

## OFFICE OF THRIFT SUPERVISION

### Approval of Application for Permission to Organize a Federal Savings Bank

**Order No.:** 2009-36  
**Date:** June 29, 2009  
**Docket No.:** 18118

Fifteen individuals have applied to the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. § 1464(e) and 12 C.F.R. § 552.2-1, for permission to organize Rbank, Westerville, Ohio (Savings Bank) (Application). The fifteen individuals are: James A. Deer, Judith A. De Villers, Nazzareno Eramo, Lois J. Fisher, Douglas D. Fosselman, Gary B. Gitlitz, Mark K. Humrichouser, Shawn P. Keller, Dean S. Lucas, Reginald G. Martin, Richard J. Rano, Jr., Jon C. Sisler, Marc C. Tortora, Roger L. Vanover, and James V. Williams (collectively, the Organizers). Twelve of the Organizers will constitute the Savings Bank's board of directors, and four of the Organizers have been proposed as senior officers. All of the Organizers and four other individuals have contributed funds to assist in the organization of the Savings Bank.

The Savings Bank will be organized as a federally chartered, Deposit Insurance Fund-insured, stock savings bank and will be a full service federal savings bank.

#### **The Proposed Transaction**

The Organizers propose to establish a *de novo* federal stock savings association, the Savings Bank. The Savings Bank proposes to operate from its home office in Westerville, Ohio. The Organizers propose to conduct an initial public offering of a minimum of 1,100,000 shares to a maximum of 1,400,000 shares of the Savings Bank's common stock in order to capitalize the Savings Bank with approximately \$10 million (at the minimum of the offering).

The Organizers have applied to the Federal Deposit Insurance Corporation (FDIC) for deposit insurance for the Savings Bank's deposit accounts.

#### **Permission to Organize Application**

OTS may grant a federal savings association charter only: (i) to persons of good character and responsibility; (ii) if, in OTS's judgment, a necessity exists for such association in the community to be served; (iii) if there is a reasonable probability for the association's usefulness and success; and (iv) if the association can be established without undue injury to properly conducted existing local thrift and home financing institutions. In addition, OTS must consider whether the association will provide credit for housing consistent with the safe and sound operation of a federal savings association. OTS also considers the initial capitalization of the federal savings association, and the residence and composition of the savings association's board of directors.

Further, 12 C.F.R. § 563e.29(b) provides that an applicant for a federal thrift charter must submit with its application a description of how it will meet its Community Reinvestment Act (CRA) objectives. OTS is required to take this description into account when considering the application and may deny or condition approval on CRA grounds.

OTS has reviewed the backgrounds of the proposed officers of the Savings Bank, as well as the backgrounds of the Organizers. OTS's review did not reveal any material adverse information regarding the proposed officers of the Savings Bank, or regarding the Organizers. Thus, OTS concludes that the character and responsibility of the Organizers and the proposed directors and officers of the Savings Bank are consistent with approval.

As for the necessity for the Savings Bank in the community, there has been a significant increase in the population and deposits in the community of Westerville, Ohio, and all of Delaware County (Primary Market Area), over the past five years. The Application indicates that the population and deposits in the Primary Market Area are expected to continue increasing.

From February 2002 through October 2007, three financial institutions in Ohio were placed in receivership by federal and state banking regulators. None of the failed institutions were located in the same market area as the Savings Bank, and two occurred more than seven years ago. Therefore, OTS concludes that these failures do not indicate a lack of necessity for the Savings Bank. OTS concludes that this approval criterion is satisfied.

With respect to undue injury to properly conducted existing local thrift and home financing institutions, the Savings Bank's projected level of deposits in its third year of operations will constitute less than 3.2 percent of the deposits in the Primary Market Area. In addition, no one submitted comments objecting to the Application. Accordingly, OTS concludes that the Savings Bank will not cause undue injury to properly conducted existing local thrift and home financing institutions.

With respect to the reasonable probability of the Savings Bank's usefulness and success, OTS reviewed the competence and experience of the proposed management of the Savings Bank, its business plan, and its proposed capital levels. OTS concludes that the business plan is reasonable, that the Savings Bank will have adequate capital, that the Savings Bank will be able to conduct its operations appropriately, and that the Savings Bank's managerial and financial resources are consistent with a reasonable probability of success. OTS is imposing conditions 5 and 6 to help ensure that the Savings Bank operates pursuant to an OTS-approved business plan, and that changes to and from such a business plan are not detrimental to the Savings Bank. OTS is imposing conditions 7 and 11 to help ensure that the Savings Bank is operated properly. OTS is imposing conditions 8, 9 and 10 to help ensure the safe and sound operations of the Savings Bank, by requiring OTS review and non-objection for certain contracts and agreements and new officers and directors. OTS is imposing conditions 12 and 13 to ensure compliance with regulatory provisions.

Based on the foregoing analysis, OTS concludes that the probability of the Savings Bank's usefulness and success is consistent with approval, subject to the imposition of the conditions, which are intended to help ensure the Savings Bank's usefulness and success.

