



# Office of the Comptroller of the Currency

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## Interpretations - Conditional Approval #213

*Published in Interpretations and Actions September 1996*

August 21, 1996

Alan W. Kennebeck, President  
AMCORE Trust Company  
501 Seventh Street  
Rockford, Illinois 61110

Re: Letter of Intent and Applications from AMCORE Trust Company, Rockford, Illinois to convert to a national trust bank, acquire two operating subsidiaries, and reduce its equity capital by \$1,500,000 at the time of conversion.

OCC Control Nos. (96-CE-01-031 & 96-CE-12-203)

Dear Mr. Kennebeck:

The Office of the Comptroller of the Currency has reviewed your request, dated July 18, 1996 to convert AMCORE Trust Company to a national trust bank which will engage solely in fiduciary activities. After a thorough review of all information available, we find that your request meets the requirements for preliminary conditional approval to convert to a national trust bank as follows:

**Title: *AMCORE Investment Group, National Association***

**Location: 501 Seventh Street  
Rockford, Illinois 61110**

We have made our decision to grant preliminary conditional approval with the understanding that the proposed national trust bank will not be FDIC insured and with the expectation that the proposed bank will become a member of the Federal Reserve System.

Prior to, or as of the date of conversion:

1. Directors must purchase qualifying shares in conformance with 12 U.S.C. 72 and 12 C.F.R. 7.2005.
2. The bank must have a cashier (see 12 C.F.R. 7.2015).
3. The institution must purchase adequate fidelity bond coverage in accordance with 12 C.F.R. 7.2013, which lists four factors the directors should consider to determine adequacy.
4. The board of directors must adopt and have in place written policies and procedures to ensure the safe and sound operation of the bank. The minimum policies and procedures applicable to national banks are enclosed.
5. The converting institution must obtain any other required regulatory approvals. This approval also

is subject to the following three special conditions which shall be deemed to be "conditions imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. 1818(b)(1).

1. AMCORE Financial Inc., Rockford, Illinois (*hereinafter AFI*), its affiliates, successor owner(s), or the bank, may not take any action that would materially alter AFI's or a successor owner's ownership interest in the bank without prior approval of the OCC except when that change in ownership is subject to the prior approval of another federal depository regulatory agency. In the event the OCC considers a change in ownership, the OCC will apply the definitions and standards set forth in the Change in Bank Control Act and the OCC's implementing regulation (12 U.S.C. 1817(j) and 12 C.F.R. 5.50) in determining whether a change in AFI's or successor's ownership interest is material and whether to approve a proposed change.
2. AMCORE Investment Group, National Association (*hereinafter AMCORE*), shall assure that the operations of the bank are limited to that of a trust bank and that deposits other than trust funds are not accepted, loans are not made and checks are not paid.
3. The limitations of AMCORE's activities must be fully enumerated in the bank's articles of association. Specifically, the articles must clearly state:
  - The business of the association will be limited to that of a national trust bank;
  - The bank must obtain the prior written approval of the OCC before amending its articles of association to expand the scope of its activities and services; and
  - Transfers of the bank's stock are subject to prior approval of a federal depository institution regulatory agency. If no other agency approval is required, the OCC's approval must be obtained prior to the transfers. In such cases where OCC approval is required, the OCC will apply the definitions and standards of the Change In Bank Control Act and the OCC's implementing regulation to ownership changes in the bank.

It is also understood that upon conversion, AMCORE Investment Group, National Association will acquire two operating subsidiaries from AMCORE Bank Rockford, National Association. The two subsidiaries are AMCORE Capital Management Inc., an investment advisory and management company, and AMCORE Investment Services, Inc., a full service broker-dealer. Based on our analysis of the proposed activities, the OCC does not object to the bank's plan to acquire these operating subsidiaries. This position is based upon the assumption that the proposed activities will be conducted in a prudent manner, consistent with safe and sound banking practices and applicable laws, subject to the OCC's supervisory authority, and the subsidiaries will comply with any future developments in the OCC's policies and guidance to national banks in this area.

The OCC also approves AMCORE Trust Company's request to reduce its common stock by \$1,500,000 as of the date of conversion. Please be advised that we will not issue our letter certifying this change in the bank's capital structure until we have received a Secretary's Certificate certifying that the required shareholders' approval for this transaction under 12 U.S.C. 59 has been obtained.

The OCC has no objection to the individuals noted in the application as current directors and trust officers of AMCORE Trust Company continuing in that capacity following the conversion to a national trust bank. Any additions or changes in the directors or trust officers made by AMCORE

Trust Company prior to its conversion must be reviewed and approved by the OCC.

Enclosed is a copy of a letter certifying completion of the conversion steps which should be prepared by you when appropriate. The various forms to be executed in conjunction with this proposal and the enclosed certification letter, along with instructions for their completion, can be found in the Comptroller's Manual for Corporate Activities, Volume 2, dated January 1992. When the institution has satisfactorily completed all of the required items, the OCC will issue a letter officially authorizing the institution to commence business as a national trust bank. At that time, you will receive the charter certificate and trust permit. The OCC will send you under separate cover an appropriate set of handbooks, manuals, issuances, and selected other publications.

If the conversion is not consummated within six months from the date of decision, preliminary approval will be withdrawn. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

All correspondence and documents concerning this transaction should be directed to National Bank Examiner Brian J. Paul at the District Office. In addition, if you have any other questions, he may be contacted at (312) 360-8858.

Sincerely,

/s/

Thomas M. Fitzgerald  
District Administrator