

Federal Reserve Bank of Boston BANK NOTES

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Mergers and Acquisitions

Boston Private Financial Holdings of Boston, MA, increased its stake in Bingham Osborn & Scarborough LLC of San Francisco, CA, to approximately 70 percent. No financial terms of the deal, announced on August 4, 2008, were disclosed. In February 2004, Boston Private made an initial 20 percent investment in the asset manager and then increased its stake to approximately 64 percent as of December 31, 2007. (*SNL Bank & Thrift Weekly, Northeastern Edition, 8/11/08*)

Eastern Bank Corp of Boston, MA, announced on August 11, 2008, that its subsidiary, Eastern Insurance Group, acquired Kittredge Insurance Agency, Inc., of Northborough, MA. Financial details of the transaction were not disclosed. (*SNL Bank & Thrift Weekly, 8/18/08; Eastern Bank press release, 8/11/08*)

GE Capital of Norwalk, CT, announced on August 1, 2008, that it had complete its acquisition of most of CitiCapital, Citigroup's North American commercial leasing and commercial equipment financing business. The deal adds approximately \$13.2 billion to GE Capital's assets. (*SNL Bank & Thrift Weekly, Northeastern Edition, 8/04/08*)

On August 1, 2008, North Attleboro Credit Union of North Attleboro, MA, merged into Sharon Credit Union of Sharon, MA. Sharon Credit Union now has four branches in southeastern Massachusetts and assets of over \$300 million. (*Internal sources, 8/01/08*)

Nutmeg State Federal Credit Union of Manchester, CT, acquired two separate credit unions on August 1, 2008: Phoenix Federal Credit Union of Hartford, CT; and Manpoe Federal Credit Union of Manchester, CT. Founded in 1936, Nutmeg State FCU has grown to be one of the largest credit unions in the United States, with over 27,200 members and over \$291 million in assets. (*Internal sources, 8/01/08*)

TD Bank USA, National Association of Portland, ME, purchased certain assets and assumed certain liabilities of Fiserv Trust Company of Denver, CO, on August 18, 2008. On the same day, Fiserv Trust Company merged into TD Ameritrade Trust Company of Columbia, MD. (*Internal sources, 8/22/08*)

Eastern Bank of Boston, MA, opened a branch on 90 Everett Avenue in Chelsea, MA, on August 18, 2008. (*Internal Sources, 8/08/08*)

Branch Openings

Liberty Bank of Middletown, CT, opened a branch on 171 Silas Deane Highway in Wethersfield, CT, on August 19, 2008. The Wethersfield branch is the 35th in Liberty's network, which extends throughout the central, eastern, and coastal areas of the state. (*Internal sources, 8/22/08*)

Reading Cooperative Bank of Reading, MA, opened a branch at the Route 128 TradeCenter in Woburn, MA, on July 21, 2008. Also, the bank recently opened a branch at Reading Memorial High School in Reading, MA, to serve students and faculty and to be used as an educational facility. (*Internal Sources, 8/08/08*)

Watertown Savings Bank of Watertown, MA, opened a tenth branch at 1075 Waltham Street in Lexington, MA, on July 2, 2008. (*Internal Sources, 8/08/08*)

Webster Bank, National Association of Waterbury, CT, opened a branch on 10 Rod Road in North Kingston, RI, on August 14, 2008. (*Internal sources, 8/22/08*)

Branch Closings

Citizens Financial Group of Providence, RI, closed its Marlborough Price Chopper branch in Marlborough, MA, on August 2, 2008. (*Internal sources, 8/08/08*)

RBS Citizens, NA, of Providence, RI, closed its Crossroads Shopping Center branch in Burlington, VT, on July 25, 2008. (*Internal sources, 8/01/08*)

On July 16, 2008, TD Bank, NA, of Wilmington, DE, closed three branches located at the following locations: Two Portland Square, Portland, MA; 102 Old York Road/Washington Lane, Jenkintown, PA; and 600 North Kings Highway, Portland, ME. (*Internal sources, 8/01/08*)

Corporate Relocations

Peabody Municipal Federal Credit Union of Peabody, MA, relocated from 12 Chestnut Street to 15 Chestnut Street in Peabody, MA, on May 12, 2008. (*Internal sources, 8/01/08*)

Conversions

Auburn Savings Bank of Auburn, ME, announced on August 15, 2008, that its holding company, Auburn Bancorp Inc., had reorganized as a mutual holding company and had completed its initial public offering. On August 18, shares of Auburn Bancorp, Inc.'s common stock began trading on the OTC Bulletin Board under the symbol "ABBB." Auburn Savings Bank operates through two full-service retail offices in Auburn and Lewiston, Maine. (*SNL Bank & Thrift Daily, 8/21/08; Auburn Savings Bank press release, 8/15/08*)

