

Quarterly Journal



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Administrator of National Banks

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1069, 8/21/2006, Letter concludes that a national bank and its operating subsidiaries are authorized, pursuant to 12 USC 24(7), 12 USC 371, and 12 CFR 7.4002, to charge expedited service fees for loan payoff information. (www.occ.gov/interp/oct06/int1069.pdf)	

1070, 9/6/2006, Letter concludes that a national bank may acquire and hold two classes of certificates, one rated investment grade and one unrated, issued by a trust under a tender option bond structure as Type III investment securities, provided the bank can demonstrate that the unrated certificate is the credit equivalent of investment grade. The letter also concludes that the bank also may acquire the certificates under the authority in 12 USC 24(Seventh) to discount and negotiate evidences of debt, subject to the limitations of 12 USC 84 and the requirements of Banking Circular 181 (Rev.). (www.occ.gov/interp/oct06/int1070.pdf)

1071, 09/6/2006, Letter concludes a national bank may participate as a member in several regional Independent System Operators (ISOs) and Regional Transmission Operators (RTOs) in order to execute electricity derivatives transactions that the OCC previously has found to be permissible for the bank, subject to the limitations set forth in 12 USC 84 and 12 CFR Part 32 and any additional limitations imposed by the bank's examiner-in-charge (EIC). The bank also is required notify its EIC and receive written notification of the EIC's supervisory non-objection before becoming a member of an ISO or RTO. (www.occ.gov/interp/oct06/int1071.pdf)

1072, 9/15/2006, Letter concludes that it would be permissible under 12 USC 29 for bank to enter into a long-term ground lease with unrelated third party of property that it has owned and used as bank premises for three decades. (www.occ.gov/interp/oct06/int1072.pdf)

November [[Interpretations and Actions](#)]

1073, 10/19/2006, Letter concludes that it is permissible for the bank and its London branch to engage in customer-driven, metal derivative transactions that settle in cash or by transitory title transfer and that are hedged on a portfolio basis with derivatives that settle in cash or by transitory title transfer. Before the bank may engage in these transactions, the bank must notify its examiner-in-charge (EIC), in writing, of the proposed activities and must receive written notification of the EIC's supervisory non-objection. (www.occ.gov/interp/nov06/int1073.pdf)

1074, 11/21/2006, Letter addresses the applicability of the lending limit combination rules to loans to wind tower companies that sell their output to the same power company. (www.occ.gov/interp/nov06/int1074.pdf)

December [[Interpretations and Actions](#)]

1075, 11/14/2006, Letter concludes that national banks may retain stock received in IPO of MasterCard, Inc., because it is a byproduct of permissible membership in MasterCard. (www.occ.gov/interp/dec06/int1075.pdf)

1076, 11/14/2006, Letter concludes that the lending limits in 12 USC 84 and the public welfare investments limits of 12 USC 24(11) are separate and independent of each other. (www.occ.gov/interp/dec06/int1076.pdf)

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Recent Licensing Decisions

Recent Licensing Decisions

Cases Published during October, November, and December 2006

Business Combination

On December 27, 2006, the OCC conditionally approved an application to merge Computershare Company of New York, New York, New York (CTC-NY) and Computershare Trust Company, Inc., Golden Colorado (CTC-CO), into Computershare Trust Company, N.A., Canton, Massachusetts (CTC-NA). CTC-NY and CTC-CO are both state-chartered institutions. The applications indicate that CTC-NA will not retain the New York office and plans to convert CTC-CO to a limited liability state trust company under state law immediately prior to the merger into CTC-NA. Since CTC-CO is converting into a limited liability trust company, a question arises as to whether it would be considered a “state bank” under the 12 USC 215a and 215b(1). After careful review, OCC determined that CTC-CO is a “state bank” for purposes those sections and approved the merger subject to CTC-NA executing a modified Operating Agreement and a Capital Assurance and Liquidity Agreement. [Conditional Approval No. 776]

Charter Conversion

On December 6, 2006, the OCC conditionally approved an application to convert California Savings Bank, San Francisco, California, to a national bank, retain all its branches and rename the bank Pacific National Bank. The conditional approval allows the bank to retain its investment in General Motors Acceptance Corp and Ford Motor Credit Corporation provided that the investment is terminated within two years, unless within the period the OCC determines that the investment is permissible. Also, because upon conversion, the bank’s total community development/public welfare investment will exceed the limits provided under national banking regulations, the bank must submit a request to the OCC to retain the investment. [Conditional Approval No. 774]

Operating Subsidiary

On November 30, 2006, the OCC conditionally approved an application filed by National Bank of California, Los Angeles, California, to establish a wholly owned subsidiary, NBOC Processing Services, Inc., which in turn will own 51 percent of NBOC Merchant Services, LLC (LLC). LLC would engage in the business of acquiring merchant credit card account relationships through

RECENT LICENSING DECISIONS

an arrangement with an unaffiliated bank and an unaffiliated intermediary company. LLC, as a finder, will also facilitate the sale of ancillary products and services to its merchant customers that will be provided by third parties. OCC concluded that that the proposed activities are part of, or incidental to, the business of banking and approved the activity subject to certain reporting and monitoring requirements as well as required notices in the event the bank deviates from the planned activities. [Conditional Approval No. 773]

Historic Preservation

On October 25, 2006 the OCC conditionally approved an application by Bank of America, N.A., Charlotte, North Carolina, to establish a branch at 1439 E. 53rd Street, Chicago, Illinois. The branch will be located within the Hyde Park–Kenwood Historic District, which is listed on the National Register of Historic Places. The OCC and the Illinois Historic Preservation agreed that the proposed work would have no adverse effect on the historic district provided certain conditions are met. [Conditional Approval No. 768]