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[{{6-30-91 p.A-1516.1}}](#)

[\[¶15152\]](#) **In the Matter of Peder B. Sletteland, Docket No. FDIC-89-40(j), (3-27-90).**

FDIC denied application for acquisition of control. Applicant, 26 years old, had been named trustee of a voting trust relating to shares of Bank's stock owned by Applicant's father, who was Bank's principal stockholder and who had recently been removed from Bank's Board of Directors and prohibited from participation in Bank's affairs. FDIC found that Applicant had not demonstrated requisite competency and that the voting trust violated prohibitions against participation

(The next page is A-1517.)

[{{4-30-91 p.A-1517}}](#) in Bank's affairs by Applicant's father. *(This decision was affirmed by the United States Court of Appeals, 924 F.2d 350.)*

[\[.1\]](#) Practice and Procedure—Burden of Proof—Change in Control Proceedings

In an administrative challenge to FDIC's denial of an application under the Change in Bank Control Act, FDIC has initial burden of going forward with evidence and articulating reasons for denial and the facts in support of denial. Thereafter applicant has the "burden of non-persuasion."

[\[.2\]](#) Civil Money Penalties—Participants in Conduct of Affairs—Voting Trust

Voting trust allows removed director to participate impermissibly in Bank's affairs.

[\[.3\]](#) Change in Bank Control Act—Factors Considered—Voting Trust

In considering an Application for Change of Control it is proper to take into account not only Applicant's qualifications but also the effect of a voting trust of which Applicant is trustee.

[\[.4\]](#) Change in Bank Control Act—Factors Considered—Qualifications of Applicant

FDIC has broad discretion to evaluate qualifications of Applicant for a Change in Control.

**In the Matter of
PEDER B. SLETTELAND
PIGEON FALLS STATE BANK
PIGEON FALLS, WISCONSIN
(Insured State Nonmember Bank)
DECISION AND ORDER**

DECISION

This proceeding concerns an application under the Change In Bank Control Act ("CBCA"), 12 U.S.C. §1817(j), submitted by Peder B. Sletteland ("Applicant"), chairman of the board of the Pigeon Falls State Bank, Pigeon Falls, Wisconsin ("Bank"), an FDIC institution insured by the Federal Deposit Insurance Corporation ("FDIC"). The FDIC issued a Notice of Disapproval of Acquisition of Control and Notice of Hearing on March 10, 1989, and the Applicant appealed. The Administrative Law Judge ("ALJ") recommended that this application be denied because the voting trust utilized to transfer control violates 12 U.S.C. §1818(j)(ii) *amended by* Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, §908, 103 Stat. 183, 477 and because the Applicant lacks the requisite competence, integrity, and experience. Both parties filed exceptions.

The Board of Directors ("Board") adopts the ALJ's Recommended Decision, with one modification set forth herein, and denies Applicant's change of control application.

I. BACKGROUND

The Applicant, chairman of the board of Pigeon Falls State Bank, Pigeon Falls, Wisconsin, is the oldest of four sons of George B. Sletteland who was, until his removal under 12 U.S.C. §1818(e)(1), the dominant force, principal owner and chairman of the board of the Bank. See FDIC 87-61e, 87k, 2 P-H Enf. Dec. ¶15113 (1988). The Sletteland family has controlled the Bank since its inception in the 1920s. A few months prior to his June 1, 1988, removal, George Sletteland nominated his son Peder for membership on the Bank's board of directors, to which Peder was subsequently elected. About a week prior to George Sletteland's removal, he nominated Peder as chairman of the board of the Bank, and again Peder was elected. On May 31, 1988, George Sletteland executed a voting trust agreement to

cover 41.2% of the stock in the Bank and designated his son as the trustee. This trust is irrevocable for five years and may be renewed for a total period not to exceed twenty-four years.

Pursuant to 12 U.S.C. §1817(j), Peder Sletteland filed an application for change of control which the FDIC considered and denied. The stated reasons for denial were that (a) approval would result in a violation of 12 U.S.C. §1818(j), and (b) the Applicant had not demonstrated the requisite competency, experience, and integrity under section 1817(j)(7)(D). Applicant then requested a hearing.

[.1] A pre-trial issue arose concerning burdens of proof. The ALJ ruled by letter of June 12, 1989, that the FDIC has the initial burden to present a *prima facie* case at hearing and that subsequently the Applicant bears the burden of rebutting the *prima facie* case.¹ FDIC enforcement counsel sought an interlocutory ruling on this issue on June 19, 1989. The Board declined enforcement counsel's request for special permission to appeal by Decision and Order of July 11, 1989.

A hearing was held before Administrative Law Judge James L. Rose on August 7–9, 1989, in Chicago, Illinois. The ALJ heard the testimony of the Applicant; James B. Kielczewski, Deputy Regional Director for the FDIC's Chicago Office; George Sletteland, the Applicant's father; John Kulig, President of the Bank; Frederick Berns, a member of the Bank's board; and David Peat, a former FDIC regional counsel.

At the hearing, enforcement counsel contended that voting trusts are *per se* proscribed by section 1818(j), but even if permitted, the trust at issue was bogus. Further, enforcement counsel asserted that the Applicant lacked the requisite competence, experience, and integrity under 12 U.S.C. § 1817(j)(7)(D) to justify approval of the change in control application. The Applicant, on the other hand, contended that the voting trust is permitted under Wisconsin law and therefore should be recognized by the FDIC. The Applicant also asserted that he is a *bona fide* independent trustee notwithstanding the family relationship and his financial dependence upon his father, and that the FDIC had not proved incompetence, lack of experience, and lack of integrity to justify denial. Following the hearing and submission of briefs, the ALJ rendered a 29-page Recommended Decision ("R.D.") which analyzes the evidence and urges the FDIC Board to deny the Change in Bank Control application.

II. THE ALJ'S RECOMMENDED DECISION

A. Witness Testimony

The ALJ's Recommended Decision summarizes and assesses the testimony, analyzes the relevant statutes, and considers the evidence in light of the factors set forth by statute. Concerning the Applicant's experience and competence, the ALJ noted that the Applicant was twenty-six years old at the time of the hearing. Beginning as a teenager, the Applicant had spent summers and school breaks working as a teller at a bank for approximately \$6.50 an hour. The Applicant does not have a college degree although he has completed college courses in art, history, and economics. The Applicant's experience includes a sales position in a men's boutique and participation in an interior decorating firm.² R.D. at 3–5.

