S. C. CODE ANN. § 8-599.103 (requires the prior written approval of the State Board of Bank Control "for any action to be taken which results in a company becoming a bank holding company. . ." § 8-599.102(d) defines a company as "any banking institution, corporation, partnership, business trust, voting trust, unincorporated association, joint stock association or similar organization. . ." [Emphasis supplied.]) An analysis of these various provisions demonstrates that legislative bodies have been unwilling to accept for the purposes of regulation Chairman Patman's definition of chains as "an individual or group of individuals controlling two or more banks". The regulation has been limited to groups of individuals controlling two or more banks—whether the grouping be in the form of a partnership, a voting trust, joint venture, etc. The states (except for Mississippi) have refrained from the regulation of ownership and control of two or more banks by a single individual.

banking operations is severely limited relative to the powers of a corporation to raise capital for that purpose. Here we will examine evidences of chain banking in North Dakota. The word "evidences" is to be emphasized; in certain instances the author has had to merely presume the existence of chain banking. The presumption has been largely based on the appearance of the name of an individual, or group of individuals on more than one shareholder list.

[E]ven the most careful analysis of the stockholder lists provides at best an educated guess of the true extent of chain banking. Without question, therefore, chain banking is certainly more widespread than the present data would indicate.¹²⁴

The writer will group the banks as he believes the chains exist. Although it presents a certain difficulty, the individual(s) heading a chain will not be specifically identified except by a fictional letter. The writer believes that this will in no way impair the quality of the information; it would only satisfy the idly curious to specifically identify shareholders.

CHAIN A

A owns 505 of the 2200 shares of the State Bank of Burleigh; he is also an officer and director of that bank. A, as an individual, owns 419 shares of the 1500 shares of the First International Bank of Watford City; the members of his family control another 677 shares of the Watford City bank. A is also an officer of the Watford City bank. The aggregate capital accounts of this chain are slightly in excess of \$1 million; its total deposits are approximately \$15,800,000.¹²⁵ For the business year 1965, the banks of the chain realized profits in excess of \$100,000.¹²⁶

CHAIN B

The "B's" own 271 shares of the First State Bank of Buxton; the "B's" also own 490 shares of 500 of the Farmers and Merchants State Bank in Dickey. Also, the "B's" own 209 of 250 shares of the State Bank of Marion. At all three of the banks, members of the B family occupy the chief posts within the corporate structures. The aggregate capital accounts of these three banks is approximately \$488,000; the total deposits are approximately \$2.65 million.¹²⁷

124. House Committee on Banking and Currency, TWENTY LARGEST STOCKHOLDERS OF RECORD IN MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM, 88th Cong., 2nd Sess., Vol. 4, p. iii (1964).

125. Reports Number 21531 (January 16, 1967) and 21641 (January 20, 1967) of the North Dakota Examining Committee.

126. REPORT OF THE NORTH DAKOTA TAX DEPARTMENT ON 1966 BANK TAXES ON 1966 BUSINESS. (Unpublished.)

127. Reports Number 21533 (January 12, 1967), 21544 (January 10, 1967) and 21593 (January 11, 1967) of the North Dakota Examining Committee.

For the business year 1965, the banks of the chain realized profits of slightly less than \$25,000.¹²⁸

CHAIN C

The "C's" collectively own 6,380 of the 10,000 shares of the American State Bank, Dickinson, North Dakota; they also own 348 of the 1,000 shares of the Citizens State Bank at New England. An insurance agency in New England owns another 612 shares of the New England bank. Again, the power of these shares is asserted in the control of top corporate positions. The aggregate capital accounts of this chain are in excess of \$700,000; its total deposits are approximately \$4.7 million.¹²⁹ For the business year 1965 the banks of the chain realized profits of slightly less than \$40,000.¹³⁰

CHAIN D

The "D's" collectively own 819 of 1,000 shares of the Garrison State Bank; members of the D Family own 508 shares of the Union State Bank at Hazen; the family also has members owning shares equalling 71.1 per cent of the outstanding stock of the Bank of Turtle Lake; six members of the family own a total of 769 of the 1,000 shares of the Farmers Security Bank of Washburn. In some instances the same members of the family serve as both an officer and a director of more than one bank. The aggregate capital accounts of this chain are in excess of \$1,330,000; its total deposits exceed \$14.8 million.¹³¹ For the business year 1965, the banks of the chain realized profits of slightly less than \$140,000.¹³²

CHAIN E

Recently the head of the E Family died. Because of his death it is difficult to tell the exact disposition of the shares of the banks in which the E Family has an interest. A member of the E Family was recently elected to the presidency of the Union Bank at Halliday; another member of the family was elected to the vice presidency of the same bank. Members of the E Family control 616 of the 1,000 shares of the State Bank of Killdeer. Members of the E Family were also the 11th, 13th, and 14th largest shareholders of the Liberty National Bank at Dickinson. The

128. *Supra* note 126.

