

225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. § 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act, including whether the acquisition of the nonbanking company can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices" (12 U.S.C. § 1843). Any request for a hearing must be accompanied by a statement of the reasons a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal. Unless otherwise noted, nonbanking activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than April 8, 1996.

A. Federal Reserve Bank of Philadelphia (Michael E. Collins, Senior Vice President) 100 North 6th Street, Philadelphia, Pennsylvania 19105:

1. *Carnegie Bancorp*, Princeton, New Jersey; to merge with Regent Bancshares Corp., Philadelphia, Pennsylvania, and thereby indirectly acquire Regent National Bank, Philadelphia, Pennsylvania.

B. Federal Reserve Bank of Cleveland (John J. Wixted, Jr., Vice President) 1455 East Sixth Street, Cleveland, Ohio 44101:

1. *Tri-State 1st Bank, Inc.*, East Liverpool, Ohio; to become a bank

holding company by acquiring 100 percent of the voting shares of 1st National Community Bank, East Liverpool, Ohio.

C. Federal Reserve Bank of Chicago (James A. Bluemle, Vice President) 230 South LaSalle Street, Chicago, Illinois 60690:

1. *Main Street Bancorp, Inc.*, Princeville, Illinois; to become a bank holding company by acquiring 100 percent of the voting shares of Princeville State Bank, Princeville, Illinois.

Board of Governors of the Federal Reserve System, March 11, 1996.

William W. Wiles,

Secretary of the Board.

[FR Doc. 96-6230 Filed 3-14-96; 8:45 am]

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Agency Information Collection Activities: Submission to OMB Under Delegated Authority

Background

Notice is hereby given of the final approval of a proposed information collection by the Board of Governors of the Federal Reserve System (Board) under OMB delegated authority, as per 5 C.F.R. 1320.16 (OMB Regulations on Controlling Paperwork Burdens on the Public). The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

FOR FURTHER INFORMATION CONTACT:

Federal Reserve Board Clearance Officer—Mary M. McLaughlin—
Division of Research and Statistics,
Board of Governors of the Federal Reserve System, Washington, DC 20551 (202-452-3829)

OMB Desk Officer—Milo Sunderhauf—
Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, DC 20503 (202-395-7340)

I. Final approval under OMB delegated authority of the implementation of the following report:
Report title: Federal Reserve Check Fraud Survey.

Agency form number: FR 3080.

OMB Control number: 7100-0279.

Frequency: One-time.

Reporters: Commercial banks, savings associations, and credit unions.

Annual reporting hours: 14,976.

Estimated average hours per response: 9.

Number of respondents: 1,664.

Small businesses are not affected.

General description of report: This information collection is voluntary [Publ. L. 103-325, Title III, section 333] and is confidential [5 U.S.C. section 552(b)(4)].

Abstract: The Board has approved conducting a one-time, voluntary check-fraud survey in March 1996. The responses to the survey will be used by the Board in fulfilling the Congressional mandate to determine whether there is a pattern of significant increases in losses related to check fraud at depository institutions attributable to the provisions of the Expedited Funds Availability Act (EFAA); to consider whether an extension by one day of the period between the deposit of a local check and the availability of funds for withdrawal would be effective in reducing the volume of losses related to check fraud; and to make recommendations for legislative actions.

II. Justification

The 1994 Community Development Banking Act states that the Board shall "conduct a study on the advisability of extending the 1-business-day period specified in section 603(b)(1) of the Expedited Funds Availability Act (EFAA), regarding availability of funds deposited by local checks, to 2 business days." The report is to be submitted to the Congress by September 23, 1996. The Congress further directed the Board to:

- Consider whether there is a pattern of significant increases in losses related to check fraud at depository institutions attributable to the provisions of the EFAA;

- Consider whether an extension by one day of the period between the deposit of a local check and the availability of funds for withdrawal would be effective in reducing the volume of losses related to check fraud; and

- Make recommendations for legislative action.

On December 20, 1995, the Board requested public comment on a proposed check-fraud survey. The survey is intended to obtain data on the number of cases of check fraud and the amount of losses incurred by depository institutions attributed to check fraud.

III. Analysis of Comments

The Board received 45 comment letters on the proposed survey. The following table identifies the number of commenters by type of organization:

Commercial Banking Organizations ¹	28
Credit Unions	8

Savings Banks	2
Federal Reserve Banks	2
Clearing Houses	1
Trade Associations	1
Other ²	3
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Total Commenters	45

¹ Banks, bank holding companies, and operating subsidiaries of banks or bank holding companies.

² Law firms and consumer research groups.