Relevant to the issue of integrity, the ALJ indicated that the Applicant had substantially overstated the financial condition of the interior decorating firm.³ R.D. at 21–22. Further, the ALJ noted that in July 1988, the Applicant acquired a substantial partnership interest in Health Care Providers, a business also owned by his father. The Applicant's partnership was subsidized by his father who made the necessary guarantees and arranged financing from various banks, including Pigeon Falls. R.D. at 4. The Applicant also borrowed \$5,000 from Herco Inc., one of his father's ventures, to purchase an interest in Home Health Care, but failed to list this liability on his financial

¹ The Board adopts this ruling of the ALJ with the following clarification. In an administrative challenge to the FDIC's denial of a Change in Bank Control Act application, the FDIC has the initial burden of going forward with the evidence, articulating the reasons for denial and the facts in support thereof (the *prima facie* case). Thereafter, the Applicant bears the "burden of non-persuasion." If the Applicant fails to convince the trier of fact that the FDIC's reasons are incorrect, the denial of the change in control application must be sustained. See 5 U.S.C. §556(d) and *Environmental Defense Fund v. EPA*, 548 F.2d 998, 1015 (D.C. Cir. 1976).

² The Applicant takes exception (Exceptions Nos. 1–3, 16 and 18) to these factual findings, stating that he performed additional duties at his job with the Bank, including bookkeeping, accounting, customer relations, and collections work. He also asserts that he worked as a general manager and buyer for the menswear store and was eventually sole operator of the interior design firm (which operated out of a

spare bedroom in his apartment). While there is some record support for most of these factual assertions, in our view these findings have a negligible impact on the Applicant's "competence and experience" to control an insured bank and do not affect the ALJ's conclusion or the Board's adoption thereof.

³ The Applicant in Exception No. 17 asserts that the ALJ's conclusion about overvaluing the design firm is unsupported by the record. The Board disagrees. The ALJ specifically stated that the Applicant's testimony that the value of this asset consisted of "orders, the goodwill, the physical copier, file cabinets, etc." (Transcript at 51) led the ALJ to conclude that the "\$50,000 figure was a substantial overstatement." R.D. at 21. The Board believes the ALJ's conclusion was reasonable.

[{{4-1-90 p.A-1519}}](#) statement. R.D. at 22. The Applicant testified that he had never taken any action to facilitate his father's participation in Bank affairs. However, he testified that based on legal advice provided to him, his father could provide services as either an attorney or consultant to the Bank. R.D. at 5.

The ALJ also analyzed the testimony of Deputy Director Kielczewski, the FDIC's witness, who expressed concerns about the Applicant's financial independence particularly given the involvement with his father in Health Care Providers and the fact that his father had guaranteed his loan for this venture. Mr. Kielczewski stated that the Applicant demonstrated no significant banking expertise or other related business experience. He raised additional concerns about the Applicant's elevation to the Bank's board at the time of his father's removal from banking. With the Applicant voting 41.2% of the Bank's stock, Kielczewski concluded that he "would be nothing more than a nominee or strawman voting that stock for his father's benefit." Transcript ("Tr.") at 84. The ALJ viewed the testimony of the two other witnesses as insignificant.⁴

B. The Change in Control Act

The ALJ analyzed the Change in Bank Control Act ("CBCA"), which states, in pertinent part:

No person, acting directly or indirectly . . . , shall acquire control of any insured bank through a purchase . . . of voting stock of such insured bank unless the appropriate federal banking agency has been given 60 days' prior notice of such proposed acquisition and within that time period the agency has not issued a notice disapproving the proposed acquisition. . . 12 U.S.C. § 1817(j)(i).

The ALJ noted that the FDIC is the appropriate federal banking agency in this instance, and that the CBCA provides for a formal hearing following disapproval of an application. 12 U.S.C. §1813(q)(1); 12 U.S.C. §1817(j)(4). The circumstances under which a banking agency may disapprove a CBCA application are enumerated at 12 U.S.C. §1817(j)(7)(C) and (D), which states:

(C) The financial condition of any acquiring person is such as that might jeopardize the financial stability of the bank or prejudice the interests of the depositors of the bank; or

(D) The competence, experience, or integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the bank, or the interest of the public to permit such person to control the bank;

The ALJ noted (at 11–13) that regulators have broad discretion under the Act to disapprove a proposed acquisition not only because of known problems, but also where the regulator anticipates that problems might result from the change in control.⁵ The ALJ concluded that the FDIC had properly considered the factors of competence, experience, and integrity and found factors sufficiently lacking in this case. The ALJ considered (at 12–13) the Applicant's contention (also raised in Exceptions Nos. 8 and 9) that the requisite "competence" and "experience" is less for a shareholder than bank management and concluded that experience and competence must also be considered in evaluating whether the voting trust is legitimate or simply a device by which George Sletteland will continue to control the Bank.⁶ In sum, the Applicant had not demonstrated education, work experience, or sufficient financial independence which would support granting his application for change in bank control.

⁴ Frederick Berns, an attorney and member of the Bank's board testified that the Applicant was an able chairman and had done nothing to facilitate his father's involvement. David Peat, a former FDIC regional counsel, stated that, when he worked for the FDIC, Change in Bank Control Act applications from proposed management were viewed differently from those of acquiring shareholders. R.D. at 9.

⁵ The Applicant takes exception (nos. 7 and 12) to this statement by the ALJ, asserting, *inter alia*, that it lacks support in the legislative history. The Board finds that this exception lacks merit, and the Board

agrees that the FDIC has broad discretion when considering Change in Bank Control applications. R.D. at 12–13; Title VI of H.R. 9086, 95th Cong., 1st Sess., §601, 123 Cong. Rec. 29026 (1977).

⁶ The Board notes that the record supports utilizing a single standard for CBCA applications. In response to a question from the Applicant's counsel about whether the FDIC used two different standards depending upon whether the CBCA application was from management or a shareholder, witness Kielczewski responded:

I think to a great extent we have to look at the same standards in any type of application. I indicated before, there are a number of factors we have to look at including what the catalyst is for the application. Tr. at 181.

