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ANNUAL REPORT

OF THE

SUPERINTENDENT OF BANKS

STATE OF NEW YORK

1995
ANNUAL REPORT
OF THE
SUPERINTENDENT OF BANKS

STATE OF NEW YORK

1995
STATE OF NEW YORK
BANKING DEPARTMENT

To the Governor
and the Legislature:

I have the honor to submit the annual report of this
Department for the year 1995 pursuant to the requirements of
Section 43 of the Banking Law.

Respectfully yours,

Neil D. Levin
Superintendent of Banks

Albany
September 1996
STATE OF NEW YORK
George E. Pataki, Governor

BANKING DEPARTMENT

Neil D. Levin
Superintendent

Elizabeth McCaul
First Deputy Superintendent

Edmund P. Rogers, Ill
Deputy Superintendent and
Counsel

EXAMINATIONS DIVISION
Daniel A. Muccia
Deputy Superintendent and
Chief Examiner

DOMESTIC COMMERCIAL
BANKS DIVISION
Peter M. Philbin
Deputy Superintendent

FOREIGN COMMERCIAL
BANKS DIVISION
Robert H. McCormick
Deputy Superintendent

THRIFT INSTITUTIONS
DIVISION
P. Vincent Conlon
Deputy Superintendent

CRIMINAL INVESTIGATIONS
BUREAU
Joseph Caiola
Director

CONSUMER SERVICES
DIVISION
Stacey M. Cooper
Deputy Superintendent

ECONOMIC RESEARCH
DIVISION
Cathy Weintraub
Director

LICENSED FINANCIAL
SERVICES DIVISION
Manuel Kursky
Deputy Superintendent

MORTGAGE BANKING
DIVISION
Peter L. Zanko
Deputy Superintendent

ADMINISTRATION
Joseph J. Burns
Chief Administrative Officer
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**NOTE:** The statements of condition for the supervised institutions which were reported individually in the Annual Report in previous years are now listed in the accompanying spreadsheets:

Statement of Condition of Banks, Trust Companies and Private Bankers—June 30, 1995

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Statement of Condition of Savings Banks---January 1, 1996

Statement of Condition of Savings and Loan Associations---
December 31, 1995

Statement of Condition of Credit Unions---December 31, 1995

Statement of Condition of Life Insurance Departments of Savings
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1995

Statement of Condition of Licensed Lenders, Investment
Companies, Safe Deposit Companies and Mutual Trust
Investment Companies---December 31, 1995
Among the most significant events of 1995, which are covered in greater detail below, were the following:

- Superintendent places high priority on the Community Reinvestment Act.

- Nationar, a trust company owned by 67 New York banks, seized by the Superintendent on February 6, 1995, just days after taking office.

- After a Banking Department investigation found it to be in an unsafe and unsound condition, the Superintendent took possession of the business and property of PIC Banking Corp.

- Three mortgage broker and mortgage lender model disclosure forms were developed and released at the request of the industry, making compliance easier and less costly while ensuring that consumers receive the information they need to make informed decisions.

- The New York Branch and Trust Company of The Daiwa Bank, Limited, Osaka, Japan, was ordered to terminate operations in the United States due to the concealment of a $1.1 billion loss, the result of unauthorized trading.

- Department-wide management changes rotate a number of Deputy Superintendents.

- $400,000 refunded to consumers after Department investigation uncovers alleged kick-back scheme.

The Community Reinvestment Act

Since his appointment in January of 1995, Superintendent Levin has placed a high priority on Community Reinvestment Act (CRA) issues, ranging from extended comment periods in connection with CRA-related applications to the Department’s own enforcement of the regulation.
SUPERINTENDENT OF BANKS

In an effort to bolster CRA enforcement within the Banking Department, the Superintendent improved internal controls in the Consumer Services Division, strengthening many of its policies and procedures and increasing the Division's analytical capabilities. Mirroring his support of CRA, the Superintendent has paid close attention to this Division, particularly the Community Reinvestment Monitoring Unit (CRMU).

The Superintendent's efforts included the purchase and/or leasing of state-of-the-art hardware and CRA software equipment. The software now in place has the capacity of analyzing loan data, producing maps of loan location and converting street addresses to census tracts, leading to a more sophisticated analysis of data generated from the Home Mortgage Disclosure Act. The Community Reinvestment Monitoring Unit's examiner staff has also been provided with continuing education, including a two-day training and development seminar on the new Federal CRA regulation and its incorporation into the State's policy. The Department is also updating its CRA manual, which had not been updated in over four years.

Enhancement of existing application procedures
The Superintendent also instituted measures to enhance existing application procedures in cases falling under the purview of CRA. The Superintendent's purpose was to provide useful guidance to applicants and the public and to improve the efficacy of the application process.

The first measure involved the institution of a 30-day comment period for instances in which a large acquisition or merger is contemplated. In other cases, the comment period is subject to the Superintendent's discretion. Comment periods commence upon notice of an application in the Banking Department's Weekly Bulletin.

The second measure dealt with the Banking Department's administration of requests made under the Freedom of Information Law ("FOIL"), codified in the Public Officers Law. Such requests must be made in accordance with Banking Department Supervisory Procedure G 106, entitled "Public Access to Banking Department
THE STATE BANKING SYSTEM

Records: Trade Secret Exemption." The public was reminded that consideration will not be given to requests that do not comply with Supervisory Procedure G 106.

In addition, applicants were advised that, in submitting requests for confidential treatment based on the so-called "trade secrets" exemption contained in Section 87.2(d) of the Public Officers Law, they must state the reason(s) why release of the material will cause substantial injury to the competitive position of the applicant.

Finally, to expedite the production of documents in response to FOIL requests, applicants, in all cases subject to CRA, are now required to submit 5 additional copies of their applications. The Superintendent felt that these measures would facilitate the processing of applications by providing certainty to financial institutions and the public with regard to Banking Department application policies thereby making this process more fair and effective. The Department is continuing to review its existing policies and regulations in order to identify additional opportunities to improve its administration of CRA.

Public Meetings

The Banking Department placed strong emphasis on the Public Meeting aspect of large CRA-related applications in 1995. The purpose of a public meeting is to collect information concerning the effect of a certain proposal on the convenience and needs of the communities to be served, including the performance records of the institutions under the Community Reinvestment Act.

In connection with the application of Fleet Financial Group, Inc. to acquire Shawmut National Corporation, Superintendent Levin announced on August 3, 1995 that the New York State Banking Department had completed its review of the application as well as requests for public comment, and determined that public discussion was warranted. The Banking Department participated in the New York portion of multi-state public meetings that were conducted by the Federal Reserve.

After a review of the comments received at the public
meeting as well as the Department's own comprehensive review of the application, the Banking Board approved the proposed merger of Shawmut and Fleet on November 2, 1995.

In October of 1995, Superintendent Levin announced that a public meeting would be held in New York City in connection with the application of the Chemical Banking Corporation to merge with The Chase Manhattan Corporation. Due to overwhelming interest, the meeting was held over a two day period in November. Nearly 200 people, including members of the New York State Legislature and other City and State officials, offered testimony both in support of and opposition to the merger.

After an exhaustive review of all public comments received, on January 11, 1996, the Banking Board approved the proposed merger of Chase and Chemical, which was subsequently ratified by the Banking Board on February 1, 1996, including the merger of their flagship banks under the name The Chase Manhattan Bank. The surviving institution will continue to operate as a New York State Chartered bank, subject to the supervision of the New York State Banking Department.

The Banking Department seizes Nationar

Superintendent Levin, serving as Acting Superintendent before his confirmation by the State Senate on February 14, took possession of Nationar, a trust company owned by 67 New York banks on February 6, 1995. Nationar was chartered in 1933 as a service bank for savings banks. In recent years, it operated as a trust company and performed a number of special services for federal and state-chartered savings banks, savings and loan associations and credit unions. As of the day of seizure, the businesses of Nationar included custodial accounts, check clearing and item processing, data processing, telemarketing, investment services and other operations carried out from locations in New York City; Danbury, Connecticut; Woodbury, Long Island; Utica, New York and Buffalo, New York.

After completion of the 1994 examination of Nationar by the
Banking Department, it was determined that Nationar's continuing losses required immediate attention. The Department carefully monitored Nationar's condition throughout January of 1995. It became clear that Nationar's financial situation, including the withdrawal of some of Nationar's own stockholders as customers, was causing a loss of confidence in the institution by its depositors and other customers and a substantial drain on its liquidity. Efforts to avoid a seizure were unsuccessful, and on February 6, 1995, the Superintendent took possession of the business and property of Nationar.

To prevent the abrupt termination of certain services to Nationar's customer banks and to avoid impairment to the value of the Nationar estate, the Superintendent obtained a court order authorizing the continued operation of Nationar. Every effort was made to transfer Nationar's former business units as going concerns, in order to realize the maximum value from the sale of each unit, while minimizing any potential disturbance to Nationar's customers which could have disrupted their own businesses.

As of February 6, 1995, Nationar was the custodian of accounts with total assets of approximately $22 billion. The Federal Home Loan Bank of New York was chosen from proposals submitted by a number of banks to acquire the custodial accounts.

The item processing and clearing business of Nationar, had it been shut down, could have caused severe injury to hundreds of institutions and their depositors and may have, in certain cases, threatened the safety and soundness of those institutions. The Superintendent and the staff of the Department instituted procedures to permit Nationar's item processing and check clearing operations to continue pending sale or other disposition of that business. The Superintendent sold to Affiliated Computer Services, Inc. various fixed assets, leases and customer contracts related to Nationar's item processing business. Certain settlement services were assumed by Extebank.

Nationar sold its Sector business unit, which provided computer software and support services essential for the daily operations and bank functions of its 33 bank customers to Jack
Henry & Associates, Inc., a data processing company. Nationar's Smartline business unit, which provided inbound telephone-based customer service and outbound telemarketing sales to clients in the financial industry, was transferred to ICT Group, Inc. Nationar's $40 million portfolio of employee stock ownership plan (ESOP) loans was sold to Northwest Savings Bank of Warren, Pennsylvania.

On May 18, 1995 claims notices were sent to all persons identified by the Superintendent as potential claimants against Nationar. August 10th was set as the deadline to present a claim. The Superintendent retained Bankruptcy Services, Inc. as claims agent to assist in the processing and reconciliation of claims.

Early in 1996, Superintendent Levin announced his office had completed its review of $460 million of claims filed, and accepted or recommended for acceptance approximately $210 million of claims against and accounts payable of Nationar. The Superintendent also made recommendations to the Court overseeing the Nationar liquidation regarding the treatment of all accepted claims demanding priority of payment. The Court held a series of hearings in March, April and May of 1996 to determine which claims were entitled to priority. The Superintendent also sought court approval to make an interim distribution in June of 1996, of approximately 40 percent of the amount of an accepted claim to each holder of an accepted nonpriority claim (other than a claim for a subordinated debenture) and holders of accepted claims awaiting a priority determination by the court and 100 percent of any claim determined by the court to be entitled to a priority payment. In October 1996, the Superintendent filed an application with New York State Supreme Court Justice Beatrice Shainswit, the judge overseeing the liquidation of Nationar, seeking authority to pay in full the balance of all accepted unsecured claims (other than claims for subordinated debt and stock interests). If authorized by the Court, Superintendent Levin stated that he intends to make the payments before the end of 1996.
Banking Department suspends/seizes PIC

On July 13, 1995, the Banking Department issued a Suspension Order against the PIC Banking Corp., located at 730 5th Avenue, with a branch in the Cayman Islands, to protect its depositors and creditors. The Suspension Order was issued after PIC failed to honor withdrawal requests made by its depositors.

PIC was a $20 million investment company chartered under Article XII of the Banking Law. The Suspension Order stated that, pending an investigation by the Banking Department into its financial condition, PIC was to cease accepting deposits, suspend all payments and to refrain from undertaking any new obligations to customers and other parties.

On July 17, the Superintendent took possession of the business and property of PIC Banking Corp. The Department's investigation found PIC to be in an unsafe and unsound condition and that possession was warranted.

Investment companies chartered under Article XII of the Banking Law are uninsured and cannot accept deposits in New York though they may maintain foreign branches at which deposits may be accepted after approval by the Banking Board. PIC Banking Corp.'s operations in New York consisted primarily of money transmission and foreign exchange activities.

Model Disclosure Forms

In May, the Banking Department released three mortgage broker and mortgage lender model disclosure forms: the Pre-Application Disclosure and Fee Agreement for use by Registered Brokers; the Pre-Application Disclosure and Fee Agreement for use by Licensed Mortgage Bankers and Exempt Organizations acting as Mortgage Brokers; and the New York Lock-In Agreement for use by Licensed Mortgage Bankers and Exempt Organizations.

Developed, in part, at the request of the industry, the forms make compliance easier and less costly for the mortgage brokers and mortgage lenders, while ensuring that consumers receive the
information they need to make informed decisions. The forms also assist the Mortgage Banking Division in making their examinations more productive by allowing more time for actual file reviews and investigation of consumer problems.

Formulated by a task force comprised of Banking Department personnel and industry representatives, the forms were designed to facilitate compliance with Part 38 of the General Regulations of the Banking Board. No additional regulatory burden is placed on the industry by the use of these forms and, in fact, they foster the Banking Department's thrust towards regulatory relief. Use of the forms is optional.

$1.1 billion loss covered up by Daiwa - license terminated

On Friday morning, September 22, 1995, the Daiwa Bank Limited, a Japanese bank with a branch and a trust company located in Manhattan, informed the Banking Department that the branch had suffered a $1.1 billion loss as a result of unauthorized transactions by one of the bank's traders, Mr. Toshihide Iguchi. In a written confession sent to Daiwa's president in July, 1995, Mr. Iguchi admitted that he had been secretly trading U.S. Treasury securities since 1984.

The serious nature of the initial revelations by Daiwa raised clear questions with respect to the overall system of internal controls and audit at the branch. The Banking Department was concerned that there might be other undiscovered problems at the Bank and that continued trading could worsen them. The Banking Department remained deeply troubled by the obvious violations of law evidenced by Daiwa's failure to notify regulators in the United States during the two months after discovery of the losses. There was also the fact that during that period Daiwa had not initiated a forensic review.

The Banking Department was in constant contact with the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve and the Federal Deposit Insurance Corporation during this time to discuss the situation and to develop a common strategy. The Department determined that the quick issuance of an
strategy. The Department determined that the quick issuance of an order addressing its concerns was both necessary and appropriate. Since there was suspicion that internal control weaknesses might also exist at The Daiwa Bank Trust Company, the Department felt that a similar order should be addressed to that entity. On Thursday, September 28, the Banking Department informed its federal counterparts of its decision to issue orders, and both agencies indicated that they would like to be parties on any such orders.

On October 2, a Cease and Desist Order was jointly issued by the Banking Department and the Board of Governors to Daiwa and its New York branch and a second order was jointly issued by the Department and the FDIC with respect to the trust company. The joint orders severely limited the activities of the branch and the trust company, especially in the trading area. Among other things, the orders required that an independent CPA firm be engaged to perform a number of functions at both the branch and the trust company. At the same time, the regulators began an examination of the institutions, consistent with a criminal investigation being conducted by the United States Attorney’s Office in New York.

In the weeks following the orders, the Banking Department obtained additional pertinent information including the admission that a $97 million loss had occurred at the trust company in the mid-1980's and had been covered up. On October 19, 1985, Mr. Iguchi pleaded guilty and implicated Daiwa management in concealing his losses. These revelations heightened the Department’s concern over the internal control environment at the branch and the trust company.

The Banking Department, the Board of Governors, the FRBNY, the FDIC and the other state regulators in jurisdictions where Daiwa did business mutually agreed that Daiwa’s U.S. operations should be terminated. They decided that this should be done by consent, if possible, to minimize any possible disruption to the banking system and in order to avoid protracted hearings. The regulators worked together in drafting these orders and Daiwa agreed to their terms.
The consent orders required Daiwa to terminate its banking operations in the United States by February 2, 1996. They also ordered Daiwa to maintain books and records in the United States that would be needed for, and to cooperate in, the various ongoing investigations. The consent orders were released on November 2, in conjunction with the announcement by the U.S. Attorney's office of an indictment against the Bank.

Daiwa has since terminated its U.S. operations.

Superintendent Neil D. Levin testified twice before Congress in November and December of 1995 on the Daiwa matter, and his House testimony, in its entirety, is included in the Public Statements section of the Annual Report.

Banking Department management changes

In December of 1995, Superintendent Levin announced a number of management changes within the New York State Banking Department, effective January 5, 1996.

Retirements

Deputy Superintendent for Domestic Commercial Banks Carmine M. Tenga announced his retirement from the Banking Department after 27 years of service.

Mr. Tenga was appointed to the position of Deputy Superintendent of Banks in 1986. From 1990-95, Mr. Tenga served as Deputy Superintendent of the Commercial Banks Division, during which time, he served as the Acting Superintendent of Banks from June 1994 to January 1995.

Promotions

Peter L. Zanko, Acting Deputy Superintendent of the Consumer Services Division since May 1995, was promoted to Deputy Superintendent in charge of the Mortgage Banking Division. Mr. Zanko started at the Banking Department in 1971. He was appointed Assistant Deputy in the fall of 1990 and had responsibility for CRA and consumer compliance examinations since 1992.
Manuel Kursky, Assistant Deputy Superintendent of the Examinations Division since July 1991, was promoted to the position of Deputy Superintendent in charge of the Licensed Financial Services Division. Mr. Kursky started at the Banking Department in 1970 and has served as an examiner in several different divisions.

Reassignments

P. Vincent Conlon, Deputy Superintendent of the Examinations Division since May 1989, was appointed to serve as Deputy Superintendent of the Thrifts Division.

Daniel A. Muccia, Deputy Superintendent of the Mortgage Banking Division since September 1991, was appointed to serve as Deputy Superintendent of the Examinations Division.

Peter M. Philbin, Deputy Superintendent of the Thrifts Division since February 1991, was appointed to serve as the Deputy Superintendent of the Licensed Financial Services Division.

Robert H. McCormick, Deputy Superintendent of the Foreign Commercial Banks Division, continues as Deputy Superintendent in that Division.

$400,000 Obtained in Consumer Refunds

Superintendent Levin announced on December 21, 1995 that the Banking Department had obtained approximately $400,000 in refunds for 234 consumers as a result of an investigation into alleged illegal activities of two registered mortgage brokers. The settlements called for Equity Stars, Inc. and PGM Enterprise, Inc. to pay the largest consumer refunds ever obtained by the Banking Department from a mortgage broker. The refunds stemmed from an alleged illegal referral fee arrangement between the brokers and home improvement contractors.

The alleged kick-back scheme started with an aggressive solicitation by the home improvement contractor for jobs from home-owners and promises to obtain financing for them. In return for a referral fee, the contractor informed the mortgage broker that
financing assistance was needed. The mortgage broker then contacted the home-owner about obtaining the loan, allegedly without identifying itself as a mortgage broker to the borrower, and without disclosing the broker fee or supplying the proper disclosure documentation. In complaints received by the Department, consumers further noted that the mortgage broker paid the contractor out of the loan proceeds before the work was completed to their satisfaction.

