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## The Milwaukee Sentinel (July 9, 1968) **Big Bank Probe Urged - "Handful Controls Industry"**

From Sentinel Wire Services

**Washington D.C.** - The chairman of the house banking committee Monday called for an antitrust investigation of a handful of banks which he said control more than half of the nation's trillion-dollar investment industry.

Rep. Wright Patman (D- Texas), in a letter to Atty. Gen. Ramsey Clark, asked the justice department to "look into the antitrust questions raised by the serious and widespread problems of interlocking stock holdings and directorships."

He acted after his panel's domestic finance subcommittee issued a 2,000 page report on a study of nearly all of the 3, 125 United States Banks which operate trust departments.

The study said that of the \$1 trillion in assets held by all institutional investors in the country, nearly 60%, or \$607 billion, is held by commercial banks. Of the \$607 billion, it said \$250 billion is held by bank trust departments.

It added that 49 big-city banks hold slightly more than 54% of all bank assets in the nation. These banks, the subcommittee reported, are in Baltimore, Boston, Chicago, Cincinnati, Cleveland, Detroit, Hartford, New York, Philadelphia and Pittsburgh.

The report said the Morgan Guaranty Trust Co of New York holds \$16.8 billion in trust assets, which the subcommittee said is more than the combined assets of the 36 banks in California that were included in the study.

Patman, in his letter to Clark, said that the Morgan bank has 7.5% of the common stock of American Airlines and that some of its directors also serve on American's board.

The same bank, Patman said, also owns 8.2% of United Airlines common stock and 7.4% of the common stock of Trans World airlines.

"No one can question that these major domestic air carriers are in direct competition and yet each has as its largest stockholder a single banking institution," Patman wrote Clark.

"In addition," he said, "the Cleveland Trust Co holds large blocks of stock in the interlocking directorships with three competing iron ore

corporations and two of Cleveland's largest department stores."

Chicago's five largest banks are in a position to control a huge sector of the area's economy through trust accounts, stock holdings and interlocking directorships, according to the report.

The report said the five banks own 5% or more than of the stock in over 1000 corporations, have interlocking directorships with more than 600 firms and hold more than 93% of all bank trust assets in the Chicago area.

### **In its study of banking in the Chicago area, the staff reported these findings:**

The five leading banks dominate in Chicago and have 814 interlocking directorships with 638 companies. An interlocking directorship when a person is a member of the governing bodies of both a bank and another company.

They hold 5% or more of one or more classes of stock in 1139 corporations. They are the depositories of \$19.6 billion in trust assets or 93.47% of all such assets in the area.

The report focused on the First National Bank of Chicago, which it said, "has by far, the most extensive interlocking relationships with other corporations of any Chicago bank and one of the most extensive of any bank surveyed."

Second in size is the Continental Illinois Bank, followed by the Northern Trust Co., Harris Trust and Savings Co., and American National Bank and Trust Co.

First National holds substantial stock in 401 firms, many of them major corporations (are) in direct competition with each other, the report said.

The subcommittee's report said the concentrated holdings of assets, plus the dual director roles indicated, "that banks by virtue of their trust powers alone possess the power to dominate the behavior of large segments of U.S. industry."

(End of article)