With respect to the provision of credit for housing in a safe and sound manner, the Savings Bank will extend credit for housing within its market area. In addition, the Savings Bank is projected to meet its Qualified Thrift Lender requirements. As discussed above, the Savings Bank's management is competent and should be able to conduct lending appropriately. Accordingly, OTS concludes that this approval criterion has been satisfied.

With respect to the CRA and OTS's CRA regulations, OTS received no public comments objecting to the Application. The Savings Bank's proposed CRA assessment area is consistent with OTS's CRA regulations. We find that the Savings Bank has satisfactorily demonstrated how it will meet its CRA objectives.

The Savings Bank intends to adopt a charter and bylaws that substantially conform to the model charter and bylaws for a federal stock institution.

With respect to capital, the Savings Bank will have more initial capital than is required by OTS regulations and the Savings Bank plans to be well capitalized throughout its first three years of operations. Accordingly, OTS concludes that the Savings Bank's proposed capital levels are consistent with approval.

OTS regulations require that a majority of a *de novo* federal association's board of directors be "representative" of the state in which the association is located. OTS regulations also require that a *de novo* federal association's board of directors be diversified and composed of individuals with varied business and professional experience. The regulations provide that, except in the case of a *de novo* federal association that is wholly owned by a holding company, no more than one-third of a *de novo* federal association's board of directors may be in closely related businesses. The members of the Savings Bank's board of directors meet the residency requirement for a *de novo* federal savings association, and the diversity requirement. Based on the information provided, OTS concludes that no more than one-third of the directorate is engaged in closely related businesses.

## **Conclusion**

Based on the information provided with the Application, OTS's analysis of such information and the background checks, and the representations of the Organizers, OTS concludes that the Application satisfies the applicable approval standards, provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director or his designee (Regional Director). Accordingly, the Application is hereby approved, subject to the following conditions:


1. The Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Director;
2. The proposed transaction must be consummated within 120 calendar days from the date of this Order;
3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officer of the Savings Bank must certify in writing to the Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the Savings Bank, as disclosed in the Application. If additional information having a material adverse bearing on any feature of the Application is brought to the attention of the Organizers, the Savings Bank, or OTS since the date of the financial statements submitted with the Application, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;
4. The Savings Bank must, within 5 calendar days after the effective date of the proposed transaction: (a) advise the Regional Director in writing of the effective date of the proposed transaction and of the Savings Bank's insurance of accounts; (b) advise the Regional Director in writing that the transaction was consummated in accordance with all applicable laws and regulations, the Application and this Order; and (c) provide a reconciliation of the Savings Bank's capital to the Regional Director;
5. The Savings Bank must operate within the parameters of an OTS-approved business plan for the first three years of operations. The Savings Bank must submit to the Regional Director for prior approval, requests for any proposed major deviations or material changes to the three-year plan, no later than 60 calendar days prior to the desired implementation date, with a copy sent to the FDIC Regional Office;
6. For three years following commencement of operations, the Savings Bank must submit to the Regional Director within 45 calendar days after the end of each calendar quarter, a business plan variance report detailing the Savings Bank's compliance with the business plan and an explanation of any material deviations;
7. The Savings Bank must submit independent audit reports to the Regional Director for its first three years of operations. These reports must be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
8. For three years following commencement of operations, the Savings Bank must receive the prior written non-objection of the Regional Director for any proposed

new directors or senior executive officers not already reviewed by OTS, or for any significant change in responsibilities of any senior executive officer;

9. For eighteen months following commencement of operations, any contracts or agreements pertaining to transactions with affiliates, affiliated persons, or related interests, as defined in 12 C.F.R. § 561.5(d) of the Savings Bank, not yet submitted to OTS for review, or any material changes to previously submitted contracts or agreements, must be provided to the Regional Director and receive his written non-objection prior to their implementation;
10. For two years following the Savings Bank's commencement of operations, any proposed employment agreement not yet submitted to OTS for review, must be provided to the Regional Director for review and receive his written non-objection;
11. Within 30 calendar days after commencing operations, the Savings Bank must submit a report identifying each function the Savings Bank will outsource to a third party vendor, identifying the vendor and providing a copy of the agreement, and during the first three years of operations, the Savings Bank must inform the Regional Director of any significant changes in its outsourcing;
12. Prior to commencing its stock offering, the Savings Bank must obtain clearance of its proposed offering circular from the OTS Chief Counsel's office; and
13. Within 30 calendar days after commencing operations, the Savings Bank must provide to the Regional Director a list of shareholders, including names, addresses, number of shares owned, and the percentage of total shares owned, and any individuals presumed to be acting in concert pursuant to 12 C.F.R. § 574.4 must be identified and their relationships disclosed.

The Regional Director may, for good cause, extend any time period set forth herein for up to 120 calendar days.

By order of the Acting Director of the Office of Thrift Supervision, or his designee,  
effective JUNE 29, 2009.

  
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Grovetta N. Gardineer  
Managing Director  
Corporate & International Activities