



**Conditional Approval #1116  
February 2015**

October 30, 2014

Joseph P. Daly, Esq.  
Luse Gorman Pomerenk & Schick, P.C.  
5335 Wisconsin Avenue, N.W., Suite 780  
Washington, D.C. 20015

Re: Change in Bank Control Notice filed by Stifel Financial Corp. to acquire  
1919 Investment Counsel and Trust Company, National Association  
OCC Control Number: 2014-NE-CBCA-138834  
(Charter # 24627)

Dear Mr. Daly:

The Office of the Comptroller of the Currency (OCC) has reviewed and evaluated the Notice of Change in Bank Control involving 1919 Investment Counsel and Trust Company, National Association, Baltimore, Maryland (Bank) filed by Stifel Financial Corp., St. Louis, Missouri (SFC) (Notice of the Transaction).<sup>1</sup> Based on a review of the facts on record and the representations and commitments made in connection with the Notice, and in consideration of the relevant regulatory factors, the OCC hereby determines that the Notice is technically complete and does not intend to disapprove the Notice. This non-disapproval is subject to the conditions set out below.

### **Background**

The Bank is an insured national bank whose operations are limited to trust and trust related activities. Its principal lines of business are trust and investment management. It is a direct wholly owned subsidiary of Legg Mason, Inc. (Legg Mason).

SFC is a publicly traded financial holding company subject to regulation by the Federal Reserve Board. It owns a number of subsidiaries that engage in banking, securities and other financial services businesses. SFC's principal subsidiary is Stifel, Nicolaus & Company, a full-service brokerage and investment banking firm. Its other subsidiaries include Stifel Bank & Trust, a Missouri state bank, and Stifel Trust Company, National Association.

SFC entered into a stock purchase agreement with Legg Mason to acquire 100% of the outstanding stock of the Bank.<sup>2</sup> SFC believes the Bank's business is consistent with its existing

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<sup>1</sup>At the time the Notice was filed, the Bank was known as Legg Mason Investment Counsel and Trust Company, National Association. The Bank changed its name effective October 8, 2014.

<sup>2</sup>Through its proposed acquisition, SFC will also indirectly acquire control of the Bank's two wholly owned subsidiaries, Legg Mason Investment Counsel, LLC and LMIC Services Company, LLC.

wealth management platform and, as indicated in the Notice, SFC does not intend to make any material changes to the Bank's business plan.

### **Proposed Change in Control**

The OCC processes change in control notices in accordance with the requirements set forth in 12 U.S.C. § 1817(j) and 12 C.F.R. §5.50(f). The OCC may disapprove a notice if the OCC finds that: (i) the proposed acquisition of control would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States; (ii) the effect of the proposed acquisition of control in any section of the country may be substantially to lessen competition or to tend to create a monopoly or the proposed acquisition of control would in any other manner be in restraint of trade, and the anticompetitive effects of the proposed acquisition of control are not clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served; (iii) either the financial condition of any acquiring person or the future prospects of the institution is such as might jeopardize the financial stability of the bank or prejudice the interests of the depositors of the bank; (iv) the competence, experience, or integrity of any acquiring person, or of any of the proposed management personnel, indicates that it would not be in the interest of the depositors of the bank, or in the interest of the public, to permit that person to control the bank; (v) an acquiring person neglects, fails, or refuses to furnish the OCC all the information it requires; or (vi) the OCC determines that the proposed transaction would result in an adverse effect on the Deposit Insurance Fund.<sup>3</sup> After carefully considering the facts on record and the representations and commitments made in connection with the Notice, the OCC does not intend to disapprove the Notice.

### **Section 1818 Conditions**

This non-disapproval is subject to the following conditions:

1. No later than one (1) business day after SFC consummated the Transaction, SFC shall cause the Bank to enter into an Operating Agreement ("Operating Agreement") with the OCC, on terms and conditions acceptable to the OCC, and shall thereafter cause the Bank to implement and adhere to the terms of the Operating Agreement.
2. No later than four (4) business days after SFC consummates the Transaction, SFC shall enter into a Capital Assurance and Liquidity Maintenance Agreement ("CALMA") with the Bank on terms and conditions acceptable to the OCC, and shall cause the Bank to enter into such CALMA, and thereafter shall implement and adhere to, and shall cause the Bank to implement and adhere to the terms of the CALMA.

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<sup>3</sup>12 U.S.C. §1817(j)(7) and 12 C.F.R. §5.50(f)(5).

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These conditions are conditions "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

### **Change in Control Consummation**

The date of consummation of the change in control must be provided to the Northeastern District Licensing Office within 10 days after consummation. The change in control must be consummated as proposed in the Notice. SFC must notify the OCC in writing if prior to consummation there are any changes in the terms, conditions, or parties to the change in control as described in the Notice. In the event of any such changes, the OCC reserves the right to require SFC to amend the Notice, or require the submission of a new notice of change in control.

In addition, unless an extension is granted, the change in control must be consummated within ninety (90) days of the date of this non-disapproval. Failure to consummate within ninety (90) days or an approved extended time period granted by the OCC will cause this non-disapproval to lapse and require the filing of a new notice of change in control if the parties wish to proceed with the acquisition.

### **Conclusion**

This conditional non-disapproval, and the activities and communications by OCC employees in connection with the Notice, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The OCC may modify, suspend or rescind any portion of this decision if a material change in the information on which the OCC relied occurs prior to the date of the transactions to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

If you have any questions, please contact Licensing Analyst Kerry Rice in the OCC's Northeastern District Licensing Office at (212) 790-4055. Please include the OCC control number on any correspondence related to this filing.

Sincerely,

/s/

Stephen A. Lybarger  
Deputy Comptroller for Licensing