The alleged referral fees were paid by the mortgage brokers in violation of both the Real Estate Settlement and Procedures Act (RESPA) and the Department of Housing and Urban Development's Regulation X. RESPA was enacted by Congress to ensure that home buyers receive complete information regarding the costs they will incur in real estate transactions. In addition, RESPA prohibits payment of referral fees as they unnecessarily increase the consumer's cost of mortgage loans. The mortgage brokers also allegedly violated the New York Banking Law and the General Regulations of the Banking Board by failing to properly disclose the nature and cost of their services.

Of the $400,000 in expected remuneration, $100,000 was promptly refunded by Equity Stars, Inc. PGM Enterprise, Inc. refunded $150,000 before December 31st. The remainder of the refunds will be paid by Equity Stars, Inc. over a two year period. The refunds include the alleged referral fees and mortgage broker fees that were not disclosed as required by state law.

In addition to the refunds, the registered status of the two mortgage brokers is subjected to a two-year probationary period. Both brokers must maintain a surety bond or deposit assets in the amount of $25,000 for the protection of consumers for the duration of the probation. Both brokers must perform community service, acceptable to the Superintendent, and both are required to report their business activities to the Banking Department on an ongoing basis.
Highlights of banking and related legislation in 1995

Chapter 25 amended Sections 92-v(4), 213(14), 213(15), 216, 217, 222(2), 223 of the State Finance Law and Section 6 of Chapter 705 of the Laws of 1993 and created new Sections 213(20) and 213(21) of the State Finance Law; and Sections 234(5-c), 235(8-d), 378-c, 380-L of the Banking Law. The provisions enable State and Federal thrift institutions to participate in the Excelsior Linked Deposit Program and extend the program until 1998. The Excelsior Linked Deposit Program was established in 1993 to provide smaller businesses with affordable capital based on “linked loans” originally from commercial banks, and now expanded to include thrift institutions, with interest rates subsidized by reduced interest rate State deposits in the lending banks. Eligible businesses can receive loans that are 2 or 3 percentage points lower than the prevailing rate on such loans, with the banks being compensated by deposits of State funds at comparably reduced rates. These loans are made in order to stimulate the retention of existing jobs and the creation of new jobs in New York State. Effective: April 12, 1995.

Chapter 169 amended Section 7-5.3(b) of the Estates, Powers and Trusts Law to increase from $5,000 to $10,000 the amount which a bank may pay directly to a parent of a minor beneficiary from a Totten Trust. The amendment increases the amount which may be paid directly to the parent(s) of a minor beneficiary without the necessity of the appointment of a guardian of the property of the infant beneficiary. The amendment reflects changes made to Section 2220 of the Surrogate’s Court Procedure Act relating to infants who are estate beneficiaries or who are entitled to share in the proceeds of a wrongful death action. Effective: July 19, 1995.

Chapter 246 amended Section 36(2) of the Banking Law to extend to 18 months the interval between which an examination must be conducted for certain well-capitalized small banking organizations. The Act conforms New York law to the federal scheme in order that both regulators can conduct examinations on the same schedule and permits efficient coordination of the joint or concurrent Federal and State examinations. Effective: January 1, 1996.
Chapter 464, authorizing the deposit of estate funds into credit union accounts, allows courts to direct guardians of infants and minors to establish such accounts in credit unions and grants credit unions the same authority as other financial institutions to act as joint custodians of United States savings bonds and to deposit the interest income from these securities into accounts in the name of such guardians maintained at such credit unions. Effective: August 2, 1995.

Chapter 480 amended Sections 6-1.1 and 6-2.2 of the Estates, Powers and Trusts Law to permit shares of stock of a cooperative apartment or unit, together with the appurtenant proprietary lease, to be held by married couples as tenants by the entirety. This measure conforms the treatment of cooperative apartments to that of real property by allowing interests in a co-op to be held by married couples as tenants by the entirety. Effective: January 1, 1996.

Chapter 498, making clear that telegraph companies must be licensed in order to act as money transmitters, amended Section 641(1) of the Banking Law to conform the statute to rulings by the New York Attorney General's office with respect to the licensing of money transmitters, closing a potential loophole in the licensing and regulation of such entities. Effective: November 30, 1995.

Chapter 499 amended Sections 349, 352 and 597 of the Banking Law to permit certain banking records of licensed lenders and mortgage bankers to be maintained by means of optical disk storage systems. This amendment will allow such institutions to utilize a more efficient and cost-effective means of records retention while accomplishing the statutory goals of preserving such records in order that compliance with laws and regulations can be monitored and ensuring that borrowers receive evidence that their debt has been satisfied. Effective: September 1, 1995.

Chapter 523 created new Section 7-1.13 of the Estates, Powers and Trusts Law to authorize the division of a trust into two or more trusts in order to achieve specific tax purposes, or for other purposes with the consent of the beneficiaries or pursuant to court order. This measure permits the trustee of an express trust (or, in
certain cases, the executor), without prior court approval or consent of the beneficiaries, to establish two or more separate trusts for a number of income, gift, estate and/or generation skipping transfer tax purposes. The trustee or executor, as applicable, is also authorized to so divide such a trust without court approval if all beneficiaries consent to such division for any reason not directly contrary to the primary purpose of the trust. Effective: August 2, 1995.

Chapter 529 created a new Section 5-328(3) of the General Obligations Law to permit any person who accepts an instrument that is subsequently dishonored to charge or collect $20 from the maker/drawer. This measure authorizes, in any non-consumer transaction, the holder of a check, draft of like instrument, other than a money order, bank cashier’s check or certified check, that has been dishonored, to charge or collect from the maker or drawer $20 for the return of such unpaid or dishonored instrument. Effective: October 31, 1995.

Chapter 581, liberalizing the authority of state-chartered savings banks to invest in mutual funds, makes a number of revisions to Section 235(26), intended to provide state-chartered savings banks greater parity with the investment powers enjoyed by federally-chartered thrifts and state and federal commercial banks by removing the ownership restrictions with respect to the mutual funds in which they may invest. Similar restrictions have not been applicable to these other institutions. The capability to invest a greater percentage of their assets in a wider range of mutual funds, it is believed, will afford savings banks with opportunities for more diverse and liquid investments. Effective: September 7, 1995.

Chapter 635 amended Section 202-d(1) of the State Administrative Procedure Act and Chapter 402 of the Laws of 1994 to require the Banking Department, among other agencies, to submit regulatory agendas for publication in the State Register. The amendment calls for the publication of the regulatory agenda on a semi-annual basis, adding a second publication in the last regular issue each June. Effective: August 8, 1995.
Chapter 637 created new Sections 2-a, 507, 519(5), 4001-a, Titles 5-A and 6-A of the Banking Law and amended Section 2(10) of the Banking Law and various provisions of the Tax and General City Laws, the administration code of the City of New York and the codes and ordinances of the City of Yonkers, to permit certain Article 12 investment companies to organize themselves as limited liability investment companies. Previously, Article 15 of the Banking Law had provided for their organization only as corporations. Effective: August 8, 1995.

Chapter 672, enabling mortgage brokers to make federal housing administration mortgage loans, created a new Section 590(5-a) of the Banking Law. Under the provision, mortgage brokers may enter into agreements with federally-approved sponsors and make FHA-insured mortgage loans for sale to such sponsors. Effective: December 7, 1995.

Banking Department Budget

Total expenses for the operation of the New York State Banking Department were $49,376,909.14 for the fiscal year 1994-95. This includes $110,300.00 to the Office of Regulatory and Management Assistance. Also included are sub-allocations of $91,500.00 to the Office of Regulatory and Management Assistance; $532,900.00 to the Department of Law; and $42,000.00 to the Department of Taxation and Finance.

Revenues from examination fees amounted to $12,434,905.83. The balance was assessed to banking organizations and foreign banking corporations.

The final assessment rate was $3.13779610 per $100,000 of assets for all assessed institutions.

For fiscal year 1994-95, revenues of $3,108,203.09 were collected for investigation, license, other fees and fines, and credited to the New York State General Fund.
Reprinted below are certain speeches and statements made during the year by the Superintendent of Banks. They are reproduced here because they are part of the public record and contain matters of sufficient policy interest to be made available in this form.

TESTIMONY OF NEIL D. LEVIN
SUPERINTENDENT
STATE OF NEW YORK BANKING DEPARTMENT
BEFORE THE
NEW YORK STATE ASSEMBLY
STANDING COMMITTEE ON BANKS
APRIL 25, 1995
RE: STATE IMPLEMENTATION OF THE
RIEGLE-NEAL INTERSTATE BANKING
AND BRANCHING EFFICIENCY ACT OF 1994

Good Morning Ladies and Gentlemen:

I would like to thank Assemblywoman Greene for the opportunity to appear today before the Assembly Banks Committee to offer my views on the critical topic of interstate banking and branching. This year, thanks to the passage by Congress of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, this matter is before the legislatures of nearly every state in the United States.

Needless to say, banking is one of New York's most important industries. New York continues to be the world's banking and finance capital and, accordingly, I commend the Committee for inviting interested parties to express their views on a topic which could have such an enormous impact on our state. As you know, interstate branching is one further step in the long evolution of banking from the early days when banks, even within their own home states, were restricted to local area branching and, in some states, were banned from branching altogether, to the current era of multistate banking companies. Over the years most states, including New York, have taken steps to reduce or eliminate intrastate branching limitations.

Today I will touch upon the questions raised in the Notice of
Hearing, first by describing briefly the history and status of geographical limitations on branching in the United States and in New York, followed by a discussion of the options left for the State to choose under Riegle-Neal. Specifically, I wish to discuss the consequences of opting-in early, opting out and electing to take no action whatsoever on the state level. I also will describe, briefly, the route the Banking Department recommends New York State should follow with respect to this issue. Finally, I will touch upon the issues of bank deposit concentration limits and community reinvestment. The Banking Department, in conjunction with the Governor's office, is in the process of developing proposed legislation addressing these issues which we hope to have available for your consideration in the near future.

From the 1930's until 1960, New York was divided into nine banking districts, and a bank was permitted to branch only within the district in which its principal office was located. New York City banks could branch within the City even though parts of the five boros were in different districts. The branching laws were relaxed somewhat in 1960 by permitting banks located in New York City to branch into the adjacent suburban counties of Westchester and Nassau. The remaining geographical restrictions were removed when statewide branching was authorized in 1976 and since then New York banks have been free to branch statewide without restriction.

Some years later, in 1982, New York became one of the first states to enact a reciprocal interstate bank holding company expansion measure, currently contained in Section 142-b of the Banking Law. Three years ago, New York took yet another innovative step by enacting legislation that permits state banks both inside and outside New York to branch into each other's jurisdictions on a reciprocal basis, to the extent not restricted by federal law. Those two provisions have, in their short history, provided the legal underpinning for many interstate transactions. But, in the absence of federal interstate banking and branching legislation prior to the adoption of Riegle-Neal, the practical scope of these acts was restricted to state-chartered banks that are not federal reserve member banks and further limited by the absence of reciprocal legislation in many other states.

Many circumstances favor eliminating geographical
restrictions on branching. First, the ability of a bank to deploy capital where it is needed, rather than where it is merely located, results in the most efficient use of capital for the bank and for the banking system in general. Removal of unnecessary geographical limitations also encourages the strengthening of bank balance sheets by permitting greater diversity of loan assets and wider sources of deposit funds. It is a curious feature of the banking system in this country that our banks often have been able to extend their reach across the oceans at the same time as they have been so limited in their ability to expand within the United States. In terms of efficiency, a bank should be able to operate what some already would call branch systems, without having to structure them as independent corporate bodies within a bank holding company. There should be no artificial requirements to maintain separate boards of directors and separate senior managements, or separate books and records when the policies and principles governing the operations of a bank holding company's various subsidiaries are, in fact, often determined at the headquarters of the bank holding company which controls them.

By passing Riegle-Neal, Congress has set forth a nationwide scheme aimed at strengthening the nation's banking system through the elimination of current federal impediments to interstate banking and branching.

Briefly, as of September 29, 1995, Riegle-Neal authorizes the Federal Reserve Board to approve bank holding company acquisitions of banks located outside the bank holding company's own home state regardless of any prohibitions to the contrary that may exist under the state law of the bank to be acquired. Therefore, states generally will lose the authority they now possess to withhold from out-of-state bank holding companies the permission to operate subsidiary banks within their jurisdictions. So, for example, the existing New York legislation permitting interstate bank holding company expansion only on a reciprocal basis, that is, if New York's banks are permitted into the jurisdiction that is home to the bank holding company seeking to acquire a New York State bank, will be nullified by Riegle-Neal. However, states still may impose limited conditions on such entry, such as minimum age restrictions on the bank to be acquired.
SUPERINTENDENT OF BANKS

In addition to repealing prohibitions on interstate bank holding company acquisitions, Riegle-Neal also provides that on and after June 1, 1997 mergers between FDIC-insured banks in different states may be approved by federal banking regulators, regardless of any state law prohibitions to the contrary, unless one or both of the states where such banks are domiciled have passed legislation prior to the June 1, 1997 date that expressly prohibits all interstate mergers in such state or states. Riegle-Neal does authorize the states, if they so elect, to permit interstate branching prior to June 1, 1997 and further allows the states to permit branching through the acquisition of less than an entire bank, such as through the acquisition of individual branches or even the establishment of a bank’s own branches on a de novo basis.

What should New York State do? The Banking Department believes that there are clear advantages to acting quickly in order to secure the right for our state-chartered banks to engage in interstate branching as soon as possible.

Opting Out:

Few states are expected to opt-out of interstate branching. Opting-out may have the short-term effect of maintaining the status quo within a state, but in a changing world such an approach often proves to be the worst business strategy and bad public policy as well. For New York, in particular, opting-out would prove very harmful. Already U.S. banks are no longer the largest in the world and face tough competition in every market they serve. Barring New York banks from growing through mergers and acquisitions would give other U.S. banks, from California, the South and elsewhere, a distinct advantage over New York-chartered institutions in terms of size and efficiency of operation. National and international operations already run on tight margins and are fiercely competitive. Making New York banks even slightly less competitive ultimately will weaken them and jeopardize New York’s preeminent position as financial capital of the world.

It also is important to remember that an election to opt-out applies only to the interstate branching provisions of Riegle-Neal. Interstate banking, in the guise of bank holding company acquisitions, will be with us, like it or not, on September 29th of this year.
For small banks in New York, many of the same fears that surfaced when the internal barriers to statewide branching were eliminated nearly 20 years ago will undoubtedly resurface. The studies undertaken by the Banking Department at that time suggested that many fears associated with statewide branching were unfounded. Although the growth rate of small banks slowed, most have been able to compete effectively with larger banks in an environment of state-wide branching and interstate bank holding company expansion. As of December 31, 1994 there were 59 (insured commercial) banks (both state and federal chartered) with assets of less than $100 Million headquartered in New York State. In addition to those 59, there were another 27 such banks with assets under $200 Million. Altogether, there were 119 banks with assets under $500 Million and 136 with assets of under $1 Billion. By contrast, there were 31 banks with assets over $1 Billion and only 15 with assets over $5 Billion.

Opting-in Early

If New York should not opt-out of the interstate branching opportunities Riegle-Neal offers, when should we opt-in? I believe it should be done immediately.

It is essential for any state wishing to maintain a viable system of state control and supervision over its banking system to opt-in early, and to provide predictable mechanisms and supervisory protocols for state banks to rely on while making their interstate branching plans. If there is undue delay in the passage of early opt-in legislation, I fear there is some danger that New York State banks may be given cause to review the merits of their state charters, especially those banks that may wish to enter into interstate transactions promptly upon the Riegle-Neal branching provisions effective date in 1997.

In addition to the advantage national banks will enjoy given the certainty of their interstate merger authority, at least in those states which do not affirmatively opt-out prior to June 1, 1997, national banks also can avail themselves of the so-called 30-mile relocation rule. This interpretation issued by the Comptroller of the Currency, the agency which administers the National Bank Act, permits a national bank to relocate its main office anywhere within
a thirty mile radius of its present location, even across state borders. Under some circumstances, this has had the effect of permitting de facto interstate branching since the national bank moving across a state line can maintain the branches in the state it left and merge with its sister bank located in the second state, thereby attaining a branch system in both states. NatWest Bank, for example, already has engaged in one such transaction. Chemical Bank, a similarly situated New York-chartered bank enjoys no such option at the moment unless it first converts to a federal charter.

If New York does not opt-in now, it will have to play catch-up later, and deny New York banks potential opportunities to sell one or more of their branches to out-of-state banks.

Doing Nothing

What about waiting until the federal provisions become effective on June 1, 1997? It's really not much of an option because, in this case, doing nothing will not preserve the status quo. Rather, it will put our state-chartered banks at a competitive disadvantage. It must be remembered that if a state does nothing, as of June 1, 1997, federal law nevertheless will allow interstate mergers to commence in that State. That means that national banks, at a minimum, will be able to engage in interstate merger transactions on June 1, 1997. State banks, on the other hand, still will need to have state law amended in order to receive the necessary authority for them to enter into mergers with out of State banks on a non-reciprocal basis.

Doing nothing also exacerbates the advantage currently enjoyed by national banks in New York and elsewhere under the 30-mile radius rule discussed above.

De Novo Branching

As I mentioned earlier, Riegle-Neal not only lets New York elect to permit interstate branching, it also authorizes the State to set a higher or lower entry threshold by choosing whether any such interstate branching must be accomplished by means of the acquisition of an entire bank, or can be through the acquisition of individual branches of an existing bank or even by the establishment
of branches de novo. The Banking Department recommends that New York opt-in early to interstate branching by means of a middle ground approach, allowing acquisition transactions only, but permitting out of state banks to enter the State through the acquisition of as few as one or more individual branches of an existing New York bank. This interstate branching authority would be on a reciprocal basis only, until June 1, 1997, at which time federal law requires that such reciprocity requirements be eliminated.

This approach attempts to balance the interests of smaller banks, some of whom may be concerned that the value of their franchises might diminish if out-of-state banks are permitted to establish new branches in New York, with those of larger banks who may themselves wish to branch de novo in other states and would, therefore, prefer to see entry requirements here be as liberal as possible in hopes — and it is only a hope — that New York’s approach may guide the action of other states.

If we are to prohibit direct de novo branching, then too we must act to restrict "end runs" around the de novo branching restriction. Out-of-state bank holding companies must be prohibited from merging New York banks chartered less than five years prior to their acquisition with other banks in the same out-of-state-bank holding company structure. I would, however, suggest that flexibility be preserved in order to allow exceptions in a failing bank situation or a scenario in which the bank that will acquire the New York bank already has established a lawful presence in New York through the purchase of one or more other bank branches.

Concentration Limits

As to whether New York State should, by law, set a limit on the percentage of statewide deposits that can be held by any one out-of-state institution (other than the 30% limit set by federal statute, which a state may waive), in my view there is no need to do so for the following reasons:

First: The Banking Law already requires that the impact of proposed mergers or acquisitions be analyzed from the viewpoint of whether there would be a significant elimination of competition or undue concentration.
Second: In analyzing the impact on banking competition and concentration, the relevant geographic market area for a particular merger or acquisition must be determined. Since markets for most banking services are local in character, concentration ratios based on the entire State of New York may not be meaningful.