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III. DISCUSSION

A. Voting Trust Issue

[.2] The FDIC contended before the ALJ and in its exceptions that voting trusts are *per se* proscribed by section 1818(j). This section provides:⁷

(j) *Penalties.* Any director or officer, or former director or officer of an insured bank, or any other person, against whom there is outstanding and effective any notice or order (which is an order which has become final) served upon such director, officer, or other person under subsections (e) (4), (e)(5), or (g) of this section, and who (i) participates in any manner in the conduct of the affairs of the bank involved, or directly or indirectly solicits or procures, or transfers or attempts to transfer, or votes or attempts to vote, any proxies, consents, or authorizations in respect of any voting rights in such bank, or (ii) without the prior written approval of the appropriate Federal banking agency, votes for a director, serves or acts as a director, officer, or employee of any bank, shall upon conviction be fined not more than \$5,000 or imprisoned for not more than one year, or both.

The ALJ agreed (at 15) that voting trusts are included within the scope of "proxies, consents, or authorizations irrespective of any voting rights." 12 U.S.C. §1818(j)(i). However, the ALJ disagreed (at 15) with FDIC enforcement counsel that a removed individual is barred by this section from creating a voting trust.⁸ The Board agrees with the ALJ's analysis up to this point.

Next, the ALJ states (at 15–16) that his reading of Section 8(j)(i) is that it only prevents a removed individual from *gathering* additional voting rights. Thus, the ALJ does not view a *transfer* of voting rights from a removed owner to be covered by section (j)(i). The Board disagrees with this interpretation.

Accordingly, the Board does not adopt this analysis contained in the ALJ's decision and thus modifies the ALJ's Decision on this issue.⁹ One difficulty with the ALJ's position is that it is inconsistent with the literal language of section 8(j)(i).¹⁰ Second, removed directors should logically be encouraged to divest themselves entirely of bank stock as the public benefits when removed director's stock is placed in the hands of able, independent third parties with the requisite competence, experience, and integrity. Finally, as the Board reads sections 8(j)(i) and (ii) together, divestiture of a removed director's stock is allowed following prior FDIC approval.

B. Other Matters Raised in Exceptions

The Applicant takes exception to a number of matters in the Recommended Decision. The Applicant disputes certain facts concerning Peder Sletteland's educational and banking experience (Exceptions Nos. 1–3, 16 and 18) (see footnote no. 2 for specifics concerning the Applicant's experience). While there is limited factual support in the record for the Applicant's assertions, the Board believes, in light of the entire record, that none require modification of the ALJ's Decision.¹¹ The Applicant also takes exception to the qualifications of the FDIC's witness Kielczewski and his opinions regarding the Applicant's competence, experience and independence. Exceptions Nos. 5, 6 and 12. Specifically, the Applicant asserts that, because Mr. Kielczewski is not a psychologist, he was testifying "well beyond his area of expertise." We reject these exceptions. The ALJ who observed the credibility of the witnesses found Mr. Kielczewski competent and persuasive in his assessment

⁷ Section 1818(j) was amended by the Financial Institutions Reform Recovery Enforcement Act ("FIRREA"), P.L. 101-73, 103 Stat. 185 (August 9, 1989). However, since this proceeding relates to activities that predated the passage of FIRREA, the earlier version of the statute must be used here.

⁸ While section 8(j)(i) read alone could be interpreted, as enforcement counsel suggests, to bar voting trusts, this could lead to the freezing of a removed director's stock. The ALJ observed (at 15–16) that such a reading . . . " does not make sense." Further problems could result and theoretically a bank could be left unable to elect directors if 100% of its stock were owned by a removed director.

⁹ Specifically, the Board adopts the language beginning in the middle of page 15 of the ALJ's Recommended Decision ("However, I conclude that the thrust . . .") and ending at the conclusion of the first complete sentence on page 16 ("Thus, I conclude that Section (i) proscribes. . .").

¹⁰ Voting trusts are covered within the scope of "proxies . . ." etc., as stated above. Transfers are specifically included and the statute makes no distinction between transfers *from* a removed director or *to* a director (the ALJ's *gathering* of voting rights).

¹¹ Similarly, the Applicant's Exception No. 4 regarding the number of hours the Applicant spends at the Bank, in our view is not probative.

[\[5-31-92 p.A-1521\]](#) of the Applicant's qualifications and, after reviewing the record, the Board agrees.¹²

[.3] The Applicant also states that he does not understand the ALJ's statement that the voting trust violated 12 U.S.C. § 1818(j) (Exceptions Nos. 10 and 14) and takes exception to the statement that George Sletteland remained a force at the Bank after his removal as demonstrated by his ability to place his son as chairman of the board of the Bank. Exception No. 11; R.D. at 18. In these exceptions the Applicant urges the Board (as he had urged the ALJ below) to view this matter in a vacuum—limited to whether the Applicant had the requisite background and experience to be a controlling shareholder.¹³ The Board disagrees, with this narrow view of the facts. The Applicant's competency, integrity, and financial independence and whether or not the voting trust was permissible under section 1818(j), were necessarily part of the ALJ's analysis. The ALJ properly considered all the facts and issues surrounding this CBCA application, which was necessary to a determination of whether approval of the application would "prejudice the interests of the depositors of the bank." 12 U.S.C. § 1817(j)(7)(C). Accordingly, the Board concludes that the majority of the Applicant's exceptions reargue matters previously raised and adequately dealt with by the ALJ, and none requires modification of the ALJ's Recommended Decision.

Enforcement counsel raises several other matters in addition to the exception on the voting trust issue, discussed above. Enforcement counsel urge that their more lengthy findings of fact and conclusions of law be included in the Board Decision rather than the shorter findings and conclusions contained in the ALJ's Recommended Decision. The Board disagrees since the ALJ's findings of fact and conclusions of law satisfactorily address the issues. Thus, the Board makes no further modification of the ALJ's Decision in light of enforcement counsel's exceptions.

IV. CONCLUSION

Accordingly, the Board agrees with the ALJ's analysis of the issues and his conclusion that Peder Sletteland's application under the Change in Bank Control Act should be denied. The Board therefore adopts and incorporates by reference the Recommended Decision accompanying this Decision and Order with the modification discussed above concerning the voting trust issue.

ORDER

IT IS HEREBY ORDERED, pursuant to 12 U.S.C. § 1817(j) and the FDIC Rules of Practice and Procedure, 12 C.F.R. Part 308, that the proposed Notice of Acquisition of Control by Peder Sletteland pursuant to a voting trust be, and it hereby it, DISAPPROVED.

By direction of the Board of Directors.

Dated at Washington, D.C. this 27th day of March, 1990.

