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Comptroller of the Currency  
Administrator of National Banks

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Licensing (MS 7-13)  
250 E Street, SW  
Washington, D.C. 20219

## **Corporate Decision #2002-13 August 2002**

July 31, 2002

Nancy M. Stiles, P.C.  
Silver, Freedman & Taff, L.L.P.  
1700 Wisconsin Avenue, N.W.  
Washington, D.C. 20007

Dear Ms. Stiles:

This is in response to the application of MB Financial Bank, N.A., Chicago, Illinois (“Bank”) to acquire several operating subsidiaries engaged in the business of equipment leasing. Based upon the representations and commitments made by the Bank, the application is approved. The Bank applied to acquire controlling interests in the following entities through the transactions described below:

- o LaSalle Systems Leasing, Inc. (“LSL”), an Illinois corporation engaged in equipment leasing. The Bank’s parent company, MB Financial, Inc. (“MB Financial”), will establish a subsidiary into which LSL will merge under the name of LSL. MB Financial will then contribute the stock of LSL to the Bank.
- o LaSalle Equipment Limited Partnership (“LP”), also engaged in equipment leasing. Immediately prior to the transactions, LP will convert to a limited liability company. The Bank will purchase 100% of LP and immediately merge it into LSL.
- o LaSalle Business Solutions, Inc. (“LBS”), a Delaware limited liability company. LBS is currently owned 60% by LP, 35% by Power User Technology, Inc. (“PUT”) (which is not otherwise affiliated with the Bank, LSL, or LBS), and 5% by a present officer of LSL. The LSL/LP merger discussed above will result in LSL acquiring 60% ownership interest in LBS.
- o Melrose Equipment Company, LLC (“Melrose”), a Nevada limited liability company. Melrose is currently owned 100% by LP. The LSL/LP merger discussed above will result in LSL acquiring 100% ownership interest in Melrose. Melrose’s sole activity is the purchase equipment for immediate resale to and

leasing by LSL.

- o LaSalle Computer Corporation (“LCC”), an Illinois corporation owned 100% by LSL. LCC was incorporated solely for the purpose of preserving the right to use the name “LaSalle Computer Corporation,” a name that was formerly used by LSL in the conduct of its operations.

As a result of these transactions, the Bank will own 100% of LSL and, through LSL, 60% of LBS, and 100% of Melrose and LCC.

A national bank may conduct in an operating subsidiary activities which are permissible for a national bank to engage in directly either as part of or incidental to the business of banking under 12 U.S.C. § 24(Seventh) or otherwise under other statutory authority.<sup>1</sup> For the reasons set forth below, the proposed activities of LSL and its subsidiaries (collectively the “Companies”) are permissible activities for a national bank or national bank operating subsidiary. Accordingly, the Bank may acquire controlling interests in the Companies and operate those entities as operating subsidiaries under 12 C.F.R. § 5.34.

The principal activity of the Companies is computer and telecommunication equipment leasing. Equipment leasing, and activities incidental thereto, are authorized for a national bank provided the leases meet the requirements of 12 C.F.R. Part 23.<sup>2</sup> The Bank has represented that the leases meet these requirements.<sup>3</sup> Therefore, the Companies’ leasing activity is authorized for an operating subsidiary of the Bank under 12 C.F.R. §5.34(e).

The Companies also engage in activities and provide services that are ancillary to their main business of equipment leasing (the “Ancillary Activities”). The Ancillary Activities include the acquisition of equipment for lease, delivery and installation of leased equipment, sales of off-lease equipment, other occasional sales of equipment, arranging for maintenance contracts, and certain website development services (to the extent that the Companies must offer such website development services to its existing leasing customers in order to compete in the computer and telecommunications equipment leasing business). The Ancillary Activities as described in the Bank’s application are part of or incidental to the business of banking and thus permissible activities for a national bank operating subsidiary.<sup>4</sup> Accordingly, the Bank may acquire and

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<sup>1</sup> 12 C.F.R. § 5.34(e).

<sup>2</sup> See 12 C.F.R. §§ 23.3(a), 23.10, and 23.20.

<sup>3</sup> The Bank has determined that the leases the Companies hold are (i) full payout leases (the lessor reasonably expects to recover its investment in the cost of the property plus the cost of financing from the lease payments, estimated tax benefits and estimated residual value of the property), (ii) net leases, under which the Companies will not directly or indirectly have an obligation to provide for service, repair or maintenance, parts, loan of substitute property while the leased property is serviced, or for payment of insurance for the lessee, and (iii) otherwise meet the requirements of 12 C.F.R. Part 23.

<sup>4</sup> The Companies’ occasional sale of equipment (other than off-lease equipment) in the manner described in the application is authorized as an activity that is incidental to its permissible equipment leasing business. Accordingly, the Companies’ sales of equipment may not dominate its overall leasing business. See OCC Interpretive Letter No. 875, *reprinted in* [1999-2000 Transfer Binder] Fed. Banking L. Rep. (CCH) ¶ 81-369

operate the Companies as operating subsidiaries under 12 C.F.R. § 5.34.

We have considered the Bank's due diligence of the Companies, its evaluation of the quality of the assets being acquired, and its evaluation of risks. Our bank examiners have previously reviewed the manner in which the bank conducts its leasing activities and found that it performs them in a manner consistent with safe and sound banking practices. Management has represented that the Bank will conduct the proposed expanded activities in a safe and sound manner and in compliance with applicable laws and regulations. The Companies will be subject to the OCC's examination and supervisory authority in the same manner and to the same extent as the Bank.