Third and finally: The money center banks in New York City obtain a large percentage of their deposits and loans in the national and international markets. Since much of their business does not reflect the economy of New York State, or competitive banking conditions within any relevant geographic area of the State, focusing on statewide concentration ratios may not be germane.

In any event, because a state may waive the 30% federal limit, and need not do so by legislation, questions with regard to deposit concentration levels can be resolved as they currently are in New York, by my office and by the office of the Attorney General.

Community Reinvestment

Riegle-Neal amends the Federal Deposit Insurance Act to explicitly state that the "laws of a host state, including laws regarding community reinvestment, consumer protection, fair lending, and establishment of interstate branches, shall apply" to any branch of out-of-state banks to the same extent as such state laws apply to a branch of a bank chartered by that state. Indeed, there is no reason why an out-of-state bank which receives insured deposits in New York should not be evaluated on the same bases as banks chartered in this state. The interstate branching legislation that you will undoubtedly consider will reflect that notion and I will see that those out of state banks wishing to do business in New York are held to the same high standards we expect from our own banking institutions.

It is my intention to administer the current State Community Reinvestment Act provisions in a manner designed to harmonize with those applied by the federal banking agencies in order to avoid conflict, duplication or inconsistency in interpretation to the extent possible. However, I also would like to be clear that, in my view, to be in harmony does not necessarily mean to be in lock step. There may well be nuances contained in our own regulations, areas that
are not in conflict with the federal standards but which expand on or provide additional guidance where local priorities will be reflected. Last week the federal agencies issued revised CRA regulations which my office is now studying. We will need to consider amending State regulations in order to provide consistency with the changes on the federal level, assuming such changes go into effect. Again, whatever the outcome, I wish to assure the Committee that out-of-state banks will be subject to no lower standards than those applied to banks headquartered in New York State.

I believe I have covered the aspects of interstate branching which are within the special expertise of the Banking Department. Thank you again for this opportunity to share my views with the Committee. I look forward to answering any questions you may have regarding this important issue.

Testimony by Superintendent Neil D. Levin
To New York State Assembly Standing Committee on Banks
New York, New York
November 9, 1995

Good Morning:

I would like to thank Assemblywoman Greene for the opportunity to appear today before the Assembly Banks Committee to share some of my views with regard to the important topic of bank mergers and consolidations.

As the Notice of Public Hearing observes, the trend towards the consolidation of banks is expected to accelerate in the coming years. Here in New York, Chemical Banking Corporation and The Chase Manhattan Corporation have recently announced their intention to merge, creating one of the largest banking institutions in the United States. As you may know, the application in connection with that proposed merger is now pending before the Banking Department as well as federal regulators. In fact, the Department has scheduled a joint public meeting with the Federal Reserve Board that is to occur one week from today in order to solicit information concerning the effect of the proposal on the convenience and needs of the communities to be served.
Given that the Chemical/Chase application is pending before the Banking Department, it would be inappropriate, of course, for me to make any specific comments today with respect to the proposed consolidation of those two banks.

Nevertheless, I am pleased to respond to the questions posed by the Committee's notice and can report that New York State's merger review process provides an efficient and fair method by which to assess such merger applications.

1. As a major employer in New York State, what impact will continued bank consolidation and mergers have on the State's economy? What measures, if any, might be taken by New York State to mitigate job losses, branch closings and other potentially negative effects of consolidation?

It is difficult to speculate with any certainty as to the long-range consequences of the merger trend on the State's economy. There is some risk of short-term job reductions associated particularly with mergers between banking institutions that already share the same market. These reductions result from the need to consolidate overlapping operations of the two institutions. On the other hand, such short-term consequences ultimately may result in stronger institutions capable of greater long-term expansion. In the case of out-of-market mergers, the short-term contraction may be milder because there are fewer redundant operations between the two banks. This also tends to mean, however, that the potential long-term gains to be derived from such mergers are likewise more muted.

With respect to such out-of-market mergers, the consequences also will depend upon factors such as whether the New York bank is acquiring another institution or is itself being acquired. The one thing that I can tell you is that banking institutions are likely to continue to feel the need to restructure, seek ways to eliminate excess capacity, and strengthen their competitive position.

It is important to note that many mergers and consolidations will occur in the context of full Interstate banking and
branching. Therefore, in order to mitigate job losses and other potentially negative effects of such mergers and consolidations, the challenge today is to make sure that our State-chartered banks possess the same powers as national banks and banks chartered in other states. Such charter authority will secure for New York’s State-chartered banking institutions a level playing field upon which to compete with out-of-state institutions.

There can be no single better way of achieving this goal than by securing the immediate passage of A.8229, introduced last session by Assemblywoman Greene at the request of Governor Pataki. This bill would opt-in early to the Interstate branching powers of, and thereby empower New York State-chartered institutions to take full advantage of the opportunities created by, the federal Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994.

Failure to secure prompt passage of this measure may exacerbate potentially negative effects of mergers and consolidations in several ways. Delay will inevitably force many of New York’s banking institutions to scramble to match plans now being formulated by those banks that have already been authorized by their home states or national charter to initiate Interstate branching activities. At the same time, other New York State-chartered banking institutions may feel compelled to convert to a national charter so that they can begin to implement their Interstate branching plans. In the latter case, I fear that the State will be guilty of having gratuitously forfeited the day-to-day access and influence it presently enjoys with those institutions by virtue of the State being their primary regulator.

The needed legislation really must be in place well before June 1, 1997 in order to mitigate job losses and other negative consequences that might otherwise result from Interstate consolidation. Failure to pass early opt-in legislation to provide for interstate branching doesn’t just adversely affect banks in New York State; it negatively affects our State’s economic development which has been lagging behind other states in recovering from recession. Impediments which block New York State banks in their efforts to grow by means of interstate branching only serve to give their
competitors a potential advantage in terms of size and efficiency of operation. Allowing a delay that places New York banks at a relative disadvantage may weaken them and retard the contribution of this vital sector to the growth in employment that the New York economy needs, and may cause them ultimately to be the acquired institution rather than the surviving acquirer.

Other states have already begun to act to provide for interstate branching. To date, twenty-one states have enacted some form of interstate branching legislation. Among these states are several of our neighbors, including Connecticut, Delaware, Maryland and Pennsylvania. State-chartered institutions in those jurisdictions and all national banks are able to begin making their interstate expansion plans now, certain that their charter powers allow them to do so.

Each day New York fails to act gives these institutions a strategic advantage over our own State-chartered institutions who presently lack these same powers. This, in turn, may increase the likelihood that, in an interstate merger, it will be the out-of-state bank that acquires the New York institution, rather than the other way around. If such delay has this effect in even one instance, it will then have assisted another state to retain the home office jobs of the newly merged bank. Indeed, it may help create new jobs in that state at our own expense as positions formerly held by New Yorkers at the headquarters of the acquired bank are shifted to the new out-of-state home office of the merged institution.

I am certainly pleased that the institution resulting from the proposed Chemical/Chase merger has chosen to maintain Chemical's New York State charter. However, it is well worth remembering that this election is revocable—that banks may reconsider the charter question at any time.

As I discussed with this Committee on April 25th of this year when I had occasion to testify before you in Albany in connection with the Interstate Issue, I am confident that New York's State-chartered banking institutions can compete efficiently and effectively with those of any other jurisdiction in this country provided that their charter powers are made competitive. Assuming such authority is
granted, I believe that the impact of interstate banking, branching, mergers, and consolidations should be neutral or even slightly positive in the longer term. Certainly, some New York banks may well disappear through absorption by out-of-state competitors. But, at the same time, other New York institutions will grow by means of their own out-of-state acquisitions. And, again assuming competitive New York State charter provisions are in place, it may not be unrealistic even to imagine some out-of-state institutions electing to reconstitute themselves under New York law upon their entry into this State.

New York was among the first states in the nation to enact Interstate branching legislation in 1992. Far from being the first, New York will now be, at best, in the middle of the pack in adopting legislation that responds to the challenges posed by Riegle-Neal. It is time to act to assure that New York’s banking institutions will remain competitive in this interstate merger environment.

Along with a competitive State banking charter, New York also needs to provide a competitive business environment for its banking institutions in order to mitigate potentially negative effects of mergers and consolidations. All of the following factors may be important in promoting an hospitable business environment: labor cost considerations, worker compensation premiums, energy costs, and tax structure. An inhospitable business environment may compel some bankers to move headquarters and other aspects of their operations outside New York, which, in turn, could exacerbate job and revenue losses.

2. How will bank mergers impact upon the competitive position of New York State’s banks? Are there adequate antitrust protections currently in statute? What impact will bank mergers have on the thrift industry? What should be done to ensure the continued growth of banking in New York State?

New York continues to be the world’s banking and finance capital. To maintain this leadership position, again let me stress the importance of immediate passage of the Governor’s Interstate Branching Bill. Banking Institutions need to know right now that New York is committed to maintaining the State charter as a
modern, flexible instrument that allows them to exercise the powers they need in order to remain competitive with national banks and those organized under the laws of other jurisdictions.

Regarding antitrust concerns, the Banking Department is confident that procedures currently in place provide significant protection. Under the provisions of Sections 601-b and 143-b(3) of the Banking Law, the Superintendent must determine whether a proposed merger or acquisition would result in a substantial lessening of competition and would introduce significant anticompetitive effects on prices and consumer and business welfare.

The Department analyzes the competitive effects of a merger to avoid a concentration of market power such that a bank could exercise monopoly power in pricing decisions or limiting access to services to the detriment of consumers and businesses. Moreover, under the statute, the impact on the needs and convenience of the public must also be assessed.

In the review process, the relevant geographical product markets must first be specified. Banking markets often tend to be local in nature. The direct and potential competitors are then identified. There is a screening process to assess whether there are likely to be serious competitive issues. If there may be potential for competitive concerns, the Banking Department undertakes an in-depth review of banking market structure and the competitive impact of the proposed merger.

Of course, one should not overlook the fact that the New York Attorney General, the United States Justice Department, the Federal Reserve, and applicable federal regulators also may assess antitrust considerations associated with particular mergers.

The impact such mergers will have on the thrift industry is not clear at this time. I can tell you that the number of thrift institutions in the United States continues to decline, falling from approximately 3,300 at year end 1986 to about 2,100 as of June 1995.
Several factors may contribute to a decline in the number of thrift institutions in New York State. One may expect that some smaller thrifts may choose to merge with other thrifts in order to establish a larger regional presence. Banks may seek to acquire some thrifts to enhance their mortgage lending businesses. Technological innovation within the mortgage industry has introduced economies of scale and encourages consolidation. Stock-form institutions with strong franchises may prove attractive candidates for mergers or acquisitions.

On the other hand, thrifts, as well as the State's community banks, will continue to play a critical role in the State's financial services network. Smaller banking institutions will continue to benefit from competitive strengths derived from their focus on service to their local community markets.

As with the banks, a modern, flexible State charter that permits New York’s thrifts to compete with thrifts operating under federal or other state charters will be an important tool in our efforts to ensure the continued growth of these institutions in New York State.

In addition, it is possible that one outcome of the proposed merger of the Bank Insurance Fund and Savings Association Insurance Fund could be the elimination of the federal thrift charter. If state thrift charters are allowed to continue, New York State could see a number of federal thrifts switch to a New York State charter.

As an aside, I can report that Jamestown Savings Bank is scheduled to open for business this morning. This is the first savings bank charter granted by the Banking Department in almost 30 years.

3. What impact will bank mergers have on consumers and small business banking services, and low and moderate income communities?

In recent testimony before the U.S. House banking subcommittee on financial institutions and consumer credit, representatives from the Federal Reserve, the FDIC and the Comptroller of the Currency stated that bank mergers and Interstate
branching have improved the safety and soundness of our nation’s financial institutions without restricting consumers’ access to banking services.

The witnesses there stated that although the number of banking organizations nationwide declined to about 7,700 this year from some 9,200 in 1990 and from 12,000 in 1980, the number of branches serving the public actually rose to 65,000 in 1994 from 53,000 in 1980. At the same time, concentration within local banking markets has remained about the same, despite the fact that there were more than 6,300 bank mergers between 1980 and 1994.

Furthermore, bank loans have increased steadily since the recession of 1990-1991, suggesting that customers are being served adequately. Loans by banks and thrifts nationally rose 10.6% this past year ending in June. About half of this reflected growth in home mortgages or other consumer loans.

The witnesses also noted that mergers haven’t hurt the ability of small banks to compete. According to the testimony, in four of the last six years, institutions with less than $100 million in assets have been more profitable than the industry average. The federal regulators said that small banks also have the lowest percentage of troubled assets and the highest capital levels of any asset-size group they track.

Countering a perceived concern that the large institutions resulting from these mergers are not in the best interests of the country, Federal Reserve Governor Janet Yellen said that the current mergers will have “only modest effects” on the ability of households and small businesses to obtain financial services locally.

Granted, there may be temporary dislocations or disruptions, but enhanced bank competitiveness should foster innovations in products and services.

All citizens should have access to the broad array of financial services. Bank branches serve a vital link in the provision of these services. Alternative delivery systems, such as ATMs or telephone and PC banking, are increasingly meeting banking needs
as well.

Check cashers and money transmitters also are providing necessary services in low and moderate income areas. Their growth in recent years attests to the changing financial needs of some communities.

In trying to find ways to bring more banking services to a greater number of communities throughout the State, the Banking Department is looking at the possibility of encouraging banks to open ATM facilities in existing check cashing locations and to experiment with shared-ownership ATMs and branches. These are just a few of the initiatives the Department is looking into in order to broaden the availability of banking services.

The Community Reinvestment Act also plays a critical role in encouraging the provision of services in all communities, particularly low-and-moderate income neighborhoods.

4. What factors and criteria are currently employed to review and approve proposed bank mergers? What role does CRA compliance play in the merger process? What changes, if any, would be appropriate to improve the current merger process?

5. How is public and community participation solicited and incorporated in the review of proposed bank mergers? What changes in that process, if any, would be appropriate to ensure full and adequate public and community participation?

I believe that the following comments are responsive to the questions posed in both numbers four and five of the notice.

Most proposed mergers and acquisitions involving all or a substantial part of the assets of a New York State-chartered banking institution are governed by Article 13 of the Banking Law. Those involving bank holding companies are subject to the provisions of Article 3-A.

When an application is submitted to the Banking Department, its receipt and subsequent acceptance are each
announced in the Weekly Bulletin, a Banking Department publication that has an extensive mailing list, including many community groups. Public notice of a proposed merger or acquisition typically is also given by each party to the transaction in connection with the call for a shareholders' meeting to obtain corporate approvals of the transaction.

Once received, the application is then reviewed internally by the Banking Department's legal division, consumer services division, economic research division, and the division that supervises the types of Institutions Involved in the transaction, primarily the domestic commercial banks division or the thrifts division.

The purpose of these concurrent reviews is to ensure that the proposed transaction does not violate any law, including antitrust statutes and the Community Reinvestment Act, or raise any question regarding the banking Institutions' safety and soundness and capital adequacy.

Part 76 of the General Regulations of the Banking Department provides that in connection with any merger and acquisition applications made pursuant to Article 13 of the Banking Law, the Superintendent of Banks is required to take into account, among other things, the applicant bank's record of meeting the credit needs of communities served, including low and moderate income neighborhoods.

Included within the consumer services division of the Banking Department is the community reinvestment monitoring unit. As part of their review, the community reinvestment monitoring unit thoroughly investigates and analyzes each applicant that is covered by the Community Reinvestment Act, namely FDIC-Insured depository Institutions. For State-chartered institutions, the written reports of past CRA compliance examinations conducted by the community reinvestment monitoring unit are reviewed. In the case of nationally-chartered banking institutions, reports prepared by the applicable federal regulators are scrutinized. In addition, comments received from community groups or other members of the public are also taken into account.
I would like to take this opportunity to stress that the Banking Department has recently taken steps to encourage greater public comment on applications falling under the purview of CRA. On September 15, I announced the implementation of an extended thirty-day comment period in connection with large acquisitions or mergers. This is in lieu of the ten-day period that was previously used. In addition, I also announced that applicants are now required to submit five additional copies of any applications that are subject to CRA in order to expedite the production of documents in response to requests made pursuant to the Freedom of Information Law. In the same news release I reminded the public as to the proper manner by which to make such FOIL requests. It is my belief that these measures will facilitate the processing of applications by providing certainty to both financial institutions and the public with respect to Banking Department application policies, and thereby make this process more fair and effective.

The Department also is soliciting earlier public comment in connection with the annual CRA examination process. The shift in emphasis from a more process-based to a more performance-based assessment reflected in the new federal CRA regulations imposes greater burdens on the examination methodology. As a result, I am considering publishing the Banking Department's schedule of future CRA examinations several weeks in advance of each examination, with comments due one week prior to the commencement of such exam. By doing so, I hope to encourage community groups and other interested members of the public to provide comments with respect to the perceived needs of their communities and their views as to whether the banks to be examined are responsive to those needs. In this way, the Banking Department personnel responsible for such examinations will have the benefit of these comments as they undertake their review.

In addition to the various reviews described above, the Superintendent has the discretionary power to hold a public meeting if deemed necessary in order to collect additional information concerning the effect of any proposed merger or acquisition on the convenience and needs of the communities to be served, including records of the performance of the institutions under CRA.
Such public meetings may be called if it is believed that they will elicit additional information that will assist the Banking Department in its deliberations with respect to the application. With regard to the recent Fleet/Shawmut merger application, the Banking Department participated in the Federal Reserve's public meeting, and on November 16, in connection with the Chemical/Chase application, the Department will conduct a joint meeting with the Federal Reserve. I must point out, however, that such public meetings are not part of the standard review of such merger or acquisition applications.

After the various assessments and reviews enumerated above have been completed, the Banking Law provides that the Superintendent shall consider the following factors in determining whether to approve any such applications: safety and soundness; antitrust concerns; and above all, whether the public interest, and the needs and convenience thereof, are served by such merger or acquisition.

I believe that the procedures I have just outlined provide the Banking Department with a complete record upon which to base its determination as to whether a particular merger or acquisition application should be approved or denied.

I thank the Assembly members for their patience and their attention.
Good morning:

Chairwoman Roukema, Congressman Vento, members of the Subcommittee:

Thank you very much for the opportunity to appear before you this morning to share some thoughts concerning the recent events surrounding The Dalwa Bank, Limited ("Dalwa" or the "Bank") and the issue of the supervision of foreign banks generally.

The revelations with respect to the unauthorized trading activities of Mr. Toshihide Iguchi, and the apparent efforts by senior management at Dalwa to hide these misdeeds from the Bank's U.S. regulators once they were discovered, are indeed shocking. The subsequent disclosure of prior occasions when the Bank failed to address, in a forthright manner, other trading losses incurred at The Dalwa Bank Trust Company (the "Trust Company") further heightens the sense of dismay.

