

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS



DEPARTMENT OF BUSINESS REGULATION  
DIVISION OF BANKING  
1511 PONTAIC AVENUE  
CRANSTON, RI 02920

DECISION AND ORDER

IN RE:

APPLICATION OF BANKNEWPORT  
TO ESTABLISH BRANCH OFFICES LOCATED AT  
730 CENTRE OF NEW ENGLAND, COVENTRY RHODE ISLAND 02816  
AND  
875 PONTIAC AVENUE, CRANSTON, RHODE ISLAND 02910

I. JURISDICTIONAL STATEMENT AND TRAVEL OF THE CASE

This matter came before the Department of Business Regulation ("Department"), Division of Banking ("Division") upon the application on November 22, 2013 (the "Application") filed by BankNewport, a regulated institution with a principal office located at 10 Washington Square, Newport, RI 02840 (the "Applicant"), seeking : (i) approval to establish a branch office located at 730 Centre of New England, Coventry, Rhode Island 02816 and a branch office located at 875 Pontiac Avenue, Cranston, Rhode Island (collectively the "Branches") pursuant to R. I. Gen. Laws § 19-2-11 and for the issuance of certificates of public convenience and advantage in connection therewith.

On November 6, 2013 the Applicant and Randolph Savings Bank ("RSB"), A Massachusetts savings bank headquartered in Stoughton, Massachusetts entered into a Purchase and Assumption Agreement ("Agreement"). Pursuant to the Agreement, the Applicant will acquire certain assets and assume certain liabilities including deposits associated with the Branches. Evidence was submitted to the Division in support of the Application, which included responses to questions contained in the Application and various documents attached as exhibits to the Application.

The Applicant published notice of the filing of the Application during three consecutive weeks, beginning on November 20, 2013 in The Newport Daily News, The Coventry Courier, The Cranston Herald, The Kent County Daily Times, and The Randolph Herald. The Application was

available for public inspection and comment in the office of the Division and in the Federal Deposit Insurance Corporation's (the "FDIC") Boston Area Office, 15 Braintree Hill Office Park, Suite 200, Braintree, MA from November 20, 2013 through December 20, 2013. No letters of comment or objection were received by the Division or the FDIC in connection with the Application during the comment period.

## **II. APPLICABLE LAW**

### ***a. Public Convenience and Advantage Standard***

The Director of the Department (the "Director"), or the Director's designee, is expressly authorized by R. I. Gen. Laws §§ 19-2-3 and 19-2-11 to issue a certificate of public convenience and advantage with respect to the establishment of a branch for a Rhode Island regulated institution upon consideration of factors consistent with the creation of a regulated institution and upon compliance with other applicable provisions of R. I. Gen. Laws Title 19. Although R. I. Gen. Laws Title 19 does not expressly delineate the factors that must be considered by the Director with respect to the standard of public convenience and advantage, it is the policy of the Director, and the Division under the supervision of the Director, to consider such factors as (a) the benefits to the community or communities to be served, such as the products and services to be provided by the proposed branch, and (b) the effects of the proposal on the public interest, such as the effect on employment, the economy and the tax base of the State. In addition, the Director considers the safety and soundness of the regulated institution making application and the effect of the proposal on the strength and stability of the financial community as a whole.

Under applicable law, therefore, the Director may issue a certificate upon a finding that the benefits flowing from the applicant's proposed activities will run to the public, that the applicant's proposed activities are fitting or suited to the public and will result in a gain or benefit to the public, that the proposed activity will not materially adversely affect the safety and soundness of the regulated institution, and that the application is in conformance with applicable law.

### ***b. Community Reinvestment Act Standard***

It has been the policy of the Director, in reviewing applications from state chartered institutions, to determine whether an applicant will adhere to Community Reinvestment Act ("CRA") standards. The principles inherent in CRA require institutions to address the credit needs of the communities they serve. Both the federal CRA, 12 U.S.C. § 2901 *et seq*, and the state CRA, R. I. Gen. Laws §19-9-4, are applicable. The Director believes that CRA factors are relevant and

important in determining whether a certificate of public convenience and advantage should be issued. The Applicant received a "Satisfactory" CRA performance evaluation rating from the Federal Deposit Insurance Corporation ("FDIC") on May 13, 2013, when the last CRA Performance review was performed.

