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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Corporate Decision #96-68**  
**December 1996**

December 9, 1996

Mr. John D. Harkins  
Vice President  
Associate General Counsel and Assistant Secretary  
Magna Group, Inc.  
One Magna Place  
1401 South Brentwood Boulevard  
St. Louis, Missouri 63144

**Re: *Notification by Magna Bank, National Association, Brentwood, Missouri, of its Intent to Establish Two Subsidiaries*** (Application Control Numbers: 96-CE-08-0020 and 96-CE-08-0026)

Dear Mr. Harkins:

Based on the description set forth in the July 8, 1996 letter, including attachments, from Mr. G. Thomas Andes, Chairman of the Board, President and Chief Executive Officer of Magna Bank, N.A., your subsequent filings of August 9, 1996 and October 1, 1996, the September 20th letter from Mr. Ronald A. Buerger, Executive Vice President and Chief Financial Officer for Magna Bank, N.A., and our analysis of the proposed activities, the Office of the Comptroller of the Currency ("OCC") approves Magna Bank, N.A.'s ("Bank") plan to establish the two proposed operating subsidiaries. The OCC approves the Bank's establishment of a Delaware Corporation called MICB, Inc., ("Investment Subsidiary") as an operating subsidiary, to hold and to manage part of the Bank's investment portfolio. Also, the OCC approves the establishment of a Delaware Corporation called MAGI, Inc., ("Statutory Trustee Subsidiary") as an operating subsidiary, that will act as a Delaware Statutory Trustee for the Bank's Delaware Business Trusts. Further, it is the OCC's opinion that the Bank's proposal to establish the six proposed Delaware Business Trusts in the manner described in the Bank's correspondence is legally permissible.

A primary purpose for organizing the Investment Subsidiary will be to hold indirectly on behalf of the Bank a Real Estate Investment Trust (REIT) under the Internal Revenue Code of 1986. The Bank will indirectly own 100% of the common, and 80% of the preferred stock of the REIT. To obtain the REIT qualification, the Bank will acquire and issue 120 shares of the

REIT's preferred stock to 120 of its officers and employees. The preferred stock will have a face value of \$500, have no voting rights and entitle the holder to a 6% annual return.

Although the OCC has no legal objection to the proposal and to the delegation of the Bank's investment management to an operating subsidiary, the Bank is reminded that the Bank's board of directors must retain the responsibility for these investments. Thus, it is important that the board maintain sufficient control over investment activities of the Investment Subsidiary. Otherwise, the Bank may be required to record such investments as held for sale. *See Banking Circular 228 (Rev.)* dated January 10, 1992, Section II, p. 53. The Bank's board of directors

should periodically review both the investment policy of its Investment Subsidiary and the investment decisions initiated under this policy for suitability to the Bank's needs. Further, the board of directors of the Bank itself, and not just the Investment Subsidiary, should approve any changes to the investment policy. *See OCC's Investment Securities Division Information Notice Number 23 (June 2, 1988) (reprinted in Interpretive Letter No. 469 [1988-89 Transfer Binder], reprinted in Fed. Banking L. Rep. (CCH) ¶ 85,693 (January 30, 1989)).*

Further, it is our opinion that the Bank is legally permitted to establish the Investment Subsidiary and the Statutory Trustee Subsidiary (together "Subsidiaries"), and to participate in the six Delaware Business Trusts as described, provided:

1. The Subsidiaries and the Business Trusts will only engage in activities that are part of or incidental to the business of banking;
2. The Bank will have veto power over any activities or major decisions of the Subsidiaries and the Business Trusts that are inconsistent with the above requirement, or will withdraw from the Subsidiaries in the event they engage in an activity that is inconsistent with the above requirement; and
3. The Subsidiaries and the Business Trusts will be subject to OCC regulation, supervision, and examination.

The Bank has represented that the proposed activities will be conducted in a prudent manner, consistent with safe and sound banking practices. The Subsidiaries and the Business Trusts will also be expected to comply with any future developments in the OCC's policies and guidance to national banks.

If you have any questions, please contact Christina Trojan-Masnyk, Senior Attorney at 312-360-8805 or David Rogers, Corporate Manager at 312-360-8863.

Sincerely,

/s/

Julie L. Williams

Chief Counsel