This matter is disturbing because it shatters the trust that forms the foundation of all banking regulatory efforts in this country, whether the regulator is the New York State Banking Department (the "Banking Department" or the "Department"), our federal counterparts, or the other state regulators, and regardless of whether we are discussing foreign or domestic banking institutions.
Clearly, the Dalwa incident already offers several preliminary lessons concerning the supervision of foreign banks in the United States. I will share some of my observations in that regard in a few moments. But, I stress that these impressions can be only preliminary.

As you, no doubt, are aware, the criminal investigation initiated by the United States Attorney for the Southern District of New York is underway. The Banking Department is conducting its own exhaustive inquiry into this matter. In addition, the accounting firm of Arthur Andersen was retained to undertake, and has commenced, a thorough forensic audit of Dalwa's New York activities pursuant to two Cease and Desist Orders issued by the Banking Department: the first issued jointly with the Board of Governors of the Federal Reserve System (the "Board of Governors") against Dalwa's New York branch and the second issued in coordination with the FDIC against the Trust Company, each issued on October 2, 1995. Arthur Andersen conducted a similar review in connection with the failure of Barings P.L.C., and so, brings invaluable experience in helping to unravel what really happened at Dalwa. Also, I know that our federal regulatory colleagues are undertaking their own thorough investigations.

These reviews and inquiries, collectively, will provide a much more comprehensive understanding of this troubling episode than is possible to provide today. I believe this is important to keep in mind in attempting to frame appropriate responses to the problems illuminated by the Dalwa incident.

At the same time, as the Subcommittee will appreciate, I have been immersed in the Dalwa matter since it was first revealed to the Banking Department on September 22. During the past ten weeks, I have reviewed a great deal of information. Most of this information remains highly sensitive and confidential.

Therefore, if I appear at all hesitant in any of my responses, please know that it is certainly my intent to answer your questions to the best of my ability. However, I must also choose my words with care to avoid any inadvertent disclosure of confidential information. I appreciate your patience.
Having said that, to assess properly the performance of foreign bank supervision in the United States requires that there first be agreement about the goals and objectives the regulators should be striving to achieve.

The Banking Department's statutorily prescribed mandate is to maintain the safety and soundness of the institutions it oversees, to maintain public confidence in the banking system generally and to protect the public interest. Regulators in the United States traditionally have addressed the issue of safety and soundness by focusing on whether a bank possesses sufficient reserves to absorb potential losses and whether adequate procedures and rules are in place to deter imprudent activities that might threaten the bank's stability. Historically, bank regulators have not attempted to verify the accuracy of individual transactions in order to detect fraud. That responsibility has been ascribed to the banks' internal and external auditors. Put another way, as Vanderbilt University Finance Professor Hans Stoll observed in The Wall Street Journal shortly after the losses were announced by Dalkia: "The regulators are there to establish a framework to protect the bank deposit insurance fund, not to protect banks from their own employees."

The truth of the matter is that it always will be difficult to guard against individuals - or institutions - who intentionally subvert the banking oversight process by engaging in activities intended to deceive and mislead banking regulators.

I return then to the concept of trust. The successful supervision of banking institutions requires an environment of absolute frankness and total candor between the regulator and the institutions being regulated. Anything less is unacceptable. When a bank conducts unlawful activities and management attempts to hide such activities from the bank's regulators, the rules of conduct underlying the banking business are broken and the system is undermined. In the final analysis, perhaps the greatest single resource available to the regulator is the resoluteness of conviction to insist that the banking institutions it oversees maintain complete fidelity to this trust mechanism, and to deal swiftly and harshly with those who do not.
Commentators publicly speculated about the possible penalties that might be imposed against the Bank, including stiff fines. The severe measure of withdrawal of Dalwa's several licenses to operate in New York and elsewhere in the U.S. was regarded by these observers as unlikely, and dismissed by some as 'draconian'.

They were wrong. They were wrong because they failed to appreciate the fundamental relationship between the trust mechanism and the proper regulation of banking institutions. They were wrong because they failed to recognize the importance to the United States economy of maintaining the integrity of its financial markets.

Was the reaction of the Banking Department and the federal and other state regulators draconian? Not at all. In my view, it was the proper and measured response to a frontal assault on the bank supervisory process. It is well to remember that the decision to terminate Dalwa's operations is not a reaction to a single incident. Rather, it addressed a chronic pattern of deception occurring over a number of years and involving the Bank's most senior officers.

In the end, I believe that the single best regulatory strategy to address situations like Dalwa is to maintain a regulatory environment that retards the development of such situations in the first place. The challenge is to make sure that the regulatory and supervisory tools available to regulators are marshaled and deployed appropriately in order to promote that objective.

With the advantage of perfect hindsight, one must conclude that there are areas where all regulators, including the Banking Department, can and must do a better job. Therefore, I do have several initiatives which I share as a preliminary response to some of the issues raised by this matter:

- First is the imposition of a mandatory external audit requirement for a foreign branch or agency in certain prescribed instances, such as where breaches or material weaknesses in internal control functions have been discovered. An annual audit requirement may be appropriate in instances that warrant ongoing attention, including those involving a broad magnitude of financial
problems. If it would assist banks and their regulators in understanding necessary enhancements to internal controls, a one-time external audit would be required to assess the local branch's internal control structure.

Second, the Department will set out guidelines banks can use to establish internal policies governing the review of problems once they are detected. These standards should provide guidance as to when investigations can be handled by internal staff and when third party professionals should be engaged.

Third, will be a requirement that all banks, foreign and domestic, Implement firm vacation policies under which employees who occupy sensitive positions must be offsite and offline for a minimum period of ten consecutive business days each year. This will make it harder for such employees to cover up fraudulent or otherwise improper activities.

Along with these measures, the Banking Department will stress to all of the banks under its supervision the need for prompt and candid notice to the Department as soon as problems are discovered. At the same time, the banks' and the Department's own personnel both will be put on notice that, in the future, better follow-up will be required to monitor the resolution of identified weaknesses at banks, even those that do not rise to the level of supervisory action.

Finally, the Dalwa incident highlights, in a positive sense, the interplay between the federal and state regulatory structures, and the accelerating trend towards the coordination of activities between the Department and its federal counterparts. The objective of all regulators is striving for greater cooperation is, and must continue to be, the quality of supervision.

The collective response of Dalwa's regulators was unambiguous and sends a clear message to those who may be tempted to do likewise. If anything good has come from the Dalwa Incident, it is that the banking regulators in this country, at the
Banking Department, the federal regulators and those of the other applicable states, have spoken with one voice in stating unequivocally that behavior such as that which has come to light at Daiwa will not be tolerated.

The Banking Department is proud of its long history in regulating foreign banks. The Department was the first regulator of foreign banks in the United States and remains the primary regulator and chartering agency of branches and agencies of foreign banks, representing 72% of the total foreign branch and agency assets in this country. As of December 31, 1994, the Department had licensed 143 branches and 57 agencies of foreign banks under its supervision with combined net total assets of $541 billion. The Banking Department believes it possesses an expertise and a perspective that makes an important contribution to the continued regulation of foreign banking institutions under the dual banking system.

The remainder of this testimony contains the Banking Department's understanding of what happened at the Bank and the Trust Company, a brief chronology relating to the regulatory responses to this matter, together with a discussion concerning the relationship among the various investigations being conducted, a brief discussion of recent trends in the regulation and supervision of foreign banks in this country under the framework of the dual banking system, and finally, my preliminary recommendations for changes in the way foreign banks will be supervised in New York State as a result of the Daiwa events.

A. EVENTS INVOLVING DAIWA AND THE TRUST COMPANY

DAIWA BANK

As I mentioned at the outset, it is important to remember that we do not have, as yet, the full story. Therefore, I prefer to avoid rushing to conclusions about what happened.

The Banking Department has commenced a thorough review of its supervision of Daiwa in general and of why Mr. Iguchi's trading losses were undetected. Attached as an Appendix is a
chronology that details the Banking Department's understanding as to what happened at the Bank and the Trust Company, as well as the events leading up to the termination of Daiwa's operations in the United States.

A proper assessment of these matters, and the Banking Department's response, requires that they be viewed in a multifaceted context. At any given point during this period there were different issues that dominated the concerns of regulators, and the Banking Department deployed its resources in order to best address these priorities. It is important to remember that Mr. Iguchi devised, either alone or with others, an elaborate system deliberately designed to escape detection. Finally, as was previously noted, bank examinations are not, and never have been, designed or intended to ferret out fraud. Instead, the Department quite properly focused its attention on Daiwa's fundamental safety and soundness.

Supervision of Daiwa

The Banking Department has always relied on home country supervisors to provide oversight of a foreign banking Institution taken as a whole, and generally considers the issue of home country consolidated comprehensive supervision as a criterion or benchmark utilized in connection with applications to commence operations in New York. By contrast, ongoing supervision is based primarily on the Department's own system of supervision, including its annual on-site examinations. These are supported by various reporting requirements and evaluations of nationwide activities and head office and home country support. Such information is further supplemented by brief on-site visitations between examinations.

In assessing the condition of Japanese banks, up until the mid-1980's, the Banking Department relied heavily on the banks' home offices and Japanese regulators. In the early years when Japanese banks were establishing operations in the U.S., the Department deferred to Japanese policies and practices concerning general internal control and audit matters and the Japanese use of self-inspections. The Banking Department believed at that time that
the Japanese Ministry of Finance (the "MOP"), the Bank of Japan (the "BOJ") and the home offices of the Japanese banks themselves were exercising an appropriate level of supervision over their banks on a global basis and were closely supervising all foreign branches in New York State. The Department also took into consideration the fact that the home offices of the banks seemed themselves to be sending the "cream of the crop" to run the New York branches. In the Department's opinion, the Japanese were unfamiliar with and, accordingly, did not understand the American system of tight internal controls and the need for audit coverage, relying instead on their long-standing self-inspection programs (whereby branch officers would routinely cross-check each other's operations) as the appropriate level of oversight.

These differences in supervisory frameworks were, of course, not entirely compatible. On the other hand, the Japanese banks were highly successful during this period and did not suffer from any clearly identified problems. Thus, if the combination of home country supervision and self-inspections were deemed adequate, it was the Department's practice to identify audit weaknesses at examinations without necessarily recommending the employment of an internal or outside auditor. It is also important to remember that asset quality, namely LDC debt, of which Japanese New York branches held large portfolios, and later, real estate loans, posed very real safety and soundness concerns, and the Banking Department focused a substantial portion of its efforts on monitoring this asset quality issue. These asset quality concerns were emphasized under the AIM rating system used at the time to assess the operations of foreign banks and agencies. As discussed below in Part B of this testimony, the AIM system was replaced earlier this year by an enhanced framework for supervising the U.S. operations of foreign banking organizations, which coordinates the oversight functions of all state and federal regulators and which places relatively greater emphasis on the role of the banks' risk management efforts.

* AIM stood for Asset quality, Internal controls and Management.
DALWA, in particular, also grew tremendously during this period. Notwithstanding its self-inspection program and head office supervision, the Department did criticize Dalwa’s internal controls and auditing, and made numerous suggestions about expanding the Bank’s audit coverage.

By the late 1980’s, LDC loan problems, while still an issue, seemed to be stabilizing. During this period, the Banking Department witnessed a rapid increase in both the number and size of Japanese institutions in New York. In response, the Department began to apply concerted but informal pressure on Dalwa, among others, in an effort to persuade them to hire internal auditors. Dalwa agreed in early 1988 and developed an audit program. While it was not perfect, it did represent significant progress, especially given Dalwa’s reluctance (in common with many foreign banks) to the notion of auditors in the first instance. In hindsight, one must ask whether the regulators were too patient with Dalwa in awaiting the development of a meaningful system of internal controls.

Examination of Mr. Iguchi’s responsibilities

In simple terms, the Banking Department did not scrutinize Mr. Iguchi’s treasury bond trading activity par se, because his responsibilities as a trader, as a supervisor of traders, and as head of Dalwa’s custody area were deliberately obscured. In retrospect, however, the Banking Department’s scrutiny of the matter once it learned of the extent of his duties in late 1993 was probably inadequate.

By way of background, the Bank moved most of its operations from downtown to midtown Manhattan in 1986. The Department believed that the downtown office, where Mr. Iguchi worked, would house the custody operation only and serve as a back office. The Banking Department learned during the 1993 joint examination with the Federal Reserve Bank of New York (the “FRBNY”) that Dalwa had misrepresented that its trading operations were conducted only in midtown. The ostensible reason for this subterfuge was that MOF had not given approval for Dalwa to have traders downtown after 1986, and Dalwa did not want MOF to learn the truth. Before the 1993 examination, the Banking Department
had no reason to believe that its examinations of the trading operations in midtown were not comprehensive. Subsequently, the Department was led to believe by Dalwa that all traders had been permanently moved to midtown.

THE TRUST COMPANY

The Trust Company is a wholly owned subsidiary of Daiwa Bank located in New York. In early October, after Mr. Iguchi’s trading losses were revealed, Dalwa disclosed that Dalwa Trust had incurred approximately $97 million in losses involving trading in United States Treasury Bonds. The initial losses were caused by unauthorized trading by a locally hired employee of the Trust Company. When the Trust Company discovered it in 1984, the magnitude of the loss was approximately $31 million.

According to Dalwa, officers of the Bank engaged in subsequent trading in an attempt to mitigate the initial loss. Instead, by September 1987, the total losses had escalated to approximately $97 million.

At this point, the losses were shifted to a non-bank corporation in the Cayman Islands set up by the Bank specifically to absorb the loss. The Bank has reported that the loss was eventually eliminated and the new entity was dissolved in August 1994.

Published accounts have also suggested that senior officials at Daiwa’s home office in Osaka were aware of and condoned the cover-up.

The losses incurred by Dalwa Trust were not reflected in the financial statements prepared at that time, nor was the Banking Department notified until October 5, 1995 as to their existence by either the Bank or Dalwa Trust. As has been publicly reported, there were several oblique references to the matter contained in Mr. Iguchi’s confession, and this prompted regulators to include references to possible trading losses at the Trust Company in the October 2, 1995 Cease and Desist Order.

At this point, the Banking Department is still in the very
preliminary stages of its investigation of this matter. As I have stated, the Department has asked Arthur Andersen to include these losses in its forensic review.

REGULATORY RESPONSE TO EVENTS

On Friday morning, September 22, 1995, Daiwa informed the Banking Department that it had suffered a $1.1 billion loss as a result of unauthorized transactions by Mr. Iguchi. In a written confession sent to Daiwa’s president in July, 1995, Mr. Iguchi admitted that he had been secretly trading U.S. Treasury securities since 1984. Daiwa further advised the Department that it had informed MOF of these events on September 17, 1995, the FRBNY on September 18, 1995, and BOJ sometime shortly thereafter.

The Banking Department requested a meeting with the FRBNY, which was held on Friday afternoon, September 22, to inform the regulatory agencies’ personnel involved in bank supervision about the situation at Daiwa. At this meeting, the Department first suggested that a Cease and Desist Order was necessary in light of the disclosures. The Department and the FRBNY arranged to meet again on the following Tuesday to begin planning a coordinated supervisory response. The FDIC was notified of the problems at the branch, in light of its role as insurer of the Trust Company’s deposits.

During the week of September 25, discussions were held within the Department to determine what immediate action, if any, should be taken in response to the situation at Daiwa. The magnitude of the initial revelations by Daiwa raised clear questions with respect to the overall system of internal controls and audit at the branch. The Department became concerned that there might be other undiscovered problems at the Bank and that continued trading could exacerbate them. The Banking Department remained deeply troubled by the obvious violations of law evidenced by Daiwa’s failure to notify regulators in the United States during the two months after discovery of the losses and the fact that during that period Daiwa had not initiated a forensic review.

The Banking Department was also in constant contact with
the FRBNY, Board of Governors staff and the FDIC during this time to discuss the situation and to develop a common strategy. The Department decided that the quick issuance of an order addressing its concerns was both necessary and appropriate. Since the Department suspected that internal control weaknesses might also exist at the Trust Company, the Department felt that a similar order should be addressed to that entity. On Thursday, September 28, the Department informed its federal counterparts of its decision to issue orders, and both agencies indicated that they would like to be parties on any such orders.

On October 2, a Cease and Desist Order was jointly issued by the Banking Department and the Board of Governors to Daiwa and a second order was jointly issued by the Department and the FDIC with respect to the Trust Company. The joint orders severely limited the activities of the Bank and the Trust Company, especially in the trading area. They also required, among other things, that an independent CPA firm, acceptable to the regulators, be engaged to perform a number of functions. For Daiwa's branch these included: conducting a forensic review of the $1.1 billion in securities trading losses; preparing a complete reconciliation and verification of branch assets and all other assets entrusted for safekeeping; and performing a comprehensive audit of internal controls, custody business, risk management and management information systems. For the Trust Company, the task was to conduct a comprehensive audit of the internal controls, custody business, risk management, and management Information systems of the Trust Company, and the accuracy of records relating to its trading operations, paying special attention to areas where any losses might have occurred. At the same time, the regulators began an examination of the institutions, consistent with the U.S. Attorney's criminal investigation.

In the weeks following the orders, the Banking Department obtained additional pertinent information. For example, the Bank admitted that a $97 million loss had occurred at the Trust Company in the mid-1960's and had been covered up. On October 19, 1995, Mr. Iguchi pleaded guilty and implicated Daiwa management in concealing his losses. In the face of these revelations, the Department remained uncomfortable about the internal control environment at the branch and the Trust Company. The pattern of
lies and deceptions by Dalwa’s management created an environment of distrust.

The Banking Department, the Board of Governors, the FRBNY, the FDIC and the other state regulators in jurisdictions where Dalwa did business mutually agreed that Dalwa’s U.S. operations should be terminated. It was also decided that this should be done by consent, if possible, so as to minimize any possible disruption to the banking system and in order to avoid protracted hearings. The regulators worked together in drafting these orders and Dalwa agreed to their terms. Both MOF and BOJ were notified as to this course of action. In fact, the New York representatives of MOF and the BOJ were kept closely briefed concerning regulatory developments during the entire incident.

The consent orders oblige Dalwa to terminate its banking operations in the United States by February 2, 1996. They also require Dalwa to maintain books and records in the United States that will be needed for, and to cooperate in, the various ongoing investigations. The consent orders were released on November 2, in conjunction with the announcement by the U.S. Attorney’s office of its indictment against the Bank.

In view of the termination orders issued against Dalwa, the regulators are now conducting examinations at the branch and the Trust Company that include monitoring the funding, capital adequacy and asset quality of the institutions during the wind down period, as well as assessing the adequacy of ongoing internal controls and management information systems.

Delay by MOF

In considering the overall regulatory response to this incident, the Banking Department was disappointed by MOF’s long delay in disclosing its knowledge of the Dalwa trading losses. The Department remains concerned generally by the inadequate lines of communication from Japanese regulators to their U.S. counterparts that were exposed by this matter.

