FEDERAL RESERVE press release REC'D IN

August 19, 1981

For immediate release

The Federal Reserve Board today announced its approval of the application of Arlington Bancorp, Inc., Arlington Heights, Illinois, to become a bank holding company by acquiring 80 per cent or more of the voting shares of Suburban National Bank of Arlington Heights, Illinois, a *de novo* bank. The Board also announced its approval of the applications of Cary-Grove Bancorp, Inc., Cary, Illinois; Elk Grove Bancorp, Inc., Elk Grove Village, Illinois; Hoffman Bancorp, Inc., Hoffman Estates, Illinois; Meadows Bancorp, Inc., Rolling Meadows, Illinois; Subpal Bancorp, Inc., Palatine, Illinois; Suburban Bancorp, Inc., Palatine, Illinois; and Woodfield Bancorp, Inc., Schaumburg, Illinois, to each acquire up to 14.9 per cent of the voting shares of Arlington Bancorp, Inc.

Attached is the Board's Order relating to these actions.

Attachment

FEDERAL RESERVE SYSTEM

ARLINGTON BANCORP, INC.
CARY-GROVE BANCORP, INC.
ELK GROVE BANCORP, INC.
HOFFMAN BANCORP, INC.
MEADOWS BANCORP, INC.
SUBPAL BANCORP, INC.
SUBURBAN BANCORP, INC.
WOODFIELD BANCORP, INC.

Order Approving Formation of a Bank Holding Company and Acquisition of Shares of a Bank Holding Company

Arlington Bancorp, Inc., Arlington Heights, Illinois ("Arlington"), has applied for the Board's approval, pursuant to section 3(a)(1) of the Bank Holding Company Act of 1956 (the "Act") (12 U.S.C. § 1842(a)(1)), to become a bank holding company by acquiring 80 per cent or more of the voting shares of Suburban National Bank of Arlington Heights, Arlington Heights, Illinois ("Bank"), a de novo bank. In connection with this application, Cary-Grove Bancorp, Inc., Cary, Illinois ("Cary-Grove"); Elk Grove Bancorp, Inc., Elk Grove Village, Illinois ("Elk Grove"); Hoffman Bancorp, Inc., Hoffman Estates, Illinois ("Hoffman"); Meadows Bancorp, Inc., Rolling Meadows, Illinois ("Meadows"); Subpal Bancorp, Inc., Palatine, Illinois ("Subpal"); Suburban Bancorp, Inc., Palatine, Illinois ("Suburban"); and Woodfield Bancorp, Inc., Schaumburg, Illinois ("Woodfield"), all of which are one-bank holding companies within the meaning of the Act, have each applied for the Board's approval, under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)), to acquire up to 14.9 per cent of the voting shares of Arlington.

Notice of the applications, affording opportunity for interested persons to submit comments and views has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the applications and all comments received, including those of the Illinois Commissioner of Banks and Trust Companies, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Arlington, a nonoperating corporation, was organized for the purpose of becoming a bank holding company by acquiring bank, a _de novo_ bank. Cary-Grove, Elk Grove, Hoffman, Meadows, Subpal, Suburban, and Woodfield are one-bank holding companies by virtue of their ownership, respectively, of Suburban Bank of Cary-Grove, Cary, Illinois ("Cary-Grove Bank") (deposits of $24.4 million); Suburban Bank of Elk Grove Village, Elk Grove Village, Illinois ("Elk Grove Bank") (deposits of $15.4 million); Suburban Bank of Hoffman-Schaumburg, Hoffman Estates, Illinois ("Hoffman Bank") (deposits of $24.8 million); Suburban Bank of Rolling Meadows, Rolling Meadows, Illinois ("Meadows Bank") (deposits of $26.4 million); Suburban National Bank of Palatine ("Subpal Bank") (deposits of $11.5 million); Palatine National Bank, Palatine, Illinois ("Suburban Bank") (deposits of $38 million); and Suburban National Bank of Woodfield, Schaumburg, Illinois ("Woodfield Bank") (deposits of $11.3 million.[1/] Mr. Gerald F. Fitzgerald and certain members of his immediate family control each of these seven bank holding companies (collectively referred to as the "Suburban Bank Group"). Certain members of the Fitzgerald

1/ All banking data are as of December 31, 1980.

family are also principals of Arlington and Bank. After consummation of this proposal, these seven bank holding companies would control 80 per cent or more of Arlington.2/

Bank is to be located in the Chicago banking market.3/ The subsidiary banks of six of the seven bank holding companies in the Suburban Bank Group are also located in the Chicago market, controlling, in the aggregate, 0.2 per cent of total market deposits.4/ Bank would be a *de novo* bank organized by the principals of Suburban Bank Group. The Board finds that, based upon the facts of record, consummation of the applications would not result in any adverse competitive effects in any relevant area. Thus, competitive considerations are consistent with approval of the applications.

