

21441

REPORT BY THE

Comptroller General

OF THE UNITED STATES

Issues To Be Considered While Debating Interstate Bank Branching

This report summarizes GAO's observations about administrative and process matters which should be addressed when the Congress considers changing the current laws pertaining to the interstate branching of commercial banks. The report describes matters such as regulatory agency coordination, centralized versus decentralized decisionmaking, market assessment, and legal challenges which could affect the efficient and economic review of interstate branch actions.



GGD-82-36
APRIL 9, 1982

2-21441111

Request for copies of GAO reports should be sent to:

**U.S. General Accounting Office
Document Handling and Information
Services Facility
P.O. Box 6015
Gaithersburg, Md. 20760**

Telephone (202) 275-6241

The first five copies of individual reports are free of charge. Additional copies of bound audit reports are \$3.25 each. Additional copies of unbound report (i.e., letter reports) and most other publications are \$1.00 each. There will be a 25% discount on all orders for 100 or more copies mailed to a single address. Sales orders must be prepaid on a cash, check, or money order basis. Check should be made out to the "Superintendent of Documents".



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-201795

The Honorable Jake Garn
Chairman, Committee on Banking,
Housing and Urban Affairs
United States Senate

The Honorable Fernand J. St Germain
Chairman, Committee on Banking,
Finance and Urban Affairs
House of Representatives

The General Accounting Office (GAO) has recently completed a review of the Federal bank regulators' processing of commercial banks' applications to establish branches. The McFadden Act (12 U.S.C. 36) and State laws combine to limit branching to within a State's boundaries. Although the processes and procedures we reviewed were focused on intrastate branching, we found that several process related issues relevant to intrastate branching are equally pertinent to any projected interstate branching system. These issues--regulatory agency coordination and cooperation, centralized versus decentralized decisionmaking, assessment of markets, and legal challenges--should be included in any upcoming congressional studies of interstate branching.

OBJECTIVE, SCOPE, AND METHODOLOGY

This report is the second from our review of the Federal regulation of commercial bank branching. The objective of that review was to assess efficiency and effectiveness of the agencies' branch application review processes. The review was conducted in accordance with GAO's "Standards For Audit Of Governmental Organizations, Programs, Activities, And Functions."

The observations we make in this letter are drawn from the detailed work we conducted for our report entitled "The Federal Role In Intrastate Branching Can Be Reduced" ^{1/} and from discussions with regulators, bankers, and other banking industry experts in San Francisco, California; New York, New York; Chicago, Illinois; Richmond, Virginia; and Washington, D.C.

^{1/}GGD-82-31, February 24, 1982.

INTERSTATE BRANCHING--THE CURRENT ENVIRONMENT

Intrastate branching of national and State banks is essentially a State law matter. Because of the McFadden Act of 1927 and the Federal Reserve Act, national banks and State bank members of the Federal Reserve System are required to observe State statutes in their intrastate branching actions. The McFadden Act is silent regarding interstate branching, and the Comptroller of the Currency has interpreted this silence to mean that he cannot approve the establishment and operation of interstate branches. However, a State may at any time broaden the permissible branching area by either allowing out-of-State banks to branch into its State or allowing its banks to branch into other willing States. Under the Comptroller's interpretation of the McFadden Act's silence, national and State member banks in any such States would not have similar opportunities.

INTERSTATE BRANCHING HAS BEEN
EXTENSIVELY STUDIED

The issue of interstate branching involving banking and other financial services has been the subject of many studies and reports over the years. These analyses address the impact of interstate banking from a wide spectrum of perspectives, including intrastate and interstate banking policies, bank profitability and safety and soundness, community convenience and needs, and impact on market competition. The studies have generally concluded that interstate branching is desirable. Significant studies of branching policy include those by the

- Commission on Money and Credit, 1961;
- Advisory Committee to the Comptroller, 1962;
- Committee on Financial Institutions, 1963; and
- Hunt Commission, 1972;

and those titled

- FINE "Discussion Principles," 1975 (Committee on Banking, Currency and Housing, House of Representatives);
- "Compendium of Issues Relating to Branching by Financial Institutions," 1976 (Subcommittee on Financial Institutions, Committee on Banking, Housing and Urban Affairs, U.S. Senate); and
- "Geographic Restrictions on Commercial Banking in the United States," January 1981 (President of the United States).

