

Federal Reserve Bank of Boston
BANK NOTES

• Edited by Anne M. McElroy •

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Mergers and Acquisitions

Butler Bancorp, MHC of Lowell, MA, completed the merger its two bank subsidiaries, Butler Bank of Lowell, MA, and Marlborough Cooperative Bank of Marlborough, MA, on November 10, 2008. The offices of the combined bank will operate under the same names currently used by each bank. The merger was previously announced by Butler Bancorp, MHC in September 2008. (*Internal sources, 11/14/08; Butler Bank press release, 9/09/08*)

Community Bank Systems, Inc. of DeWitt, NY, announced on November 10 that it had acquired 18 northern New York branches from Citizens Financial Group, Inc. of Providence, RI. Under the terms of the agreement, Community Bank acquired approximately \$575 million in deposits and \$115 million in loans. (*SNL Bank & Thrift Daily, November 11, 2008, Community Bank System press releases, 11/06/08 and 6/25/08*)

Hyde Park Co-operative Bank of Hyde Park, MA announced on August 20, 2008, that it will acquire Commonwealth Cooperative Bank of Boston, MA, creating a combined entity with \$185 million in assets. The deal will be executed as a merger of mutuals with no consideration to be exchanged. (*SNL Bank & Thrift Weekly, 11/17/08*)

Independent Bank Corp. (\$3.48 billion) of Rockland, MA, parent company of Rockland Trust Co., announced on November 9, 2008, that it had signed an agreement to acquire Benjamin Franklin Bancorp Inc., parent company of Benjamin Franklin Bank of Franklin, MA, for an estimated purchase price of \$122.8 million and a per share deal value of \$15.77. The transaction is intended to qualify as a tax-free reorganization. The merger is expected to be completed in the second quarter of 2009 and will add 11 offices to Rockland Trust's existing 61 branch network. (*SNL Bank & Thrift Daily, 11/11/08; Independent Bank Corp. press release, 11/09/08*)

On November 24, 2008, Old National Bancorp. of Evansville, IN, agreed to purchase 65 Charter One branches from RBS Citizens NA of Providence, RI. The 65 branches are all located in Indiana. Pending regulatory approval, the \$15.9 million deal is expected to close in the

first quarter of 2008. (*SNL Bank & Thrift Weekly, Northeastern Edition, 12/01/08*)

River Valley Credit Union of Brattleboro, VT, completed its acquisition of Windham County VEA Credit Union of Putney, VT, on November 17, 2008. (*Internal sources, 11/21/08*)

Wave Federal Credit Union of Providence, RI, completed its acquisition of Anchor Federal Credit Union of Warwick, RI, on October 26, 2008. (*Internal sources, 11/07/08*)

Branch Openings

RBS Citizens, NA of Providence, RI, opened a branch at 575 Greenwich Avenue in Warwick, RI, on October 10, 2008. (*Internal sources, 11/14/08*)

Certain TD Banknorth/Commerce Bank Offices Rebranded

TD Banknorth of Portland, ME, announced on November 1, 2008, that Commerce Bank and TD Banknorth branches in the mid-Atlantic, metro Washington, and Florida markets were rebranded "TD Bank." (*SNL Bank & Thrift Daily, 11/4/08*)

Relocation of Financial Institutions

Crescent Credit Union relocated from 60 Crescent Street in Brockton, MA, to 115 Commercial Street in Brockton, MA. (*Internal sources, 11/21/08*)

On October 6, 2008, Castle Bank and Trust Company relocated from 100 Hanover Street in Meriden, CT, to 1295 East Main Street in Meriden, CT. (*Internal sources, 11/21/08*)

Corporate Title Changes

UMass/Five College Federal Credit Union of Hadley, MA, changed its corporate title to UMassFive

College Federal Credit Union on October 27, 2008. (*Internal sources, 11/07/08*)

FinCEN Proposes to Simplify BSA Rules and Regulations

The Financial Crimes Enforcement Network (FinCEN), as part of its efforts to make the administration of the Bank Secrecy Act (BSA) more efficient, on October 23, 2008, published a proposal to simplify its rules and regulations so that institutions could more easily identify their BSA obligations.

“Making our rules more accessible, easier to research, and easier to understand serves our important anti-money laundering mission by facilitating compliance by financial institutions,” stated FinCEN Director James H. Freis, Jr. “We write rules to protect our financial system. ...We hope to make our rules easier to find, easier to read, and therefore easier to follow.”

The *Notice of Proposed Rulemaking* was detailed in the November 6, 2008, *Federal Register*. FinCEN encourages comments specifically related to the proposed structural changes, which must be submitted in writing before March 9, 2009. More details on the proposal are available at www.fincen.gov/news_room/nr/html/20081023a.html. (*FinCEN press release 10/23/08*)

Final Rule on “Unlawful Internet Gambling Enforcement Act” Issued

On November 12, 2008, the Department of the Treasury and the Federal Reserve Board announce a joint final rule to implement the Unlawful Internet Gambling Enforcement Act of 2006. The act prohibits gambling businesses from knowingly accepting payments in connection with unlawful internet gambling, including payments made through credit cards, electronic funds transfers, and checks.