*c. Insurance of Deposits*

R. I. Gen. Laws § 19-4-10 requires that any regulated institution permitted by law to receive deposits, except a regulated institution prevented from accepting deposits by its by-laws or agreement to form, must maintain federal deposit insurance.

**III. FINDINGS OF FACT**

Evidence was submitted to the Division in support of the Application that included responses to questions contained in the Application and various documents attached as exhibits to the Application.

Specifically, information was provided on the Applicant and both proposed branches to be acquired. The Applicant provided a statement that described the means by which the proposed branches would promote the public convenience and advantage of the community to be served as well as information on the benefits of the proposed branches to be acquired to the community to be served and the impact on the safety and soundness of the Applicant. Based upon the documentary evidence filed with the Division, the Director hereby makes the following findings of fact:

1. The Division received from BankNewport the Application pursuant to R. I. Gen. Laws § 19-2-11 on November 22, 2013.
2. The Applicant has complied with the public notice requirements in accordance with R. I. Gen. Laws § 19-1-3.
3. No letters of comment or objection were received by the Division in connection with the Application during the comment period.
4. Applicant is both a Rhode Island financial institution and a regulated institution as defined in R. I. Gen. Laws § 19-1-1.
5. The Applicant's proposed branches offices will continue to serve the existing customers and potential customers of the Kent and Providence counties. The proposed branches are within or contiguous to markets currently being served by the Applicant and will enable the Applicant to better serve the needs of existing and potential customers and the surrounding communities.
6. Approval of the Application will offer to existing and prospective customers an array

of retail banking services including depository services, consumer loans and non-depository investment products, as well as expanded space for the bank's growing commercial and small business lending activity in the proposed service area.

7. The Applicant's latest CRA Performance Evaluation which evidences its intent to comply with CRA and non-discrimination laws and regulations and to address the communities' credit needs consistent with its past performance, was last rated by the FDIC on November 6, 2012 as "Satisfactory".

8. Financial information provided by the Applicant adequately demonstrates the financial strength of the Applicant with respect to safety and soundness issues. The Applicant has the management capability required to operate both proposed branches.

9. The Applicant filed an application with The Federal Deposit Insurance Corporation ("FDIC"). By letter dated December 26, 2013, the FDIC issued the Order and Basis for Corporation Approval for Applicants Permission to Merge Pursuant to the Bank Merger Act.

10. By letter dated February 12, 2014, the Commonwealth of Massachusetts Division of Banks approved Randolph Savings Bank's request to close the subject branch offices in connection with the purchase and assumption agreement with the Applicant.

#### **IV. CONCLUSIONS OF LAW**

Based upon the documentary evidence filed with the Division, the Director hereby makes the following conclusions of law:

1. R. I. Gen. Laws §§ 19-2-3 and 19-2-11 authorize the Director to issue the certificate of public convenience and advantage in connection with the Application.

2. The Notice of Application Filed satisfies the requirements of R. I. Gen. Laws § 19-1-3 with respect to the publication of notice for the proposed branches.

3. The proposed branches are in the public interest; will promote the convenience and advantage of the communities to be served by each proposed branch; will have a beneficial effect on the economy and on the citizens of the communities to be served by the proposed branch; all consistent with safe and sound banking practices and with the requirements of Rhode Island law and the standard for issuing the certificate sought by the Applicant.

4. The Application complies with the spirit and intent of R. I. Gen. Laws § 19-9-4 regarding credit needs of local communities.

5. The Applicant's deposits at the proposed branches will have federal deposit insurance.

**V. DECISION AND ORDER**

Upon review and consideration of the documentary evidence in the record presented in this matter, it is hereby ORDERED:

That the Application of BankNewport to establish the branch offices located at 730 Centre of New England Boulevard, Coventry, Rhode Island 02816, and 875 Pontiac Avenue, Cranston, Rhode Island 02910, and for the issuance of certificates of public convenience and advantage in connection therewith, is hereby approved and effective on March 5, 2014.

ENTERED AS ADMINISTRATIVE ORDER NUMBER 14-09 OF THE DIRECTOR OF THE DEPARTMENT OF BUSINESS REGULATION AS OF THIS 5<sup>th</sup> DAY OF MARCH 2014.

  
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Paul E. McGreevy  
State of Rhode Island  
Department of Business Regulation