The most recent report 1/ was mandated by the International Banking Act of 1978. Under the act, the President was required to report to the Congress on the applicability of the 1927 McFadden Act, as amended in 1933, to today's financial environment. The language mandating the report referred only to the McFadden Act. However, the President's study included an analysis of the restrictions on interstate chartering and acquisitions imposed by the so-called "Douglas Amendment" to the Bank Holding Company Act of 1956.

The report addressed the impact of interstate branching policy options from a wide perspective. Several branching options were addressed in the report. They were:

- Maintenance of the status quo.
- Expansion with some geographic limitations.
- Permission of unrestricted branching for only non-household services.
- Liberalization of electronic funds transfer terminal deployment.
- Permission of interstate expansion of bank holding companies.
- Authorization of unrestricted nationwide branching.

COORDINATION OF BRANCH APPROVAL PROCESS
WILL BE NECESSARY

Assuming that any adopted form of interstate branching would involve some sort of Federal regulatory review, the new process could require additional coordination within and among the participating regulatory agencies. This coordination would focus on the effective sharing of both bank capacity and market condition related information.

Processes involving more than one decisionmaker require the effective sharing of decision information among the participants if the process is to be efficient. Incomplete or untimely information may delay the process and adversely affect the quality of the decision.

1/This report was submitted to the Congress in January 1981.

Currently, the branch application approval process focuses on assessing the capability of the applicant institution to expand. The potential market impact of the branch placement is also addressed, but to a much lesser degree, particularly by the Comptroller who assesses market impact only to the degree required by the States. In assessing applicant capability, regulatory field offices rely extensively on information generated by their offices, including examination reports, correspondence files, and face-to-face contacts with banking officials. Routine branching analyses are normally handled within a single regional office where access to and familiarity with both examination data and examiners is relatively easy.

In reviewing the branch's potential market impact, regulators rely primarily on their ongoing personal knowledge of the area and to a lesser extent on the performance of onsite reviews. Competition-related protests are from protestors located in the same State and are also relatively simple to administer.

The introduction of wider branching opportunities could necessitate changes in these approaches. In assessing applicant capacity, in even routine cases, more regulatory decision-makers would become involved. When actions are required which involve more than one regulatory field office, the transmission of examination data would be required between and among Federal regulators' regional offices and State banking agencies. While some performance data is already available on systemwide networks, detailed examination reports are not. In addition, Federal regulators could be hampered by the lack of statutory authority to provide States with supervision and examination information on out-of-State banking institutions.

Federal Deposit Insurance Corporation and Federal Reserve System officials stated that they share supervision and examination information with States within their jurisdictions. Examination data is confidential information for the most part, and we have been informed that such data cannot generally be shared with any State other than where the applicant bank is located. Regional officials of these agencies indicated that sharing this kind of information on an interstate basis could serve to promote and expedite the processing of requests to establish interstate branch banks, but to do so would require the enactment of legislation. Short of the enactment of legislation, the regulators indicated that the States would have to enter into agreements that would permit the disclosure of confidential information on banking institutions under their jurisdiction.

The assessment of market impact could also require more informational exchanges among regulator field offices and between regulators. Although some forms of rough aggregate economic data are available on a nationwide basis, information concerning the nature of an individual branch's trade area is generally unavailable nationwide, as these trade areas may or may not correspond to the available data bases. Additional data exchanges could be required.

GAO reviews have shown that inadequate coordination between the Federal Deposit Insurance Corporation, Federal Reserve System, and Comptroller of the Currency has been a recurring problem. For instance, in our report entitled "Federal Supervision of Bank Holding Companies Needs Better, More Formalized Coordination" (GGD-80-20, February 20, 1980), we discussed the problem of coordination among the Federal regulatory agencies. In our more recent report on "Federal Examinations of Financial Institutions: Issues That Need To Be Resolved" (GGD-81-12, January 6, 1981), we discussed problems in coordination that exist between Federal and State regulatory agencies.

ORGANIZATIONAL DECISIONMAKING APPROACH
WILL AFFECT POLICY IMPLEMENTATION

The extent to which Federal regulatory agencies' decision-making will have to be centralized or decentralized will have an impact on the timeliness and cost of the branch approval process. Centralized branch approval approaches have historically required more agency resources and resulted in longer application processing times.