129. Reports Number 21546 (February 4, 1967) and 21606 (January 20, 1967) of the North Dakota Examining Committee.

130. *Supra* note 126.

131. Reports Number 21557 (December 31, 1966), 21570 (January 11, 1967), 21636 (December 31, 1966), and 21640 (January 4, 1967) of the North Dakota Examining Committee.

132. *Supra* note 126.

aggregate capital accounts of this chain are in excess of \$1.9 million; deposits are more than \$7 million.¹³³ For the business year 1965, the banks of the chain realized profits of approximately \$193,000.¹³⁴

CHAIN F

This appears to be a combination of three families; only three surnames are present in the list of major shareholders. Family number one lives in Texas; they do not control a great deal of the power of either of the two banks in Chain F. Family number two is comprised of a father and son; the father owns 510 shares of the 1,500 of the Farmers and Merchants Bank of Cooperstown; the father and son together own a total of 660 of the 1,000 shares of the Citizens State Bank of Finley. Family number three owns 300 shares of the bank at Finley and 450 shares of the bank at Cooperstown. The members of the North Dakota families exercise their control and occupy the top corporate positions. The aggregate capital accounts of the banks of this chain are in excess of \$550,000; the total deposits approach \$5.5 million.¹³⁵ For the business year 1965, the banks of the chain realized profits in excess of \$40,000.¹³⁶

CHAIN G

The G Family has six members who are large shareholders in North Dakota banks; the "G's" own 677 shares of the 750 outstanding shares in the First State Bank of Hope. The "G's" also own 720 of the 750 outstanding shares in the Page State Bank. The G's have exercised their control well and consequently hold the top corporate offices. The aggregate capital accounts of the banks of this chain are in excess of \$550,000; the total deposits approach \$5 million.¹³⁷ For the business year 1965, the banks of the chain realized profits exceeding \$50,000.¹³⁸

CHAIN H

H in this case is an individual; H has the majority interest in the First State Bank at LaMoure (owning 816 of the 1500 shares),

133. Reports Number 21563 (January 11, 1967) and 21578 (January 11, 1967) of the North Dakota Examining Committee and House Committee on Banking and Finance. TWENTY LARGEST STOCKHOLDERS OF RECORD IN MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM, 88th Cong., 2nd Sess., Vol. 4, p. 1016 (1964).

134. *Supra* note 126.

135. Reports Number 21541 (January 12, 1967) and 21554 (January 12, 1967) of the North Dakota Examining Committee.

136. *Supra* note 126.

137. Reports Number 21611 (January 17, 1967) and 21574 (January 10, 1967) of the North Dakota Examining Committee.

138. REPORT OF THE NORTH DAKOTA TAX DEPARTMENT ON 1966 BANK TAXES ON 1965 BUSINESS. (Unpublished.)

the Stock Growers Bank at Napoleon (owning 1480 shares of the 2,000 which are outstanding), and in the Sargent County Bank of Forman (owning 1,388 of the 2,000 outstanding shares). H is also a minority shareholder in the First National Bank at Milnor. H is both an officer and director at the banks in LaMoure and Napoleon. The aggregate capital accounts of these banks exceeds \$1.5 million; the deposits at these banks are in excess of \$13 million.¹³⁹ For the business year 1965, the four banks of the chain realized profits in excess of \$135,000.¹⁴⁰

CHAIN I

The "I's" are a family of six having control of two state banks; the combined holdings of the "I's" amount to 480 of the 500 shares outstanding in the Liberty State Bank at Powers Lake and to 1580 of the 2000 shares outstanding in the Scandia American Bank at Stanley. As would be expected the "I's" control the top corporate offices. The aggregate capital accounts of the banks of this chain exceed \$950,060; the total deposits are nearly \$7.2 million.¹⁴¹ For the business year 1965, the profits of the banks of this chain were in excess of \$68,000.¹⁴²