RECOMMENDED DECISION

**In the Matter of
Pigeon Falls State Bank
Pigeon Falls, Wisconsin**

James L. Rose, Administrative Law Judge:

This matter arose from a Notice of Disapproval of Acquisition of control issued by the Federal Deposit Insurance Corporation (FDIC), on March 10, 1989, pursuant to its authority under the Change in Bank

Control Act (CBCA), 12 U.S.C. § 1817(j), in response to a Notice of Acquisition filed by Peder Sletteland (the Applicant) concerning the Pigeon Falls State Bank of Pigeon Falls, Wisconsin (the Bank). In the Notice of Acquisition the Applicant stated he had acquired the voting rights to 41.2% of the stock of the Bank (412 of 1000 shares) via a voting trust agreement dated May 31, 1988. The application for change of control was denied and the Applicant requested a hearing. Pursuant to notice, this matter was tried at Chicago, Illinois, on August 7–9, 1989. The FDIC and the Applicant were repre-

¹² Further, contrary to the Applicant's assertion in Exception No. 19, the Board disagrees that he was denied due process because much of the evidence was allegedly not related to factors in the Notice of Denial. After reading the entire record the Board concludes that the Applicant received due process in this proceeding.

¹³ The Applicant also takes Exception (Exception No. 13) to the ALJ's observation: "It is difficult to believe that Peder was the best person available to act as trustee for George Sletteland's stock." R.D. at 18–19. The Applicant misreads this observation, mischaracterizing it as the test for denial of a CBCA application. Accordingly, the Board finds no merit in this Exception.

{{5-31-92 p.A-1522}}sented by counsel. On the record¹ as a whole, including my observation of the witnesses, briefs, and arguments of counsel, I make the following findings, conclusions and recommended order:

I. Introduction

The Applicant is the oldest of four sons of George B. Sletteland who was, until his removal under 12 U.S.C. § 1818(e)(1), the dominant force, principal owner and Chairman of the Board of the Bank. TR 11–12. See FDIC Enf. Dec. §5113 (1988). Indeed, the Sletteland family has controlled the Bank since its inception in the 1920s. As will be set forth in more detail below, a few months prior to his removal effective June 1, 1988, George Sletteland nominated Peder for membership on the Bank's board of directors, to which Peder was elected; and about a week prior to the removal, again on George's nomination, Peder was elected Chairman of the Board.

At about the time of his removal, George Sletteland drafted a voting trust for his stock in the Bank designated his son as the trustee. This trust is nonrevocable for five years, and may be renewed for a total period of not to exceed 24 years. TR 65.

Pursuant to Section 1817(j) Peder Sletteland filed an application for change of control which the FDIC considered and denied. The stated reasons were: a) approval would result in a violation of 12 U.S.C. § 1818(j) and (b) the Applicant had not demonstrated the requisite competency, experience and integrity under Section 1817(j)(7)(D).

A pretrial issue arose concerning who has what burden of proof. While conceding it must present a *prima facie* case, the FDIC contends that the ultimate burden is on the Applicant since he is the moving party for this proceeding. The Applicant, on the other hand, contends that the burden is and remains with the FDIC and that by failing to resolve this issue prior to the presentation of evidence I have denied him due process.

In an eight page letter to counsel of June 12, 1989, I spelled out in detail my understanding of the burden of proof in matters such as this. Though I concluded then that an order on this issue was not indicated, since it was my view there was nothing at that time to order, I did advise counsel: "the CBCA and the APA (Administrative Act, 5 U.S.C. §554–557) require that the FDIC, as an initial matter, must make a *prima facie* case at the hearing and that, subsequently, the applicant would bear the burden of rebutting the *prima facie* case. That is, the risk of nonpersuasion is initially on the FDIC and then shifts to the applicant."

I conclude counsel were fully advised as to their respective burdens. Each party was given ample opportunity to call, examine and cross-examine witnesses and to present other evidence.

II. Testimony

A. Peder B. Sletteland

The Applicant was 26 years old at the time of the hearing. TR 11. During his teenage years he spent summers and school breaks working at the Park Bank in Madison, Wisconsin, in which his father and mother owned stock. TR 12–14. Among other things, he worked as a teller for approximately \$6.50 per hour. TR 13.

The Applicant does not have a college degree, though he has attended three universities (and stated plans to enroll in another in 1989) studying art history and economics. From 1985 to 1987, the Applicant

"was doing private study on my own, basically in art history and in religion." TR 30.

He worked at a men's wear boutique from 1987 to August 1988. TR 31. Since October 1987, he has been a participant in an interior decorating firm, Fordel & Associates. TR 32.

In January 1988 the Applicant was elected to the Board of the Bank upon the nomination of his father. TR 93. The Applicant was elected Chairman of the Board on May 24, 1988, effective June 1, the day of his father's removal. TR 17.

In July of 1988 the Applicant acquired a substantial partnership interest in Health Care Providers, a business which leases real estate to a nursing home. TR 53. George Sletteland is also a partner of Health Care Providers, and it was he who negotiated purchase of the Applicant's interest in Health Care Providers and arranged for loans to pay for that interest and made the necessary guarantees. TR 56. Purchase of the Applicant's interest was financed with loans from First Wisconsin Bank of Milwaukee (\$39,000), the Bank (\$5,000), and one of his father's other ventures, Herco,

¹ The FDIC's motion to correct the transcript is granted and is entered into the record as ALJ exhibit 1. [{{4-1-90 p.A-1523}}](#) Inc. (\$5,000). *Ibid.* Bank president John Kulig is another partner in Health Care Providers. TR 264.

It was George Sletteland who suggested that a voting trust be established for his and his son Perry's Bank stock. TR 64. Under the trust agreement, George Sletteland is forbidden to participate in the affairs of the Bank. TR 91.

The Applicant testified that he has never taken any action as Chairman of the Board which facilitated his father's participation in conduct of the Bank's affairs (TR 92) though he felt his father could function as either attorney or consultant to the Bank. This conclusion was based on advice of counsel. TR 92, 93.

I found the Applicant to be intelligent, and he appears to be making a sincere effort to learn the banking business and to perform in his current role at the Bank as an active Chairman working about three days a month. TR 318. For this he is compensated \$1,000 per month in addition to the fee for being a director. TR 317.

That he spends about three days a month on bank business is supported by the testimony of Kulig. TR 256. The Applicant, however, also testified that he works on bank business about 60 hours a month, or two to three times more than the three-day-a-month testimony. TR 78. I credit Kulig, and though the Applicant's estimate of his time is inconsistent, it does not affect my decision.

