



Conditional Approval #1134
October 2015

September 22, 2015

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- Re: (1) Applications filed by Adams Community Bank, Adams, Massachusetts to establish an interim bank, with the title Lenox Acquisition Bank, National Association, Adams, Massachusetts and the subsequent consolidation (Consolidation) of the newly formed interim bank into The Lenox National Bank, Lenox, Massachusetts (collectively referred to as Applications)
- (2) Notice of voluntary liquidation filed by The Lenox National Bank to immediately liquidate after the Consolidation (Notice)

OCC Control Nos.: 2015-NE-Combination-142440 and Terminations-144748

Dear Mr. Hanaghan and Ms. DiBella:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves (1) the application to establish an interim national bank with the title Lenox Acquisition Bank, National Association, Adams, Massachusetts (Lenox Interim Bank) and (2) the subsequent Consolidation of the newly formed Lenox Interim Bank into The Lenox National Bank, Lenox, Massachusetts (Lenox), under the charter and title of the latter. Both transactions are to facilitate the purchase and assumption (Purchase and Assumption) of Lenox into Adams, a state mutual savings bank, which must be approved by the FDIC.

The conditional approvals are granted based on a thorough review of all information available, including commitments and representations made in the Applications, Notice, merger agreement, and those of your representatives.

The approvals are subject to the following conditions:

1. The transactions must be consummated as proposed in the Applications and Notice. If any of the terms, conditions, or parties to the transaction described in the Applications and Notice change, the OCC must be informed in writing prior to the consummation to determine if any additional action or reconsideration is required. In such situations, the OCC reserves the right to require submission of an amended or new application. The steps of the transaction must take place as represented:
 - a. Adams will establish Lenox Interim Bank one moment prior to the consummation of the Consolidation.
 - b. The Consolidation will occur one moment prior to the Purchase and Assumption by Adams of all the assets and assumption of all the liabilities, including contingent liabilities of Lenox.
 - c. Immediately after the consummation of the Purchase and Assumption, Lenox shall terminate its status as a national bank through an expedited liquidation.
2. If the Purchase and Assumption does not occur immediately after the Consolidation, Adams shall notify the OCC and within 5 days submit a plan to wind down the affairs of Lenox and terminate its status as a national bank within 90 days.

The conditions of these approvals 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 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

I. The Transaction

Adams is a Massachusetts State chartered mutual savings bank and cannot directly acquire Lenox. Chartered in 1869, Adams provides banking products and services through its main office and six branch offices in Massachusetts. Lenox is a national bank with no bank holding company. Chartered in 1889, Lenox provides banking products and services through its main office located in Lenox, Massachusetts. On April 27, 2015, Adams filed a series of related Applications with the OCC to effect the acquisition by Adams of all the assets of and assumption of all liabilities of Lenox. The parties propose to consummate these transactions pursuant to an Agreement and Plan of Merger (Agreement) dated as of April 8, 2015. Pursuant to the Agreement and relevant to the OCC’s determination, (a) Adams will form Lenox Interim Bank, as a subsidiary of Adams, and (b) Lenox Interim bank will then consolidate into Lenox.

As a result of the Consolidation, Lenox will become a subsidiary of Adams for a moment in

time. Immediately after the Consolidation, pursuant to the Agreement Adams will purchase all of the assets and assume all of the liabilities, including contingent liabilities of Lenox¹. Subsequently, Lenox will dissolve (Liquidation).

II. Legal Authority

The first step of the transaction is the formation of an interim national bank. The OCC grants approval to organize interim national banks, pursuant to 12 USC 21 *et seq.* Interim national banks are insured institutions and may be formed to facilitate corporate reorganizations and accomplish a business combination. *See* 12 USC 1815(a)(2); 12 CFR 5.33(e)(4). In this proposal, an interim national bank facilitates the acquisition of Lenox.

The second step of the transaction is the Consolidation. A national bank may consolidate with another national bank located in the same state under 12 USC 215. The Consolidation is also subject to OCC review under the Bank Merger Act. The OCC reviewed the Consolidation under the criteria of the Bank Merger Act, 12 USC 1828(c), and applicable OCC regulations and policies. Under the Bank Merger Act, the OCC generally may not approve a merger that would substantially lessen competition. The Bank Merger Act also requires the OCC to take into consideration the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served. The OCC must consider the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities. Furthermore, the OCC must consider the risk of the transaction to the stability of the United States banking or financial system. The OCC must also consider the bank's record of compliance with the Community Reinvestment Act, 12 USC 2903(a)(2). The OCC considered these factors and found them consistent with conditional approval.

Last, OCC regulations permit a procedure called expedited liquidation, pursuant to 12 CFR 5.48(f), in connection with acquisitions: “[w]hen an acquiring depository institution in a business combination purchases all the assets, and assumes all the liabilities, including contingent liabilities, of a target national bank, the acquiring depository institution may dissolve the target national bank immediately after the combination,” provided that no liabilities will remain in the target national bank. 12 CFR 5.48(f)(1). Lenox notified the OCC of its intent to pursue a voluntary liquidation following the Purchase & Assumption. Pursuant to 12 CFR 5.48(f)(2), following the shareholder vote of Adams as the sole shareholder to liquidate, Lenox may surrender its charter and dissolve immediately if Adams certifies to the OCC that it has purchased all the assets and assumed all the liabilities, including contingent liabilities of Lenox.

¹ Adams filed an Interagency Bank Merger Act Application with the FDIC for approval to purchase all of the assets and assume all of the liabilities, including contingent liabilities of Lenox.

III. Summary

Accordingly, the formation of Lenox Interim Bank and the Consolidation are legally authorized and are hereby conditionally approved.

IV. Consummation Guidance

The OCC will issue a letter certifying consummation of the transactions when we receive:

- A Secretary's Certificate for each institution, certifying that the required board approvals have been obtained.
- A Secretary's Certificate for each institution, certifying that the required shareholder approvals have been obtained.
- An Executed Joinder Agreement, which will be incorporated into the Agreement and Plan of Merger between Lenox and Adams.
- Documentation that all other conditions imposed by the OCC have been met.
- Documentation that all other required regulatory approvals, non-objections, or waivers have been obtained.
- Upon completion of the Consolidation and Purchase and Assumption, submit the Final Notice of Expedited Liquidation.

The Northeastern District Office must be advised in writing in advance of the desired effective date for the Consolidation, so it may issue the necessary certification letter. Additionally, we will not issue a letter certifying consummation until 15 days after the date of our approval, a period during which the Department of Justice may file an injunction to stop the transaction.

The proposed transactions must be consummated no later than 6 months from the date of this approval letter unless the OCC grants an extension of time period for good cause.

We have received and are acknowledging Lenox's preliminary Notice, indicating it will cease business by means of an expedited liquidation immediately after the Purchase and Assumption by Adams.

These conditional approvals and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation

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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. Our approval is based on the banks' representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend, or rescind this approval, if a material change in the information on which the OCC relied occurs prior to the date of the transaction 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.

Enclosed please find a letter requesting your feedback on how the OCC handled the Applications. The OCC would appreciate your response, so we may continue to improve our service.

Please include the OCC Control Numbers on any correspondence related to the Applications. If you have any questions, please contact Sandya Reddy, Senior Licensing Analyst, at (212) 790-4049 or by email at sandya.reddy@occ.treas.gov.

Sincerely,

Marva V. Cummings

Marva V. Cummings
Director for District Licensing

Enclosure: Final Notice of Expedited Liquidation