

**Conditional Approval #1312  
September 2023**

August 28, 2023

Denise Penz  
CEO and Vice Chairman  
4840 Higbee Ave NW  
Suite 4840  
Canton, OH 44718

*via email: [dmpenz@preferredlegacy.com](mailto:dmpenz@preferredlegacy.com)*

Re: Application by The Preferred Legacy Trust Company, Canton, Ohio to Convert to a National Trust Bank and Director Waiver for Residency  
OCC Control Numbers: 2023-Conversion-331705 and 2023-Waiver-332182  
New Charter Number: 25302

Dear Ms. Penz:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves your application to convert The Preferred Legacy Trust Company, Canton, Ohio to a national trust bank, operating under the name The Preferred Legacy National Trust Bank (PLNTB). After a thorough review of all information available, and reliance upon the representations and commitments made in the application and by the bank's representatives, we find that your conversion application meets the requirements for approval to convert to a national trust bank pursuant to 12 USC 35 and 12 CFR 5.24. The converted bank will operate under the title of The Preferred Legacy National Trust Bank under OCC Charter Number 25302, and its headquarters will be located at 4840 Higbee Avenue NW, Suite 4840, Canton, OH 44718.

The OCC is granting conditional approval for the conversion application, however, authorization for the bank to commence business as a national banking association will not be granted until all pre-conversion requirements and conditions are met.

**I. Pre-Conversion Requirements**

The following pre-conversion requirements must be satisfied before the OCC will authorize the bank to commence business as a national trust bank:

1. PLNTB shall remedy all pre-conversion findings and receive validation and approval from the OCC Supervisory Office. Findings referenced are: (a) Audit Planning, (b) Audit Reporting and Independence, (c) Capital and Liquidity Planning, and (d) Gramm-Leach-Bliley Annual Reporting.
2. The institution must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy.
3. If a director, officer, employee, or principal shareholder of the bank (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 CFR 2, which

among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.

4. The board of directors must adopt policies, practices, and procedures to ensure the safe and sound operation of the bank. The board also must review those policies, practices, and procedures continually and ensure the bank's compliance with them.
5. The converting institution must apply to the Federal Reserve for membership.
6. The converting institution must ensure that all other required regulatory approvals have been obtained.
7. The directors must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.
8. The converting institution must notify the OCC if the facts described in the filing materially change at any time prior to consummation of the conversion. Any changes to the executive officers or directors must receive a "no objection" from the OCC.

Upon completion of all steps required to convert to a national banking association, submit the enclosed Conversion Completion Certification certifying that you have done so. Please provide the OCC with at least 10 days advance notice of the conversion.

When the institution has satisfactorily completed all of the above steps and has satisfied any conditions imposed by the OCC, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national trust bank. Shortly after conversion, you will receive a charter certificate.

If the conversion is not consummated within six months from the date of this decision, the approval will automatically terminate unless the OCC grants an extension. The OCC does not grant extensions of the approval period, except under extenuating circumstances, and expects the conversion to occur as soon as possible after approval.

## **II. Conditions**

Approval of the conversion is subject to the following conditions under 12 USC 1818 for a period of three years following conversion to a national trust bank:

- i. At all times, PLNTB shall maintain capital in an amount at least equal to the greater of (a) \$6.0 million (b) the amount required to be "well-capitalized" under the standards applicable to national banking associations under 12 CFR Part 6; or (c) such higher amount as the OCC may require pursuant to the exercise of its regulatory authority (PLNTB's "Basic Capital Requirement"). At all times, at least 50 percent of PLNTB's Basic Capital Requirement shall be comprised of Eligible Liquid Assets<sup>1</sup> (PLNTB's

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<sup>1</sup> The term "Eligible Liquid Assets" means only Liquid Assets that exceed the aggregate amount of all deposits, borrowed funds, and other liabilities on the Bank's balance sheet that reflect an obligation to repay funds to any

“Minimum Liquid Capital Requirement”). PLNTB’s Basic Capital Requirement and PLNTB’s Minimum Liquid Capital Requirement together shall constitute PLNTB’s “Minimum Capital Requirement.”

- ii. At all times, PLNTB shall maintain liquidity in the form of Eligible Liquid Assets in an amount at least equal to the greater of one million five hundred thousand dollars (\$1,500,000) or one hundred and eighty (180) days coverage of operating expenses, excluding any Excluded Expenses<sup>2</sup> (PLNTB’s “Minimum Liquidity Requirement”). For purposes of meeting PLNTB’s Minimum Liquidity Requirement, PLNTB’s Minimum Capital Requirement is not an available liquidity source. Thus, in determining compliance with the Minimum Liquidity Requirement, PLNTB’s Minimum Capital Requirement shall not be included in calculating whether PLNTB’s Minimum Liquidity Requirement is met.
- iii. If at any time PLNTB fails to maintain PLNTB’s Minimum Capital Requirement or PLNTB’s Minimum Liquidity Requirement, PLNTB shall take such corrective measures as the OCC may direct from among the provisions applicable to undercapitalized depository institutions under 12 USC 1831o(e) and 12 CFR Part 6. For purposes of this requirement, an action “necessary to carry out the purpose of this section” under 12 USC 1831o(e)(5) shall include restoration of PLNTB’s capital and liquidity to levels that comply with PLNTB’s Minimum Capital Requirement and PLNTB’s Minimum Liquidity Requirement, and any other action deemed advisable by the OCC to address PLNTB’s capital or liquidity deficiency or the safety and soundness of its operations.
- iv. PLNTB’s Board shall adopt, and ensure the Bank implements and maintains, a safe and sound system to analyze and maintain levels of capital and liquidity commensurate with the Bank’s risk profile. Refer to OCC Bulletin 2007-21, Supervision of National Trust Banks – Revised Guidance: Capital and Liquidity (June 26, 2007), the “Capital and Dividends” booklet of the Comptroller’s Handbook (Version 1.0, July 2018), the “Liquidity” booklet of the Comptroller’s Handbook (Version 1.1, August 2021), as applicable, and any subsequent OCC guidance. The Board shall review PLNTB’s capital and liquidity on at least an annual and quarterly basis, respectively, to determine if PLNTB requires additional capital or liquidity.
- v. PLNTB shall give the OCC Supervisory Office at least sixty (60) days prior written notice of the bank’s intent to significantly deviate or change from its business plan or