B. James P. Kielczewski

Deputy Regional Director James P. Kielczewski has worked for the FDIC 27 years. He testified that he has reviewed more than fifty change in control applications. TR 123. Kielczewski's review of the instant application raised several concerns. Principally he had doubts as to whether the Applicant could be independent of his father, particularly given their financial ties in Health Care Providers. TR 130.

Kielczewski testified that his experience with family-owned banks suggests that there are strong ties of loyalty among family members, and that such ties create a potential conflict of interest between the banks and family members. TR 131.

Further, Kielczewski testified that the instant application demonstrated no significant banking expertise, or other business experience, on the part of the Applicant which would qualify him to serve as chairman of the board or to control a bank. TR 132.

The timing of Applicant's elevation to the Bank's Board troubled Kielczewski. TR 133. Four months before George Sletteland was removed, he nominated his son for a seat on the Board; six days before the removal, George Sletteland nominated his son to be Chairman. *Ibid.*

It was Kielczewski's opinion that at the time of the change in control application, the Applicant could not stand on his own financially. The loans which purchased his interest in Health Care Providers were guaranteed by his father. TR 136.

Such financial dependence "shored up" Kielczewski's belief that "the family ties between father and son were stronger than ever." *Ibid.* Kielczewski concluded that the Applicant "hasn't found his niche in life . . . and is still a student," that he has little business experience and, indeed, in 1987 only earned \$12,400. TR 171-174.

Kielczewski testified that he believes George Sletteland continues to control the Bank's Board of Directors. Tr 159. And with Peder as voting trustees for 41.2% of the Bank's stock, Kielczewski concluded that "Peder would be nothing more than a nominee or strawman voting that stock for his father's benefit." TR 184.

Kielczewski was a credible and persuasive witness. Although his opinions are based only on facts set forth in the application for change of control, such suffice for purposes of establishing the FDIC's *prima facie* case. This is reasonable since it was the Applicant who furnished the information.

C. George Sletteland

George Sletteland testified that he owns a beneficial interest in Bank stock, the voting rights of which he transferred to his son. TR 193. He testified that the voting trust is irrevocable for five years and he cannot replace the trustee. TR 232.

George Sletteland further testified that he is subject to a final 8(e) order issued by the FDIC which prohibits him from involvement in the management and control of the Bank, including the voting of his stock. TR

{{4-1-90 p.A-1524}}193, 194. He denied that he has exerted any influence on the operations of the Bank after the effective date of his removal on June 1, 1988. TR 211.

Except for two conversations with President John Kulig concerning loan customers, he denied having any contacts with Bank officials. TR 210. He did, however, make two trips to Pigeon Falls in July and September 1988, to discuss bank business. TR 221, FDIC Ex. 28. But he denied having any communication with his son concerning the Bank, TR 211, or that he is able to control his son's actions and decisions. TR 212.

With respect to the Home Health Care matter, Sletteland testified that First Wisconsin Bank required his personal guarantee and his own financial statement, before that bank would make the loan to Peder. He furnished the guarantee and financial statement because, "This is my son." TR 217.

D. John Kulig

President Kulig testified that the Applicant became a member of the Board in January of 1988 and has subsequently developed into a good member, that he can read and analyze financial statements and is familiar with the Bank's lending procedures. TR 256, 257. Kulig expressed his opinion that in the role of board chairman the Applicant does not act on behalf of his father. TR 257.

E. Frederick J. Berns and David Peat

Frederick J. Berns testified, in general, that he is an attorney and member of the Bank's Board of Directors. He testified that Peder Sletteland is an able member and chairman and has done nothing to facilitate his father's participation in the affairs of the Bank.

David Peat is an attorney and former Regional Counsel for the FDIC. He testified that at the time he worked for the FDIC, the agency viewed proposed management of a change in control different from the acquiring party. Thus, experience and competence of an acquiring stockholder was evaluated differently from that of potential management. Further, experience and education in banking would not be required of an acquiring party.

III. Analysis

A. Contentions of the Parties

In essence, the FDIC contends that: 1) voting trusts are *per se* proscribed by Section 1818(j), but even if permitted 2) under the facts here, the trust is bogus and 3) in any event, the Applicant lacks the demonstrated competence, experience and integrity under Section 1817(j)(7)(D) to justify the agency's approval of the change of control application.

The Applicant contends that voting trusts are permitted by Wisconsin law and therefore should be allowed under Section 1818(j). The Applicant argues that his family relationship to the trustor, as well as other factors brought forth by the FDIC, fail to prove that he is not a *bona fide*, independent trustee and that the FDIC failed to prove that this was anything other than an arms-length transaction.

Finally, the Applicant contends that the FDIC evidence concerning his alleged lack of competence, experience and integrity is insufficient to justify its denial of his application for change in control. In this respect, the Applicant argues that different (and less rigorous) standards are to be applied for stock holders than for board members or managers and, for purposes of this case, he is in the posture of a stockholder. Finally, he contends that the outcome here will not affect his position as a director or chairman.

B. The Statute

The CBCA was enacted as Title VI of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 Pub. L. No. 95-630, 92 Stat. 3641, 3683 (1978), and is codified at 12 U.S.C. § 1817(j). Paragraph I of that subsection provides:

No person, acting directly or indirectly . . . , shall acquire control of any insured bank through a purchase . . . of voting stock of such insured bank unless the appropriate Federal banking agency has been given sixty days' prior written notice of such proposed acquisition and within that time period the agency has not issued a notice disapproving the proposed acquisition

In the case of a nonmember state bank, the FDIC is the appropriate Federal banking agency. 12 U.S.C. § 1813(q)(1).

The CBCA also provides that a party may request a formal hearing when the agency disapproves a change in control application. 12 U.S.C. §1817(j)(4). Paragraph 7 of 12 U.S.C. § 1817(j) enumerates the circumstances in which a banking agency may [{{4-1-90 p.A-1525}}](#) disapprove a CBCA application. The material provisions here are subparagraphs (C) and (D), which provide that the appropriate Federal banking agency may disapprove any proposed acquisition if:

(C) the financial condition of any acquiring person is such as might jeopardize the financial stability of the bank or prejudice the interests of the depositors of the bank; or

(D) the competence, experience, or integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the bank, or in the interest of the public to permit such person to control the bank.