The cost and timeliness of decisionmaking is generally related to the nature of the decisionmaking process. Normally, as more organizational entities are involved in making a decision, decisions take longer and require more resources. If many decisions need to be made, timeliness and cost considerations will be significant.

In approving intrastate branching proposals, the Federal regulators have evolved from a highly centralized process, requiring headquarters approvals for each action, to a more decentralized approach where most approvals are made at the regional office level. The decentralization of these processes saved regulatory resources and reduced application processing times. For example, the Federal Deposit Insurance Corporation's 1976 annual report claimed that the Corporation had saved 13,600 hours in agency resources through the delegation of most of the branching decisions to its regional offices.

Currently, only exceptional cases require a headquarters branch approval. These approvals normally take significantly longer than the "routine" approvals made at regional offices. The types of applications identified as exceptional by one or more of the agencies include

- applications from problem institutions,
- applications from large institutions with multinational operations,
- applications which were strongly protested, and
- applications where legal questions were raised.

The Federal regulatory agency decisionmaking approach will be influenced by the extent to which interstate decisions are viewed as exceptional cases requiring headquarters involvement. This regulatory process determination, in turn, will be influenced by the nature and number of decisions required by any new public policy. If many legal questions are involved, if strong protests are mounted by competitors, or if large multinational institutions are extensively involved, Federal regulators have historically centralized the branch approval decision. A centralized review process would likely be more costly than a decentralized one.

THE ASSESSMENT OF MARKET RELATED
ISSUES MAY BE DIFFICULT

One issue of concern addressed in the 1981 Presidential interstate branching study was the potential impact of interstate branching actions on the market-related issues of (1) undue concentration of economic resources, (2) impact on community convenience and needs, and (3) effect on competition within the banking industry. In the intrastate branching process, where each branching action is to be assessed for market impact, market-related issues have been difficult to measure and have been progressively de-emphasized by Federal regulators.

In order to effectively and efficiently regulate any type of economic activity, accurate and efficient measurement techniques must be available to the regulator. If the regulator cannot obtain timely and accurate analyses of the regulated activity, the quality of regulatory decisions may be adversely affected.

Branching's impact on the recipient market(s) has long been a source of concern to Federal regulators. In the intra-state branching area, the Congress directed the Federal Deposit Insurance Corporation to consider the convenience and needs of the recipient community in its branch approval decisions, and the Federal Reserve System and Comptroller of the Currency have also adopted policies calling for the assessment of these types of issues. Initially, Federal agencies used specific analytical approaches to assess branch market impacts. For example, the Federal Deposit Insurance Corporation monitored deposit concentrations within the proposed service area, while the Federal Reserve System monitored the population per banking facility to attempt to identify markets which were "overbanked" or over-saturated. In addition, onsite visits were normally performed.

Over the years, agency approaches toward reviewing these areas have changed. The agencies have now adopted "pro-competitive" philosophies, which assume that expansion is inherently desirable unless proven otherwise. The analysis of market factors has been de-emphasized, with reviewers relying primarily on applicant assertions and their own knowledge of the area. Onsite visits are rarely performed. Unlike the applicant capability area, where specific operating relationships are tested, no such set of tests is now employed in the market assessment. Federal reviewers noted that these assessments are inherently difficult in that:

- There are a wide range of different branch arrangements, making the consistent application of a specific review methodology difficult.
- Branch proposals are inherently futuristic in nature, relying heavily on assumptions made concerning future economic events.
- The dynamic nature of today's financial markets makes it normally impossible, without extensive research, to independently determine which institution is competing in which market with which competitor.

In some instances regulatory judgments in these areas have been uncertain, with one reviewer finding a proposal to have an adverse competitive impact, while another reviewer finds the same proposal to be pro-competitive.

Given the difficulties in measuring market factors for intrastate branches, if the Congress desires Federal regulators to rigorously assess the market impact of each interstate branching application, these assessments will be difficult to make and very judgmental without explicit criteria. If branch application volume is high, application processing times may be long, and regulators may require additional resources to perform the required assessments.

