

Texas Department of Banking Press Release

Texas Banking Commissioner Files Lawsuit against Nationsbank of Texas, N.A. And Nationsbank, N.A., Charlotte, North Carolina to Prevent the Merger of the Two Banks

Date: November 26, 1997

Texas Banking Commissioner Catherine A. Ghiglieri filed a lawsuit against NationsBank of Texas, N.A. and NationsBank, N.A., Charlotte, North Carolina to prevent the merger of the two banks. The lawsuit was filed on Wednesday, November 26, 1997 in the United States District Court for the Northern District of Texas, Dallas Division.

The banks filed an application with the United States Comptroller of the Currency to merge NationsBank of Texas into NationsBank, North Carolina and to convert all the offices in Texas into branches of the North Carolina bank. Commissioner Ghiglieri, the Independent Bankers Association of Texas and the Chairs of several committees of the Texas House of Representatives filed objections to the proposed merger.

Commissioner Ghiglieri seeks an injunction prohibiting the merger and a declaratory judgment that the interstate merger violates state and federal law. No hearing date is currently scheduled.

Congress allowed states to decide whether to permit cross-state mergers. In 1995, the Texas Legislature voted unanimously to prohibit interstate branch banking and interstate mergers. Commissioner Ghiglieri stated that "a merger would allow NationsBank to avoid state franchise tax laws, force local governments into noncompliance with public funds deposit requirements, create commercial confusion and disruption of current customer relationships, and could result in job loss."