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party. The term Eligible Liquid Assets shall not include any assets that are pledged in any manner, nor any assets that are not free and kept free from any lien, encumbrance, charge, right of set off, credit or preference in connection with any claim against the Bank. The term “Liquid Assets” means: (i) unencumbered cash; (ii) deposits at insured depository institutions with a maturity of 90 days or less; (iii) United States government obligations maturing within 90 days or less; and (iv) such other assets as to which the Bank has obtained a written nonobjection from the OCC. The term Eligible Liquid Assets shall not include any obligation of CRI or any other affiliate.

<sup>2</sup> The term “Excluded Expenses” means (i) any non-cash charges (e.g., amortization and depreciation expenses); (ii) any account specific investment management fees/expenses paid to an affiliated or unaffiliated investment advisor that directly correlate to the revenues received on the affected account as a result of PLNTB’s contractual obligation to provide investment management services; and (iii) such other fees as to which PLNTB has obtained a written non-objection from the OCC that directly correlate to the revenues received on the affected account.

operations as reflected in the Bank's conversion application and shall obtain the OCC's written determination of no objection before making any such changes.<sup>3</sup>

The conditions of this approval are conditions "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

### **III. Fiduciary Activities**

The OCC has approved your proposal to conduct fiduciary powers pursuant to 12 USC 92a. This approval constitutes a permit to conduct the fiduciary powers requested in your application filed pursuant to 12 CFR 5.26(e)(4).

The OCC has no objection to Denise Penz, Jeffrey Hall, Kristen Knight, Tiffany Rockstroh, Pamela Shields, and Salvador Orofino serving as your trust officers. The OCC must approve any trust management change the bank makes prior to commencing fiduciary powers.

The board of directors should provide for the establishment and administration of the trust department through the adoption of amendments to the bylaws, through appropriate resolutions, or both. After adoption, a copy of those provisions should be furnished to the trust officer for guidance. You will note that 12 CFR 9.4 places responsibility on the board of directors for the proper exercise of the bank's fiduciary powers. However, the board may decide whether it shall supervise the administration of all such powers directly or assign any function related to such powers to any director, officer, employee, or committee.

The board should also provide for:

- A proper delineation of duties for trust officer(s) and committee(s).
- The pledging of securities to secure trust funds on deposit in the bank as required by 12 CFR 9.10(b).
- The designation of the officers or employees responsible for custody of the trust investments in conformity with 12 CFR 9.13(a).
- The deposit of securities with state authorities where required by local law, according to 12 CFR 9.14.

The trust officers and staff should become thoroughly familiar with 12 CFR 9, "Fiduciary Activities of National Banks" and the series of Comptroller's Handbooks for Asset Management (available electronically at <https://www.occ.gov/publications/publications-by-type/comptrollers-handbook/index-comptrollers-handbook.html>).

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<sup>3</sup> If such deviation is the subject of an application filed with the OCC, the filing and acceptance of such application shall constitute notice to the Supervisory Office for purposes of this condition and no additional notice shall be required.

The trust activities should begin within 18 months of this approval, unless the OCC grants an extension. You may begin exercising fiduciary powers simultaneously with your conversion to a national trust bank. The bank should notify this office in writing within 10 days after commencement of trust activities. If the bank decides to surrender its fiduciary powers, it should notify the OCC in accordance with 12 CFR 9.17(a).

#### **IV. Conclusion**

This conditional 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 pertain. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

OCC handbooks, manuals, bulletins, and other publications are available for download at <http://www.occ.gov/publications/index-publications.html> and <https://www.occ.gov/news-issuances/news-releases/index.html>. National banks, federal savings associations, employees, and other interested parties can subscribe to the OCC News E-mail List at [www.occ.gov/tools-forms/subscribe/occ-email-list-service.html](http://www.occ.gov/tools-forms/subscribe/occ-email-list-service.html). OCC news releases, bulletins, and alerts are also available by subscribing to the agency's four RSS news feeds at [www.occ.gov/rss/index-rss.html](http://www.occ.gov/rss/index-rss.html).

A survey is enclosed requesting your feedback on how we handled the referenced application. We would appreciate your response so we may improve our service. Please include the OCC control number on any correspondence related to this filing. If you have any questions, contact Kaelyn Serna at (202) 450-8075 or [kaelyn.serna@occ.treas.gov](mailto:kaelyn.serna@occ.treas.gov).

Sincerely,

/s/

Stephen A. Lybarger  
Deputy Comptroller, Licensing