CHAIN J

The J Chain is comprised of three individuals; between them they exert considerable influence in two banks. The three own a total of 390 shares of the 500 outstanding in the First National Bank at Bowbells; there each serves as an officer and director. Their combined ownership in the Bank of Tioga is 300 of the 1600 shares outstanding; there, two of them serve on the board of directors. The aggregate capital accounts of the banks of this chain are slightly less than \$700,000; the total deposits are in excess of \$8.1 million.¹⁴³ For the business year 1965, the profits of the banks of this chain exceeded \$55,000.¹⁴⁴

CHAIN K

One individual is the prime force in this chain; he owns 451 of the 900 shares outstanding of the First National Bank at Bot-

139. House Committee on Banking and Currency, TWENTY LARGEST STOCKHOLDERS OF RECORD IN MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM, 88th Cong., 2nd Sess., Vol. 4, p. 1020 (1964). Reports Number 21555, 21582 (December 30, 1966), and 21603 (January 12, 1967) of the North Dakota Examining Committee.

140. *Supra* note 138.

141. Reports Number 21616 (December 31, 1966) and 21629 (December 31, 1966) of the North Dakota Examining Committee.

142. *Supra* note 138.

143. Report Number 21633 of the North Dakota Examining Committee (January 10, 1967) and House Committee on Banking Currency, TWENTY LARGEST STOCKHOLDERS OF RECORD IN MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM, 88th Cong., 2nd Sess., Vol. 4, p. 1014 (1964).

144. *Supra* note 138.

tineau. He also owns 232 of the 500 outstanding shares of the First National Bank at Fessenden. At both banks he is an officer and a director. The aggregate capital accounts of the banks of the chain exceed \$1.2 million; the total deposits are in excess of \$13.4 million.¹⁴⁵ For the business year 1965, the profits of the banks of this chain exceeded \$130,000.¹⁴⁶

CHAIN L

Eight individuals appear to have a union of interests in the First National Bank at Belfield and the First National Bank at Dickinson. The size of their holdings varies greatly from .5 per cent of the shares of one bank to close to 59 per cent. One serves as an officer and director of both banks and two serve as directors of one bank, although not the same. One serves as an officer and director at one bank and as a director at the other. The aggregate capital accounts of the banks of this chain exceed \$1.7 million; the total deposits are in excess of \$21 million.¹⁴⁷ For the business year 1965, the aggregate profits for the banks of this chain were in excess of \$180,000.¹⁴⁸

CHAIN M

This is perhaps the most interesting chain because of the number of individuals holding shares in two national and one state bank. This chain appears to be comprised of perhaps as many as six families. The chain has 1400 shares of the 2000 which are outstanding in the Liberty National Bank in Dickinson; members of the chain control over 700 of the 1000 outstanding shares of the First National Bank at Hettinger. Of the 400 outstanding shares of the Bank of Rhame, the chain controls 245. At Rhame two members serve as officers of the bank and another two serve as both officers and directors. At Hettinger five of the members serve as directors; of these five, two are serving in a similar capacity at Rhame. At Dickinson four members serve as directors and one member serves as an officer and director. Again there is duplication among the directors of the banks. The aggregate capital accounts of these banks is slightly less than \$1.9 million; the total deposits are in excess of \$21.8 million.¹⁴⁹ For

145. House Committee on Banking and Currency, TWENTY LARGEST STOCKHOLDERS OF RECORD IN MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM, 88th Cong., 2nd Sess., Vol. 4, p. 1015, p. 1017 (1964).

146. *Supra* note 138.

147. *Supra* note 145 at 1014-1015.

148. *Supra* note 138.

149. *Supra* note 145 at 1016, 1019, 1020.

the business year 1965, the aggregate profits for the banks of this chain were in excess of \$230,000.¹⁵⁰

By way of summary, it will be seen that much of the ownership of North Dakota banks, even when that ownership takes the form of chain banking, is family ownership. Banking in North Dakota is an industry of small, closely held corporations. The management of these banks, as in most closely held corporations, is the same as the ownership. This is an important factor in assessing the profits of the chain banks as presented in the foregoing material. Shareholders who serve as officers and directors of these corporate banks generally receive remuneration for their services. It will be seen then that the return to the shareholders in many of these closely held corporations far exceeds the profits of the corporations—the profit figure being arrived at *after* the payment of expenses, including remuneration for officers and directors.

We pass now to make some conclusions from the material presented.

