



*25<sup>th</sup> Anniversary*

RECENT LICENSING  
DECISIONS

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## **Cases Published during October, November, and December 2005**

### **Branch**

On November 28, 2005, the OCC conditionally approved the application by Main Street National Bank, Kingwood, Texas, to establish a branch in Humble, Texas. This conditional approval was subject to the conditions that the bank shall not significantly deviate from its current operations without a prior written determination of no supervisory objection from the OCC and, within 60 days of this approval, the bank shall submit a written business plan to the OCC subject to its prior written determination of no supervisory objection. These conditions are enforceable under 12 USC 1818. [Conditional Approval No. 717]

### **Community Reinvestment Act (CRA) Decision**

On November 3, 2005, the OCC approved the application to merge Direct Merchants Credit Card Bank of Phoenix, Arizona, (Direct Merchants), with and into HSBC Bank Nevada, National Association, Las Vegas, Nevada, (HSBC Bank NV), under the charter and title of the latter. The OCC received comments from one community organization opposing the merger because of concerns with affiliated HSBC Bank USA, N.A.'s 2004 Home Mortgage Disclosure Act (HMDA) data and HSBC's offering of refund anticipation loans (RALs). The OCC is carefully analyzing the 2004 HMDA data for national banks and their subsidiaries, including HSBC Bank USA, N.A., and is incorporating the results of its analysis into supervisory strategies for upcoming fair lending examinations. It was noted that the Federal Reserve Bank of New York assigned HSBC Bank (HSBC Bank USA, N.A.'s predecessor bank) an "outstanding" rating in its 2003 CRA Performance Evaluation and noted no violations of the substantive provisions of the anti-discrimination laws and regulations. In addition, HSBC Bank NV is not involved in RAL lending, and the OCC's recent review of RAL lending at HSBC Bank USA, N.A., disclosed that the latter bank's management controls and compliance efforts with respect to the RAL product are satisfactory. Based on the applicant's records of CRA performance and other findings, the OCC found approval consistent with the CRA. [CRA Decision No. 129]

## Charter

On November 7, 2005, the OCC granted preliminary conditional approval of the charter application to establish Bank of Napa, N.A., Napa, California, as a full-service national bank. This conditional approval was subject to the standard “significant deviation” condition imposed on all new bank charter approvals and a condition that requires, for the first three years of operation, a minimum of three board members with prior banking experience as directors or executive officers of a well-run financial institution. These conditions are enforceable under 12 USC 1818. [Conditional Approval No. 712]

## Conversions

On October 3, 2005, the OCC conditionally approved the application to convert Enterprise Bank, Kenilworth, New Jersey, to a national bank to be titled “Enterprise National Bank N.J.,” Kenilworth, New Jersey. This conditional approval was subject to the standard “significant deviation” condition imposed on all new bank charter approvals and a condition that requires, within 60 days following the conversion, bank management to develop and implement a contingency funding plan approved by the bank’s board. [Conditional Approval No. 705]

On October 6, 2005, the OCC conditionally approved JPMorgan Chase Bank, National Association, New York, New York, to continue to conduct activities engaged in by its operating subsidiaries, J.P. Morgan Property Exchange Inc., J.P. Morgan Property Holdings LLC, and J.P. Morgan Aircraft Holdings Inc. (collectively, the “JPEX Entities”). Because this OCC review of the JPEX Entities was conducted as a continuation of our review of the bank’s original conversion application, this decision constituted an addendum to Conditional Approval No. 658 (October 14, 2004). The JPEX Entities offer various services for customers interested in engaging in capital gains tax-deferred exchanges of business and investment property under section 1031 of the Internal Revenue Code, 26 USC 1031. Such transactions are called like-kind exchanges. The OCC found that the activities of the JPEX Entities are permissible for national banks and their operating subsidiaries. Therefore, the bank is legally authorized to retain the JPEX Entities, subject to the following conditions:

- maintain, to the satisfaction of the examiner-in-charge, the risk mitigation policies, procedures, and controls described in this decision letter; and,
- at all times, the EAT (exchange accommodation titleholder) Services conducted by JPEX Entities must qualify for agency accounting under GAAP.

These conditions are enforceable under 12 USC 1818. [Conditional Approval No. 706]

## **Corporate Reorganization**

On November 8, 2005, the OCC conditionally approved the application to reorganize Smith River Community Bank, N.A., Martinsville, Virginia, to become a subsidiary of a bank holding company. This conditional approval was subject to the conditions that the bank shall not significantly deviate from its current operations without a prior written determination of no supervisory objection from the OCC and, within 60 days of this approval, the bank shall submit a written business plan to the OCC subject to its prior written determination of no supervisory objection. These conditions are enforceable under 12 USC 1818. [Conditional Approval No. 714]

## **Expansion of Services**

On October 14, 2005, the OCC conditionally approved the request for Idaho Trust National Bank, Coeur d'Alene, Idaho, to expand its operations from a limited charter to a full-service charter bank. Such bank requests to expand powers from a limited charter to a full-service charter bank are infrequent, and the OCC usually evaluates such requests in a similar manner to an application for a full-service charter. This conditional approval was subject to conditions that replicate the standard condition imposed and the other safeguards available in all new bank charter approvals. [Conditional Approval No. 707]

## **Merger**

On November 18, 2005, the OCC conditionally approved the application to merge Palm Beach County Bank, West Palm Beach, Florida, (PBCB), with and into Commerce Bank, National Association, Philadelphia, Pennsylvania (CBNA), under the title and charter of the latter. This conditional approval was subject to several conditions related to an effective anti-money-laundering/Bank Secrecy Act compliance program, a significant deviation requirement, and a certification of the divestiture or cessation of operations of PBCB and its subsidiaries concurrent with consummation of the merger. These conditions are enforceable under 12 USC 1818. [Conditional Approval No. 716]