

Hello, Bank Slaters!

Good morning! I'm curious how the last few weeks of 2023 will play out. This year seemed to fly at the speed of light.

Let's talk about regulatory approvals for large M&A. Specifically, we'll look at how agencies are creating policies and procedures when they sign off on certain deals.

For months, there seemed to be a bottleneck for approvals. While some have been terminated due to extended delays (OceanFirst-Partners is the latest), several transactions finally received regulators' blessings.

But there have been caveats with some. For instance:

- U.S. Bancorp, to [obtain approval to buy MUFG Union Bank](#), must identify business lines and portfolios that could be sold quickly "in the event of stress and a plan to effectuate that separability."
- New York Community Bancorp,, in order to [secure the OCC's blessing to buy Flagstar Bancorp](#), will likely have to divest its interest in the USDF Consortium within two years of completing the acquisition.
- Regulators tinkered with the stress testing schedules for [Citizens Financial Group](#) (Investors Bancorp) and [M&T Bank](#) (People's United Financial) to take into account the large acquisitions each was set to complete.

These stipulations will undoubtedly factor into bankers' decisions on mergers going forward. One view is that these requirements could cause people to press pause. However, having a better understanding of the regulatory process could bring more comfort to acquisitive banks.

I am particularly interested in the OCC's ramped-up oversight of digital assets and blockchain dealings, and how it could influence other USDF Consortium members' thoughts about M&A.

What do you think? Let me know at info@thebankslate.com.

Here are the other highlights from the past week.

The Big Headline

FTX, a well-known crypto exchange, filed for [Chapter 11 bankruptcy protection](#) after experiencing a sudden liquidity crunch. Binance briefly considered buying FTX but backed off shortly after conducting due diligence. Sam Bankman-Fried, who stepped down as CEO, issued a lengthy mea culpa via [a series of tweets](#).

M&A

- OceanFirst Financial in New Jersey and Partners Bancorp in Maryland [ended their planned merger](#) after being unable to secure the necessary regulatory approvals. Neither company will pay a termination fee.
- Columbia Banking System in Washington is [selling branches](#) in Washington, Oregon and northern California to get clearance from the DoJ to buy Umpqua Holdings in Oregon. Seven branches will go to FS Bancorp, while three others are going to First Northern Community Bancorp.
- The Fed approved New York Community Bancorp's proposed purchase of Flagstar in Michigan. With all approvals in hand, the companies plan to [complete the deal](#) on Dec. 1.

Arrivals/Departures

- Auburn National Bancorp. in Alabama selected David Hedges, its CFO, to succeed Bob Dumas as [president and CEO](#) on Jan. 1. Dumas will remain Auburn National's chairman, and Hedges will join the board.
- David DePillo [has resigned](#) as the president of First Foundation in Dallas. Kevin Thompson, the company's CFO, succeeded DePillo on an interim basis. The company will conduct a search process for a permanent president.
- Builtwell Bank in Tennessee has a [new president](#). Mitch Sanford shared in a [LinkedIn post](#) that he had taken on the post at the bank unit of First Volunteer Corp. He previously served as an executive vice president and commercial banking executive at Builtwell.
- Bank of Commerce in Idaho tapped Mike Morrison as its [new president](#). He was the bank's chief credit officer.

(Fin)tech

- Silvergate Capital in California touted its [access to liquidity](#) in light of issues at FTX and overall volatility with digital assets. Silvergate said it has \$8.3 billion in its securities held-for-sale portfolio and an ability to borrow from the FHLB and Fed. Earlier in the week, the company named a [new president](#).

- FV Bank in Puerto Rico launched a [digital asset custody and settlement service](#). It will initially handle Bitcoin. Ethereum, USDC and USDT custody will be added in coming weeks. More digital assets will be come over time.
- U.S. Bancorp in Minneapolis said its technology and operations leader will retire. Jeff von Gillern, who will step down as vice chair of technology and operations services in late 2023, will remain with U.S. Bancorp as it integrates MUFG Union.

Odds & Ends

- Orrstown Financial in Pennsylvania [lowered its third-quarter earnings](#) after it agreed to pay \$13 million to settle a class-action lawsuit. The lawsuit, filed in 2012 by the Southeastern Pennsylvania Transit Authority, took issue with statements Orrstown made in association with a 2010 public offering.
- PB Bankshares in Pennsylvania will [sell its corporate headquarters office](#) for \$950,000. It will lease a portion of the property, including the branch, from the buyer.

That does it for the past week. I wish everyone a productive and safe week ahead!