Thirty-three commenters supported the Board's conducting the check-fraud survey. Seven of those commenters also indicated that the EFAA availability schedules should be lengthened. Eight commenters did not address whether the Board should conduct the check fraud survey. Five of those commenters, however, supported an extension of the EFAA schedules, while three commenters indicated that no changes should be made to the EFAA. Two commenters questioned the methodology of the survey and indicated that they do not support any changes to the EFAA. Two commenters stated that the survey should not be conducted because they experienced no losses related to check fraud or the EFAA schedules.

Five commenters addressed the issue of the estimated burden to depository institutions of completing the survey document. Three commenters indicated that the estimated burden was reasonable. Two of the commenters, however, stated that the actual burden to DIs would be greater than estimated because obtaining the requested information would require a manual review of records. The Board recognizes that the burden for each survey respondent will vary based on an institution's recordkeeping practices and experience with check fraud, but continues to believe that its estimate of an average of nine hours per respondent is reasonable.

Two commenters suggested that the survey should be conducted prospectively. A prospective approach would allow depository institutions to collect actual data in the format the Board requires, thus improving the accuracy and the response rate. The Board considered this option but rejected it because a prospective survey would significantly increase the recordkeeping burden for depository institutions and would not likely improve the response rate. In addition, because the Board must report to the Congress in September 1996, there is not sufficient time to permit DIs to make the necessary programming changes to their data reporting systems, collect the data, and provide it to the Board in time

to meet the Congressionally mandated schedule.

Six commenters suggested that additional definitions be added to the survey and that certain language be clarified. Several of the suggested clarifications and definitions were made to the survey document. For example, definitions were added for the number of cases of check fraud and the dollar amount of losses. Several commenters also asked that the definition of "organized and professional efforts" in check fraud be clarified. Because of ambiguity of this question and the difficulty in determining a clear definition, the question has been deleted from the survey.

Six commenters suggested that additional detail be added to some questions or that some categories of checks be expanded. In response to these comments, the Board expanded the scope of six questions. Questions were expanded to address large-dollar return notifications and their effectiveness in preventing losses; to obtain information on the number of checks returned from the paying bank; to address DIs' interest in modifying Regulation CC for new accounts; and to expand the categories of fraudulent checks.

Two commenters raised questions about the survey methodology. These commenters postulated that the survey, as proposed, would produce biased results because participation is voluntary; depository institutions have the option of providing estimates; and depository institutions with less than \$1 million in transaction accounts are excluded.

The Board believes that the survey methodology is sound. The survey sample is based on a stratified random sample of 5,200 commercial banks, savings institutions, and credit unions, drawn to achieve a 95 percent confidence interval for the results, based on an expected overall response rate of 32 percent. A minimum of \$1 million in transaction accounts was established to reduce the burden on smaller institutions. In addition, while the Board would prefer that respondents to the survey provide data on actual losses, the Board understands that it is unrealistic to expect all institutions to collect the required data in the format requested because of the differences in how DIs collect data concerning check-fraud losses. Therefore, to ensure that a significant number of DIs will be able to respond to the survey, the survey allows for estimates. Statistical analyses and follow-up with non-respondents will be used to test for potential bias in the responses. For example, an institution

may not respond to the survey because it does not experience check-fraud losses or because the data are unavailable in the requested format. Follow-up with the non-respondents will provide further information about the reasons, and where appropriate, such information will be integrated into the analyses.

One commenter also questioned the content of the questionnaire. The commenter indicated that the survey questions appeared to be biased "toward obtaining the results that check fraud volume, losses and costs (1) are enormous, (2) are due to the check hold law, and (3) can be reduced by lengthening the check-hold period." The Board believes that the questions in the survey will provide the information needed to determine the magnitude of check-fraud losses and whether lengthening the check hold period would reduce these losses. At this time, the Board has no preconceived notions about the outcome of the survey results. The costs and benefits of any recommended changes to regulations will be carefully reviewed.

Several commenters addressed issues other than the survey. These issues included arguments both for and against extending the EFAA availability schedules; discussion of an institution's experiences with check fraud; discussion of check-fraud prevention methods other than modifying the EFAA; and suggestions on how the Board should evaluate the results. The Board will take these additional comments into consideration when developing legislative recommendations.

In addition to the above comments, the Board received seven completed draft survey forms, indicating a good interest in the survey.

The survey questionnaire was distributed following Board approval.

Board of Governors of the Federal Reserve System, March 11, 1996.

Jennifer J. Johnson,

Deputy Secretary of the Board.

[FR Doc. 96-6188 Filed 3-14-96; 8:45 am]

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Sunshine Act Meeting

AGENCY HOLDING THE MEETING: Board of Governors of the Federal Reserve System.

TIME AND DATE: Approximately 10:45 a.m., Wednesday, March 20, 1996, following a recess at the conclusion of the open meeting.

PLACE: Marriner S. Eccles Federal Reserve Board Building, C Street