PHASED CHANGES IN POLICY MAY
PRECIPITATE LEGAL CHALLENGES

One approach advocated in many recent interstate branching studies has been to recommend phased changes to current geographic restrictions. These changes would liberalize current policies through the substitution of broader geographic branching restrictions for State boundaries. In the intrastate branching environment, the use of geographic restrictions other than State boundaries has precipitated various legal challenges. These challenges have focused on defining the nature and scope of the geographic boundaries.

The effective implementation of any regulatory legislation is affected by the extent to which legal challenges are made to its interpretations by regulators. Such challenges may delay and/or increase the cost of implementation.

Several recent interstate branching studies have advocated the liberalization of the current set of State boundary branching restrictions through the substitution of new, broader geographic limitations. These new limitations would be part of a phasing-in process which would lead to an eventual full transition to interstate branching. For example, the 1981 Presidential report recommended "a phased liberalization" of the Douglas Amendment and incremental changes in the McFadden Act "over the longer term." These recommendations include the liberalization of branching or holding company activity to a "regional basis" or to "natural market areas" of Standard Metropolitan Statistical Areas. This would require substituting these new boundaries for State borders.

Boundaries other than State lines for intrastate branching purposes have been used by many States for many years. Limited branching States and nonbranching States normally restrict intrastate activity through employing such devices. Examples include city boundaries, county boundaries, and village boundaries. However, in at least seven States, delays were encountered because of legal challenges to interpretations of these restrictions.

Many of the cases directly pitted national banks against State banks that were attempting to stop a proposed expansion. The problem is illustrated by a case in Virginia. The State allows branches to be established in cities "contiguous" to the county or city in which the parent bank is located. A bank located in Norfolk, on one side of the James River and the harbor of Hampton Roads, applied for a branch in the city of Hampton, which is situated on the other side. The boundary line between the two cities lies beneath the waters, so the two are clearly "contiguous" from a strictly geographic standpoint. But the State argued that "contiguous" should be construed in its economic sense, for it was debatable whether the large body of water separating the two jurisdictions made the cities contiguous in that sense of the word. The case generated four separate lawsuits, two in State courts and two in Federal court, embroiling the parties in other time-consuming issues, such as whether the Federal court should delay its decision until the State's Supreme Court had decided its case. In the end, the Federal court upheld the Comptroller of the Currency's view that "contiguous" means geographically contiguous and that a national bank in Norfolk can branch across Hampton Roads into Hampton.

Given the history of legal challenges to geographic restrictions, a new branching policy which establishes new boundaries may prompt legal challenges seeking to define the nature and scope of these boundaries. Congressional and regulatory guidance on the factors to be considered in setting geographic boundaries should minimize these delays and encourage effective implementation of any new branching policy.

CONCLUSIONS

Our extensive review of the current Federal role in intrastate bank branching decisions has identified several implementation issues which we believe have directly affected both applicant bank and regulator branching decision costs and timeliness. These issues are regulator information coordination, organization decisionmaking efficiency, market factor assessment difficulties, and challenges to statutory interpretations.

If a new branch policy is to be successful, the nature and extent of regulatory information coordination requirements should be kept to a minimum, as extensive coordination requirements inevitably lead to lengthened processing times and more reporting requirements. As the current intrastate branch approval process shows, branch approvals have historically involved two or more regulators making very judgmental decisions. Significantly broadening branching activity could also broaden the number of regulators requiring information upon which to make their decisions. As these information needs become more

diversified geographically, more coordination of the information flow would be needed to maintain process efficiency. Prior GAO reports have already identified coordination problems in several other regulatory areas.

Regulatory decision requirements should also be kept simple to allow the decentralization of the process and to avoid the added costs associated with centralized decisionmaking. In the intrastate area, the more complex the decision, the more centralized it became. As centralization increased, processing times and costs increased. In an attempt to minimize this cost, agencies have attempted to handle routine decisions in a more decentralized manner. An exception-based decision approach is one option which should be considered for any new branching policy if a significant volume of routine decisions is anticipated. Processing efficiencies should result.

In addition, the market-related objectives of any new policy should be explicitly defined to the extent practicable in order to facilitate regulatory decisions. In assessing the market-related impacts of intrastate branching decisions, Federal regulators have evolved into an approach that assumes branching has an inherently positive impact on recipient markets. As a result, applications are very rarely restricted due to market impact considerations. Regulators have also encountered difficulties in developing measurement approaches for this area. If the Congress wishes Federal regulatory agencies to monitor interstate branching's market impact, it should provide the general factors to be considered in the impact analysis to facilitate efficient and consistent decisions. The same need for guidance would apply were the Congress to adopt an incremental approach to expanding the geographic boundaries for branching.

