

## OFFICE OF THRIFT SUPERVISION

### Approval of Operating Subsidiary Application

**Order No.: 2002-47**

**Date: October 24, 2002**

**Re: Docket No. 16115**

Unified Banking Company, Lexington, Kentucky (Savings Bank) has applied to the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. § 1828(m) and 12 C.F.R. Part 559, to establish an operating subsidiary, Commonwealth Premium Finance Corporation (Subsidiary). The Subsidiary is an existing Kentucky-chartered corporation, which conducts an insurance premium finance business involving short-term lending to businesses and individuals to purchase insurance. In the proposed transaction, the Savings Bank's holding company, Unified Financial Services, Inc., St. Louis, Missouri, will contribute the Subsidiary to the Savings Bank. (The foregoing is referred to as the Application.)

OTS regulations, at 12 C.F.R. § 559.3(c)(1), provide that a federal association may invest in an operating subsidiary if it owns, directly or indirectly, at least 50% of the voting shares of the operating subsidiary and no other party has operating control of the subsidiary. Section 559.3(e)(1) provides that an operating subsidiary of a federal association may engage only in activities that a federal savings association may conduct directly.

The Savings Bank will own all of the voting shares of the Subsidiary and no other party will have operating control of the Subsidiary. The Subsidiary will make commercial and consumer loans for the purposes of purchasing insurance. Making such commercial and consumer loans is a permissible activity for federal associations. Accordingly, the Application satisfies the requirements of §§ 559.3(c)(1) and 559.3(e)(1).

In addition, § 559.1(a) provides that OTS may, at any time, limit a federal savings association's investment in an operating subsidiary, or may limit or refuse to permit any activities of an operating subsidiary, for supervisory, legal, or safety and soundness reasons.

Based on the Application, OTS concludes that the proposed investment is not objectionable on safety and soundness or supervisory grounds, provided that the Savings Bank and the Subsidiary satisfy the conditions set forth below, which are intended to ensure that the proposed activities do not raise supervisory concerns.

For the reasons set forth above, OTS has determined that the Application satisfies all applicable approval standards and criteria and is hereby approved, provided that the following conditions are complied with in a manner satisfactory to the Southeast Regional Director, or his designee (together, the Regional Director):

1. The Subsidiary must make available to OTS such information as OTS deems necessary from time to time to monitor the activities of the Subsidiary, and the effect of those activities on the safe and sound operation of the Savings Bank;
2. The Subsidiary must not materially deviate from any of the activities, facts or representations described in the Application, except with the prior written non-objection of the Regional Director;
3. The Subsidiary must commence the operations proposed in the Application within 120 days of the date of this approval order; and
4. The Savings Bank must advise the Regional Director in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Application, and this Order.

Any time period specified herein may be extended by the Regional Director, for good cause, for up to 120 calendar days.

By order of the Director of the Office of Thrift Supervision, or his designee, effective October 24, 2002.



Scott M. Albinson  
Managing Director  
Office of Supervision