12 U.S.C. §1817(j)(7)(C) and (D).

The legislative history of the CBCA is clear on several points directly material to this case. First, it reveals that Congress intended to grant the Federal banking regulators broad discretion under the Act to disapprove the transfer of control in an existing bank, similar to the discretion that the regulators possess in chartering a new bank. Second, this discretion includes the authority to disapprove a proposed acquisition not only because of known and documented problems, but also when the regulator anticipates that problems might result from the change in control. Third, the legislative history provides examples where, under the competence and financial condition standards, members of Congress and bank regulators agreed that the disapproval of a proposed change in bank control would be warranted.

The legislation ultimately enacted as the CBCA was originally introduced as Title VI of H.R. 9086, 95th Cong., 1st Sess. § 601, 123 Cong. Rec. 29026 (1977) and listed six factors which could be considered in disapproving an application. The provisions of H.R. 9086 regarding the competence and the financial condition of the proposed acquirer are virtually identical to those found in the CBCA as enacted.

Hearings on H.R. 9086 were held in the Fall of 1977. From these hearings, it is apparent that Congress intended to vest in the financial institutions regulatory agencies the same broad discretion in approving an acquisition that they had in granting or denying a bank charter.

Counsel for the Applicant argues that the requisite "competence" and "experience" needed to be a principal shareholder should be less than the degree of competence and experience needed to be a bank director. Applicant's Brief at 7–8. While this may be true in general, this case is only partially about the Applicant's experience and competence as an acquiring owner. His experience and competence are also factors to be considered in evaluating whether the voting trust is legitimate, or simply a device by which George Sletteland will continue to control the Bank.

The criteria set up in Section 1817(j)(7)(D) of "competence, experience and integrity" are subjective and have not yet been construed by the FDIC Board or the courts.

[.4] However, from the legislative history, I conclude the FDIC Board has broad discretion to evaluate the qualifications of an applicant for a change in bank control and to reject applicants for known and reasonably anticipated problems which could result from the acquisition of control.

Further, since the statute does not distinguish between stockholders (or one who stands in place of a stockholder as a voting trustee) and those who would have more direct management authority, there is no statutory basis for treating this applicant differently from others. But even if stockholders were to be evaluated differently, the lesser standard would not apply here because the Applicant and his witnesses testified that he is active in the management of the Bank.

The discretion of the FDIC to deny an application for change of control may not be exercised arbitrarily. And the facts upon which the FDIC bases its decision may be tested in an administrative adjudication for accuracy and reasonableness.

C. Analysis and Concluding Findings

The evidence presented by the FDIC, including the Applicant's lack of competence and experience, establishes that the voting trust violates Section 1818(j)(ii), which prohibits a removed person from voting

for directors, and therefore cannot be the basis for a change of control.

In addition, this evidence supports the conclusion that the Applicant has insufficient competence and experience to control

{{4-1-90 p.A-1526}}the Bank. The Applicant's evidence to the contrary was not persuasive. Therefore, the FDIC was within its discretion to deny the application.

1. *Legality of the Voting Trust*

Counsel for the FDIC argues that voting trusts are not favored in the law and therefore the trust "violates Section 1818(j)(i)'s prohibition against the transfer of voting rights." (FDIC Brief at 27) However, voting trusts are in fact specifically authorized in Wisconsin:

Any number of shareholders of a corporation may create a voting trust for the purpose of conferring upon a trustee or trustees the right to vote or otherwise represent their shares by entering into a written voting trust agreement specifying the terms and conditions of the voting trust, by depositing a counterpart of the agreement with the corporation at its registered officer, and by transferring their shares to such trustee or trustees for the purpose of the agreement.

Wis. Stat. Ann. §180.27(1).

The initial basis for disapproval was the finding that change of control was to be effected by a voting trust, which, under the facts here, would violate Section 1818(j)(i) and (ii).

Since Wisconsin has recognized the validity of voting trust agreements for almost forty years, I am disinclined to conclude that the voting trust as such is somehow contrary to public policy.

Further, I disagree with the contention of counsel for the FDIC that George Sletteland could not lawfully [under Section 1818(j)] create a voting trust of his stock.

Among other things, Section 1818(j)(i) prohibits a person under a Section 8(e) order from soliciting, procuring or transferring voting rights or exercising such rights. Counsel for the FDIC contends that a voting trust is included within "proxies, consents, or authorizations in respect of any voting rights" under Section 1818(j)(i) and that creating a voting trust is a proscribed "transfer." No doubt a voting trust comes within the broad reaches of Section (i). However, I conclude that the thrust of Section (i) is to prevent a removed individual from gathering voting rights. It does not appear to prohibit relinquishing such rights. If it did, then a removed individual would not be able to sell his stock, even with the permission of the appropriate Federal agency because Section (i) does not provide for such permission—unlike Section (ii) which does. Section (i) is absolute, whereas Section (ii) is permissive.

The interpretation of Section (i) argued for by the FDIC, that a removed individual cannot give up voting rights in his stock but can totally divest himself of the stock is not supported by the language of the statute. On the other hand, a reading of this statute which would freeze stock ownership where one is removed does not make sense.

Thus I conclude that Section (i) proscribes a removed individual from attempting to acquire and exercise voting rights. It does not forbid him from alienating such rights he may have had prior to his removal.

However, regardless of the appropriate construction of Section (i), I conclude that the voting trust, under the facts of this case, would violate Section 1818(j)(ii) and therefore cannot be the vehicle for a change in control.

Specifically, 12 U.S.C. §1818(j)(ii) prohibits one who is removed from voting for directors without first obtaining the permission of the appropriate banking agency. It is this prohibition which George Sletteland sought to circumvent by creating the voting trust.

As noted by Counsel for the FDIC, under Section (ii) ". . . even though removed, George B. Sletteland may vote on matters other than the election of directors." Reply Brief of FDIC at 18. By this, I understand her to agree that the general voting of stock is not tantamount to participation in the bank's affairs, and thus would not violate Section (i).

But, having been removed, George Sletteland could not vote his stock for directors by operation of Section 1818(j)(ii); thus he created a trust naming his son as trustee so that the son could do what he was forbidden from doing—at least absent prior agency approval, which he apparently did not seek.

The FDIC suggests that there should be a "presumption of collusion" if a family member is appointed the trustee of a voting trust agreement. FDIC Brief at 53. Counsel for the Applicant refers to this as a "genetic" argument, and contends that such is insufficient to sustain the FDIC's burden of proof that denial of the application is justified.