AGENCY COMMENTS

We furnished drafts of this report to the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation for their review and comment. The Board chose not to comment. The Corporation commented on four areas: coordination, organizational relationships, market analysis, and legal issues. In addition, the Comptroller commented on market analysis and expressed concern about the impact of the Community Reinvestment Act on the processing of interstate branch applications. Their comments are reproduced in the appendixes.

Regarding coordination, the Corporation described existing coordination as being effective and adaptable. Our observation is that interstate branching, in whatever form, could engender new relationships--more than one State and, likely, more than one Federal field office will be involved. The Corporation stated that it can share examination data with States. We agree. However, we were told that there may be barriers to the exchange of such data among the States themselves. Whether the Corporation could or should serve as a funnel for such exchanges is not clear.

The Corporation stated that it has the authority to streamline the application process to the extent necessary. Our point on decisionmaking authority is that interstate branching would likely raise questions of intra-agency jurisdiction and that a centralized process is usually a result. A centralized process is usually more costly and time-consuming.

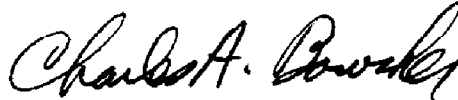
Both the Corporation and the Comptroller disagreed with an observation in the draft report that explicit criteria for defining a market might be useful. The Corporation points out that market analysis is a "subjective judgmental process," while the Comptroller states that explicit criteria may create more paperwork which would be incongruous with "the current enthusiasm for deregulation." We believe, however, that basic congressional and regulatory guidance on the general factors to be considered in making market analyses would enhance the efficient implementation of any new branching policy. It is not our intention to place the agencies in a rigid regulatory structure or to recommend legislation that would operate without regard to the market variations that might arise in the future. But, we feel that without some basic guidance on the factors to be considered in evaluating the market, market analysis will be even more nebulous than it is now. We have revised the report to clarify our position. (See p. 10.)

The Corporation has overstated our discussion of potential legal challenges. We are not gravely concerned. Rather, we point out that the more ill-defined regulations are, the more likely they are subject to legal disputes. Such disputes cost time and money--costs which can be avoided through better definition.

The Comptroller suggests that protests associated with the Community Reinvestment Act will have an impact on the processing of interstate branching applications. Although there will undoubtedly be such protests, we cannot foresee how such protests would be more prevalent for interstate branching than they have been for intrastate branches. We found the incidence of processing delays because of Community Reinvestment Act protests to be relatively low (about 1 percent) for the intrastate branch applications we reviewed.

- - - -

Copies of this report will be provided to the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation.



Comptroller General
of the United States



FEDERAL DEPOSIT INSURANCE CORPORATION, Washington, D.C. 20429

OFFICE OF DIRECTOR - DIVISION OF BANK SUPERVISION

February 3, 1982

Mr. William J. Anderson
Director, General Government Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Anderson:

Chairman Isaac has asked me to comment on the GAO draft report ("Report") entitled "Process Issues Should be Considered During the Debate on Interstate Branching." It is recognized that your office made no specific recommendations in conjunction with the Report; however, several observations and conclusions are presented on which we welcome the opportunity to respond.

Coordination of Branch Approval Process Will be Necessary

The Report states that the Federal regulatory review process for interstate branching activities ". . . would require additional coordination within and among the participating regulatory agencies" and is concerned that "(p)rocesses involving more than one decisionmaker require the effective sharing of decision information among the participants if the process is to be efficient." We fully support cooperative efforts with the other Federal bank regulators; however, we question why additional procedures would be needed as only one Federal supervisory agency is involved in the approval or denial of any particular branch application. There are adequate procedures already in place to permit the sharing of financial and examination data, and we do not foresee any additional needs arising out of interstate branching proposals which could not be resolved under the Corporation's existing relationships.