Webster Five Cents Savings Bank of Webster, MA, on July 15, 2008, applied with the Federal Reserve to reorganize under a mutual holding company structure. The bank intends to create a mutual holding company, WebFive MHC, to hold 100 percent of the shares that will be issued by a newly formed stock holding company, WebFive Cents Savings Bank. At a later date, the stock company or the new Web Five Cents Saving Bank may issue up to 45 percent of its common stock on a subscription basis or to the open market. (*SNL Bank & Thrift Daily, 8/15/08*)

Federal Reserve Board Requests Comments on Proposed Change to Regulation S (Right to Privacy)

On August 13, 2008, the Federal Reserve Board requested public comment on a proposed change to Regulation S (Right to Financial Privacy), which sets the rates and conditions under which a government agency must reimburse a financial institution for costs incurred in producing customer financial records under the Right to Financial Privacy Act.

The proposed revisions update Regulation S in two ways. First, the personnel fees that may be charged to search and process document requests are increased substantially. Second, the proposed amendments encourage electronic document production by not allowing a \$0.25 per page fee to be charged for printing

electronically stored information. The proposal also includes an automated mechanism to periodically update the labor rates found in the regulation.

Comments are requested by September 29, 2008. Additional details of the Board's announcement, including instructions on how to submit comments are available online at www.federalreserve.gov/newsevents/press/other/20080813a.htm. (*Federal Reserve Board press release, 8/13/08*)

FDIC Issues Guidance on Liquidity Risk Management

The FDIC issued guidance on August 26, 2008, the intent of which is to highlight the importance of liquidity risk management at financial institutions. Liquidity risk measurement and management systems should reflect an institution's complexity, risk profile, and scope of operations.

Institutions that use wholesale funding, securitizations, brokered deposits, and other high-rate funding strategies should ensure that their contingency funding plans address relevant stress events.

The requirements governing the acceptance, renewal, or rolling over of brokered deposits are applicable to all insured depository institutions.

Full details of the guidance are available online in the FDIC's Financial Institution Letter 84-2008, which is available at www.fdic.gov/news/news/financial/2008/fil08084.html. (*FDIC FIL-84-2008, 8/26/08*)

FDIC Brochure Available: "Regional Coalitions: Public-Private Partnerships for the Financial Services Sector"

The FDIC has published a brochure entitled "Regional Coalitions: Public-Private Partnerships for the Financial Services Sector," which outlines the benefits of establishing public-private partnerships. The brochure was jointly issued by the Financial and Banking Information Infrastructure Commission (FBIIC) and the Financial Services Sector Coordinating Council for Critical Infrastructure and Homeland Security (FSSCC).

Regional coalitions are voluntary organizations formed to facilitate the recovery of the financial services sector following a natural or man-made disaster.

Among other things, the brochure outlines the benefits of joining a regional coalition, including the ability to network with state and emergency management agencies, as well as strategic partners within other critical sectors. It also lists existing regional coalitions and provides contact information for persons interested in joining or starting a coalition in any given geographic area.

More information is available at www.fdic.gov/news/news/financial/2008/fil08082.html. (*FDIC FIL-82-2008, 08/21/08*)

Reserve Board Issues Small Entity Compliance Guide for Regulation R

The Federal Reserve Board released its Small Entity Compliance Guide for Regulation R (Exceptions for Banks from the Definition of Broker in the Securities Exchange Act of 1934) on August 29, 2008.

Regulation R, adopted jointly by the Board and the Securities and Exchange Commission in September 2007, implements certain of the key exceptions for banks from the definition of the term "broker" under Section 3(a)(4) of the Securities Exchange Act of 1934, as amended by the Gramm-Leach-Bliley Act. The Regulatory Flexibility Act requires the Board to prepare small entity compliance guides for final rules such as Regulation R.

The guide provides a general description of the regulation and contact information for small entities with questions regarding compliance. It is available at www.federalreserve.gov/newsevents/press/bcreg/20080829a.htm. *(Federal Reserve Board press release, 8/29/08)*

Boston Reserve Bank's Windsor Locks, CT, Paper Check Processing Operations Transition to Philadelphia Reserve Bank on September 19, 2008

In May 2008, the Reserve Banks announced that First District paper check processing will move from Windsor Locks, CT, to the Federal Reserve Bank of Philadelphia effective September 19, 2008. Since then, the Reserve Banks have been corresponding with local financial institutions and have held two meetings to discuss the impact for First District check customers.

We encourage all New England financial institutions to review all correspondence on the move, which is posted at www.frb services.org/communications/2008_changes/windsor_philadelphia.html, as well as handouts from local Town Hall meetings at www.bos.frb.org/finsvcs/WLOClosingPresentation.pdf. Customers with questions should contact their Account Executive at (800) 447-7205. *(Internal sources)*



Items in this publication focus on developments affecting banking structure in New England. The items are condensations of articles from a selected group of daily newspapers and press releases of federal and state financial regulatory agencies. Their reproduction does not imply our

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