{{4-1-90 p.A-1527}}

Although family ties do not necessarily prove collusion, there certainly arises a presumption of something less than independence where a father makes his son the voting trustee of stock which he is

forbidden to vote. Whether the family relationship would suffice to establish the FDIC's *prima facie* case need not be decided because there is additional evidence here that the voting trust was not legitimate.

The principal issue here is whether the voting trust in this fact situation is valid to vest in the Applicant the authority to vote George Sletteland's stock. (Though included in the trust, the voting rights of stock owned by the Applicant's brother is not in issue. The brother is not under a removal order, nor does his stock alone represent a controlling interest in the Bank.)

The impetus for the change in control application was the voting trust which came about because, and only because, George Sletteland had been removed as a director under the provisions of 12 U.S.C. §1818(e)(1). As the Applicant concedes (Reply Brief at 25), "the voting trust was a response to the disabilities placed on George as a result of that removal."

Although this proceeding was initiated by Peder Sletteland, it is really about George Sletteland. Until his removal, George Sletteland was the principal owner and dominant force in the Bank. Even after the FDIC ordered his removal, he continued to control the Board as demonstrated by his being able to place his son as Chairman of the Board. He continues to own 40.1% of the Bank's stock. The issue here is whether the voting trust of this stock, with Peder as the trustee, operates to shield the Bank from the influence of George, specifically as to voting for (and therefore controlling) the Bank's directors.

Given Peder's demonstrated lack of business experience and competence, along with his age and close family connection to George, the FDIC examiner concluded that the voting trust would not truly put the power to vote the stock in an independent trustee. It was Kielczewski's predictive judgment that Peder would not be able to act independently of his father. The facts upon which this judgment was based were clearly established; and the judgment is clearly reasonable. In short, the Applicant had no demonstrated qualification to be a board member (much less chairman) when his father nominated him. Nor would a reasonable man select Peder to be the trustee of a controlling interest of bank stock based on his experience and education. It is difficult to believe that he was the best person available to act as trustee, if that is what his father was looking for.

Accordingly, I conclude that the application for change in control based on this voting trust was appropriately denied. Since the trust would violate Section 1818(j)(ii) on the facts here, it would not serve as the basis for changing control under Section 1817(j).

This conclusion is limited to the facts of record in this particular situation. It does not, as argued by the Applicant, leave George Sletteland (or other removed stockholders) with the "Hobson's choice" of selling his stock at a depressed price or allowing the stock not to be voted for directors. However, even if such were the result, a removed director stockholder has no real standing to complain about such harm as might arise from his wrongdoing.

In any event, George Sletteland could have named someone other than his son to be the trustee and/or could have applied for permission under Section 1818(j)(ii) to vote the stock or create a trust for such purpose. He did neither.²

This is not a case in which the issue is whether the FDIC should have granted George Sletteland's application to vote his stock, or should have approved his creation of a voting trust for that purpose. Here he created the trust, named his son as trustee and then the son filed an application for change in control.

Even if, as argued by the Applicant, his limited education and experience in banking do not support the conclusion that his application should be denied, these facts are certainly relevant to the conclusion that he is not a *bona fide* trustee, but serves as his father's alter ego.

That George Sletteland undertook to install his son in the Bank in contemplation of

² In its Notice of Disapproval of Acquisition, the FDIC concluded that, "written approval should not be granted under section 8(j)(ii) to the Act..." Inasmuch as there was no request by George Sletteland this conclusion appears to be dicta, and whether or not such approval should be granted is not an issue in this proceeding.

{{4-1-90 p.A-1528}}his own removal and to continue the Bank as a Sletteland family enterprise is further established in a letter he wrote to Gilbert Southwell of the First Wisconsin Bank in arranging the Home Health Care loan: "Peder is actively involved in managing the bank in my stead." FDIC Ex. 39.

From these facts I conclude that George Sletteland has determined to help Peder manage his life—at least financially. He set up his son on the Bank's Board, and arranged and underwrote his son's participation in the Health Care Providers partnership which is in the process of being liquidated and will net Peder a substantial profit.

The natural continuation of George Sletteland's activity in this regard was arranging for his son to vote a controlling interest for directors and thus assure his continuation on the Board. This activity of the father along with the son's demonstrated lack of education and experience in banking, or business in general, lead to the inescapable conclusion that the voting trust is a device by which George Sletteland will do that which Section 1818(j)(ii) prohibits him from doing.

Notwithstanding the Applicant's argument that he is financially independent of his father, it is clear he is not. One item in the record, presumably to demonstrate his financial independence, is the financial statement the Applicant submitted to the FDIC. FDIC Ex. 6. He had not attached such a statement to his application on grounds that there was no purchase of stock. However, a financial statement was required by the FDIC, and furnished by the Applicant, in which he stated that the value of his interest in Fordel & Associates was \$50,000. He testified that this consisted of "the orders, the goodwill, the physical copier, file cabinets, et cetera." TR 51. It is, or was, a two-person partnership which had been in existence about one year at the time of this evaluation and operated out of a spare bedroom in his apartment. He also testified that Fordel & Associates had \$120,000 in a bank account, but he admitted that this is an operating account. TR 93–94. He did not suggest that any of this money exceeds committed expenses and would be considered in the value of the business.

His testimony simply does not support more than a nominal value for Fordel & Associates. The Applicant's testimony suggests that the \$50,000 figure was a substantial overstatement of his financial condition.

Similarly, to purchase his interest in Home Health Care, the Applicant borrowed \$5000 from Herco, Inc., one of his father's ventures. FDIC Ex. 11(b). This is not listed as a liability on the financial statement. FDIC Ex. 6.

Without more it is difficult to evaluate these errors in the Applicant's financial statement; however, both seem aimed at supporting his contention that he is financially independent of his father. I discredit Peder Sletteland and his financial statement.

Further, I conclude that his lack of financial independence from his father is relevant to the issue of whether he can in fact be an independent trustee of his father's stock. I conclude that he cannot.

Though the voting trust may otherwise be lawful, it cannot be a device to effect a bogus change in control. From these facts, the FDIC could reasonably conclude that the change of control was not real, but rather, that George Sletteland would continue to exercise effective control over the vote of his stock. Therefore, the application for change in control based on this trust was appropriately denied.

Again I emphasize, the conclusion here is limited to the facts of this case. On other facts, George Sletteland might legitimately convey a voting trust to a trustee whose demonstrated independence would make granting the change in control appropriate. Or, if he was not under the removal disability, he might legitimately create a voting trust with Peder Sletteland as the trustee.

