

Banks rapidly crossing state lines

Editors' Note: This is the first of a four-part series on interstate bank mergers in North Carolina.

By LORRY WILLIAMS
Business Editor

The regulation of interstate banking has, by and large, been left to individual state legislatures. And even though interstate banking is restricted legally, banks and holding companies continue to expand across state lines.

North Carolina's interstate banking laws went into effect Jan. 1, 1985. Since then the state's leading bank corporations haven't wasted time in expanding into southeastern states.

Federal statutes restricting banks and holding companies from acquiring banks across state lines seem straightforward in addressing the interstate banking issue.

The 1927 McFadden Act limits branching by a national bank to a single state. The Bank Holding Company Act of 1956 prohibits a bank holding company from expanding across state lines.

It's the Douglas Amendment to the Bank Holding Company Act, however, that has allowed the megamergers associated with interstate banking to occur. Under the Douglas Amendment, state legislatures can pass laws allowing banks from outside their state to come in and acquire a bank.

Robert Eisenbeis, Wachovia professor of banking in the UNC Business School, said the Douglas Amendment might seem contradictory to the federal restrictions. But, he added, "Through expansion) they can survive the day

beyond the Tar Heel state.

"NCNB got into this activity directly by a historical accident," Eisenbeis said.

The corporation owned a non-deposit trust company in Florida that saw very little activity, according to Eisenbeis. In the early 1980's when the interstate banking laws were beginning to go into effect, the company was rediscovers. With no expansion limitations to restrict it from merging with the Florida company, NCNB began its interstate banking expedition by merging that company with a bank.

"They had a jump on other banks," Eisenbeis said.

One of First Union Corporation's earliest mergers was not with an out-of-state bank; it was with Northwestern Bank of North Carolina on Dec. 31, 1985. In November, First Union acquired the Atlantic Bancorporation of Jacksonville, Fla.

Interstate mergers obviously increase a bank's holdings, but other reasons for expansion may not be as obvious. "Movement for a compact group is a way to keep money centers out of the Southeast," Eisenbeis said.

"They have a growth objective," he said. "They want to get bigger. They don't want to be an acquisition candidate."

Mark Flannery, associate professor in the Business School, agreed with Eisenbeis.

"A lot of banks are seeking to protect themselves for the time when New York and Chicago can buy banks in North Carolina," Flannery said. ("Through expansion) they can survive the day

when larger banks come in."

Interstate mergers also help banks protect themselves, Flannery said, adding that when banks merged more economic factors were important and the good and bad economic news equaled out.

For example, in North Carolina many bank customers depend on tobacco and textiles for their incomes. When those industries experience bad times customers dependent upon them begin to pull their money out of the bank.

Florida's economy, however, depends on more diverse things. For a company owning banks in both states it would be unlikely for both states to experience bad economies at the same time.

Flannery also said bank mergers often combined two institutions with complementary skills. "You get bigger, better, broader and more diversified skills (with mergers)," he said.

Eisenbeis said unit costs for providing some services could go down when mergers happened. He added that banks might be more able to offer international services or scope economies that could better satisfy the needs of particular customers.

"There is a question about whether there are efficiencies," he said. "Research tends to suggest there are not."

Flannery agreed that interstate mergers gave corporate customers improved access to services. But he said, "Better services in terms of retail customers are nil."

The average consumer may be able to travel out of state and still have access to his bank account. Or he/she could move into a state where his/her bank has merged and not have to change banks.

"But not many people think about that," Flannery said. "The changes are more likely to be noticed by corporate customers than retail customers."

"The harm is smaller than the gains, but both are pretty small. I don't think there are any detrimental effects (of mergers)."

Whether small banks can effectively compete with million dollar megabanks is a question that remains to be answered, Flannery said.

Eisenbeis said that while some people believed mergers would create competition for smaller banks, those competitive pressures were already there before the interstate banking laws went into effect.

