

Texas Department of Banking

Press Release

Banking Commissioner Files Lawsuit against Sun World, N.A.

Date: July 24, 1996

Catherine A. Ghiglieri, Texas Banking Commissioner, filed a lawsuit against Sun World, N. A., a subsidiary of NationsBank Texas, to prevent Sun World from relocating its main office from El Paso, Texas to Santa Teresa, New Mexico and retaining its offices in Texas as branches. The lawsuit was filed on Friday, July 19, 1996 in the United States District Court for the Western District of Texas, El Paso Division.

Commissioner Ghiglieri is seeking a declaratory judgment that such a relocation and retention of offices in Texas violates both federal and state laws concerning interstate branching. In addition, Commissioner Ghiglieri is seeking preliminary and permanent injunctions to prevent the relocation of Sun World's main office into New Mexico while retaining branches in Texas. A hearing is scheduled for September 5, 1996.

The bank has filed two applications with the U. S. Comptroller of the Currency to relocate its main office from Texas to New Mexico, and to retain its former main office, together with its two existing branches, in Texas as branches. Both Commissioner Ghiglieri and William J. Verant, the Banking Commissioner of New Mexico, have filed objections to the applications on the basis that they violate both state and federal law. The applications are pending as of the date of the lawsuit.

Commissioner Ghiglieri stated since national banks have no implied authority to branch, see Ghiglieri v. Ludwig, this relocation into New Mexico and retention of branches in Texas would violate federal law as well as the State of Texas' prohibition on interstate branching. That prohibition was reconfirmed by the Legislature's unanimous decision to opt out of interstate branching in 1995.

Commissioner Ghiglieri stated that "we are not opposed to this bank entering the New Mexico market to conduct business, but we believe that it should do so in a lawful manner."