

# Federal Reserve Bank of Boston BANK NOTES

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## Mergers and Acquisitions

On March 31, 2007, Dedham Co-operative Bank of Dedham, MA, merged into The Needham Co-operative Bank of Needham, MA. Needham Co-operative had approximately \$595.1 million in assets as of December 31, 2006, while Dedham Co-operative had assets of approximately \$85.3 million at the end of last year. (Internal Sources, April 6, 2007; Massachusetts Division of Banks 3/21/07)

New Hampshire Thrift Bancshares Inc. (NHTB) of Newport, NH, on April 16, 2007, announced plans to acquire First Community Bank of Woodstock, VT, for approximately \$15.5 million in a cash and stock deal. Under the deal, First Community will merge with and into NHTB's subsidiary bank, Lake Sunapee Bank, fsb. The deal, subject to approval by the regulators and the shareholders of First Community, is scheduled to close during the second quarter of 2007, creating a combined company with approximately \$865 million in assets and 29 branches in New Hampshire and Vermont. (NHTB Press Release, 4/17/07; SNL Bank & Thrift Daily, 4/17/07)

## Conversions

The Bay State Savings Bank of Worcester, MA, petitioned the Massachusetts Division of Banks to form Bay State Interim Mutual Bank of Worcester, MA, as part of its reorganization into "1895, MHC" as a mutual holding company. The 1895 MHC will have a mid-tier holding company, 1895 Corp, which will be the holding company for a subsidiary stock bank. On March 2, 2007, the Division of Banks approved the reorganization. (Massachusetts Division of Banks, April 17, 2007)

People's Bank of Bridgeport, CT, announced on April 5, 2007, that its stockholders and depositors had approved a plan under which People's Bank and People's Mutual Holdings, also of Bridgeport, CT, will convert to a stock holding company. The completion of the conversion and offering remains subject to final approval from the Office of Thrift Supervision, as well as the sale of at least 137,062,600 shares of common stock. (People's Bank Press Release, 4/05/07; SNL Bank & Thrift Daily, 4/10/07)

On March, 2, 2007, the Massachusetts Division of Banks approved a petition by Marlborough Savings Bank of Marlborough, MA, to form Marlborough De Novo Savings Bank as part of its reorganization into Marlborough Bancshares, MHC, a mutual holding company. MHC will have a mid-tier holding company, Marlborough Bancshares, Inc., which will be the holding company for a subsidiary stock bank, Marlborough Interim Savings Bank. MHC will subsequently merge into and operate under Marlborough Savings Bank. MHC, Marlborough Bancshares, and Marlborough Savings Bank will all be headquartered in Marlborough, MA. (Massachusetts Division of Banks, April 17, 2007)

The Spencer Savings Bank of Spencer, MA, petitioned the Massachusetts Division of Banks to form Spencer Interim Mutual Bank of Spencer MA, as part of a reorganization into Spencer MHC, a mutual holding company. Spencer MHC will be the holding company for a subsidiary stock bank, Spencer Interim Subsidiary Bank. The petition was approved on March 2, 2007. Spencer MHC will subsequently merge with and into Spencer Savings Bank. All entities will be headquartered in Spencer, MA. (Massachusetts Division of Banks, 4/17/07)

On April 18, 2007, TD Banknorth, Inc. and TD Bank Financial Group approved a private transaction that will result in the Portland, ME-based bank becoming a wholly owned unit of Toronto-based TD Bank Financial Group. The transaction closed on April 20, 2007, at which time TD Banknorth's stock was delisted on the New York Stock Exchange. (TD Banknorth Press Release, 4/18/07; SNL Northeast Weekly, 4/23/07)

On March 30, 2007, Webster Financial Corporation, the holding company for Webster Bank, N.A., announced the sale of its People's Mortgage Corporation (PMC) branch offices in Severna Park and Rockville, MD, to 1<sup>st</sup> Mariner Mortgage, a division of 1<sup>st</sup> Mariner Bank of Baltimore, MD. (Webster Financial Corporation Press Release, 3/30/07; SNL Bank & Thrift Daily, 4/05/07)

## Corporate Title Changes

Slade's Ferry Trust Company of Somerset, MA, changed its corporate title to Slades Bank, effective April 2, 2007. (Internal Sources, 4/13/07)

Southern New Hampshire Bank and Trust Co. of Salem, NH, changed its corporate title to Bank of New England on April 2, 2007. (Internal Sources, April 6, 2007)

Ware Co-operative Bank of Ware, MA, changed its corporate title to FamilyFirst Bank effective with the opening of business on February 12, 2007. (Internal Sources, 4/20/07)

## Branch Openings/Relocations/ Closures

On March 12, 2007, Lake Sunapee Bank, FSB of Newport, NH, opened a branch on South Street in Hanover, NH. (Internal Sources, 4/20/07)

Citizens Bank of New Hampshire of Manchester, NH closed its branch in Glen, NH, as of April 7, 2007. (Internal Sources, 4/20/07)

On March 3, 2007, TD Banknorth, headquartered in Portland, ME, closed its West Main Street Branch in Waterbury, CT. (Internal Sources, 4/13/07)