2. The Applicant's Competence and Experience

The second basis for denying the application was the agency's conclusion that the Applicant's "competence, experience or integrity. . . is such that the proposed acquisition is not in the interest of the Bank's depositors or in the interest of the public...." This is separate from, but intertwined with, the voting trust issue.

In large part the voting trust is not a *bona fide* device for a change in control because the trustee has minimal competence and experience. But independent of this conclusion, the Applicant's lack of competence

[\[6-30-92 p.A-1529\]](#) and experience justify the FDIC's denial of his application.

Section 1817(j) requires the FDIC to evaluate an applicant's competence, experience and integrity. Here the agency did so, at the administrative level, and concluded that those factors were sufficiently lacking that a change in control should be denied.

At the time he filed for the change in control, the Applicant was 26 years old. He had attended three universities but had no degree. He had not studied finance or banking. He had worked at other than a student summer job but one year—at a menswear boutique. For less than a year he had been a partner in an interior decorating firm, which was operated out of a spare bedroom in his house. (His partner apparently severed their relationship and this became a sole proprietorship.)

The Applicant appears to be learning the banking business since his installation as a director and subsequently chairman. Indeed he argues that this is a family business and in time he would have taken over from his father, as had his father from his grandfather, and so forth. Applicant Reply Brief at 26. While such might be the case, his competence and experience must be evaluated as of the time of the application for change in control, a position argued for by Counsel for the Applicant at the hearing. TR 23, *et seq.*

At that time his banking experience was limited to summertime employment during his teenage years. He did not study finance (or related subjects) in college and does not have a college degree. His work experience is limited and in fields totally unrelated to banking.

In short, the Applicant had no demonstrated education or experience which would support granting his application for change in control. On the facts before it, the FDIC was justified in denying the application because the Applicant did not meet the criteria set forth in Section 1817(j)(7)(D).

Upon the foregoing findings, conclusions and analysis, I hereby recommended adoption of the following Findings of Fact, Conclusions of Law and Order:

FINDINGS OF FACT

1. On April 25, 1988, the Board of Directors of the FDIC issued a final Decision and Order pursuant to section 8(e)(5) of the Federal Deposit Insurance Act, 12 U.S.C. § 1818(e)(5), whereby George B. Sletteland was removed as an officer and director of Pigeon Falls State Bank, Pigeon Falls, Wisconsin (the Bank) an insured state nonmember bank, and prohibited him from participation in any manner in the conduct of the affairs of the Bank or any other FDIC-insured institution. FDIC-87-61e, FDIC-87-62k, 2 P-H FDIC Enf. Dec. ¶5113.

2. In its Decision and Order, the FDIC Board of Directors determined that George B. Sletteland had engaged in unsafe and unsound banking practices and violations of law and regulation, including Regulation O of the Federal Reserve Board, 12 C.F.R. Part 215, and had breached his fiduciary duty to the Bank which resulted in a substantial financial loss to the Bank and personal gain to him and which evidenced his willful and continuing disregard for the safety and soundness of the Bank. *Ibid.*

3. The Removal Order against George B. Sletteland, which was served on May 2, 1988, became effective 30 days after its (page of text missing) which appears on the Notice of Acquisition. Tr. p. 16.

12. Under the Notice of Acquisition. Applicant would acquire as trustee the voting rights to the 41.2 percent of Bank stock currently owned by George B. Sletteland and G. Perry Sletteland which would be effectuated by a voting trust agreement (VTA) dated May 31, 1988. FDIC Exh. 1.

13. On January 19, 1989, a 30-day extension was taken by the FDIC in accordance with the provisions of 12 U.S.C. § 1817(j)(1), thus extending the period for agency consideration to March 17, 1989. Notice of Disapproval p. 1: Answer p. 1.

14. On March 10, 1989, the FDIC issued the subject Notice of Disapproval Notice of Disapproval; Answer p. 1.

15. The VTA was drafted by George B. Sletteland. Tr. p. 231.

16. The VTA provides that it will terminate on the earlier of its fifth anniversary or upon the death of George B. Sletteland, unless it is extended by mutual consent of all parties. In no event will the [\[6-30-92 p.A-1530\]](#) voting trust terminate later than the 24th anniversary of its formation. FDIC Exh. 1 — Exhibit A attached thereto and § 15.

17. In selecting Applicant to be trustee, George B. Sletteland was desirous of keeping the control block of Bank stock in the family. Tr. pp. 194–195.

18. George B. Sletteland has never filed an application with the FDIC for approval to vote for the election of directors pursuant to section 8(j)(ii) of the FDI Act.

CONCLUSIONS OF LAW

1. The Bank is subject to the provisions of 12 U.S.C. §§ 1811-1831d, and the FDIC Rules of Practice and Procedure.

2. The Applicant is an acquiring party within the meaning of 12 U.S.C. § 1817(j).

3. The FDIC has jurisdiction over the Applicant, the Bank, and the subject matter of this proceeding.

4. Under all the facts, including the Applicant's young age, limited and incomplete education, limited banking experience, narrow business experience, and financial closeness to his father, the voting trust agreement is not a *bona fide* divestiture by George B. Sletteland of the voting rights of his stock.

5. The voting trust agreement under the facts of this case would allow George B. Sletteland to vote for directors without prior approval of the appropriate federal banking agency in violation of 12 U.S.C. § 1818(j) (ii), and therefore was not a *bona fide* device for effecting a change of control.

6. Under the facts of this case, the FDIC appropriately concluded that the Applicant's competence and experience were such that approval of the change of control would not be in the best interests of the Bank's depositors or the public, within the meaning of 12 U.S.C. § 1817(j)(7)(D).

7. The application for change of control based on the voting trust agreement was appropriately denied by the FDIC under 12 U.S.C. § 1817(j).

Upon these Findings of Fact and Conclusions of Law, and the entire record in this matter, including the foregoing Decision, it is recommended that the FDIC Board issue the following order denying Peder B. Sletteland's application for a change in control:

ORDER

IT IS HEREBY ORDERED, pursuant to 12 U.S.C. § 1817(j) and the FDIC Rules of Practice and Procedure, 12 C.F.R. Part 308, that the proposed Notice of Acquisition of Control be, and it hereby is, DISAPPROVED.

Dated, Washington, D.C. November 30, 1989.

Last Updated 6/6/2003

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