CONCLUSION

First, it should be made perfectly clear that banking is a most profitable business; it provides an extremely high rate of return for the dollar invested. In North Dakota the state chartered banks averaged, after all expenses including salaries and taxes, a return of 10.69 per cent on their investment.¹⁵¹

The capital accounts of the North Dakota banks of the First Bank Stock Corporation total \$13,510,890 for the year ending December 31, 1966. (See Appendix.) First Bank Stock has ownership in these capital accounts in the amount of \$13,150,373 or 97.33 per cent.¹⁵² The total resources for the North Dakota banks of the First Bank Stock Corporation on December 31, 1966, totaled over \$194,000,000. (See Appendix.) For the year 1966, salary expenses for these banks were \$1.23 per \$100 of average total resources. Net income for these banks amounted to \$0.86 per \$100 of average resources.¹⁵³ In other words, net income for the banks from North Dakota of the First Bank Stock Corporation was in the neighbor-

150. REPORT OF NORTH DAKOTA TAX DEPARTMENT ON 1966 BANK TAXES ON 1965 BUSINESS. (Unpublished.)

151. Message of North Dakota Governor William Guy vetoing Senate Bill 386.

152. Letter of May 29, 1967 from Mr. Larry K. Torgerson, Assistant Corporate Counsel, First Bank Stock Corporation, Minneapolis, Minnesota to Robert W. Kinsey.

153. *Id.*

hood of \$1,650,000. (See Appendix for the earnings of the *individual* banks during the year 1965.) When this is compared with an investment of \$13,510,000, it will be seen that this is quite a handsome return on the invested dollar. Of these earnings, 48.7 per cent were paid out in dividends.¹⁵⁴

The capital accounts of the North Dakota banks of the Northwest Bancorporation totaled \$13,543,322 for the year ending December 31, 1966. (See Appendix.) The total resources for the North Dakota banks of the Northwest Bancorporation were \$184,000,000. (See Appendix.) For the year 1966, salary expenses were \$0.98 per \$100 of average total resources.¹⁵⁵ Net income for these banks amounted to \$0.88 per \$100 of average total resources.¹⁵⁶ This amounts to net income for the North Dakota banks of the Northwest Bancorporation of somewhat in excess of \$1,600,000. (See Appendix for the earnings of the *individual* banks during the year 1965.) Again, when compared with an investment of \$13,540,000, this can only be regarded as quite a lucrative return on the invested dollar. Of the net earnings of the Northwest Bancorporation, two-thirds were distributed in dividends and one-third added to the capital of the banks in the state.¹⁵⁷

The capital accounts of the North Dakota banks of the Otto Bremer Company for the year ending December 31, 1965, totaled \$8,834,392. The total resources of the North Dakota banks of the Otto Bremer Company at that time were \$103,545,068. Net income for these banks for the year 1965 amounted to \$954,826.50.¹⁵⁸ (See Appendix for the earnings of the *individual* banks during the year 1965.)

This writer will now proceed to a discussion of the relevance of the foregoing to trade regulations. This section will be addressed to the following questions: Has the Bank Holding Company Act of 1956 promoted competition and prevented monopoly? Should chain banking be regulated by federal statutes? Should bank holding companies holding only one bank be covered by the Bank Holding Company Act?

Has the Bank Holding Company Act of 1956 promoted competition and prevented monopoly? Obviously no definitive answer is possible. The writer has already indicated that the Bank Holding Company Act has effectively emasculated the holding companies in their ability to expand the scope of operations in the state of

154. *Id.*

155. Letter of April 26, 1967 from Mr. T. J. Barclay, Assistant Vice President and Assistant Secretary, Northwest Bancorporation, Minneapolis, Minnesota to Robert W. Kinsey.

156. *Id.*

157. *Id.*

158. *Supra* note 150.

North Dakota. In Fargo and Minot all three bank holding companies have subsidiary banks (See Appendix); in Jamestown, Valley City and Wahpeton, First Bank Stock and Northwest Bancorporation have subsidiary banks (See Appendix); in Grafton the Otto Bremer Company and Northwest Bancorporation have subsidiaries. Further, First Bank Stock Corporation has a bank at Park River, Walsh County, the county in which Grafton is located. The proximity of subsidiaries of the bank holding companies reasonably dictates that competition will exist if these banks are to grow. Growth of existing subsidiaries is the effective route through which banks of the bank holding companies can expand. The growth will not be through acquisition; that has been precluded by the Bank Holding Company Act. In addition to the competition which the subsidiaries of the bank holding companies generate amongst themselves, there is the added factor of competition from banks in the following locations: Bismarck (two banks), Casselton (one other bank), Cooperstown (one bank), Fargo (two banks), Grand Forks (three banks), Mandan (one other bank), Minot (one relatively new [and presently flourishing] bank), and Rugby (one other bank). Thus we conclude that the Bank Holding Company act has done much to foster and preserve competition among the banks in North Dakota.