Nevertheless, the Department believes that its continuing
efforts to promote more thorough consultation among regulators, both domestic and foreign, helped to contain the magnitude of the failure of communication in the Dalwa case. At a minimum, the Department had prompt and ready access to Dalwa's Japanese regulators in order to express the Banking Department's disapproval concerning the manner in which the incident was handled. The Department also has conveyed its position to the Japanese authorities that greater coordination in the future is an Imperative. In this world of global banking, absolute cooperation among regulators is essential if we as regulators are to succeed.

In this latter regard, I can tell you that I received a letter dated November 22, 1995 from Vice Minister of Finance Kato, in which he acknowledged that MOF should have encouraged the Bank to expedite its investigation so that MOF would have been in a position to report earlier to regulators in this country with respect to the situation at Dalwa. Mr. Kato further conceded that "the Concordat of the Basle Committee does not entail legal obligations but the above-mentioned delay in our reporting to the U.S. might not be consistent with the spirit of the Concordat." The Vice Minister's letter also pledges more timely consultations in the future. I welcome such a pledge.*

Relationship among Investigations

The Banking Department has worked closely with other banking regulators since the Dalwa matter came to light. Department officials have met continuously with their counterparts at the Board of Governors, the FRBNY and the FDIC in connection with both the October 2 and November 2 orders to achieve the mutual goal of developing and presenting a clear and unified position with respect to Dalwa. This has been truly an exemplary

* While there are no formal agreements governing the exchange of Information among bank supervisors, the so-called Basle Concordat sets forth, among other things, an understanding that banking supervisory authorities will maintain open communication lines.
and complementary effort, as the various entities have each contributed a unique perspective and different areas of expertise, while remaining focused together on the issues at hand. Unanimous conclusions have been reached in an expeditious manner. In connection with the termination orders, the above-mentioned regulators also worked closely with several other state banking regulators who supervise Daiwa offices across the country.

The Banking Department has also been very sensitive to the needs of the U.S. Attorney in connection with her highly complex criminal investigation of Daiwa. The Department has taken every step to cooperate with the U.S. Attorney’s office, consistent with the Banking Department’s own regulatory responsibilities to ensure Daiwa’s safety and soundness until its U.S. operations are terminated and to determine any ongoing issues that require a regulatory response. Thus, the Banking Department has elected to pursue certain aspects of its own investigation in a different order and at a somewhat slower pace than otherwise would have been the case.

B. REGULATION AND SUPERVISION OF FOREIGN BANKS

There has been an incremental but nonetheless persistent trend over the past twenty years towards an increased federal participation in the regulation and supervision of foreign bank operations in the United States. Prior to the enactment of the International Banking Act of 1978 (‘IBA’), states had sole supervisory authority over foreign banks, and such banks exercised broad powers, including some that were denied to domestic banks pursuant to Glass-Steagall, such as the authority to branch interstate and the ability to create or acquire certain non-banking subsidiaries, including securities underwriters.

With the passage, in particular, of the IBA and the Foreign Bank Supervisory Enhancement Act of 1991 (‘FBSEA’), many of these powers have been either abolished or greatly restricted. Foreign banks generally have been made subject to many of the same federal laws and regulations that apply to domestic institutions, and their powers conformed to those possessed by their American counterparts.
Federal oversight of foreign banks also has been enhanced over this same period, which created a new framework for the supervision of foreign banks where federal supervision complemented existing state efforts. A federal license for foreign banks was created under the supervision of the Comptroller of the Currency (the "OCC"). The Board of Governors has been given specific authority to conduct annual examinations of all foreign banks. In addition, the Board was also granted broad statutory powers to approve matters relating to the establishment or dissolution of foreign bank operations in the United States.

In New York State, the Banking Department has been supervising the affairs of foreign banks operating in New York for more than a century, so that there already existed a well-developed statutory and regulatory scheme in New York to address the oversight of these institutions.

Nevertheless, the same developments that led to the passage of the IBA and FBSEA provided the impetus for significant regulatory reform in New York State over this same twenty year period. I would like to cite several of the more recent developments in this regard.

First of all, in the Fall of 1991, an advisory committee was formed to analyze the risks involved with transnational banking and to recommend specific actions needed at the State level to tighten the supervision of these banks. The Superintendent’s Advisory Committee on Transnational Banking Institutions (the “Committee”) was established subsequent to the BCCI incident and the liquidation of BCCI’s New York office by the Department, just before the passage of FBSEA.

The Committee, advised and supported by senior members of the Banking Department’s staff, was chaired by John G. Helm, the Chairman of Global Financial Institutions for Merrill Lynch and formerly U.S. Comptroller of the Currency and New York State Superintendent of Banks. The other twelve members of the Committee included prominent representatives of both the foreign and domestic banking industries, the legal and accounting professions, and academia. Law enforcement was represented by
Manhattan District Attorney Robert M. Morgenthau.

The Committee issued its report in March 1992. As a result of the Committee’s recommendations, the Banking Department has sought to enhance the foreign bank regulatory process at the State level in a number of ways.

For example, the Department has undertaken a number of initiatives to foster increased cooperation and coordination of activities among regulators. The Banking Department participates in quarterly meetings in New York where it meets with the various federal regulators, including those based in New York and in Washington, to discuss supervisory issues of mutual concern.

Internationally, the Department has encouraged information sharing on a confidential basis with the home country regulators of banks operating in New York State and has been able to forge close working relationships with many of them, including the Bank of England and, the Dalwa matter notwithstanding, the MOF.

With regard to the foreign banks themselves, the Banking Department also has supported changes in the statutory and regulatory structure in order to promote greater communication. Foreign banks seeking entry must assure the Department that they will provide any information that the Department deems necessary to assure compliance with New York laws and regulations. Foreign banks must also provide information about control parties and changes of control.

Moreover, the New York Banking Law was amended to require foreign banks to maintain, at their New York offices, records reflecting all transactions effected by, or made on behalf of, such offices, as well as all actions taken within New York State by such banks’ employees within New York in order to effect transactions for any office of the bank located outside the State. So, for example, where a bank runs any of its offshore operations from its New York office, Banking Department examiners will review the offshore branch records to ensure that New York transactions are booked only in New York and offshore transactions are booked with the appropriate offshore entity. The Department does not have the legal
authority itself to examine or supervise offshore branches. It can and will insist, however, that transactions involving such branches are not commingled with those of the New York entity the Department does regulate.

In addition, the Banking Department has adopted or strengthened a number of standards in order to better monitor the financial condition of the foreign banks it oversees. Both branches and agencies must meet a minimum asset pledge requirement, based on a percentage of liabilities or $1 million, whichever is greater.

The Department also worked closely with the other federal and state regulators in developing an enhanced framework to govern the supervision of operations of foreign banking organizations in the United States. The new framework provides for the pooling of information among all federal and state regulators of foreign bank branches and agencies with the goal of creating a unified and coordinated examination and supervisory scheme to govern oversight of these institutions. Foreign banks doing business in the United States are now assessed from three distinct, but inextricably linked, perspectives.

First, regulators review the ability of the foreign parent to assist its U.S. branch or agency should the need arise. This so-called Strength of Support Assessment ("SOSA") seeks to measure the global financial condition and prospects of the institution and the system of supervision in the foreign banking organization's home jurisdiction. SOSA is designed to assist in the identification of branches and agencies whose activities may be in need of closer scrutiny. It is for the internal use of domestic regulators and is not disclosed either to the banks themselves or to their home country regulators. Foreign banking organizations identified through this process as having significant weaknesses may be put on asset maintenance or otherwise have their U.S. operations limited. Some

* Asset maintenance requires that the institution maintain assets in New York State in excess of third-party liabilities.
other form of supervisory intervention may be warranted with respect to such an organization, including, as a last resort, either voluntary or involuntary liquidation.

The second aspect of the new framework for assessing the operations of each individual branch or agency is the ROC-A system of examination. As mentioned above, foreign branch or agency operations previously were assessed under the AIM rating system, which emphasized asset quality. It must be recognized that asset quality, while an integral part of any review of a branch or agency, tends to be a "trailing" indicator of branch performance. In other words, by the time problems surface in an assessment of asset quality, a bank's safety and soundness may have already been compromised. Conversely, poor asset quality at a branch or agency may not indicate any true problem if, for example, a New York branch is used by a strong foreign bank as a workout center for problem credits or LDC loans.

The new ROC-A system is designed specifically to rate a single branch or agency, i.e., an entity that is part of a greater whole. It places relatively greater emphasis on the role of risk management, which includes the management of credit and trading risks. It identifies significant supervisory concerns in a systematic and consistent fashion. The composite ROC-A rating is set forth in the open, summary section of the examination report.

Finally, the ROC-A assessments of all of a foreign bank's branches and agencies in the United States, together with the examination rating accorded its bank and non-bank subsidiaries in this country, are used to generate an annual overall assessment of the combined U.S. operations of that bank.

As part of the implementation of these improvements in the

** The ROC-A system of examination stresses Risk management; Operations, including audit controls; Compliance with state and federal laws, regulations and supervisory orders; and Asset quality.
supervisory framework, Banking Department examiners are currently receiving enhanced training in a number of pertinent areas, including risk management practices, internal control and auditing, sophisticated financial products, international banking, and bank secrecy and money-laundering.

Thus, after nearly twenty years of intense legislative and regulatory activity, there are now in place highly evolved, comprehensive regulatory schemes at both the federal and state levels.

C. PROPOSALS TO IMPROVE FOREIGN BANK REGULATION AND SUPERVISION

Changes should be made not for the sake of change but in order to improve the effectiveness of supervision and regulation of foreign banks. As a result of the Banking Department's review to this point, I have a number of preliminary recommendations for your consideration. After the criminal proceedings have ended and the various reviews by the regulators have concluded, including Arthur Andersen's external audit and forensic reviews, I may have additional recommendations to make or elaborations or amendments to offer with respect to these outlined here.

The following are changes I have decided to implement in New York State at the earliest practicable date:

External Audits

It is appropriate to impose an external annual audit requirement on foreign banks, at least under certain circumstances. External audits also would undoubtedly result in improved financial controls and systems at the banks because they would be needed to satisfy auditors. They might help to professionalize the banks' accounting and audit staffs in New York, as well. There is presently no requirement for such audits because foreign banks have historically operated in this country through branches, which are not separate legal entities and are not easily made the subject of conventional audits. Other tools, such as asset maintenance and asset pledge are also available.
On the other hand, outside audits may not be appropriate in every case and so, there is a need to retain some flexibility. Where home country auditing standards are comparable to those applied in the U.S., and head office auditors perform audits at the institution's foreign branches, a branch audit may be properly viewed as excessive and duplicative. I do not favor "one-size-fits-all" rulemaking.

Internal Controls

In some cases, it also may be appropriate to require a foreign branch or agency to engage an independent auditing firm to assess and report on the adequacy and effectiveness of its internal control structure and its compliance with laws and regulations relating to safety and soundness. Both the bank and its regulators would benefit from such an audit.

In fact, it may warrant study as to whether every U.S. branch of a foreign bank should be required to have, as senior members of the staff, a) a professional controller who possesses significant experience in bank accounting and auditing and who may report directly to the branch manager and b) an internal auditor with significant experience in bank auditing and internal control, who should report to the senior internal auditor at the head office of the institution or to the institution's board of directors.

Policies Regarding Internal Investigations/Reviews

The Department will set out guidelines banks can use to establish internal policies governing the review of problems once they are detected. These standards should provide guidance as to when investigations can be handled by internal staff and when third party professionals should be engaged.

Disclosure of Problems

Along with these measures, the Banking Department will stress to all of the banks it oversees the need for prompt and candid notice to the Department as soon as problems are discovered. At the same time, the banks and the Department's own personnel both
will be put on notice that, in the future, better follow-up will be required in order to monitor the resolution of identified weaknesses at banks, even those that do not rise to the level of supervisory action.

Vacation Policies

Vacation policies vary at banks and branches. At present, the regulators review a management-generated list of those officers and employees in sensitive positions who do not take off at least five consecutive business days during the calendar year. Examiners usually comment upon any fidelity hazards they believe might result from this process. In light of the problems illuminated by the Dalwa Incidents, I believe that such absences should now be made mandatory and that five days is not enough time away from the office in order to accomplish the policy's purpose of fraud protection.

Therefore, I have directed that the Banking Department promulgate a Supervisory Policy to mandate that all banking institutions implement standards that will require all employees in sensitive positions to be totally absent from their duties, offsite and offline, for a minimum of ten consecutive business days each calendar year. Banks will be obliged further to maintain proper documentation to evidence the implementation of, and adherence to, such policy. Complete banks records noting the reason and justification for any exceptions granted to the policy also will need to be maintained; all such exceptions must be detailed to the examiners at each on site examination.

CONCLUSION

As I have indicated, the final chapter of the Dalwa story has yet to be written. The Banking Department shares the Committee's concerns regarding this incident and the questions raised with respect to the regulation and supervision of foreign banks. The initiatives I have outlined represent a measured preliminary response to these issues.

Foreign banks are an integral part of the economic fabric of
New York State and the nation. The Banking Department seeks to foster their continued safe and sound participation in the financial system in an operating environment that promotes open lines of communication between such banks and their regulators.

**APPENDIX**

**DAIWA CHRONOLOGY**

1976  
The New York office (the "Branch") of The Daiwa Bank, Ltd. ("Daiwa") hires Toshihide Iguchi, who is made responsible for the Branch's custody department.

1980  
Mr. Iguchi is authorized to trade securities for the Branch.

1984-1995  
Mr. Iguchi engages in unauthorized activities to try to recoup and cover trading losses. These activities continue until 1995.

November 1984  
Daiwa Trust Company (the "Trust Company") discovers an unrealized loss of $31 million, resulting from an employee's unauthorized treasury bond trading.

1984-1987  
Officers of Daiwa and the Trust Company attempt to mitigate the loss through further trading. Instead, by 1987, the losses are $97 million. The Trust Company does not report the losses to its U.S. regulators at any time during this period.

1984-1988  
The Department criticizes the Branch's internal controls and auditing and makes numerous suggestions about expanding its audit coverage. During this period, the critical safety and soundness issue for Japanese banks is their LDC debt portfolios.
September 1986

The Branch seeks approval to move to midtown Manhattan. The Banking Department approves the request. It understands that the custody department only will remain downtown, as a back office.

September 1987

Dalwa management transfers the Trust Company losses to a non-banking Cayman Islands subsidiary that is established specifically to absorb the losses. The subsidiary is reportedly dissolved in 1994, by which time the losses have been eliminated. The Trust Company does not report this to U.S. regulators.

February 1988

The Branch hires an internal auditor who begins to develop an audit program.

1989-1991

The Banking Department continues to examine the Branch's internal controls/audit procedures, including development of the audit program. Japanese real estate loan portfolios are an overall concern during this period.

November 1992

The FRBNY conducts its first examination of the Branch, following the enactment of FBSEA.

January 1993

The FRBNY issues a supervisory letter to Dalwa, setting forth several areas that require corrective action, including asset quality concerns, internal audit enhancements and other matters.
November 1993
The Banking Department and the FRBNY begin a joint examination of the Branch. Dalwa informs the FRBNY that prior to this examination, traders had been operating out of the downtown office. The traders were moved to midtown during the 1992 examination, deceiving the FRBNY. According to Dalwa, the traders were moved to hide from MOF the fact that trading was being conducted downtown. The FRBNY learns that these traders had been reporting to Mr. Iguchi. Dalwa represents to the FRBNY that the traders have been permanently moved to midtown and that they no longer report to Mr. Iguchi.

January 1994
Dalwa meets with the Banking Department and the FRBNY. The Department instructs Dalwa to inform MOF of the deception.

April 1994
The Department and the FRBNY issue a Joint Action letter to Dalwa, citing concerns about the deception and noting internal audit, internal control and other deficiencies.

November-December 1994
The Department and the FRBNY conduct a joint examination of the Branch. Based on management representations, the Department understands that all traders are in midtown and that none report to Mr. Iguchi. Based on a determination that Branch management has satisfactorily complied with the Joint Action Letter and is working to correct other concerns, the Joint Action Letter is terminated.

July-September 1995
In July, Mr. Iguchi confesses his unauthorized activities -- which have resulted in $1.1 billion in losses by that time -- to Dalwa management. The confession alludes to a "similar incident" at the Trust Company. Management does not disclose the losses to the public or to U.S. regulators.
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 8, 1995</td>
<td>Dalwa informs MOF about Mr. Iguchi's losses.</td>
</tr>
<tr>
<td>September 18, 1995</td>
<td>Dalwa informs the FRBNY about Mr. Iguchi's losses. The FRBNY shortly thereafter informs the United States Attorney for the Southern District of New York, which begins a criminal investigation.</td>
</tr>
<tr>
<td>September 22, 1995</td>
<td>Dalwa informs the Banking Department about Mr. Iguchi's losses, representing that it had informed the FRBNY, MOF and BOJ earlier that week. Later that afternoon, the Department meets with the FRBNY to discuss the situation and suggests issuing a Cease and Desist Order.</td>
</tr>
<tr>
<td>September 23, 1995</td>
<td>Mr. Iguchi is arrested.</td>
</tr>
<tr>
<td>September 25, 1995</td>
<td>The FDIC is notified about the problems at the Branch, given the FDIC's role as insurer of the Trust Company, Dalwa's wholly-owned subsidiary.</td>
</tr>
<tr>
<td>Late September 1995</td>
<td>In view of concerns about Dalwa's internal controls/audit mechanisms and about Dalwa's failure promptly to notify regulators about Mr. Iguchi, the Department decides to issue orders both to the Branch and to the Trust Company. The federal regulators agree to join as parties.</td>
</tr>
<tr>
<td>October 2, 1995</td>
<td>The Banking Department, the FRBNY, the Board of Governors and the FDIC issue two Cease and Desist Orders to Dalwa. The Orders severely limit the activities of the Branch and the Trust Company, especially in trading. The Orders also require the retention of a CPA firm to undertake a comprehensive audit and a forensic review.</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
</tr>
<tr>
<td>--------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Early October 1995</td>
<td>The regulators begin examinations of the Branch and Trust Company, consistent with the continuing criminal investigation of Dalwa.</td>
</tr>
<tr>
<td>October 5, 1995</td>
<td>Dalwa informs the Banking Department about the Trust Company losses and coverup from the mid-1980's.</td>
</tr>
<tr>
<td>October 10, 1995</td>
<td>The Department learns that Dalwa had informed MOF about Mr. Iguchi in August.</td>
</tr>
<tr>
<td>October 13, 1995</td>
<td>The Banking Department retains Arthur Andersen to perform the CPA work required under the Cease and Desist Orders.</td>
</tr>
<tr>
<td>October 19, 1995</td>
<td>Mr. Iguchi pleads guilty to a six count information. During his allocution, Mr. Iguchi implicates Dalwa management in concealing his losses after receiving his confession.</td>
</tr>
<tr>
<td>November 2, 1995</td>
<td>In light of continued concerns about the internal control environment at Dalwa and the pattern of management deceptions, the Banking Department, Board of Governors, FRBNY, FDIC and other relevant state regulators decide to terminate Dalwa’s U.S. operations. Dalwa is given the opportunity to consent, which it does. Termination Orders are issued on November 2. Operations must be terminated by February 2, 1996. The Orders also require Dalwa to take steps to cooperate with the ongoing investigations. The United States Attorney announces a twenty-four count indictment against Dalwa and a complaint against a former Branch manager who was allegedly involved in the concealment of Mr. Iguchi’s losses. The Indictment describes an alleged coverup of Mr. Iguchi’s losses by Dalwa management.</td>
</tr>
</tbody>
</table>
November 2-present  Banking examinations are continuing, as are Arthur Andersen's and the Banking Department's own review. The criminal proceedings are also continuing; Daiwa has pled not guilty to the charges.

