

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS



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

DECISION AND ORDER

IN RE:

APPLICATION OF PAWTUCKET CREDIT UNION
TO ESTABLISH A BRANCH OFFICE AT 88 BEECHWOOD AVENUE
PAWTUCKET, RHODE ISLAND 02860

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 of Pawtucket Credit Union, a regulated institution with a principal office at 1200 Central Avenue, Pawtucket, Rhode Island 02861 (the "Applicant"), for approval to establish a full service branch office to be located at 88 Beechwood Avenue, Pawtucket Rhode Island 02860 (the "Application"), pursuant to R. I. Gen. Laws § 19-2-11 and for the issuance of a certificate of public convenience and advantage in connection therewith.

The Application was filed on January 14, 2011. The Applicant published a notice of the filing of the Application during three consecutive weeks, specifically on January 24, 2011, January 31, 2011 and February 7, 2011 in The Providence Journal, a newspaper of general circulation in the State of Rhode Island. The Application was available for public inspection and comment in the office of the Division from January 24, 2011 through February 11, 2011. The Division did not receive any written comments or objections regarding the Application during the comment period.

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.

Specifically, information was provided on the Applicant and the proposed branch. The Applicant provided a statement, which described the means by which the proposed branch would promote the public convenience and advantage of the communities to be served as well as information on the benefits of the proposed branch to the communities to be served and the impact on the safety and soundness of the Applicant.

II. APPLICABLE LAW

A. Public Convenience and Advantage Standard

Applicant is a Rhode Island credit union established on April 20, 1928 pursuant to Rhode Island law and is a Regulated Institution as defined in R. I. Gen. Laws § 19-1-1(11) and regulated pursuant to R.I. Gen. Laws §§ 19-1-1 *et seq.*, 19-2-1 *et seq.*, 19-5-1 *et seq.* and 19-9-1 *et seq.* 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, the Department has established that the following factors are required to be considered: (a) the benefits to the community or communities to be served, such as the products and services to be provided by the proposed branch, (b) the effects of the proposal on the public interest, such as the effect on employment, the economy, consumer protection, and the tax base of the State, and (c) consideration of Community Reinvestment Act ("CRA") criteria in R.I. Gen. Laws § 19-9-4. 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 as delineated above, 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

In reviewing applications from Regulated Institutions, the R.I. Gen. Laws § 19-9-4 requires the Department to consider and determine whether an applicant will adhere to Community Reinvestment Act ("CRA") standards. While the federal CRA, 12 U.S.C. § 2901 et seq., will not be applicable to the Applicant (because it is not a regulated financial institution as defined in 12 U.S.C. § 2901 et seq.), the state CRA statute, R. I. Gen. Laws § 19-9-4, will apply since the Applicant's by-laws do not prevent a member of the general public from gaining membership. The CRA principles require institutions to address the credit needs of the communities they serve. R. I. Gen. Laws § 19-9-4 requires the Director to take into account the record of performance of a Regulated Institution in helping to meet the credit needs of its entire community, consistent with the safe and sound operation of the Regulated Institution and an assessment of the economic impact of the matter that is the subject of the application, when determining whether a certificate of public convenience and advantage should be issued. The Department has reviewed the criteria in R.I. Gen. Laws § 19-9-4(b)(1-9) with respect to this Application.

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

Based upon the documentary evidence filed with the Division, the Director hereby makes the following findings of fact:

A. On January 14, 2011 the Division duly received the Application from Pawtucket Credit Union pursuant to R. I. Gen. Laws § 19-2-11.

B. The Applicant published a Notice of Application Filed during three consecutive weeks, specifically on January 24, 2011, January 31, 2011 and February 7, 2011 in The Providence Journal in accordance with R. I. Gen. Laws § 19-1-3.

C. The public inspection and comment period for the Application extended from January 24, 2011 through February 11, 2011 during which time the Application was available for public inspection and comment in the office of the Division. No letters of comment or objection were received by the Division in connection with the Application during the comment period, therefore no public hearing was held.

D. Applicant is both a Rhode Island credit union established on April 20, 1928 pursuant to Rhode Island law and is a Regulated Institution as defined in R. I. Gen. Laws § 19-1-1(11) and regulated pursuant to R.I. Gen. Laws §§ 19-1-1 *et seq.*, 19-2-1 *et seq.*, 19-5-1 *et seq.* and 19-9-1 *et seq.*

E. The service area for the Applicant's proposed branch will be the Pawtucket, Rhode Island and Central Falls, Rhode Island communities.

F. Approval of the Application will result in added convenience to existing customers of the credit union, with resulting benefits to the Applicant's customers.

G. The Applicant has provided a copy of its CRA Statement along with evidence of its intent to comply with CRA and non-discrimination laws and regulations and to address the credit needs of the communities it serves.

H. 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 the proposed branch.

I. The shares and deposits of the credit union are insured by the National Credit Union Share Insurance Fund ("NCUSIF") which is administered by the National

Credit Union Administration ("NCUA"). Approval of the proposed branch will not have any impact on the deposit insurance coverage provided by the NCUSIF.

IV. CONCLUSIONS OF LAW

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

A. 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.

B. 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 branch.

C. The proposed branch is in the public interest, will promote the convenience and advantage of the communities to be served by the proposed branch and will have a beneficial effect on the economy and on the citizens of the communities to be served by the branch, all consistent with safe and sound banking practices consistent with the requirements of R.I. Gen. Laws § 19-2-3, 19-2-11, and 19-9-4.

D. The evidence presented in the Application complies with the criteria in R.I. Gen. Laws § 19-9-4 regarding credit needs of local communities.

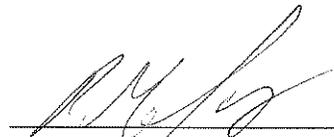
E. The Applicant's deposits at the proposed branch will have NCUSIF insurance as required by R.I. Gen. Laws § 19-4-10.

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 Pawtucket Credit Union to establish a branch office at 88 Beechwood Avenue, Pawtucket, RI 02860 and for the issuance of a certificate of public convenience and advantage in connection therewith is hereby approved in accordance with, and with the general effect provided for in R. I. Gen. Laws § 19-2-11, subject to the condition that the Applicant opens the proposed branch within one (1) year of the date of this Decision and Order; if it has not opened the branch within one (1) year, it must promptly return the certificate of public convenience and advantage to the Division for cancellation unless good cause is demonstrated for an extension.

ENTERED AS ADMINISTRATIVE ORDER NUMBER 11-018 OF THE
DIRECTOR OF THE DEPARTMENT OF BUSINESS REGULATION AS OF THIS
30th DAY OF MARCH 2011.



Paul E. McGreevy, Director
Rhode Island Department of Business Regulation