A question which has a less ready answer is whether the Act has prevented monopoly. The essence of small town banking in North Dakota is monopoly. The smaller towns, in which the majority of our banks are located, simply are unable to support more than one bank and thus, as far as the single town is concerned, you do have a monopoly in that town. In the towns in which the bank holding companies have subsidiary banks, the following have only one bank, i.e., the subsidiary: Cando, Carrington, Cavalier, Hillsboro, Langdon, Larimore, Lidgerwood, Lisbon, Minnewaukan, Park River, Richardton, and Rolla. Thus, it would appear that the prevention of monopoly in North Dakota is not entirely possible because of the pervasive quality of small town banking in the industry.

The next question to which we address ourself is "Are there loopholes in our plan to promote competition and prevent monopoly?" Here, we consider whether or not chain banking should come under federal regulation and whether or not companies holding only one bank should be brought under the Bank Holding Company Act. By way of introduction, it should be stated that the writer feels that the promotion of competition and the prevention of monopoly have a common goal: the prevention of economic concentration and the power attendant with that concentration.

[E]ven the most careful analysis of the stockholder lists provides at best an educated guess of the true extent of chain banking. Without question, therefore, chain banking is certainly more widespread than the present data would indicate.

At present there is no Federal statute regulating chain banking.

I have long believed it to be not only unfair but illogical for Federal law to require bank holding companies to register and be regulated by the Board of Governors of the Federal Reserve System while permitting chain banking to be entirely free of Federal regulation *though the same public interests are involved in both cases*. And, of course, the difficulties involved in measuring the precise extent of chain banking is no reason for not considering similar regulation with respect to banking chains.¹⁵⁹

The words of Mr. Patman adequately express the problems faced in the detection of chain banking. As well, they express adequately the writer's opinion on the lack of logic used in regulating bank holding companies and not regulating chain banking. The material presented by the writer indicates that there are, in his opinion, thirteen chains within the state of North Dakota alone. These chains involve no less than thirty banks (compared with the thirty-three controlled by the bank holding companies.) As of December 31, 1966, these chains represented total accumulated resources of approximately \$150,000,000.¹⁶⁰ These figures, in the writer's opinion, indicate the total absence of logic in preventing a concentration of banking operations by one segment of society (the corporate) and allowing an even greater concentration in another segment (the individual). The Federal laws relating to the regulation of the banking industry should be amended to encompass the activities of the chain bankers. The rationale that individuals are not capable of amassing capital with which to acquire banking operations is theoretically and pragmatically unsound.

There would appear to be no reason to bring companies holding only one bank within the scope of the Bank Holding Company Act. It is difficult to see how the ownership of one bank (particularly in North Dakota) can act as an effective restraint of trade. If we were to bring bank holding companies holding only one bank within the purview of the act, there would appear

159. House Committee on Banking and Currency, *TWENTY LARGEST STOCKHOLDERS OF RECORD IN MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM*, 88th Cong., 2nd Sess., Vol. 4, p. III (1964). (Emphasis supplied.)

160. These figures were compiled from the relevant reports of the State Examining Committee.

to be no logical reason for excluding from regulation banks held singly by individuals.

In North Dakota there are several banks which are held by companies holding one bank. These banks are as follows:

Farmers State Bank, Maddock—1430 shares of the 1500 outstanding are owned by the Farmers and Merchants Exchange, Inc. of Maddock;¹⁶¹

The Citizens State Bank of Mohall—400 shares of the 1000 outstanding are owned by the Banker Agency, Inc. of Mohall;¹⁶²

The Citizens State Bank, New England—612 shares of the 1000 outstanding are owned by the New England Insurance Agency;¹⁶³

The First State Bank of New Rockford—642 shares of the 1000 outstanding are owned by the Watson Insurance Agency, Inc. of New Rockford;¹⁶⁴

First State Bank, Regent—450 shares of the 500 outstanding are owned by the Regent Corporation;¹⁶⁵

