

# RECENT LICENSING DECISIONS

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The OCC publishes monthly, in its publication *Interpretations and Actions*, corporate decisions that represent a new or changed policy or present issues of general interest to the public or the banking industry. In addition, summaries of selected corporate decisions appear in each issue of the *Quarterly Journal*. In the fourth quarter of 2002, the following corporate decisions were of particular importance because they were precedent setting or otherwise represented issues of importance. The OCC's decision documents for these decisions may be found in *Interpretations and Actions* using the decision number at the end of each summary.

## Conversions

On March 3, 2003, the OCC approved the conversion of Mellon 1st Business Bank to a national bank. The bank will retain four branches. As part of the conversion, Mellon is the first national bank to be permitted to issue zero or no par value common stock. A national bank's decision to issue zero or no par common stock may affect its ability to declare a dividend. However, the National Bank Act does not expressly require the bank to assign a par value to its common stock. Accordingly, it is permissible. [Corporate Decision No. 2003-3]

## Mergers

On March 31, 2003, OCC approved the application filed by Household Bank (SB) National Association, Las Vegas, Nevada, and National Bank of the Great Lakes Elmhurst, Illinois, (NBGL) to purchase the credit card receivables of NBGL. According to a reliable source, Household ranks eleventh in the national credit card market; and NBGL is not in the top 50 credit card providers. This decision was also based on the banks' compliance with a recent amendment to the Bank Merger Act, as NBGL and Saks will enter into consent orders with the OCC before consummation, that provide for corrective actions to address Bank Secrecy Act and anti-money-laundering issues. [Corporate Decision No. 2003-7]

On March 13, 2003, the OCC approved the application filed by the City National Bank and Trust Company of Guymon, Guymon, Oklahoma, to purchase certain assets and liabilities of the Guymon, Oklahoma, branch of a nonaffiliated bank. CNB has deposits representing 27 percent of the relevant market, and would rank first and control 43 percent of total market deposits upon consummation. The newly acquired branch will remain open upon consummation and no change in community services is planned. [Corporate Decision No. 2003-5]

## **Change in Bank Control**

On March 27, 2003 the OCC determined not to object to the Change in Bank Control notice by HSBC Holdings plc to acquire control of Household Bank (SB) National Association, Las Vegas, Nevada. Several public comments were received in connection with the filing. HSBC submitted satisfactory responses to the comments. OCC found no evidence that would cause it to object to the transaction on the basis of the comments. As part of its consideration, OCC relied upon HSBC's representation to seek non-objection from the OCC prior to transferring any receivables originated by Household Bank to any entity other than two affiliates, and affirmed that it would seek supervisory non-objection from the OCC prior to making any material changes in the business plan. Household Bank was under an Operating Agreement and Liquidity Reserve Deposit Agreement with the OCC. [Corporate Decision No. 2003-2]

## **Operating Subsidiaries**

On March 17, 2003 the OCC approved the application filed by Bank One, National Association, Chicago, Illinois, to establish an operating subsidiary that will purchase and then sell or license data processing software that automatically collects information on corporate card use and then merge the data, generate invoices, and approve and make payments. The software processes predominantly data that is banking, financial, and economic in nature and its sale would be part of the business of banking. As part of the business of banking, the software can be sold to bank customers or licensed to large corporate credit card users. [Corporate Decision No. 2003-6]