

OFFICE OF THRIFT SUPERVISION

**Approval of Organization and Acquisition
of a Federal Savings Bank**

Order No.: 98-46

Date: April 24, 1998

B.A.T Industries, p.l.c., Imasco Limited, and CT Financial Services Inc. and related companies (collectively, the "Acquirors") have applied to the Office of Thrift Supervision ("OTS") to organize and to acquire CTUSA, F.S.B., Naples, Florida (the "Savings Bank"), a federal stock savings bank, pursuant to 12 U.S.C. §§ 1464(e), 1467a(e)(1)(B) and 1467a(e)(4), and 12 C.F.R. §§ 552.2-1 and 574.3. The Savings Bank will be a member of the Savings Association Insurance Fund.

The OTS has considered the holding company and permission to organize applications under the standards set forth in 12 U.S.C. §§ 1464(e), 1467a(e), 1467a(h) and 12 C.F.R. §§ 552.2-1(b) and 574.7, and under the Community Reinvestment Act, 12 U.S.C. §§ 2901, *et seq.*, and the OTS regulations thereunder. 12 C.F.R. Part 563e. In addition, the OTS has considered the digest by the OTS Southeast Regional Office, a legal opinion by the Business Transactions Division, a memorandum by Compliance Policy, and an analysis by Corporate Activities (collectively, the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS has determined that the holding company and permission to organize applications satisfy all applicable statutory and regulatory criteria, provided that the conditions set forth below are satisfied. Accordingly, the holding company and permission to organize applications are hereby approved, subject to the following conditions:

1. The **Acquirors** and the Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Southeast Regional Office;
2. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the **Acquirors** and the Savings Bank must certify in writing to the Southeast Regional Director that no material or adverse changes have occurred with respect to the financial condition or operation of the **Acquirors** and the Savings Bank, respectively, as disclosed in the applications, including but not limited to directors, shareholders, or the business plan; and

provided further, that no additional information having an adverse bearing on any feature of the applications has been brought to the attention of the **Acquirors**, the Savings Bank, or the OTS since the date of the financial statements submitted with the applications;

3. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order or within such additional period as the Southeast Regional Director, or his designee, may grant;
4. The **Acquirors** and the Savings Bank must advise the Southeast Regional Office in writing within ten (10) calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction and of the Savings Bank's insurance of accounts; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the applications and this Order;
5. Within ten (10) calendar days after the effective date of the proposed transaction. the **Acquirors** must submit signed Foreign Holding Company Agreements in the manner of the draft agreements submitted with the holding company application;
6. A majority of the Savings Bank's board of directors must not be comprised of individuals who are directors or employees of any of the **Acquirors'** subsidiaries or affiliates that engage in securities brokerage ("Securities Affiliates");
7. The Savings Bank and the Securities Affiliates are prohibited from sharing common officers unless prior written approval is obtained from the Southeast Regional Director, or his designee, which shall be based on criteria such as regulatory compliance, experience, character, integrity, and the ability to perform both duties;
8. The Savings Bank shall submit independent audit reports to the Southeast Regional **Office** for its first three (3) fiscal years unless **waived** by the Southeast Regional Director, or his designee, prior to expiration of the three (3) year period. These reports shall be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
9. Any transactions between the Savings Bank and an affiliate of the **Acquirors** shall be subject to a written agreement that has been submitted to the Southeast Regional Director, or his designee, for review and nonobjection;
10. Any tax sharing agreement between the **Acquirors** and the Savings Bank must receive the prior written approval of the Southeast Regional Director, or his designee;
11. Prior to opening for business. the Savings Bank shall submit for review and approval of the Southeast Regional Director. or his designee. the qualifications of a full time managing officer and a person to administer the Community Reinvestment Act;

12. Within one year of beginning operations, the board of directors of the Savings Bank must consist of at least two directors from the local community who are not **officers** of the Savings Bank or directors of an affiliated company;


13. Any material deviations from the Community Reinvestment Act Plan must be submitted to the Southeast Regional Director for review and approval. The revised plan should be submitted no later than thirty (30) days prior to the desired implementation date;

14. The Savings Bank must operate within the parameters of the business plan. Any proposed material deviations or material changes from the submitted plan, including those pertaining to Internet operations, must receive the prior written approval of the Southeast Regional Director. Any submission of a revised business plan should be accompanied by a revised Community Reinvestment Act Plan. The request for approval should be submitted a minimum of thirty (30) days before the proposed change is anticipated; and

15. The Savings Bank's Year 2000 program must adhere to the terms, deadlines, requirements and conditions contained in the Year 2000 guidance issued by the OTS and/or the Federal Financial Institutions Examination Council ("FFIEC"), including the May 5, 1997 *FFIEC Year 2000 Project Awareness* statement, the December 17, 1997 *FFIEC Safety and Soundness Guidelines Concerning the Year 2000 Business Risk*, the March 17, 1998 *FFIEC Guidance Concerning Institution Due Diligence in Connection with Service Provider and Software Vendor Year 2000 Readiness*, the March 17, 1998 *FFIEC Guidance Concerning the Year 2000 Impact on Customers*, the April 10, 1998 *Guidance Concerning Testing for Year 2000 Readiness*, and any subsequent OTS or FFIEC Year 2000 guidance.

By order of the Director of the Office of Thrift Supervision, or her designee, effective

4/24/98



John E. Ryan
Acting Executive Director, Supervision