



Mutual Alert

OCC Responds to Chairman Boulrier's Letter Affirming Policy on Merger/Conversions

In an October 21, 2015 letter to OCC Comptroller Tom Curry, AMB Chairman Chuck Boulrier sought clarification whether recent OCC approvals of two merger/conversions signaled any change in OCC small bank merger/conversion policy. Various concerns have been raised by members over press articles and vendor marketing correspondence they have received suggesting that the OCC views the acquisition of viable mutual differently from the traditional approach followed by OTS. In a November 24, 2015 letter, a copy of which is attached, Deputy Comptroller for Thrift Supervision, Michael Brickman, writing for Comptroller Curry affirmed the OCC's commitment to mutual member rights in the context of merger/conversions. In that letter he said:

Conversions of federal savings associations from mutual to stock form of organization are subject to scrutiny in accordance with long-standing regulatory requirements. Those requirements establish a framework for an orderly process for such conversions. The conversion regulations that the OCC's predecessors promulgated include significant protections of the rights of the members of the mutual institution. The OCC has not altered or revised the long-standing policy for merger conversions.

Deputy Comptroller Brickman went on to say that he shares the Comptroller's support for the mutual charter. He said "Vibrant and strong mutual institutions provide important financial services to their communities and consumers." We believe this letter affirms the long standing policy to scrutinize carefully any merger conversion transaction involving a mutual bank that implicates a reduction in member rights and maintains the principle that only mutual banks can acquire other viable mutual banks. It also will be viewed by the FDIC and the FRB as persuasive in the application of their policy towards acquisitions of mutual banks by stock companies. We are pleased that the OCC has clarified the continuation of the long standing policy of protecting mutual member rights.