2/ The Board notes that, in an instance very similar to this proposal, it found a group of bank holding companies acting together to acquire the shares of a bank holding company to be a "company" and a "bank holding company" within the meaning of section 2 of the Act. Board letter of November 17, 1978, to Mr. William Beaman, Clerk, United States District Court for the District of Wyoming. The Board believes that the record in connection with this proposal could support a finding that the seven bank holding companies known as the Suburban Bank Group are together a "company" that would become a "bank holding company" upon consummation of the transaction. However, the Board finds no regulatory purpose would be served at this time by requiring the Suburban Bank Group itself to apply for the Board's prior approval to become a bank holding company and to register with the Board as such in light of the Suburban Bank Group's intention to reorganize as a multibank holding company after January 1, 1982, the effective date of the recently enacted amendment to the Illinois Bank Holding Company Act removing the current prohibition against multibank holding companies in the State. In addition, in accordance with the opinion of the Illinois Commissioner of Banks and Trust Companies, the Applicants have committed not to consummate the acquisition of Arlington until after January 1, 1982, in order to avoid any possible violation of the current Illinois prohibition against multibank holding companies. If the same or substantially the same seven bank holding companies again act as a group to acquire control of another company (before their reorganization into a multibank holding company is complete), such companies may be considered a "company". Accordingly, Applicants should not make any future joint acquisiitons prior to consultation with the Board's staff.

3/ The Chicago banking market is approximated by Cook, DuPage, and Lake Counties, Illinois.

4/ The subsidiary bank of Cary-Grove is located in a separate banking market.

Where principals of an applicant are engaged in operating a chain of banking organizations, the Board, in addition to analyzing the one-bank holding company proposal before it, also analyzes the proposal in the context of multibank holding company standards to assess the financial and managerial resources and future prospects of the institutions comprising the chain. Based upon such an analysis in this case, the financial and managerial resources and future prospects of the Suburban Bank Group, its subsidiary banks and Arlington are regarded as generally satisfactory. Bank, as a proposed *de novo* bank, has no financial or operating history, however, its prospects as a subsidiary of Arlington appear favorable. Accordingly, considerations relating to banking factors are consistent with approval of this application.

Bank will serve as an additional source of banking services within the Chicago banking market and will be the only full service bank offering lending services to the public located within Bank's proposed primary service area. Accordingly, considerations relating to the convenience and needs of the community lend weight toward approval of the applications. It is the Board's judgment that consummation of the proposed transaction would be in the public interest and the applications should be approved.

On the basis of the record, the applications are approved for the reasons summarized above. The transactions shall not be made before January 1, 1982, or later than three months after January 1, 1982, and Suburban National Bank of Arlington Heights, Arlington Heights, Illinois, shall be opened for business not later than six months after the effective date of this Order,[5/] unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Chicago pursuant to delegated authority.

By order of the Board of Governors,[6/] effective August 19, 1981.

(Signed) William W. Wiles

William W. Wiles
Secretary of the Board

[SEAL]

5/ In order to comply with the Illinois Bank Holding Company Act, which until January 1, 1982, prohibits multibank holding companies in Illinois (16 1/2 Ill. Rev. State. § 71 *et seq.*), the Applicants have committed, in accordance with the advice of the Illinois Commissioner of Banks and Trust Companies, that Bank will be chartered before January 1, 1982, and the proposal will not be consummated before January 1, 1982, the effective date of the new legislation permiting multibank holding companies in Illinois. The new Illinois law would generally prohibit the acquisition of a *de novo* bank chartered after January 1, 1982.

6/ Voting for this action: Chairman Volcker and Governors Schultz, Wallich, Partee, and Gramley. Absent and not voting: Teeters and Rice.