Merchants Bank, Rugby—7543 shares of the 15,000 outstanding are owned by the McClintock Investment Company of Minneapolis;¹⁶⁶

American State Bank, Williston—3652.5 shares of the 4500 outstanding are owned by Davidson Cattle Company of Williston;¹⁶⁷

Columbus State Bank, Columbus—Columbus Corporation owns 370 of the 400 outstanding shares;¹⁶⁸

First National Bank, Drake—794 shares of the 1,000 outstanding are owned by Bankers Financial Corporation of Fergus Falls, Minnesota.¹⁶⁹

H. R. 7372 of the 89th Congress proposed the inclusion of one-bank holding companies within the coverage of the Bank Holding Company Act. The provision was not enacted upon the finding that one-bank holding companies were not restraining trade.¹⁷⁰ The writer agrees with the finding of fact and the actions taken in light of those facts.

There is only one more point which the writer feels should be touched upon before this note is concluded. From time to time there has been occasion to indicate that the essential character-

161. Report Number 21591 of the North Dakota Examining Committee (January 10, 1967).

162. Report Number 21600 of the North Dakota Examining Committee (December 31, 1966).

163. Report Number 21605 of the North Dakota Examining Committee (January 20, 1967).

164. Report Number 21607 of the North Dakota Examining Committee (January 10, 1967).

165. Report Number 21618 of the North Dakota Examining Committee (January 29, 1967).

166. Report Number 21625 of the North Dakota Examining Committee (March 4, 1967).

167. Report Number 21645 of the North Dakota Examining Committee (December 31, 1966).

168. Report Number 21540 of the North Dakota Examining Committee (December 31, 1966).

169. House Committee on Banking and Currency, TWENTY LARGEST STOCKHOLDERS OF RECORD IN MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM, 88th Cong., 2nd Sess., Vol. 4, p. 1016 (1964).

170. 112 Cong. Rec. 11789 (daily ed. June 6, 1966) (remarks of Senator Robertson).

istic of much of North Dakota banking is that it is a family enterprise conducted through the close corporation form. There are no less than fifty banks in the state which are either owned, operated, or owned and operated by single families. The bulk of these are located in the smaller towns of the state. It is more than common knowledge that the "out-migration" from North Dakota is heaviest among our youngest people—those to whom all segments of society in the state will look for leadership. As well, an analysis of the shareholders lists of the banks in North Dakota will indicate that much of the ownership by non-residents is by former North Dakotans who have "out-migrated". Normally, those who left the state would have been those fulfilling the role of the managerial class in the banks within the state. The smaller towns do not seem capable of holding or attracting a new generation of management. Much of the management in today's state banks is in the upper reaches of age; there are no apparent successors to the present management class. The result will very likely be a consolidation of the banking operations in the state. The manner in which the hypothesized consolidation will take play may have a great bearing upon the question of the concentration of economic force in North Dakota. If chain banking is not controlled in some way, there is the possibility of considerable uncontrolled concentration within the banks in North Dakota through this device. As well, undoubtedly, some of these banks will dissolve; the banks that attract the former customers of banks that have gone through the dissolution process may have a bearing on the question of concentration of banking in this State.¹⁷¹

It is apparent that this note has not been able to cover all points relating to the ownership of banks in North Dakota; the writer only hopes that the reader does not have too many unanswered questions.

ROBERT W. KINSEY

171. It is beyond the scope of this note to discuss the anticompetitive aspects of advertising. The writer strongly recommends that the North Dakota Legislature consider imposing restrictions on advertising by banks doing business in the State. It should be apparent that the medium of advertising is one of the few avenues open to banks of the bank holding companies through which they can improve their economic position. It is equally apparent that the banks of the bank holding companies are best able to expend the sums of money necessary to conduct a full scale advertising campaign. The sums of money expended to attract new entrants into the market and customers of dissolved banks may well effect the concentration of economic power in North Dakota. The reader's attention is directed to these discussions of the anticompetitive aspects of advertising: *Federal Trade Commission v. Procter and Gamble Co.*, 386 U.S. 568 (1967); Comanor and Wilson, *Market Structure, Advertising, and Market Performance* (unpublished); Turner, *Advertising and Competition* (speech prepared for delivery before the Federal Bar Association, June 2, 1966, Washington, D. C.) and Turner, *Advertising and Competition: Restatement and Amplification* (speech prepared for delivery before the Annual Advertising Government Relations Conference, February 8, 1967, Washington, D. C.)