We will evaluate the Bank's management of the risks associated with computer and telecommunications equipment leasing activities during future supervisory events. Senior management of the Bank has committed to address any matters of supervisory concern we may subsequently identify with respect to the Companies' operations.

This approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a bilateral contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or an officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

Sincerely,

**-signed-**

Steven J. Weiss  
Deputy Comptroller for Licensing

Enclosure: Survey Letter

ACN# 2002 CE 08 0024

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(October 31, 1999); Interpretive Letter No. 737, *reprinted in* [1996-1997 Transfer Binder] Fed. Banking L. Rep. (CCH) ¶ 81-101 (August 19, 1996); OCC Interpretive Letter No. 516, *reprinted in* [1990-1991 Transfer Binder] Fed. Banking L. Rep. (CCH) ¶ 83,220 (July 12, 1990); Letter from Michael J. O'Keefe, District Counsel, Midwestern District (July 13, 1987) (unpublished); OCC Interpretive Letter No. 345, *reprinted in* [1986-1987 Transfer Binder] Fed. Banking L. Rep. (CCH) ¶ 77,799 (July 9, 1986). In a 1996 interpretive letter, the OCC adopted a "gross profits" test to assist in determining whether the sales of products as part of a package of banking services is "incidental" to those services. *See* OCC Interpretive Letter No. 754, *reprinted in* [1996-1997 Transfer Binder] Fed. Banking L. Rep. (CCH) ¶ 81-120 (Nov. 6, 1996). OCC Interpretive Letter No. 754 held that where the gross profits generated by a full function product provided in connection with a banking service do not exceed thirty percent of the total gross profits from that service, the sale of the full function product is incidental to the permitted banking service. Here, the Bank has represented that the Companies' gross profits from equipment sales were only 8% of their gross profits in 2001, and it expects this percentage to decrease in the future.



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1700 Wisconsin Avenue, N.W.  
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- o LaSalle Business Solutions, Inc. (“LBS”), a Delaware limited liability company. LBS is currently owned 60% by LP, 35% by Power User Technology, Inc. (“PUT”) (which is not otherwise affiliated with the Bank, LSL, or LBS), and 5% by a present officer of LSL. The LSL/LP merger discussed above will result in LSL acquiring 60% ownership interest in LBS.
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leasing by LSL.

- o LaSalle Computer Corporation (“LCC”), an Illinois corporation owned 100% by LSL. LCC was incorporated solely for the purpose of preserving the right to use the name “LaSalle Computer Corporation,” a name that was formerly used by LSL in the conduct of its operations.

As a result of these transactions, the Bank will own 100% of LSL and, through LSL, 60% of LBS, and 100% of Melrose and LCC.

A national bank may conduct in an operating subsidiary activities which are permissible for a national bank to engage in directly either as part of or incidental to the business of banking under 12 U.S.C. § 24(Seventh) or otherwise under other statutory authority.<sup>1</sup> For the reasons set forth below, the proposed activities of LSL and its subsidiaries (collectively the “Companies”) are permissible activities for a national bank or national bank operating subsidiary. Accordingly, the Bank may acquire controlling interests in the Companies and operate those entities as operating subsidiaries under 12 C.F.R. § 5.34.

The principal activity of the Companies is computer and telecommunication equipment leasing. Equipment leasing, and activities incidental thereto, are authorized for a national bank provided the leases meet the requirements of 12 C.F.R. Part 23.<sup>2</sup> The Bank has represented that the leases meet these requirements.<sup>3</sup> Therefore, the Companies’ leasing activity is authorized for an operating subsidiary of the Bank under 12 C.F.R. §5.34(e).

The Companies also engage in activities and provide services that are ancillary to their main business of equipment leasing (the “Ancillary Activities”). The Ancillary Activities include the acquisition of equipment for lease, delivery and installation of leased equipment, sales of off-lease equipment, other occasional sales of equipment, arranging for maintenance contracts, and certain website development services (to the extent that the Companies must offer such website development services to its existing leasing customers in order to compete in the computer and telecommunications equipment leasing business). The Ancillary Activities as described in the Bank’s application are part of or incidental to the business of banking and thus permissible activities for a national bank operating subsidiary.<sup>4</sup> Accordingly, the Bank may acquire and

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<sup>4</sup> The Companies’ occasional sale of equipment (other than off-lease equipment) in the manner described in the application is authorized as an activity that is incidental to its permissible equipment leasing business. Accordingly, the Companies’ sales of equipment may not dominate its overall leasing business. See OCC Interpretive Letter No. 875, *reprinted in* [1999-2000 Transfer Binder] Fed. Banking L. Rep. (CCH) ¶ 81-369

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We have considered the Bank's due diligence of the Companies, its evaluation of the quality of the assets being acquired, and its evaluation of risks. Our bank examiners have previously reviewed the manner in which the bank conducts its leasing activities and found that it performs them in a manner consistent with safe and sound banking practices. Management has represented that the Bank will conduct the proposed expanded activities in a safe and sound manner and in compliance with applicable laws and regulations. The Companies will be subject to the OCC's examination and supervisory authority in the same manner and to the same extent as the Bank.

We will evaluate the Bank's management of the risks associated with computer and telecommunications equipment leasing activities during future supervisory events. Senior management of the Bank has committed to address any matters of supervisory concern we may subsequently identify with respect to the Companies' operations.

This approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a bilateral contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or an officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

Sincerely,

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