

Growth Here Seen By European Bank



Harry E. Ekblom, right, during his news conference yesterday at the European-American Bank here. With him was Klaus Jacobs, vice chairman of the bank.

EUROPEAN-AMERICAN
BANKING CORPORATION · BANK & TRUST COMPANY

The New York Times

The nameplate of the new owner of the Franklin National Bank at headquarters at 10 Hanover Square.

By JOHN H. ALLAN

The European-American Bank and Trust Company, the bank that took over much of the insolvent Franklin National Bank Tuesday afternoon, said yesterday it planned to remain in New York City and, probably expand.

This aggressive approach contrasts sharply with the Franklin program, outlined unsuccessfully in mid-September, to scale down its operations to become a regional bank serving Long Island.

Harry E. Ekblom, chairman of European-American, said at a news conference yesterday morning that there were no plans to close any of the former Franklin branches—31 in New York City (12 in Manhattan) and 71 in Nassau and Suffolk Counties.

"There's every possibility we will expand," he said. Operations in the new European-

American branches were calm, he said.

In other developments affecting the former Franklin National Bank:

¶Mr. Ekblom disclosed that the "very senior officers" of Franklin had relinquished their positions.

¶Bank stock analysts said

A Milan magistrate has issued a warrant for the arrest of Michele Sindona, the Sicilian-born financier who pyramided pittances into an international bank empire. Details on Page 79.

they saw virtually no hope that shareholders in the Franklin New York Corporation, the parent company that owned the failed bank, would get anything back from their investment.

¶European-American dis-

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closed that it would apply for membership in the Federal Reserve System "momentarily."

¶A dispute broke out in Suffolk County about whether to withdraw \$20.4-million in county funds from European-American.

¶The Bradford Trust Company of New York confirmed that it had acquired the trust business of Franklin National as part of the liquidation of the bank.

After disclosing that executives of Franklin had given up their power, Mr. Ekblom said he would be meeting with these men within a few days.

At the news conference held by bank regulatory officials on Tuesday, Alfred Hayes, president of the Federal Reserve Bank of New York, said the basic reason for the insolvency of the bank was "bad management."

At the end of 1973, the Franklin National Bank was managed by 14 men with titles of executive vice president or higher. Harold V. Gleason was board chairman and chief executive officer.

After the bank's troubles developed, Mr. Gleason stepped down to become an executive vice chairman, and Joseph W.

Barr joined Franklin as its chief executive.

Of the others, eight executives have left: five resigned, one was dismissed, one took a leave of absence and one retired. Besides Mr. Barr and Mr. Gleason, four top executives still remain.

"We'll be our own top management," Mr. Ekblom said at his news conference.

He also emphasized that European-American planned to continue the Franklin branch system and that it would retain Franklin's employees to operate it.

During the cost-cutting program that the Franklin undertook during the summer, the bank's employment roll was cut almost one-third to about 2,800. European-American, up till now a wholesale banking organization, operated with a staff of about 900.

Speaking of the outlook for Franklin New York shareholders, bank stock analysts were quick to note that the rights of stockholders always stand near the bottom in any insolvency and liquidation.

Whether Franklin New York shareholders eventually get anything for their stock will depend on the disposition of the loans and securities taken over by the Federal Deposit Insurance Corporation.

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