APPENDIX

This Appendix has been attached to facilitate the reader's comprehension of various points discussed in the text. A space limitation dictates that this Appendix be considerably shorter than is desirable. To supplement the appended material, the reader is directed to the 1966 Annual Reports of the First Bank Stock Corporation and the Northwest Bancorporation. These reports illustrate the extent of the operations of these bank holding companies and that, for the purposes of the Bank Holding Company Act of 1956, the operations of these bank holding companies are not principally in North Dakota. For the same point relative to the Otto Bremer Company, the reader is directed to the FEDERAL RESERVE BULLETIN, Vol. 52, No. 12, pp. 1761-1765.

The reader interested in charting the annual capital accounts and deposits of the North Dakota subsidiaries of the bank holding companies is directed to the following materials: MOODY'S BANK AND FINANCE MANUAL, 1965 (pp. 1060 and 1153); 1964 (pp. 524 and 1224); 1963 (pp. 1071 and 1105); 1962 (pp. 472 and 1016); 1961 (pp. 472 and 956); 1960 (pp. 450 and 916); 1959 (pp. 976 and 1000); 1958 (pp. 900 and 950) and a letter of April 20, 1967 from Mr. Robert J. Reardon, Executive Vice President, Otto Bremer Company, 624 American National Bank Building, Saint Paul, Minnesota to Robert W. Kinsey.

In this Appendix the reader will note that the print of the locations of the various banks is different; the key to the significance of the variation is as follows: When the town name is typed in a normal fashion, that indicates that there are no other banks of bank holding companies in the town (Smith); when the town location is capitalized, that indicates that there is one other bank of a bank holding company in the town (SMITH); when the town location is typed in capitals and blackfaced, that indicates that all three bank holding companies doing business in North Dakota have subsidiaries in that town (SMITH).

APPENDIX

Banks of the First Bank Stock Corporation
December 31, 1966

	CAPITAL ACCOUNTS	DEPOSITS
BISMARCK		
First National Bank and Arrowhead Office	\$2,160,258	\$32,788,346
Cando		
First State Bank	736,495	7,726,287
Cavalier		
First Merchants and Farmers Bank	493,097	4,959,736

Cooperstown		
First State Bank	333,428	4,195,954
FARGO		
Merchants National Bank and Trust Company	2,558,455	36,601,595
Grand Forks		
Red River National Bank	1,620,475	21,275,881
JAMESTOWN		
Jamestown National Bank	780,107	15,319,133
Langdon		
First Bank of Langdon	703,726	8,994,472
Lidgerwood		
First National Bank	295,746	3,275,356
MINOT		
Union National Bank	1,375,678	16,112,596
Park River		
First State Bank	427,567	5,043,682
Rolla		
First Bank of Rolla	591,789	7,110,191
VALLEY CITY		
First National Bank	783,123	10,558,300
WAHPETON		
Wahpeton National Bank	650,946	8,886,764
TOTAL	13,510,890	182,843,293

SOURCE: THIRTY-EIGHTH ANNUAL REPORT, First Bank Stock Corporation,
Minneapolis, Minnesota, 1967.

Banks of the Northwest Bancorporation
December 31, 1966

BISMARCK		
Dakota National Bank	2,052,055	25,571,893
FARGO		
First National Bank and Trust Company	4,554,162	43,634,235
GRAFTON		
Grafton National Bank	919,793	13,662,787
Hillsboro		
Northwestern State Bank	336,805	4,700,566
JAMESTOWN		
First James River National Bank	822,205	15,111,668
Mandan		
First National Bank	923,491	14,973,587
MINOT		
First National Bank	2,534,280	32,257,308
VALLEY CITY		
American National Bank	681,105	10,845,704
WAHPETON		
Citizens First National Bank	719,426	9,916,034
TOTAL	13,543,322	170,673,782

SOURCE: 1966 ANNUAL REPORT OF THE NORTHWEST BANCORPORATION,
Minneapolis, Minnesota, 1967.