On April 26, 2007, the Federal Reserve Board announced that it had approved an application by the Royal Bank of Scotland, plc, of Edinburg, Scotland, to establish a branch in Greenwich, CT. (Federal Reserve Press Release, April 26, 2007)

Valley Bank of Bristol, CT, opened a branch on Farmington Avenue in Bristol, CT, on March 12, 2007. (Internal Sources, April 6, 2007)

## Sale

On April 11, 2007, Columbia Management Advisors, LLC, based in Boston, MA, and a unit of Bank of America Corp. of Charlotte, NC, agreed to sell its Colonial Closed End Fund Management Business to MFS Investment Management (MFS) of Boston, MA. MFS is a registered investment advisor and a subsidiary of Sun Life Financial.

The sale includes the business of managing seven closed-end fixed income funds. As of December 31, 2006, MFS managed \$187 billion in assets on behalf of over five million individual and institutional investors worldwide, while Colombia Management, the primary investment management division of Bank of America, had over \$542.9 billion in assets under management at year-end 2007. (SNL Bank and Thrift Daily, 4/12/07; Columbia Management Advisors Press Release, 4/11/07)

## Federal Reserve Board Adjusts Bankers' Bank Rules by Revising Regulation D

On April 4, 2007, The Federal Reserve Board announced final revisions to its 1980 interpretation of Regulation D (Reserve Requirements of Depository Institutions), which sets forth criteria for the "bankers' bank" exemption from reserve requirements. The revisions authorize the Board to determine, on a case by case basis, whether certain entities not already expressly authorized in the interpretation may become, to a limited extent, customers of bankers' banks.

A bankers' bank is an institution that is organized solely to do business with other financial institutions, is owned primarily by the financial institutions with which it does business, and does not do business with the general public. The final rule was published in the *Federal Register* on April 6, 2007, and will become effective on May 7, 2007. The Board's press release is available online at: [www.federalreserve.gov/boarddocs/press/bcreg/2007/20070404/default.htm](http://www.federalreserve.gov/boarddocs/press/bcreg/2007/20070404/default.htm) (Federal Reserve Board Press Release, 4/05/07)

## FDIC and Other Regulation Agencies Issue Proposed Model Privacy Form for Consumer Financial Institutions

On April 16, 2007, the FDIC, the other federal financial institution regulatory agencies, the Securities and Exchange Commission, the Federal Trade Commission, and the Commodity Futures Trading Commission, jointly published a Notice of Proposed Rulemaking (NPR). The NPR seeks comment on a model privacy form that financial institutions may use to satisfy the privacy notice requirements of the Gramm-Leach-Bliley Act (GLBA). The proposed privacy form also would provide consumers with the opportunity to limit certain information-sharing practices, as permitted by the GLBA and the Fair Credit Reporting Act. Comments on the proposed rule are due by May 29, 2007.

The model notice was developed through consumer research and meets the requirements of the Financial Services Regulatory Relief Act of 2006 (FSRRA). The model form is intended to be succinct while allowing consumers to easily compare financial institutions' privacy practices in an easy-to-read font. The full letter published by the FDIC and its attachments, are available online at: [www.fdic.gov/news/news/financial/2007/fil07034.html](http://www.fdic.gov/news/news/financial/2007/fil07034.html). (FDIC Financial Institution Letter, 4/16/07)

## Federal Regulators Encourage Institutions to Work with Mortgage Borrowers Who Are Unable to Make Their Payments

On April 17, 2007, the federal bank, thrift and credit union regulatory agencies issued guidance to encourage supervised financial institutions to work with homeowners who are unable to make mortgage payments. The agencies stated that “prudent workout arrangements that are consistent with safe and sound lending practices are generally in the long-term best interest of both the financial institution and the borrower.” The Federal Reserve also published a Supervision and Regulation Letter (SR 07-06), which is available online at: [www.federalreserve.gov/boarddocs/srletters/2007/SR0706.htm](http://www.federalreserve.gov/boarddocs/srletters/2007/SR0706.htm). (Federal Reserve Board Press Release, 4/17/07; SR Letter 07-06/ CA Letter 07-1, 4/17/2007)

## New Form of ACH Check Conversion, Back Office Conversion, Began on March 16, 2007

A new electronic check conversion Standard Entry Class (SEC) code, Back Office Conversion or “BOC,” went into effect last month. It allows retailers and billers that accept checks at the point of sale or at manned bill payment locations to convert eligible checks to ACH debits in the back office. Consistent with other forms of check conversion, checks that contain aux-on-us fields or are written for amounts greater than \$25,000 are not eligible for conversion.

In 2006, NACHA estimated that as many as 3.2 billion checks were converted into ACH payments. NACHA also estimates that market adoption will reach three billion back-office conversions in the next five years.

To help financial institutions and their customers understand and implement BOC, the Federal Reserve Banks have developed a *Back Office Conversion (BOC) Online Resource Center*, which is available online at: [www.frb services.org/retail/fedach\\_boc.html](http://www.frb services.org/retail/fedach_boc.html). (Internal Sources)



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