

Texas Department of Banking

Press Release

Banking Commissioner Files for Temporary Restraining Order against Sun World, N.A.

Date: August 5, 1996

Catherine A. Ghiglieri, Texas Banking Commissioner, filed a temporary restraining order against Sun World, N. A., a subsidiary of NationsBank Texas, after Sun World began operations in New Mexico on Friday while retaining its offices in Texas as branches.

The bank 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, filed objections to the applications on the basis that they violate both state and federal law. On Friday, the Comptroller of the Currency approved the applications and indicated that he intended to intervene in the pending lawsuit against Sun World. The Comptroller has also requested the Fifth Circuit to consider the appeal in Ghiglieri v. Ludwig on an expedited basis.

U. S. District Judge Harry Lee Hudspeth, sitting in for the vacationing Judge Briones, denied the temporary restraining order.

Commissioner Ghiglieri stated that she was disappointed that Sun World would begin operating interstate branches in violation of the law and that the bank could continue to operate until the hearing on the preliminary injunction scheduled for September 5, 1996. Judge Hudspeth stated that, "[I]f the Defendant opens an office for the conduct of banking business in New Mexico prior to that hearing, and the Defendant then loses on the merits, the expense of closing that office again will fall upon the Defendant . . . [T]he Defendant . . . stands to lose by premature action."