Coordination and cooperation between and among field offices, Regional Offices and the Washington Office are regarded as effective, and we will continue to make every effort to assure that internal communication and the exchange of information are both efficient and timely. Needed financial, economic and examination data are readily available at all appropriate levels within the Corporation as substantial efforts have been made to provide for the timely dissemination of needed information. Internal procedures have been instituted to monitor the processing time for branch, and other, applications; and we feel that our efforts to increase efficiency in this area have been quite successful. While we recognize that interstate branching might require some additional coordination between different regional offices, we believe that we possess the flexibility to quickly adapt to such a change in the banking environment.

As for coordination with state regulatory authorities, the Corporation historically has cooperated, and will continue to cooperate, with state banking departments whenever and wherever possible. Financial and deposit origination data, on both individual banks and aggregated by a variety of criteria as needed, are made available to state banking regulators as a common practice. A number of state banking departments have access, by means of computer terminals, to the Corporation's data base, providing for an almost instantaneous exchange of information. Branch (and other) applications are routinely processed concurrently by the Corporation and state authorities with increased use of common forms, substantially reducing the potential time delay and burden on the applicant. We feel that there is a very high level of coordination and data sharing occurring between the Corporation and state bank regulators, and we stand ready to provide additional assistance and information if the need should arise.

The sharing of examination data on a particular bank with state authorities is not prohibited, and such interchange of bank examination reports is a common practice. The Report states that confidential information such as examination reports ". . . cannot generally be shared with any State other than where the applicant bank is located." While I cannot speak for other Federal regulatory agencies, we find no prohibition to such a practice. I refer you to Section 309.6(c)(2) of the Corporation's Rules and Regulations

a branch's potential impact upon competition or the convenience and needs of the community to be served, we are not without guidance and experience in this field. Court interpretations, decisions in bank amalgamation cases, and a variety of census, economic and deposit origination data provide the fundamental tools necessary to permit an informed judgment. As with any judgment process, instances can be found where there will be disagreement. This, however, does not indicate a flaw in the basic approach to market analysis.

We strongly disagree with the conclusion that Congress should set the explicit criteria for analyzing banking markets. The Report sets forth a number of valid reasons why market analysis is difficult which include the wide range of different branch proposals and the dynamic nature of today's financial markets. For these very same reasons, we feel that specific legislation could never encompass all of the variations and situations which might arise in the future. Moreover, specific legislation in this area might



Comptroller of the Currency
Administrator of National Banks

Washington, D. C. 20219

February 12, 1982

Mr. William J. Anderson
Director
General Government Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Anderson:

We have reviewed your January 5, 1982, draft of a proposed GAO report entitled, "Process Issues Should Be Considered During the Debate on Interstate Branching." In the draft report, GAO discusses administrative-type matters which should be addressed if and when changes are made to the McFadden Act or the "Douglas Amendment." GAO makes no recommendations in the report.

The Office of the Comptroller of the Currency (OCC) shares GAO's concern for the effective and efficient processing of possible interstate branch applications; however, there are two issues upon which we wish to comment.

The draft report states "Given the difficulties in measuring market factors for interstate branches, if the Congress desires Federal regulators to rigorously assess the market impact of each interstate branching application, these assessments will be difficult to make and very judgmental without explicit criteria." This statement appears incongruous with the current enthusiasm for deregulation. The impact of applying explicit criteria also might increase the paperwork burden of financial institutions, which is another incongruity in today's world of paperwork reductions. Furthermore the OCC does not feel there is processing difficulty for Federal regulators stemming from an application's being interstate as stated in the draft report. It is recognized, however, that problems could arise which would delay processing of applications if an individual state insisted on assessing market impacts in another state.

Our second concern with the draft report is that the Community Reinvestment Act is not mentioned, although it surely is relevant to GAO's observations about the impact of protests on processing and time frames. We feel this omission should be considered before release of the final report.

The OCC agrees with GAO that there are important issues to address during the upcoming debate on interstate branching and we appreciate the opportunity to respond to the draft report with these observations. Other matters of concern to the OCC were resolved in meetings held between our staffs and we understand the final report will reflect those changes.

Very truly yours,



C. T. Conover
Comptroller of the Currency



AN EQUAL OPPORTUNITY EMPLOYER

**UNITED STATES
GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548**

**OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300**

**POSTAGE AND FEES PAID
U. S. GENERAL ACCOUNTING OFFICE**



THIRD CLASS