There is also the fear that interstate mergers will lead to a small number of banks dominating the banking field. "With regional interstate banking there is more of a chance of that than with national interstate banking," Eisenbeis said.

Although the interstate banking issue has been left to individual legislatures to handle, Congress was expected to take some form of action on the matter last year. It did not, and Eisenbeis said it probably would not for a while.

"Congress never runs off on these things without a reason to do it," he said. "And there's no pressure to act on it now."

First Union joins Citizens Dekalb

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By ROBERT KEEFE
Staff Writer

Shareholders of Citizens Dekalb Bank of Clarkston, Ga. voted recently to approve a \$10.4 million merger with First Union National Bank of Charlotte.

The merger, pending approval from the Federal Reserve System, will result in the acquisition of \$40 million in assets presently held by Citizens Dekalb, and it will give First Union 48 new offices in Georgia.

"The purchase of this bank will allow First Union to expand its service to existing customers in Georgia and to capitalize on new banking opportunities in the thriving Atlanta area," said Edward E. Crutchfield Jr., chairman and chief executive officer of First Union Corporation.

According to Barbara K. Massa, vice president of investor relations with First Union, negotiations are expected to be completed by March 31 of this year.

The Citizens Dekalb acquisition marks the fifth such merger announced by First Union since November of 1985.

On Nov. 15 of 1985, First Union acquired the Atlantic Bancorporation of Jacksonville, Fla. On Dec. 1, it acquired Northwestern Bank of N. Wilksboro, N.C., and on Dec. 31, First Union merged with Central Florida Bank Corporation.

In addition to the Citizens Dekalb merger, First Union wants to complete negotiations on the acquisition of the Southern Bancorporation of Greenville, S.C., by the end of March. It also plans to begin negotiations on a merger with First Bankers Corporation of Pompano Beach, Fla. in the near future.

Massa said when the federal government began deregulating banks, First Union was ready to move. "We were one of the banks with very strong capital," she said. "So we could begin (interstate banking) almost immediately."

Massa said the mergers should not effect services to customers of First Union. "If anything it will benefit them," she said.

At the end of 1985, First Union had \$8.1 billion in assets in 468 offices in 30 U.S. states and in four foreign countries. The corporation's total assets are expected to exceed \$17 billion when all announced mergers are completed.

Dancer's talent arriving on 'Big Shoulders'

By LORETTA GRANTHAM
City Editor

The Julliard School accepted Lar Lubovitch as a dancer student, although he'd never taken a dance class in his life.

Dance critics from New York to San Francisco accepted Lubovitch's choreography in "Big Shoulders," although the dance piece had no music.

And a Chapel Hill audience will have its own chance to accept Lubovitch on Feb. 5, when the Chicago native's dance company will perform in Memorial Hall. "It's contemporary dance... what some people would call 'modern,'" said Lubovitch in a telephone interview, as his dancers prepared to rehearse in his New York studio.

Three works choreographed by Lubovitch will comprise the company's local performance, the second event of this year's Triangle Dance Guild series.

The group's first piece, performed to Johannes Brahms' *Symphony No. 3*, will feature the female dancers in long dresses and the male dancers in unitards, Lubovitch said. In the second portion of the program, the dancers will don short white dresses and white unitards for a dance set to a Wolfgang Mozart concerto.

And finally, "Big Shoulders" will provide a

contrasting finale to the show, Lubovitch said. The colorfully dressed dancers will not move to the sounds of music but to a soundtrack of construction noises.

The work takes its name from a poem by Carl Sandburg about Chicago, the choreographer said, and its theme is one of architecture and energy.

"Big Shoulders" has received critical acclaim across the country, and one *New York Times* reviewer said the piece "shows the choreographer back in the inventive movement phase, always maximizing the sleek technical polish and energy of his excellent dancers."