November 22, 1995  MOF pledges to the Banking Department, in writing, that it will communicate with U.S. regulators more promptly in the future.
SUPERINTENDENT OF BANKS

ANNUAL REPORT OF THE BANKING BOARD
1995 Report of the Banking Board
State of New York

Neil D. Levin, Chairman

*William P. Brosnahan, Jr....Snyder
Wesley Chen...New York
Spencer S. Crow...Arkport
Gonzalo de Las Heras...New York
**Michael D. Grosso...Coxsackie
Charles H. Hamm...Bronxville
Homer Lee Harris...New York
Daniel J. Hogarty, Jr....Troy

***Edward P. Kramer...New Rochelle
Salvatore Marranca...New York
 ****Jeffrey A. Moerdler...Riverdale
*****Thomas H. O'Neill...Hamburg
John B. Robinson, Jr....Loudonville
******Peter M. Ryan...Larchmont
Thomas G. Siciliano...Commack
George J. Vojta...Bronxville

Darrie T. Williams, Secretary

*William P. Brosnahan, Jr., of Snyder was appointed December 12, 1995, replacing Dayna J. Wilkinson, a public member, who served from July 1994 to May 1995.

**Michael D. Grosso of Coxsackie was appointed December 12, 1995, replacing Jose T. Moscoso, a public member, who served from June 1990 to April 1992.

***Edward B. Kramer of New Rochelle, was appointed December 12, 1995, replacing Simon Gourdie, a public member, who served from January 1979 to July 1990.

****Jeffrey A. Moerdler of Riverdale was appointed December 12, 1995, replacing Lynn Hecht Schafran, a public member, who served from June 1987 to December 1995.

*****Thomas H. O'Neill, Jr. of Hamburg was appointed June 28, 1995, replacing Leon H. Charney, a public member, who served from June 1986 to July 1995.
Peter M. Ryan of Larchmont was appointed October 12, 1995, replacing Lindsay Newland Bowker, a public member, who served from April 1986 to October 1995.

Board Membership

There were 6 changes in the Banking Board membership during 1995:

Thomas H. O'Neill, Jr. of Hamburg was appointed June 28, 1995, replacing Leon H. Charney, a public member, who served from June 1986 to July 1995; Peter Ryan of New York City was appointed October 12, 1995, replacing Lindsay Newland Bowker, a public member, who served from April 1986 to October 1995; Jeffrey A. Moerdler of Riverdale was appointed December 12, 1995, replacing Lynn Hecht Schafman, a public member, who served from June 1987 to December 1995; William P. Brosnahan, Jr. of Snyder, was appointed December 12, 1995, replacing Dayna Wilkinson, a public member, who served from July 1994 to May 1995; Michael D. Grosso of Coxsackie was appointed December 12, 1995, replacing Jose Moscoso, a public member, who served from June 1990 to April 1992; and Edward B. Kramer of New Rochelle, was appointed December 12, 1995, replacing Simon Gourdie, a public member, who served from January 1979 to July 1990.

Capital Stock Investment

During 1995, the Banking Board approved requests for permission to invest in the capital stock of subsidiaries by the following: Continental Bank and Manufacturers and Traders Trust Company in February; Chemical Bank in March; The Bank of New York, Morgan Guaranty Trust Company of New York and Nippon Credit Trust Company in May; Manufacturers and Traders Trust Company and The Bank of New York in July; Bankers Trust Company, Chemical Bank and Continental Bank in October; Two (2) applications by United States Trust Company of New York and Industrial Bank of Japan Trust Company in November.
New Banking Organizations

During 1995, the Banking Board approved the Organization Certificates of 11 institutions, including 1 bank, 9 trust companies, and 1 savings bank.

The following organization certificates were approved:

NYL Trust Company in February;
South Shore Bank in February;
Winthrop Trust Company in March;
U.S. Trust Company of New York in March;
Jamestown Savings Bank in March;
Deutsche Bank Trust Company in April;
Capital Bank & Trust Company in May;
Friends Vilas Fischer Trust Company in July;
Jamestown Savings Bank in July;
Fidelity Management Trust Company of New York in October;
TCTC Interim Bank in November.

Agencies

West Merchant Bank Limited

Branches

Donghwa Bank
Credit Communal de Belgique, S.A., Brussels, Belgium
Cooperative Centrale Raiffeisen - Boerenleenbank B.A.
Rabobank Nederland, Utrecht, The Netherlands (Rabobank)
Merger and Holding Company Activities

In 1995, the Banking Board approved the following:

In February, the Board approved one application by First Empire State Corporation, to acquire M&T Bank, National Association.

In March, the Board approved one application by Iroquois Bancorp, Inc. Employee Stock Ownership Plan, to acquire more than 10% of the outstanding common stock of Iroquois Bancorp, Inc.

In April, the Board approved by unanimous written consent an application by U.S. Trust Corporation, to acquire through United States Trust Company of New York, all of the capital stock of J. & W. Seligman Trust Company.

In June, the Board approved by unanimous written consent an application by The Chase Manhattan Corporation, to acquire through U.S. Trust Corporation, all of the voting stock of United States Trust Company of New York.

In June, the Board approved by unanimous written consent an application by North Fork Bancorporation, Inc., to become a bank holding company by acquiring 10% or more of the voting stock of Suffolk Bancorp, Riverhead, NY, and thereby acquire indirect control of The Suffolk County National Bank of Riverhead, Riverhead, NY.

In June, the Board approved by unanimous written consent an application by North Fork Bancorporation, Inc., to acquire, indirectly the Bank of Great Neck, and to merge the Bank of Great Neck with and into North Fork Bank under the name, North Fork Bank.

In June, the Board approved by unanimous written consent an application by North Fork Bank, to make an investment in NFB Merger Sub, Inc., a proposed subsidiary.
In September, the Board approved by unanimous written consent an application by Marine Midland Banks, Inc., to acquire United Northern Bancorp, Inc. and its wholly-owned subsidiary, United Northern Federal Savings Bank.

In November, the Board approved an application by Fleet Financial Group, Inc., to merge Shawmut National Corporation into Fleet Financial Group, Inc., and to merge Shawmut Bank New York, National Association, into Fleet Bank.

In November, the Board approved an application by Tompkins County Trust Company, to become a bank holding company by acquiring through Tompkins County Trustco, Inc., all of the capital stock of TCTC Interim Bank, and to merge TCTC Interim Bank into Tompkins County Trust Company.

In November, the Board approved an application by Independence Community Bank Corp., to become a bank holding company.

**Change of Control**

During 1995, the Banking Board approved the following applications:

In February, the Board approved an application by United Mizrahi Bank, for a change of control to William M. Isaac and Eliezer Sheffer.

In October, the Board approved by unanimous written consent an application by First Chicago NBD Corporation, to acquire control of First Chicago Trust Company of New York.

**Regulations and Supervisory Policies**

**General Regulations of the Banking Board**

Basic Banking Accounts - At its March meeting, the Board adopted as final amendments to General Regulations of the Banking Board Part 9, to establish guidelines for the manner in which banking institutions provide basic banking accounts.

Investment in Junior Lien Mortgage Loans by Commercial Banks.
Savings Banks, Credit Unions, Mortgage Bankers and Savings and Loan Associations - At its March meeting, the Board adopted as final amendments to General Regulations of the Banking Board Part 80, to implement procedures for Investment in Junior Lien Mortgage Loans.

Alternative Mortgage Instruments - At its March meeting, the Board adopted as final amendments to General Regulations of the Banking Board Part 82, to implement recent changes in the Insurance Law regarding Mortgage Guaranty Insurance.

Basic Banking Accounts - By unanimous written consent the Board adopted as final on June 7, 1995 the amendments to General Regulations of the Banking Board Part 9, to establish guidelines for the manner in which banking institutions provide basic banking accounts.

Reverse Mortgage Loans - At its July meeting, the Board adopted as final amendments to General Regulations of the Banking Board Part 79, to repeal a regulatory cap and to permit banking institutions to establish their own reasonable caps.

Lending Limits for Credit Unions - At its July meeting, the Board adopted as final amendments to General Regulations of the Banking Board Part 96, to authorize the provisions for which a credit union may make loans to its members.

Amortization of Premiums and Accretion of Discounts on Securities - At its November meeting, the Board adopted the repeal of General Regulations of the Banking Board Part 5, to eliminate obsolete rules.

Exchanges of United States Treasury Securities - At its November meeting, the Board adopted the repeal of General Regulations of the Banking Board Part 6, to eliminate obsolete rules.

Accounting for Gains and Losses on the Disposition of Certain Assets - At its November meeting, the Board adopted the repeal of General Regulations of the Banking Board Part 8, to eliminate obsolete rules.

Annual Financial Statements of Commercial Banks, Trust Companies, Stock Form Savings Banks and Stock Form Savings and Loans - At its November meeting, the Board adopted as final amendments to
General Regulations of the Banking Board Part 24, to mandate banks to follow the requirements of GAAP.

Investments in Subsidiaries by Banks and Trust Companies - At its November meeting, the Board adopted the repeal of existing Part 14 of the General Regulations of the Banking Board, and adopted the addition of revised new Part 14, to expand and simplify investments in operating subsidiaries.

Superintendent's Regulations and Supervisory Procedures

Investments in Subsidiary Corporations - At its November meeting, the Board adopted as final the amendments to revised Supervisory Procedure CB 113, to serve as the application format for certain thrift service corporations.

Nonaccrual of Interest - The Superintendent of Banks adopted amendments to Superintendent's Regulations Part 325, effective November 29, 1995, to indicate when a loan may be restored to accrual status.
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## SCHEDULE A: Institutions That Received or Surrendered Authorizations or Licenses During the Year

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<td>Part 8:</td>
<td>Conversion of a State Chartered Trust Company to a Federally Chartered Trust Company</td>
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<tr>
<td>Part 9:</td>
<td>Conversion of a State Chartered Savings &amp; Loan Association to a Federally Chartered Savings Bank</td>
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Part 3: Historical Summary of Data for Life Insurance Departments of New York State Savings Banks
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<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Certificate Approved</th>
<th>Date of Authorization</th>
<th>Capital Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Authorizations Issued:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Banks:</td>
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</tr>
<tr>
<td>TCTC Interim Bank</td>
<td>Ithaca</td>
<td>Nov 2, 1995</td>
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<td>$ 1,000</td>
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<tr>
<td>Trust Companies:</td>
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<tr>
<td>NYL Trust Company</td>
<td>New York</td>
<td>Feb 02, 1995</td>
<td>Mar 09, 1995</td>
<td>$ 1,800,000</td>
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<td>Winthrop Trust Company</td>
<td>New York</td>
<td>Mar 02, 1995</td>
<td>May 15, 1995</td>
<td>$ 2,000,000</td>
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<tr>
<td>Deutsche Bank Trust Company</td>
<td>New York</td>
<td>Apr 10, 1995</td>
<td>May 05, 1995</td>
<td>$ 2,000,000</td>
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<tr>
<td>BSB Bank &amp; Trust Company</td>
<td>Binghamton</td>
<td>Jul 11, 1995</td>
<td>Jul 31, 1995</td>
<td>$ 1,000</td>
</tr>
<tr>
<td>Name</td>
<td>Location</td>
<td>Certificate Approved</td>
<td>Date of Authorization</td>
<td>Capital Stock</td>
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<tr>
<td>-------------------------------------------</td>
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<td>Trust Companies (Concluded):</td>
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<tr>
<td>Capital Bank &amp; Trust Company</td>
<td>Albany</td>
<td>Jul 18, 1995</td>
<td>Dec 11, 1995</td>
<td>$4,000,000</td>
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<td>Savings &amp; Loan Associations:</td>
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<tr>
<td>Shawmut Savings and Loan Association</td>
<td>Saratoga</td>
<td>Jun 12, 1995</td>
<td>Jun 12, 1995</td>
<td>$250,000</td>
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<td>Springs</td>
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<tr>
<td>Investment Companies:</td>
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<tr>
<td>Goldman Sachs London Holdings LLC</td>
<td>New York</td>
<td>Dec 4, 1995</td>
<td>Dec 4, 1995</td>
<td>$100,000</td>
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</table>
## SCHEDULE A
### PART 2. AGENCIES, BRANCHES AND REPRESENTATIVE OFFICES OF FOREIGN BANKING CORPORATIONS

<table>
<thead>
<tr>
<th>Name</th>
<th>Location (Parent)</th>
<th>Address of Agency or Branch</th>
<th>Effective Date of Issued License</th>
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<tbody>
<tr>
<td><strong>Licenses Issued:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Agencies:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Merchant Bank Limited</td>
<td>London, England</td>
<td>300 Park Avenue, Borough of Manhattan, City of New York</td>
<td>Nov 1, 1995</td>
</tr>
<tr>
<td><strong>Representative Offices:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Standard Bank of South Africa Limited</td>
<td>Johannesburg, Republic of South Africa</td>
<td>153 East 53rd Street, Borough of Manhattan, City of New York</td>
<td>Apr 12, 1995</td>
</tr>
<tr>
<td>South Australian Asset Management Corporation</td>
<td>Adelaide, South Australia</td>
<td>1120 Avenue of the Americas, Borough of Manhattan, City of New York</td>
<td>Sep 07, 1995</td>
</tr>
<tr>
<td>State Bank of New South Wales Limited</td>
<td>Sydney, New South Wales</td>
<td>645 Fifth Avenue, Borough of Manhattan, City of New York</td>
<td>Sep 29, 1995</td>
</tr>
<tr>
<td>Banco Frances Del Rio De La Plata, S.A.</td>
<td>Buenos Aires, Republic of Argentina</td>
<td>660 Madison Avenue, Borough of Manhattan, City of New York</td>
<td>Nov 07, 1995</td>
</tr>
<tr>
<td>Nordbanken AB (PUBL)</td>
<td>Stockholm Sweden</td>
<td>450 Park Avenue, Borough of Manhattan, City of New York</td>
<td>Dec 29, 1995</td>
</tr>
<tr>
<td>Name</td>
<td>Location (Parent)</td>
<td>Address of Agency or Branch</td>
<td>Effective Date of Issued License</td>
</tr>
<tr>
<td>-------------------------------------------</td>
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<td>Licenses Issued: (Concluded)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branches:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Merita Bank Ltd</td>
<td>Helsinki, Finland</td>
<td>575 Fifth Avenue, Borough of Manhattan, City of New York</td>
<td>Jun 15, 1995</td>
</tr>
<tr>
<td>Banco Exterior de Espana, S. A.</td>
<td>Madrid, Spain</td>
<td>320 Park Avenue, Borough of Manhattan, City of New York</td>
<td>Jun 12, 1995</td>
</tr>
<tr>
<td>Cooperative Centrale Raiffeisen-Boerenleenbank B.A., Rabobank Nederland</td>
<td>Utrecht, The Netherlands</td>
<td>245 Park Avenue, Borough of Manhattan, City of New York</td>
<td>Dec 19, 1995</td>
</tr>
</tbody>
</table>
## SCHEDULE A
### PART 2. AGENCIES, BRANCHES AND REPRESENTATIVE OFFICE OF FOREIGN BANKING CORPORATIONS

<table>
<thead>
<tr>
<th>Name</th>
<th>Location (Parent)</th>
<th>Address of Agency or Branch</th>
<th>Effective Date of Issued License</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses Surrendered:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Representative Offices:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Merchant Bank Limited</td>
<td>London, England</td>
<td>300 Park Avenue, New York</td>
<td>Nov 01, 1995</td>
</tr>
<tr>
<td>Banco Exterior De Espana, S.A.</td>
<td>Madrid, Spain</td>
<td>645 Fifth Avenue, New York</td>
<td>Oct 27, 1995</td>
</tr>
<tr>
<td>Banque Paribas (Suisse) S.A.</td>
<td>Geneva, Switzerland</td>
<td>787 Seventh Avenue, New York</td>
<td>Dec 18, 1995</td>
</tr>
<tr>
<td>Zagrebacka Banka D.D.</td>
<td>Zagreb, Croatia</td>
<td>10 East 40th Street, New York</td>
<td>Dec 31, 1995</td>
</tr>
<tr>
<td>Agencies:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Australian Asset Management</td>
<td>Adelaide, South</td>
<td>1120 Avenue of the Americas, Borough of Manhattan, City of New</td>
<td>Sep 07, 1995</td>
</tr>
<tr>
<td>Corporation</td>
<td>Australia</td>
<td>York</td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>Location</td>
<td>Address of Agency or Branch</td>
<td>Effective Date of Issued License</td>
</tr>
<tr>
<td>--------------------------</td>
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<td>----------------------------------------</td>
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<tr>
<td>Licenses Surrendered:</td>
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<td></td>
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<tr>
<td>(Concluded)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branches:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Banco Popular De Puerto Rico</td>
<td>San Juan, Puerto Rico</td>
<td>56-38 Myrtle Avenue, Ridgewood</td>
<td>Feb 01, 1995</td>
</tr>
<tr>
<td>Kansallis-Osake-Pankki</td>
<td>Helsinki, Finland</td>
<td>575 Fifth Avenue, Borough of Manhattan, City of New York</td>
<td>Jun 08, 1995</td>
</tr>
<tr>
<td>ASLK-CGER Bank</td>
<td>Brussels, Belgium</td>
<td>645 5th Avenue, Borough of Manhattan, City of New York</td>
<td>Sep 30, 1995</td>
</tr>
<tr>
<td>Nordbanken</td>
<td>Stockholm, Sweden</td>
<td>450 Park Avenue, Borough of Manhattan, City of New York</td>
<td>Dec 29, 1995</td>
</tr>
</tbody>
</table>