The final rule requires U.S. financial firms that participate in designated payment systems to establish and implement policies and procedures to prevent payments to gambling businesses in connection with unlawful Internet gambling. Under the rule, unlawful Internet gambling covers the making of a bet or wager involving the Internet that is unlawful under any applicable federal or state law in the jurisdiction where the bet or wager is initiated, received, or otherwise made. Compliance with the rule is required by December 1, 2009.

More information is available at www.federalreserve.gov/newsevents/press/bcreg/20081112b.htm. (*Federal Reserve Board press release, 11/12/08*)

NCUA Board Approves \$2 Billion Support Program for Credit Unions

On November 20, the National Credit Union Association (NCUA) approved a plan to offer \$2 billion in low-cost funds to credit unions through its emergency loan fund. The “CU Homeowners Affordability Relief Program” (CU HARP) will provide low-cost loans to

credit unions to help them refinance member mortgages headed for foreclosure.

NCUA Chairman Michael Fryzel said the agency has allocated \$2 billion in loans through the Central Liquidity Facility to facilitate CU HARP, which could be expanded if the program proves successful. The loans will carry a low rate, as low as 1.7 percent to two percent. Fryzel said the \$2 billion is an initial figure, but he would like to see it go as high as \$4 billion to refinance as many as 20,000 home loans. (*SNL Bank & Thrift Daily, 11/21/08; Credit Union Journal, 11/24/08*)

Federal Reserve Board Announces Term Asset-Backed Securities Loan Facility (TALF)

The Federal Reserve Board on November 25, 2008, announced the creation of the Term Asset-Backed Securities Loan Facility (TALF), a facility to help market participants meet the credit needs of households and small businesses by supporting the issuance of asset-backed securities (ABS) collateralized by student loans, auto loans, credit card loans, and loans guaranteed by the Small Business Administration (SBA).

Under TALF, the Federal Reserve Bank of New York (FRBNY) will lend up to \$200 billion on a non-recourse basis to holders of certain AAA-rated ABS backed by newly and recently originated consumer and small business loans. FRBNY will lend an amount equal to the market value of the ABS less a haircut and will be secured at all times by the ABS. The U.S. Treasury Department – under the Troubled Assets Relief Program (TARP) of the Emergency Economic Stabilization Act of 2008 – will provide \$20 billion of credit protection to FRBNY in connection with the TALF.

More information about the TALF is available at www.federalreserve.gov/newsevents/press/monetary/20081125a.htm. (*Federal Reserve Board press release, 11/12/08*)

Interagency Statement on Meeting the Needs of Creditworthy Borrowers

On November 12, 2008, the Department of the Treasury, the Federal Deposit Insurance Corporation, and the Federal Reserve issued a Statement on how institutions should meet the needs of creditworthy borrowers. Several federal programs have recently been instituted to promote financial stability and mitigate the effects of current market conditions on insured depository institutions.

These efforts are designed to help support responsible lending activities of banking organizations, enhance their ability to fund such lending, and enable banking organizations to better meet the credit needs of households and business.

The agencies expect all banking organizations to fulfill their fundamental role in the economy as intermediaries of credit to businesses, consumers, and other creditworthy borrowers. Specific issues addressed by the Statement include expectations of financial institutions in terms of:

- Lending to creditworthy borrowers;
- Strengthening capital;
- Working with mortgage borrowers; and
- Structuring compensation.

All financial institutions are urged follow the recommendations within the Statement and each federal agency is committed to working with banking organizations to facilitate active participation. The full Statement is available at www.federalreserve.gov/newsevents/press/bcreg/20081112a.htm.

In addition, the FDIC issued a Financial Institution Letter (FIL-128-2008) noting how state nonmember institutions' adherence to these expectations will be reflected in FDIC examination ratings for purposes of assessing safety and soundness and compliance with laws and regulations. FDIC-insured institutions can access the Letter at www.fdic.gov/news/news/financial/2008/fil08128.html. *(Federal Reserve Board press release, 11/12/08; FDIC FIL-128-2008, 11/12/08)*

Reserve Banks to Reduce Number of Check Processing Sites and Accelerate Restructuring Schedule

On November 6, 2008, the Federal Reserve Banks announced that the Federal Reserve Bank of Cleveland will

serve as the single paper check processing and adjustments site and that the Federal Reserve Bank of Atlanta will serve as the single electronic check processing site for the Federal Reserve System. A flexible restructuring schedule will be used to scale back operations at other sites when paper check volumes no longer justify the existing operations.

This strategy updates the June 2007 announcement that identified four Reserve Banks as regional processing sites. Since that time, paper check volumes have declined significantly and no longer support the need for four full-service regional sites. The transition from four to one full service paper processing site is likely to take place by the end of 2009.

Specific transition dates for all paper processing sites, including Atlanta, Dallas, and Philadelphia, also will be determined on a volume justification basis. Customers in affected territories will receive a minimum of 60 days notice before processing operations are shifted to a new site or any service level changes take place.

The Reserve Banks' restructuring moves of the past six years were important for meeting requirements for Banks to recover costs for providing check services over the long term. The number of checks paid in the United States has fallen from 42 billion in 2001, to 37 billion in 2003, and to 30 billion in 2006. *(Federal Reserve Board press release, 11/06/08)*



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