Neither choreography nor dance, however, was what Lubovitch had in mind for a career when he was studying art at the University of Iowa. Young Lubovitch saw a performance by the Jose Limon dance troupe and decided to leave college, go to New York and seek an audition at the Julliard School.

When asked about his rather unorthodox method of gaining acceptance into the competitive school, Lubovitch simply said, "I auditioned with a dance that I'd choreographed myself, and I got in."

Although he switched to dance as a profession, Lubovitch's art training continues to help him as he selects settings and costumes for his works, he said. Lubovitch supported himself while he was at Julliard

by drawing portraits with colored chalk at a small art shop in Greenwich Village.

After graduating from Julliard in the early '60s, Lubovitch appeared with a variety of companies that featured modern, ballet, jazz and ethnic dance. He also worked five nights a week as a professional go-go dancer in New York nightclubs. "It's all dance," he said, in discussing his after-hours job. "It was a great experience."

He said he later joined a ballet company and was typecast as "the resident monster," playing such parts as the rapist, the bat, the bad kid, the lunatic and the drunk. "I was the modern dancer in the ballet," he said. "It gave me a hungry condition for choreographing."

Lubovitch formed his own company in 1968, a group that has performed in the United States, Canada, France, Poland and Portugal.

While he sees little difference in audiences worldwide, Lubovitch said he noticed a freshness in university audiences. "They're made up of younger people, and they're more receptive," he said.

Lar Lubovitch Dance Company will perform Feb. 5 at 8 p.m. in Memorial Hall. Call 962-1449 for ticket information.

Fastbreak tabulates

By DENISE JOHNSON
Staff Writer

The Elections Board will break another election-night tradition this year, as this year's results will be tabulated in the Fastbreak area of the Student Union instead of the Great Hall.

In years past, candidates for student offices gathered in the Great Hall anxiously awaiting the results of the vote counter. The evening ending late, with champagne toasts for the winning candidates and tears on both sides.

Chris Shearer, Elections Board treasurer, said the board decided to move its tabulations to the Fastbreak area because "we just don't need all that space in Great Hall."

"We're just basically experimenting right now," he said. "If we find that we're crowded, we'll move back to Great Hall (next year)."

Polls will close at 5 rather than 7 p.m. this year, Shearer said, to prevent late results. He projected that the results would be tabulated by 9 p.m.

"We hope to speed it up so everyone can watch the Georgia Tech game," he said.

Last year, alcoholic beverages were banned for the first time in the Great Hall, and Shearer said the policy would remain this year.

"Allowing alcohol is too big a hassle to pay a policeman to be there,

(and) we have to clean up after the event," he said.

The tradition of holding the election results in the Great Hall will be missed, said Jimmy Greene, a candidate for student body president and two-term Campus Governing Council representative.

"I liked it in Great Hall where they would put it on the wide screen," he said. "It is traditional and has a better atmosphere."

Ray Jones, a candidate for Residence Hall Association, said: "I always enjoyed the bigness of Great Hall. I've been picturing it in there, and I just think they're trying to find some use for the Fastbreak area."

Jaye Sittou, a current CGC representative and candidate in this year's election said the move to the Fastbreak area was not important.

"Whatever is most convenient for them," she said. "If it's big enough to hold everyone, I don't see a problem."

Greene said he would miss the champagne celebrations after the votes were counted. ("Not having alcohol) puts a damper on things," he said. "But you have to take it in stride.")

The no-alcohol policy, however, probably will not put a damper on the winners' celebrations. Jones said: "I've never been drunk before, but if things turn out well, I may consider it. But I may just go home."

'60s music at Cat's Cradle lures British-lit. invasion

By JAMES BURRUS
Staff Writer

Once a month, all the English graduate students and professors get together at Cat's Cradle to listen to some of that '60s music they grew up with. The tunes are played by the eclectic band Scrapyard, consisting of Joe Viscomi on drums, Mike Schaeffer and Ted Johnson on guitar, Brennan O'Donnell on bass, and Billy Hooper on keyboards, flute, banjo, and an occasional cowlbell.

O'Donnell and Schaeffer are English doctoral students, and Viscomi is an assistant professor in the English department on leave for a year as a National Endowment for the Humanities fellow. Johnson is a graduate student in environmental engineering, and Hooper is in his second year at law school.

The band was formed through an ad that Viscomi placed in the English department lounge inviting people to come to his house to jam on some '60s favorites. After a while, the same people kept showing up week after week, and as the five grew tighter musically, they finally decided to play for an audience.

According to Schaeffer, "We decided to play out because of a goal," but Viscomi quickly added, "We don't hope to go out on the road. We're too busy

Night MBA offered

The UNC School of Business Administration will hold a free information session about its new evening master's degree program on Wed. Feb. 5 at the Governor's Inn in Research Triangle Park.

The new "MBA: Executive Section," to begin in the fall, will provide area managers an opportunity to earn an MBA degree without interrupting their careers. The evening course will be identical to the business school's daytime class.

School representatives will be at the Governor's Inn from 11 a.m. to 6 p.m. Presentations will be given at noon, 3 p.m. and 5:30 p.m.

Executive Section applications will be accepted through June 1. For more information, call (919) 962-3238.

with other careers, our real careers." They all agreed they still play for the fun of it.

Scrapyard has played at Cat's Cradle every month since October, and on the strength of a demo tape, the band is now getting other gigs in the area. On February 14 the band will play at The Fallout Shelter in Raleigh.

On this Friday night at Cat's Cradle though, Scrapyard played some original rhythm and blues tunes, some reggae stuff and some rearranged early Stones, Bo Diddley, and Bob Dylan songs. The band decided to rearrange the Stones' "Under My Thumb" with Hooper playing flute and O'Donnell and Viscomi providing a solid back beat which resulted in a funkier sound. Dylan's "Knockin' on Heaven's Door" was rearranged in a similar fashion, yet the crowd of 100 still liked it because of its danceability.

While the band does plan out and rearrange most of the songs on their play list, they can also just stand on stage and jam with several solos coming off different instruments. Schaeffer tries to organize all this originality through visual signals from the other band members. However, once in a while, Hooper will go off on his own tangent just to keep things interesting.

The highlight of this night, though, was a guest appearance by Professor Tom Stumpf, who came on stage to sing some rhythm and blues songs from the '50s. Stumpf set the people's feet tapping and dancing with his sincere energy and soul sound.

For one number, he invited friend Suzie Bolotin to join him in a harmonized version of the old Coaster's 1957 tune "Searchin'."

In the future the band would like to invite friends, including Stumpf, to sing more songs with them. According to Viscomi, "If we had all night to play we'd do just that."

Having fun is what this band is all about. In fact, according to Viscomi, "to get people up and dancing" is the band's only goal. "I think we are pretty good at doing that," he said. On this night, the crowd at the Cradle thought so too.

Caller posing as SHS surveyor

Several students have received phone calls from someone falsely claiming to be conducting a survey for the Student Health Service Advisory Board, but board members said the person was not affiliated with Student Health.

The board recently conducted a survey to obtain information about student awareness of and satisfaction with SHS services, clinics and employees, said Advisory Board Chair-

woman Laura Files. She said someone not affiliated with SHS had called some students and asked questions of a personal nature.

SHS Director Judith Cowan said she believed the caller was male.

"I'm concerned about someone using Student Health for (obscene) personal uses," Cowan said.

The calls have been reported through the housing department or directly to the Student Health Service.

Lieutenant Walter Dunn, of the campus police, said that the calls were

still under investigation but that anyone caught would be arrested.

Files said this year's survey had been completed. "Any further calls in our name are misrepresentations and should be reported," she said.

"We were disturbed to hear of this infringement of student privacy and regret the negative and incorrect implications which may have been drawn," she said.

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