*Banco Popular De Puerto Rico has 30 remaining branches in NYS as of 12/31/95.
<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses issued:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficial New York Inc.</td>
<td>100 Business Center Drive, Suite 201, Brewster, Putnam County</td>
<td>Jan 03, 1995</td>
</tr>
<tr>
<td>¹ Avco Financial Services of New York, Inc.</td>
<td>136-81 Roosevelt Avenue, Flushing, Queens County</td>
<td>Jan 09, 1995</td>
</tr>
<tr>
<td>American General Finance, Inc.</td>
<td>4234 Union Road, Cheektowaga, Erie County</td>
<td>Jan 17, 1995</td>
</tr>
<tr>
<td></td>
<td>2925 Sheridan Drive, Tonawanda, Erie County</td>
<td>Jan 17, 1995</td>
</tr>
<tr>
<td>Avco Financial Services of New York, Inc.</td>
<td>104 Court Street, Watertown, Jefferson County</td>
<td>Feb 14, 1995</td>
</tr>
<tr>
<td>² Norwest Financial New York, Inc.</td>
<td>2801 Route 112, Medford, Suffolk County</td>
<td>Feb 27, 1995</td>
</tr>
<tr>
<td>Commercial Credit Loan, Inc.</td>
<td>1594 State Street, Woodlawn Plaza Shopping Center, Schenectady, Schenectady County</td>
<td>Mar 22, 1995</td>
</tr>
<tr>
<td>American General Finance, Inc.</td>
<td>4947 Commercial Drive Suite 4, Yorkville, Oneida County</td>
<td>Apr 03, 1995</td>
</tr>
<tr>
<td>Retail Charge Financial Services Corp.</td>
<td>2650 Merrick Road, Bellmore, Nassau County</td>
<td>Apr 18, 1995</td>
</tr>
<tr>
<td>³ Commercial Credit Loan, Inc.</td>
<td>156 Ronkonkoma Avenue, Lake Ronkonkoma, Suffolk County</td>
<td>Apr 18, 1995</td>
</tr>
<tr>
<td>American General Finance, Inc.</td>
<td>622 Cascadilla Street, Ithaca, Tompkins County</td>
<td>May 09, 1995</td>
</tr>
<tr>
<td>⁴ Household Finance Corporation III</td>
<td>63 East Old Country Road, Hicksville, Nassau County</td>
<td>May 09, 1995</td>
</tr>
<tr>
<td></td>
<td>182 Sunrise Highway, Rockville Centre, Nassau County</td>
<td>May 09, 1995</td>
</tr>
<tr>
<td>Name</td>
<td>Location</td>
<td>Date</td>
</tr>
<tr>
<td>---------------------------------------------------------------------</td>
<td>----------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>*Associates Financial Services Company of New York, Inc.</td>
<td>741 Old Country Road, Riverhead, Suffolk County</td>
<td>Jun 15, 1995</td>
</tr>
<tr>
<td>Licenses issued:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Continued)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Nationscredit Financial Services Corporation</td>
<td>709 North Main Street, North Syracuse, Onondaga County</td>
<td>Jun 30, 1995</td>
</tr>
<tr>
<td>*Associates Financial Services Company of New York, Inc.</td>
<td>862-B South Road, Wappingers Falls, Dutchess County</td>
<td>Jul 25, 1995</td>
</tr>
<tr>
<td>American General Finance, Inc.</td>
<td>Southside Plaza, 710 Foote Avenue, Jamestown, Chautauqua County</td>
<td>Jul 27, 1995</td>
</tr>
<tr>
<td></td>
<td>310 S. Transit Street, Lockport, Niagara County</td>
<td>Jul 27, 1995</td>
</tr>
<tr>
<td>Security Pacific Financial Services, Inc.</td>
<td>700 Montauk Highway, West Babylon, Suffolk County</td>
<td>Jul 27, 1995</td>
</tr>
<tr>
<td>*Norwest Financial New York, Inc.</td>
<td>31-40 Sheridan Drive, Amherst, Erie County</td>
<td>Sep 26, 1995</td>
</tr>
<tr>
<td>American General Finance, Inc.</td>
<td>1881 Ridge Road, West Seneca, Erie County</td>
<td>Sep 26, 1995</td>
</tr>
<tr>
<td>Household Finance Corporation III</td>
<td>54 The Crossing Boulevard, The Crossing, Clifton Park, Saratoga County</td>
<td>Sep 26, 1995</td>
</tr>
<tr>
<td>*Beneficial New York, Inc.</td>
<td>Towne Center, Route 22 at Route 312, Brewster, Putnam County</td>
<td>Sep 27, 1995</td>
</tr>
<tr>
<td>Household Finance Corporation III</td>
<td>Widewaters Hills Plaza, 3403 Erie Boulevard East, DeWitt, Onondaga County</td>
<td>Oct 03, 1995</td>
</tr>
</tbody>
</table>
### SCHEDULE A
#### PART 3. LICENSED LENDERS

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>AVCO Financial Services of New York, Inc.</td>
<td>13 Centereach Mall, Middle Country Road, Centereach, Suffolk County</td>
<td>Oct 11, 1995</td>
</tr>
<tr>
<td>Novest Financial New York Inc.</td>
<td>1892 Central Avenue, Store #19, Albany, Albany County</td>
<td>Nov 07, 1995</td>
</tr>
<tr>
<td>Security Pacific Financial Services, Inc.</td>
<td>91-31 Queens Boulevard, Elmhurst, Queens County</td>
<td>Nov 21, 1995</td>
</tr>
<tr>
<td></td>
<td>15 Park Avenue, Clifton Park, Saratoga County</td>
<td>Dec 4, 1995</td>
</tr>
<tr>
<td></td>
<td>707 Old County Road, Huntington Station, Suffolk County</td>
<td>Dec 4, 1995</td>
</tr>
<tr>
<td>Associates Financial Services Company of New York, Inc.</td>
<td>2167 Ralph Avenue, Brooklyn, Kings County</td>
<td>Dec 4, 1995</td>
</tr>
<tr>
<td></td>
<td>959 Route 9N, Queensbury, Warren County</td>
<td>Dec 4, 1995</td>
</tr>
<tr>
<td></td>
<td>463 Fifth Avenue, Brooklyn, Kings County</td>
<td>Dec 4, 1995</td>
</tr>
<tr>
<td></td>
<td>34-57 Francis Lewis Boulevard, Bayside, Queens County</td>
<td>Dec 4, 1995</td>
</tr>
<tr>
<td></td>
<td>49 Bridge Street, Corning, Steuben County</td>
<td>Dec 4, 1995</td>
</tr>
<tr>
<td></td>
<td>6421 Dysinger Road, Lockport, Niagara County</td>
<td>Dec 4, 1995</td>
</tr>
<tr>
<td></td>
<td>5999 S. Park Avenue, Hamburg, Erie County</td>
<td>Dec 4, 1995</td>
</tr>
</tbody>
</table>
## ANNUAL REPORT OF THE
### PART 3. LICENSED LENDERS

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avco Financial Services</td>
<td>2096 White Plains Road, Bronx, Bronx County</td>
<td>Dec 4, 1995</td>
</tr>
<tr>
<td></td>
<td>28 Wheeler Road, Central Islip, Suffolk County</td>
<td>Dec 4, 1995</td>
</tr>
<tr>
<td>Licenses Surrendered:</td>
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<td></td>
</tr>
<tr>
<td>Avco Financial Services</td>
<td>40-34 Main Street, 2nd Floor, Flushing, Queens County</td>
<td>Jan 09, 1995</td>
</tr>
<tr>
<td>Norwest Financial New York, Inc.</td>
<td>580 Old Medford Avenue, Unit 12, Patchogue, Suffolk County</td>
<td>Feb 27, 1995</td>
</tr>
<tr>
<td>Avco Financial Services of New York, Inc.</td>
<td>2833 Dewey Avenue, Rochester, Monroe County</td>
<td>Apr 06, 1995</td>
</tr>
<tr>
<td>Commercial Credit Loan, Inc.</td>
<td>150 Motor Parkway, Suite 110, Hauppauge, Suffolk County</td>
<td>Apr 18, 1995</td>
</tr>
<tr>
<td>Household Finance Corporation III</td>
<td>1400 Old Country Road, Suite 100, Parkway Plaza, Westbury, Nassau County</td>
<td>May 09, 1995</td>
</tr>
<tr>
<td>Associates Financial Services Company of New York, Inc.</td>
<td>775 Old Country Road, Riverhead, Suffolk County</td>
<td>Jun 15, 1995</td>
</tr>
<tr>
<td>Nationscredit Financial Services Corporation</td>
<td>7575 Buckley Road, North Syracuse, Onondaga County</td>
<td>Jun 30, 1995</td>
</tr>
<tr>
<td>Associates Financial Services Company of New York, Inc.</td>
<td>300 Westgate Business Center, Fishkill, Dutchess County</td>
<td>Jul 25, 1995</td>
</tr>
<tr>
<td>Security Pacific Financial Services Inc.</td>
<td>130 North Front Street, Kingston, Ulster County</td>
<td>Aug 21, 1995</td>
</tr>
<tr>
<td>AVCO Financial Services of New York, Inc.</td>
<td>2351 Hyden Boulevard, Staten Island, Richmond County</td>
<td>Aug 21, 1995</td>
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<tr>
<td>Transamerica Financial Services, Inc.</td>
<td>711 Westchester Avenue, White Plains, Westchester County</td>
<td>Aug 21, 1995</td>
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</table>
### SCHEDULE A

#### PART 3. LICENSED LENDERS

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Date</th>
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<tbody>
<tr>
<td>Norwest Financial New York, Inc</td>
<td>3555 Sheridan Drive, Amherst, Erie County</td>
<td>Sep 26, 1995</td>
</tr>
<tr>
<td>Beneficial New York, Inc.</td>
<td>100 Business Center Drive, Suite 106, Brewster, Putnam County</td>
<td>Sep 26, 1995</td>
</tr>
<tr>
<td><strong>Licenses Surrendered:</strong> (Concluded)</td>
<td></td>
<td></td>
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<tr>
<td>AVCO Financial Services of New York, Inc.</td>
<td>1839 Central Avenue, Albany, Albany County</td>
<td>Nov 07, 1995</td>
</tr>
<tr>
<td>Norwest Financial New York, Inc.</td>
<td>Queens Grand Plaza, 67-03 Grand Avenue, Elmhurst, Queens County</td>
<td>Nov 21, 1995</td>
</tr>
<tr>
<td>Household Finance Corporation III</td>
<td>1111 Old Country Road, Riverhead, Suffolk County</td>
<td>Dec 19, 1995</td>
</tr>
<tr>
<td>AVCO Financial Services of New York, Inc.</td>
<td>1380 Roanoke Avenue, Riverhead, Suffolk County</td>
<td>Dec 19, 1995</td>
</tr>
<tr>
<td>Commercial Credit Loan, Inc</td>
<td>6650 Main Street, Williamsville, Erie County</td>
<td>Dec 19, 1995</td>
</tr>
<tr>
<td>Boyd-Harman Finance Company, Inc.</td>
<td>31 North Main Street, Gloversville, Fulton County</td>
<td>Dec 31, 1995</td>
</tr>
</tbody>
</table>

**Footnotes:**

1) License issued in conjunction with a change of location from 40-34 Main Street, 2nd Floor, Flushing, Queens County, NY 11354 to 136-81 Roosevelt Avenue, Flushing, Queens County, NY 11354

2) License issued in conjunction with a change of location from 580 Old Medford Avenue, Unit 12, Patchogue, Suffolk County, NY 11772 to 2801 Route 112, Medford, Suffolk County, NY 11763

3) License issued in conjunction with a change of location from 150 Motor
ANNUAL REPORT OF THE
SCHEDULE A
PART 3. LICENSED LENDERS

Parkway, Suite 110, Hauppauge, Suffolk County, NY 11788 to 156 Ronkonkoma Avenue, Lake Ronkonkoma, Suffolk County, NY 11779

License issued in conjunction with a change of location from 1400 Old Country Road, Suite 100, Parkway Plaza, Westbury, Nassau County, NY 11590 to 63 East Old Country Road, Hicksville, Nassau County, NY 11801

License issued in conjunction with a postal redesignation from 775 Old Country Road, Riverhead, Suffolk County, NY 11901 to 741 Old Country Road, Riverhead, Suffolk County, NY 11901

License issued in conjunction with a change of location from 7575 Buckley Road, North Syracuse, Onondaga County, NY 13212 to 709 North Main Street, North Syracuse, Onondaga County, NY 13212

License issued in conjunction with a change of location from 300 Westgate Business Center, Fishkill, Dutchess County, NY 12524 to 862-B South Road, Wappingers Falls, Dutchess County, NY 12590

License issued in conjunction with a change of location from 3358 Sheridan Drive, Amherst, Erie County, NY 14226 to 3140 Sheridan Drive, Amherst, Erie County, NY 14226

License issued in conjunction with a change of location from 100 Business Center Drive, Suite 106, Brewster, Putnam County, NY 10509 to Towne Center, Route 22 at Route 312, Brewster, Putnam County, NY 10509

License issued in conjunction with a change of location from 1839 Central Avenue, Albany, NY 12205 to 1892 Central Avenue, Store #19, Albany, NY 12205

License issued in conjunction with a change of location from Queens Grand Plaza, 87-03 Grand Avenue, Elmhurst, Queens County, NY to 91-31 Queens Boulevard, Elmhurst, Queens County, New York 11373
<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Date</th>
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<tbody>
<tr>
<td>Licenses issued:</td>
<td></td>
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</tr>
<tr>
<td>Thrift Investment Corporation</td>
<td>720 King George's Post Road, Fords, NJ</td>
<td>Jan 03, 1995</td>
</tr>
<tr>
<td>Portfolio Acceptance Corp.</td>
<td>6131 LBJ Freeway, Suite 400, Dallas, TX</td>
<td>Jan 03, 1995</td>
</tr>
<tr>
<td>Ford New Holland Credit Company</td>
<td>200 Commerce Street, Mountville, PA</td>
<td>Jan 09, 1995</td>
</tr>
<tr>
<td>Asta Funding, Inc.</td>
<td>452 Hudson Terrace, Englewood Cliffs, NJ</td>
<td>Jan 09, 1995</td>
</tr>
<tr>
<td>Primus Automotive Financial Services, Inc.</td>
<td>The Galleries of Syracuse, 440 South Warren Street, 7th Floor, Syracuse, Onondaga County</td>
<td>Jan 26, 1995</td>
</tr>
<tr>
<td>D/B/A American Suzuki Automotive Credit</td>
<td>125 Baylis Road, Suite 100, Melville, Suffolk County</td>
<td>Jan 26, 1995</td>
</tr>
<tr>
<td>Buffalo Leasing &amp; Funding, Inc.</td>
<td>3980 Sheridan Avenue, New York</td>
<td>Feb 02, 1995</td>
</tr>
<tr>
<td>Atlantic Auto Finance Corporation</td>
<td>800 Perinton Hills Office Park, Fairport</td>
<td>Feb 07, 1995</td>
</tr>
<tr>
<td>Beneficial New York Inc.</td>
<td>Southeast Business Center, 100 Business Center Dr., Ste. 106, Brewster, Putnam County</td>
<td>Feb 13, 1995</td>
</tr>
<tr>
<td>D/B/A Beneficial Credit Services of New York</td>
<td>Ellicott Creek Plaza, 2850 Niagara Falls Boulevard, Amherst, Erie County</td>
<td>Feb 13, 1995</td>
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<tr>
<td></td>
<td>204 Broadway, Amityville, Suffolk County</td>
<td>Feb 13, 1995</td>
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<tr>
<td></td>
<td>Professional Plaza, Market Street, First Floor, Amsterdam, Montgomery County</td>
<td>Feb 13, 1995</td>
</tr>
<tr>
<td></td>
<td>30-13 Steinway Street, Astoria, Queens County</td>
<td>Feb 13, 1995</td>
</tr>
<tr>
<td></td>
<td>88 Genesee Street, Auburn, Cayuga County</td>
<td>Feb 13, 1995</td>
</tr>
<tr>
<td>Name</td>
<td>Location</td>
<td>Date</td>
</tr>
<tr>
<td>------</td>
<td>----------</td>
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<tr>
<td>Licenses issued: (Continued)</td>
<td>2 West Main Street, Bay Shore, Suffolk County</td>
<td>Feb 13, 1995</td>
</tr>
<tr>
<td></td>
<td>Southeast Business Center, 100 Business Center Dr., Ste. 201, Brewster, Putnam County</td>
<td>Feb 13, 1995</td>
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<tr>
<td></td>
<td>1623 Unionport Road, Bronx, Bronx County</td>
<td>Feb 13, 1994</td>
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<tr>
<td></td>
<td>2027 Williamsbridge Road, Bronx, Bronx County</td>
<td>Feb 13, 1995</td>
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<tr>
<td></td>
<td>408 Fifth Avenue, Brooklyn, Kings County</td>
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<tr>
<td></td>
<td>5415 Fifth Avenue, Brooklyn, Kings County</td>
<td>Feb 13, 1995</td>
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<tr>
<td></td>
<td>258 Flatbush Avenue, Brooklyn, Kings County</td>
<td>Feb 13, 1995</td>
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<tr>
<td></td>
<td>1569-73 Flatbush Avenue, Brooklyn, Kings County</td>
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<tr>
<td></td>
<td>1329 Rockaway Parkway, Brooklyn, Kings County</td>
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<tr>
<td></td>
<td>124 South Main Street, Canadaguia, Ontario County</td>
<td>Feb 13, 1995</td>
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<tr>
<td></td>
<td>4 East Suffolk Avenue, Central Islip, Suffolk County</td>
<td>Feb 13, 1995</td>
</tr>
<tr>
<td></td>
<td>3620 Harlem Road, Store 1, Cheektowaga, Erie County</td>
<td>Feb 13, 1995</td>
</tr>
<tr>
<td></td>
<td>Prudential Building, Groton Avenue Shopping Plaza, Routes 281 &amp; 222, Cortlandville, Cortland County</td>
<td>Feb 13, 1995</td>
</tr>
<tr>
<td></td>
<td>141 Main Street, Dansville, Livingston County</td>
<td>Feb 13, 1996</td>
</tr>
<tr>
<td>Name</td>
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<td>Date</td>
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<tr>
<td>Licenses issued:</td>
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<tr>
<td>5857 Transit Road, Transit Plaza, East Amherst, Erie County</td>
<td>Feb 13, 1995</td>
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<tr>
<td>171 Columbia Turnpike, East Greenbush, Rensselaer County</td>
<td>Feb 13, 1995</td>
<td></td>
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<tr>
<td>3011 Jericho Turnpike, East Northport, Suffolk County</td>
<td>Feb 13, 1995</td>
<td></td>
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<tr>
<td>244 West Water Street, Elmira, Chemung County</td>
<td>Feb 13, 1995</td>
<td></td>
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<tr>
<td>59 Washington Avenue, Endicott, Broome County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>1015 Beach 20th Street, Far Rockaway, Queens County</td>
<td>Feb 13, 1995</td>
<td></td>
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<tr>
<td>83 West Merrick Road, Freeport, Nassau County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>47 South First Street, Fulton, Oswego County</td>
<td>Feb 13, 1995</td>
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</tr>
<tr>
<td>274 Glen Street, Glens Falls, Warren County</td>
<td>Feb 13, 1995</td>
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<tr>
<td>1801 Western Avenue, Gunderland-Town of, Albany County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>49 Buffalo Street, Hamburg, Erie County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>206 Fulton Avenue, Hempstead, Nassau County</td>
<td>Feb 13, 1995</td>
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<td>324 Main Street, Huntington, Suffolk County</td>
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<tr>
<td>217 North Main Street, Jamestown, Chautauqua County</td>
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<tr>
<td>8 East Main Street, Jamestown, Fulton County</td>
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<td>294 Wall Street, Kingston, Ulster County</td>
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<tr>
<td>594 New Loudon Road, Latham, Albany County</td>
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<tr>
<td>3000 Hempstead Turnpike - Store A, Levittown, Nassau County</td>
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<tr>
<td>913 Old Liverpool Road, Liverpool, Onondaga County</td>
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<td>75 Atlantic Avenue, Lynbrook, Nassau County</td>
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<td>Cedars Commons Plaza, West Main Street Road, Malone, Franklin County</td>
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<td>256 Main Street, Massena, St. Lawrence County</td>
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<td>155A Dolson Avenue - Playtogs Shopping Center, Middletown, Orange County</td>
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<td>32B North Middletown Road, Nanuet, Rockland County</td>
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<td>Nichols Plaza, Suite 4, Route 5, Seneca Turnpike, New Hartford, Oneida County</td>
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<td>2 John Street, Room 200, New York, New York County</td>
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<td>Name</td>
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<td>Lakeside Plaza, 164 Lake Street, Newburgh, Orange County</td>
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<td>11 South Broad Street, Norwich, Chenango County</td>
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<td>Blue Bird Square, 175 North Union Street, Olean, Cattaraugus County</td>
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<td>264 Genesee Street, Oneida, Madison County</td>
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<td>East Main Shopping Plaza, 350-22 Main Street, Patchogue, Suffolk County</td>
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<td>1017 Park Street, Peekskill, Westchester County</td>
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<td>77 Margaret Street, Plattsburgh, Clinton County</td>
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<td>566 Port Jefferson Shopping Plaza, Port Jefferson Station, Suffolk County</td>
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<td>237 Main Street, Poughkeepsie, Dutchess County</td>
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<td>216-14 Jamaica Avenue, Queens Village, Queens County</td>
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<td>120-09 Liberty Avenue, Richmond Hill, Queens County</td>
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<td>55-23 Myrtle Avenue, Ridgewood, Queens County</td>
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<td>2833 Ridge Road West, Rochester, Monroe County</td>
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<td>9 North Clinton Avenue, Rochester, Monroe County</td>
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<td>376 Jefferson Road, Rochester, Monroe County</td>
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<td>827 Black River Boulevard, Rome, Oneida County</td>
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<tr>
<td>Capitol Plaza, Store No. U-2, 1925 Curry Road, Rotterdam,</td>
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<td>Schenectady County</td>
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<td>137 Maple Avenue, Saratoga Springs, Saratoga County</td>
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<td>133 Wall Street, Schenectady, Schenectady County</td>
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<tr>
<td>2025 Richmond Avenue, Staten Island, Richmond County</td>
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<tr>
<td>322 New Dorp Lane, Suite A, Staten Island, Richmond County</td>
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<tr>
<td>2946 Erie Boulevard East, Syracuse, Onondaga County</td>
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<tr>
<td>Regency West Building, 1211 Route 9, Wappingers Falls, Dutchess County</td>
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<tr>
<td>35 Public Square, Watertown, Jefferson County</td>
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<tr>
<td>201 Nineteenth Street, Watervliet, Albany County</td>
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<tr>
<td>Sunrise Mini Plaza, 1764 Empire Boulevard, Webster,</td>
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<tr>
<td>Monroe County</td>
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<tr>
<td>290 Center Road, 1st Floor, Wimbledon Plaza, West</td>
<td></td>
<td>Feb 13, 1995</td>
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<tr>
<td>Seneca-Town of, Erie County</td>
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<tr>
<td>Name</td>
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<tr>
<td>Associates Financial Services Company, Inc.</td>
<td>38 Westchester Avenue, White Plains, Westchester County</td>
<td>Feb 13, 1995</td>
</tr>
<tr>
<td></td>
<td>622 Yonkers Avenue, Yonkers, Westchester County</td>
<td>Feb 13, 1995</td>
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<tr>
<td>Norwest Financial Acceptance, Inc.</td>
<td>775 Old Country Road, Riverhead, Suffolk County</td>
<td>Feb 21, 1995</td>
</tr>
<tr>
<td>Franklin Acceptance Corporation</td>
<td>206 Eighth Street, 8th Floor, Des Moines, IA</td>
<td>Feb 21, 1995</td>
</tr>
<tr>
<td>General Motors Acceptance Corporation</td>
<td>6401 Golden Triangle Drive, Greenbelt, MD</td>
<td>Feb 21, 1995</td>
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<tr>
<td></td>
<td>175 Corporate Woods, Rochester, Monroe County</td>
<td>May 30, 1995</td>
</tr>
<tr>
<td></td>
<td>555 Long Wharf Drive, New Haven, CT</td>
<td>May 30, 1995</td>
</tr>
<tr>
<td>Saab Financial Services Corp.</td>
<td>21 Old Main Street, Suite 107, Fishkill, Dutchess County</td>
<td>May 30, 1995</td>
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<tr>
<td></td>
<td>175 Corporate Woods, Rochester, Monroe County</td>
<td>May 30, 1995</td>
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<tr>
<td>Thor Credit Corporation</td>
<td>660 Newport Center Drive, Suite 250, Newport Beach, CA</td>
<td>Jun 12, 1995</td>
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<tr>
<td>Associates Financial Services Company, Inc.</td>
<td>741 Old Country Road, Riverhead, Suffolk County</td>
<td>Jun 20, 1995</td>
</tr>
<tr>
<td>Auto Factors, Inc.</td>
<td>99 W. Hawthorne Avenue, Suite 318, Valley Stream, Nassau County</td>
<td>Jun 20, 1995</td>
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<tr>
<td>Security Pacific Financial Services of California, Inc.</td>
<td>421 New Karner Road, Suite 4, Albany, Albany County</td>
<td>Jun 21, 1995</td>
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<tr>
<td>Guardian Financial Services, Inc.</td>
<td>101 Grand Avenue, Massapequa, Nassau County</td>
<td>Jun 26, 1995</td>
</tr>
<tr>
<td>Name</td>
<td>Location</td>
<td>Date</td>
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<tr>
<td><strong>Licenses Issued:</strong></td>
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<tr>
<td>Franklin Acceptance Corporation</td>
<td>510 Broadhollow Road, Melville, Suffolk County</td>
<td>Jul 26, 1995</td>
</tr>
<tr>
<td>General Acceptance Corporation</td>
<td>5015 W. St. Rd. 46, Suite 2 N, Bloomington, IN</td>
<td>Aug 01, 1995</td>
</tr>
<tr>
<td>Sunstar Acceptance Corporation</td>
<td>1555 Sunrise Highway, Suite 3, Bay Shore, Suffolk County</td>
<td>Aug 09, 1995</td>
</tr>
<tr>
<td>M&amp;M Resources Consumer Discount, Inc.</td>
<td>2815 Monroe Avenue, Rochester, Monroe County</td>
<td>Aug 28, 1995</td>
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<tr>
<td>Ford Motor Credit Company (Inc.)</td>
<td>500 N. Gulph Road, King of Prussia, PA</td>
<td>Aug 31, 1995</td>
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<tr>
<td>Murray S. Weisberg d/b/a Security Mortgage Co.</td>
<td>3740 Struble Road, Endwell, Broome County</td>
<td>Sep 06, 1995</td>
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<tr>
<td>Credit Corp. of New England</td>
<td>10 Christy's Drive, Brockton, MA</td>
<td>Sep 26, 1995</td>
</tr>
<tr>
<td>Asta Funding, Inc. d/b/a Asta Holdings</td>
<td>210 Sylvan Avenue, Englewood Cliffs, NJ</td>
<td>Sep 28, 1995</td>
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<tr>
<td>TMS Mortgage inc. d/b/a The Money Store</td>
<td>393 Old Country Road, Ste. 301 &amp; 302, Carle Place, Nassau County</td>
<td>Oct 02, 1995</td>
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<tr>
<td></td>
<td>501 New Karner Road, Ste. 28, Albany, Albany County</td>
<td>Oct 02, 1995</td>
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<td></td>
<td>1664 Hylan Blvd., Staten Island, Richmond County</td>
<td>Oct 02, 1995</td>
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<td></td>
<td>5 West Main Street, Ste. 206, Elmsford, Westchester County</td>
<td>Oct 02, 1995</td>
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<td></td>
<td>2440 Sheridan Drive, Suite 103, Tonawanda, Erie County</td>
<td>Oct 02, 1995</td>
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<tr>
<td>Long Beach Acceptance Corp.</td>
<td>690 Kinderkamack Road, Suite 203, Oradell, NJ</td>
<td>Oct 03, 1995</td>
</tr>
<tr>
<td>Name</td>
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<td>Date</td>
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<td><strong>Licenses Issued:</strong></td>
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<tr>
<td>Oxford Credit Corp.</td>
<td>270 South Seroe Road, Melville, Suffolk County</td>
<td>Oct 10, 1995</td>
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<tr>
<td>Sunstar Acceptance Corporation</td>
<td>2130 Walden Avenue, Suite 3, Cheektowaga, Erie County</td>
<td>Oct 23, 1995</td>
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<tr>
<td></td>
<td>295 Northern Blvd., Suite 303, Great Neck, Nassau County</td>
<td>Oct 23, 1995</td>
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<tr>
<td>Associates Financial Services Company, Inc</td>
<td>49 Bridge Street, Corning, Steuben County</td>
<td>Dec 5, 1995</td>
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<td></td>
<td>54 Dysinger Road, Lockport, Niagara County</td>
<td>Dec 5, 1995</td>
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<td></td>
<td>5999 South Park Avenue, Hamburg, Erie County</td>
<td>Dec 5, 1995</td>
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<td><strong>Licenses Surrendered:</strong></td>
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<tr>
<td>DCRS Holdings, Inc.</td>
<td>8231 LBJ Freeway, Suite 400, Dallas, TX</td>
<td>Jan 03, 1995</td>
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<tr>
<td>Home Owners Funding Corp. of America</td>
<td>2309 Sardis Road North, Suite A, Charlotte, NC</td>
<td>Jan 31, 1995</td>
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<tr>
<td>Beneficial Credit Services of New York, Inc.</td>
<td>Southeast Business Center, 100 Business Center Dr., Ste. 106, Brewster, Putnam County</td>
<td>Feb 13, 1995</td>
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<tr>
<td></td>
<td>Eilcott Creek Plaza, 2850 Niagara Falls Boulevard, Amherst, Erie County</td>
<td>Feb 13, 1995</td>
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<tr>
<td></td>
<td>204 Broadway, Amityville, Suffolk County</td>
<td>Feb 13, 1995</td>
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<td></td>
<td>Professional Plaza, Market Street, First Floor, Amsterdam, Montgomery County</td>
<td>Feb 13, 1995</td>
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<tr>
<td></td>
<td>30-13 Steinway Street, Astoria, Queens County</td>
<td>Feb 13, 1995</td>
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<tr>
<td>Name</td>
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<tr>
<td>68 Genesee Street, Auburn,</td>
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<td>Southeast Business Center,</td>
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<td>201, Brewster, Putnam County</td>
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<td>1623 Unionport Road, Bronx,</td>
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<td>2027 Williamsbridge Road,</td>
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<td>Bronx, Bronx County</td>
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<tr>
<td>408 Fifth Avenue, Brooklyn,</td>
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<td>5415 Fifth Avenue, Brooklyn,</td>
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<td>258 Flattush Avenue, Brooklyn,</td>
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<td>Brooklyn, Kings County</td>
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<td>1329 Rockaway Parkway,</td>
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<td>Canandaigua, Ontario County</td>
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<td>4 East Suffolk Avenue, Central Islip, Suffolk County</td>
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<td>3620 Harlem Road, Store 1, Cheektowaga, Erie County</td>
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<tr>
<td>Prudential Building, Groton Avenue Shopping Plaza, Routes 281 &amp; 222,</td>
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<td>Cortlandville, Cortland County</td>
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<td>141 Main Street, Dansville,</td>
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<td>5857 Transit Road, Transit Plaza, East Amherst, Erie County</td>
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<td>171 Columbia Turnpike, East Greenbush, Rensselaer County</td>
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<td>3011 Jericho Turnpike, East Northport, Suffolk County</td>
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<td>244 West Water Street, Elmira, Chemung County</td>
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<td>59 Washington Avenue, Endicott, Broome County</td>
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<td>1015 Beach 20th Street, Far Rockaway, Queens County</td>
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<tr>
<td>83 West Merrick Road, Ground Floor, Freeport, Nassau County</td>
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<td>47 South First Street, Fulton, Owego County</td>
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<td>1801 Western Avenue, Guilderland-Town of, Albany County</td>
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<td>49 Buffalo Street, Hamburg, Erie County</td>
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<td>206 Fulton Avenue, Hempstead, Nassau County</td>
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<tr>
<td>324 Main Street, Huntington, Suffolk County</td>
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<td>217 North Main Street, Jamestown, Chautauqua County</td>
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<td>8 East Main Street, Johnstown, Fulton County</td>
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<td>294 Wall Street, Kingston, Ulster County</td>
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<td>594 New Loudon Road, Latham, Albany County</td>
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<tr>
<td>3000 Hempstead Turnpike - Store A, Levittown, Nassau County</td>
<td>Feb 13, 1995</td>
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<tr>
<td>913 Old Liverpool Road, Liverpool, Onondaga County</td>
<td>Feb 13, 1995</td>
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<tr>
<td>75 Atlantic Avenue, Lynbrook, Nassau County</td>
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<tr>
<td>Cedars Commons Plaza, West Main Street Road, Malone, Franklin County</td>
<td>Feb 13, 1995</td>
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<tr>
<td>256 Main Street, Massena, St. Lawrence County</td>
<td>Feb 13, 1995</td>
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<tr>
<td>156A Dolson Avenue - Playtogs Shopping Center, Middletown, Orange County</td>
<td>Feb 13, 1995</td>
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</tr>
<tr>
<td>Pharmhouse Plaza, Suite 4, Route 5, Seneca Turnpike, New Hartford, Oneida County</td>
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<tr>
<td>486 Main Street, New Rochelle, Westchester County</td>
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<tr>
<td>2 John Street, Room 200, New York, New York County</td>
<td>Feb 13, 1995</td>
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<tr>
<td>Lakeside Plaza, 164 Lake Street, Newburgh, Orange County</td>
<td>Feb 13, 1995</td>
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</tr>
<tr>
<td>11 South Broad Street, Norwich, Chenango County</td>
<td>Feb 13, 1995</td>
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<tr>
<td>Blue Bird Square, 175 North Union Street, Olean, Cattaraugus County</td>
<td>Feb 13, 1995</td>
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</tr>
<tr>
<td>264 Genesee Street, Oneida, Madison County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>4168 North Buffalo Road, Orchard Park, Erie County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>East Main Shopping Plaza, 350-22 Main Street, Patchogue, Suffolk County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>1017 Park Street, Peekskill, Westchester County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>77 Margaret Street, Plattsburgh, Clinton County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>566 Port Jefferson Shopping Center, Unit 26B, Port Jefferson Station, Suffolk County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>237 Main Street, Poughkeepsie, Dutchess County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>216-14 Jamaica Avenue, Queens Village, Queens County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>55-23 Myrtle Avenue, Ridgewood, Queens County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>Ridgemont Plaza Shopping Center, 5A 2833 Ridge Road West, Rochester, Monroe County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>9 North Clinton Avenue, Rochester, Monroe County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>376 Jefferson Road, Rochester, Monroe County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>Location</td>
<td>Date</td>
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<td>-------------------------------------------------</td>
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<tr>
<td>Licenses Surrendered: (Continued)</td>
<td></td>
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</tr>
<tr>
<td>827 Black River Boulevard, Rome, Oneida County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>Capitol Plaza, Store No. U-2, 1925 Curry Road, Rotterdam, Schenectady County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>137 Maple Avenue, Saratoga Springs, Saratoga County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>133 Wall Street, Schenectady, Schenectady County</td>
<td>Feb 13, 1995</td>
<td></td>
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<tr>
<td>2025 Richmond Avenue, Staten Island, Richmond County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>322 New Dorp Lane, Suite A, Staten Island, Richmond County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>2946 Erie Boulevard East, Syracuse, Onondaga County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>1211 Route 9, Wappingers Falls, Dutchess County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>35-39 Public Square, Watertown, Jefferson County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>201 Nineteenth Street, Watervliet, Albany County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>290 Center Road, 1st Floor, Wimbledon Plaza, West Seneca, Erie County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>38 Westchester Avenue, White Plains, Westchester County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>622 Yonkers Avenue, Yonkers, Westchester County</td>
<td>Feb 13, 1995</td>
<td></td>
</tr>
<tr>
<td>Norwest Financial New Jersey, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>244 Boulevard, Hasbrouck Heights, NJ</td>
<td>Feb 21, 1995</td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>Location</td>
<td>Date</td>
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</tr>
<tr>
<td>Benchage Credit Service of America, Inc.</td>
<td>8771 West 95th Street, Overland Park, KS</td>
<td>Mar 01, 1995</td>
</tr>
<tr>
<td>General Motors Acceptance Corporation</td>
<td>214 College Street, Elmira, Chemung County</td>
<td>May 09, 1995</td>
</tr>
<tr>
<td>Associates Financial Services Company, Inc.</td>
<td>775 Old Country Road, Riverhead, Suffolk County</td>
<td>Jun 20, 1995</td>
</tr>
<tr>
<td>Michael S. Maloni d/b/a M&amp;M Resources Consumer Discount</td>
<td>2815 Monroe Avenue, Rochester, Monroe County</td>
<td>Aug 28, 1995</td>
</tr>
<tr>
<td>AVCO Financial Services of Southern California, Inc.</td>
<td>112 North Washington Avenue, Dunellen, New Jersey</td>
<td>Dec 20, 1995</td>
</tr>
<tr>
<td>Great American Credit Corp.</td>
<td>381 Sunrise Highway, Suite 308A, Lynbrook, Nassau County</td>
<td>Dec 31, 1995</td>
</tr>
<tr>
<td>Name</td>
<td>Location</td>
<td>Date</td>
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</tr>
<tr>
<td>Amerifund Corporation</td>
<td>639 N. Salina Street, Syracuse, Onondaga County</td>
<td>Dec 31, 1995</td>
</tr>
<tr>
<td>Chrysler Credit Corporation</td>
<td>660 White Plains Road, Tarrytown, Westchester County</td>
<td>Dec 31, 1995</td>
</tr>
<tr>
<td></td>
<td>230 Half Mile Road, Red Bank, New Jersey</td>
<td>Dec 31, 1995</td>
</tr>
<tr>
<td></td>
<td>Hauppauge Corporate Center, 150 Motor Parkway, Hauppauge, Suffolk County</td>
<td>Dec 31, 1995</td>
</tr>
<tr>
<td></td>
<td>298 Washington Avenue Extension, Albany, Albany County</td>
<td>Dec 31, 1995</td>
</tr>
<tr>
<td>Nationscredit Commercial Corporation</td>
<td>160 Allen's Creek Road, Rochester, Monroe County</td>
<td>Dec 31, 1995</td>
</tr>
<tr>
<td>Legacy Financial Corp.</td>
<td>1500 Wall Street, St. Charles, Missouri</td>
<td>Dec 31, 1995</td>
</tr>
<tr>
<td>Licenses Surrendered: (Concluded)</td>
<td>2667 Bailey Avenue, Buffalo</td>
<td>Feb 06, 1995</td>
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</tbody>
</table>