

TIPS 112



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING
333 MARKET STREET, 16TH FLOOR
HARRISBURG, PENNSYLVANIA 17101-2290

FAX (717) 787-8773

717-787-1471

February 15, 1994

Re: Proposal To Acquire

Dear

The Pennsylvania Department of Banking ("Department") was notified yesterday that a group of proposed investors, including

["Proposed Acquirors"] issued two letters dated February 11, 1994 to the board of directors of [redacted] and February 12, 1994 to [redacted] shareholders (together, "letters"). In the letters, your group of Proposed Acquirors made a proposal to acquire [redacted] and its subsidiary bank, [redacted]. Apparently, according to the letters, this is the latest in a number of similar proposals made by Proposed Acquirors to [redacted] board of directors.

Yesterday, you were notified by telephone by the Department's Chief Counsel, Lisa Detwiler, Esquire, of the statutory requirement that the Department's prior written approval should have been applied for and obtained by Proposed Acquirors prior to making a proposal to acquire [redacted] a Pennsylvania state-chartered bank, which requirement is consistent with section 112 of the Banking Code of 1965, as amended ("Banking Code"), 7 P.S. § 112. The need to file a Section 112 application and receive the Department's prior written approval to make a proposal to acquire [redacted] been acknowledged by your attorney, [redacted] who explained that you are in the process of preparing a Section 112 application.

In order to remedy the Proposed Acquirors' apparent violation of section 112 of the Banking Code, you are hereby advised by the Department, as follows.

1. Proposed Acquirors are required to rescind the proposal to [redacted] contained in the respective letters to the [redacted] shareholders and the [redacted] directors, immediately.

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2. To effect the immediate rescission of the proposal to acquire, Proposed Acquirors must transmit to the board of directors and to each shareholder of the company a letter stating that the Proposed Acquirors' proposal to acquire the company contained in the letters from Proposed Acquirors is rescinded, pending the filing by Proposed Acquirors of an application with the Department pursuant to section 112 of the Banking Code, and the receipt of the Department's prior written approval for Proposed Acquirors to make a proposal to acquire the company. The rescission letter should be mailed by Proposed Acquirors as soon as possible, and definitely no later than the end of this week.

3. A copy of the rescission letter should be delivered to the Department as soon as possible, along with a written specification of the precise date upon which rescission letters were mailed to the directors and shareholders of the company.

The Department's stated position that the proposal to acquire must be rescinded is made in lieu of the Department seeking to obtain criminal penalties against Proposed Acquirors, which penalties are specified in sections 112(j) and 2105 of the Banking Code, 7 P.S. §§ 112(j) and 2105. In other words, the Department is giving the Proposed Acquirors an opportunity to rectify their apparent violation of section 112 of the Banking Code through the immediate rescission of the proposal to acquire the company.

You are advised that the Department's approval of a Section 112 application is not guaranteed either directly or impliedly by the Department. Each Section 112 application is reviewed on its individual merits within sixty days after receipt of an application, or within a longer period not in excess of thirty days after receipt of additional information that may be required by the Department, consistent with section 112(e) of the Banking Code.

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Questions regarding completion of a Section 112 application should be directed to Mr. John K. Black, the Department's Manager of Applications within the Bureau of Supervision and Enforcement.

Sincerely,



Reginald S. Evans
Deputy Chief Counsel

cc: