



**Corporate Decision #2013-02  
May 2013**

April 5, 2013

Ernest J. Panasci  
Partner  
Stinson, Morrison, Hecker, LLP  
5613 DTC Parkway, Suite 970  
Greenwood Village, CO 80111

Re: Streamlined Business Combination Application for First Scottsdale Bank, National Association, Scottsdale, AZ and Gold Canyon Bank, Gold Canyon, AZ  
OCC Control No.: 2013 WE 02 0005

Dear Mr. Panasci:

The Office of the Comptroller of the Currency (“OCC”) hereby approves the application of First Scottsdale Bank, National Association, Scottsdale, AZ (“First Scottsdale”) to purchase certain assets and assume certain liabilities of Gold Canyon Bank, Gold Canyon, AZ (“Gold Canyon”), for the reasons below. As discussed below, the transaction may be consummated immediately upon approval. 12 U.S.C. § 1828(c)(6).

Gold Canyon, a state-chartered bank with deposits insured by the Federal Deposit Insurance Corporation (“FDIC”), was closed by the Superintendent, Arizona Department of Financial Institutions on April 5, 2013, and the FDIC was appointed as receiver. At the close of business on April 5, 2013, Gold Canyon had total assets of approximately \$49 million. The Comptroller has now been asked to grant his written approval of the proposed agreement negotiated between the FDIC and First Scottsdale by which the latter would purchase certain assets and assume certain liabilities of Gold Canyon.

This approval is granted based upon the information contained in the First Scottsdale’s application and other information and representations made to the OCC during its processing of the application.

**The Purchase and Assumption**

First Scottsdale applied to the OCC for approval to purchase certain assets of and assume certain liabilities of Gold Canyon under 12 U.S.C. § 24 (Seventh) and 1828(c) (the “Transaction”). First Scottsdale and Gold Canyon are located in Arizona and all of the Gold Canyon’s branches are located within the same State. A national bank may acquire all or part of a depository institution

through a purchase and assumption transaction under 12 U.S.C. § 24 (Seventh). Thus, the Transaction is legally authorized and the OCC approves the Transaction.

First Scottsdale also requested OCC approval to retain the branches of Gold Canyon as branches upon consummation of the Transaction.

### **Bank Merger Act**

The OCC reviewed the proposed purchase and assumption Transaction under the criteria of the Bank Merger Act, 12 U.S.C § 1828(c), and applicable OCC regulations and policies. Under the Bank Merger Act, the OCC generally may not approve a merger that would substantially lessen competition. The Bank Merger Act also requires the OCC to take into consideration the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served. 12 U.S.C. § 1828(c)(5). The OCC must all consider the effectiveness of any insured depository institution involved in the proposed merger transaction in combatting money laundering activities.

12 U.S.C. § 1828(c)(11). In addition, the OCC may not approve a merger if the resulting insured depository institution (including all insured depository institutions which are affiliates of the resulting insured depository institution), upon consummation of the transaction, would control more than 10 percent of the total amount of deposits of insured depository institutions in the United States. 12 U.S.C. § 1828(c)(13). Furthermore, the OCC must consider the risk of the transaction to the stability of the United States banking or financial system.

12 U.S.C. § 1828(c)(5) (as amended by section 604 of Dodd-Frank.)

We considered these factors and found them consistent with approval under the statutory provisions.

In addition, the OCC also finds, under the standards set forth in the Bank Merger Act, that it must act on the application immediately. 12 U.S.C. § 1828(c)(3), (4)(C)(i), and (6). Consequently, there is no requirement for publication of notice of the Transaction, for a request by the OCC of a competitive factors report from the Attorney General, or for a post-approval waiting period prior to consummation of the Transaction.

### **Community Reinvestment Act**

The Community Reinvestment Act (“CRA”) requires the OCC to take into account the applicants’ record of helping to meet the credit needs of the community, including low-and-moderate-income (“LMI”) neighborhoods, when evaluating certain applications, including transactions that are subject to the Bank Merger Act. 12 U.S.C. § 2903; 12 C.F.R. § 25.29. The OCC considers the CRA performance evaluation of each institution involved in the Transaction. A review of the record of these applicants and other information available to the OCC as a result of its regulatory responsibilities revealed no evidence that the applicants’ record of helping to meet the credit needs of their communities, including LMI neighborhoods, is less than satisfactory.

## **Bargain Purchase Gain**

This transaction will result in Bargain Purchase Capital. Our approval of this transaction is based on our understanding that First Scottsdale agrees to abide by the commitments set forth in the March 25, 2013 email from Mike Sheneman to the OCC regarding the recording of Bargain Purchase Gains and maintenance of risk based capital levels during the conditional period until the Bargain Purchase Gains can be verified.

## **Consummation Guidance**

This approval is granted based on our understanding that other applicable regulatory approvals, non-objections or waivers with respect to the proposed Transaction will have been received prior to the consummation of the Transaction.

Within seven days of consummation of the Transaction, please provide the district office with copies of the following documents:

- An executed purchase and assumption agreement.
- Documentation that all other conditions that the OCC imposed have been met.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

A separate survey letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so we may improve our service.

If you have questions regarding this letter, please contact Licensing Analyst Ankit Shah at 720-475-7650 or by email at [ankit.shah@occ.treas.gov](mailto:ankit.shah@occ.treas.gov). Please reference the application control number in any correspondence.

Sincerely,

*Louis T. Gittleman*

Louis T. Gittleman  
Acting Director for District Licensing

Enclosures: Survey Letter