Banks of the Otto Bremer Company
December 31, 1966

Carrington		
Foster County State Bank	1,027,829	9,003,595
Casselton		
Casselton State Bank	366,422	4,657,963
FARGO		
Dakota National Bank	2,295,080	32,930,220
GRAFTON		
Walsh County Bank	1,109,709	14,199,487
Larimore		
Elk Valley State Bank	501,418	4,816,847
Lisbon		
Farmers State Bank	869,147	7,734,005
Minnewaukan		
Farmers State Bank	528,584	4,815,460
MINOT		
American State Bank	2,336,581	21,602,820
Richardton		
Farmers State Bank	475,274	3,124,334
Rugby		
Citizens State Bank	391,690	4,407,264
TOTAL	9,901,734	107,381,995

SOURCE: Letter of April 20, 1967 from MR. ROBERT J. REARDON, Executive Vice President, OTTO BREMER COMPANY, 624 American National Bank Building, Saint Paul, Minnesota to ROBERT W. KINSEY.

Banks of the First Bank Stock Corporation
December 31, 1965

ACCOUNTS	CAPITAL	PROFITS ¹⁷²	DEPOSITS
BISMARCK			
First National Bank	\$2,069,283	\$233,333.80	\$30,916,845
Cando			
First State Bank	693,639	166,922.80	7,381,910
Cavalier			
First Merchants and Farmers Bank	461,232	45,489.29	4,915,352
Cooperstown			
First State Bank	307,747	55,420.63	4,133,478
FARGO			
Merchants National Bank and Trust Company	2,487,036	170,767.98	33,322,447
Grand Forks			
Red River National Bank	1,530,907	213,506.77	21,039,481
JAMESTOWN			
Jamestown National Bank	737,225	140,005.14	14,069,996
Langdon			
First Bank of Langdon	636,364	155,163.19	8,392,931
Lidgerwood			
First National Bank	279,709	22,979.48	2,974,789

¹⁷². All figures in the profit column are from the REPORT OF THE NORTH DAKOTA TAX DEPARTMENT ON 1966 TAXES ON 1965 BUSINESS. (Unpublished.)

MINOT			
Union National Bank	1,321,777	90,791.56	15,335,450
Park River			
First State Bank	398,779	52,609.47	5,143,818
Rolla			
First Bank of Rolla	535,343	136,743.59	6,609,631
VALLEY CITY			
First National Bank	728,334	120,369.45	9,693,019
WAHPETON			
Wahpeton National Bank	603,901	57,563.54	8,393,627
TOTAL	12,791,276	1,658,366.69	172,322,774

SOURCE: MOODY'S BANK AND FINANCE MANUAL, APRIL 1966, London: Moody's Investor Service, Ltd., p. 1197.

Banks of the Northwest Bancorporation
December 31, 1965

BISMARCK			
Dakota National Bank	2,004,586	254,313.00	24,159,113
FARGO			
First National Bank and Trust Company	3,437,795	528,813.00	40,531,676
GRAFTON			
Grafton National Bank	878,366	105,662.00	12,881,965
Hillsboro			
Northwestern State Bank	326,735	52,582.00	4,513,973
JAMESTOWN			
First James River National Bank	803,271	219,093.00	14,224,408
Mandan			
First National Bank	871,201	126,153.00	13,840,404
MINOT			
First National Bank	2,429,515	382,852.00	30,895,080
VALLEY CITY			
American National Bank	626,397	116,444.00	9,705,973
WAHPETON			
Citizens First National Bank	707,179	86,412.00	9,185,592
TOTAL	12,085,045	1,872,324.00	159,938,184

SOURCE: MOODY'S BANK AND FINANCE MANUAL, APRIL 1966, London: Moody's Investor Service, Ltd., p. 466.

Banks of the Otto Bremer Company
December 31, 1965

Carrington			
Foster County Bank	959,685	88,633.62	8,823,580
Casselton			
Casselton State Bank	361,698	45,949.77	4,657,806
FARGO			
Dakota National Bank	2,208,072	118,688.82	30,421,151
GRAFTON			
Walsh County Bank	1,051,000	112,795.14	13,610,000
Larimore			
Elk Valley State Bank	414,556	73,438.15	4,910,010

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Lisbon			
Farmers State Bank	807,365	99,491.59	6,970,256
Minnewaukan			
Farmers State Bank	434,482	74,380.99	4,528,333
MINOT			
American State Bank	1,462,310	249,127.94	19,693,144
Richardton			
Farmers State Bank	454,000	63,374.72	2,846,801
Rugby			
Citizens State Bank	381,224	28,945.76	4,249,595
TOTAL	8,834,392	954,826.50	94,710,676

SOURCE: Letter of April 20, 1967 from MR. ROBERT J. REARDON, Executive Vice President, OTTO BREMER COMPANY, 624 American National Bank Building, Saint Paul, Minnesota to ROBERT W. KINSEY.

