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[For Licensees](#)
[For Government](#)

[Home](#) > [Business](#) > [Banking Industry Services](#) > [Banking Legal Resources](#) > [Opinions and Decisions](#) > [1998 Decisions of the Commissioner of Banks and Board of Bank Incorporation](#) >

Decision of July 8, 1998

In the matter of GBT Bancorp petition to acquire the capital stock of Gloucester Bank & Trust Company Gloucester, Massachusetts

By the [Division of Banks](#)

Gloucester Bank & Trust Company (the "Bank"), Gloucester, Massachusetts, a state-chartered trust company and GBT Bancorp (the "Petitioner"), a recently organized Massachusetts corporation, have filed with the Division of Banks (the "Division") for approval of a Plan of Acquisition (the "Plan") dated as of March 20, 1998. Under the terms of said Plan, the Petitioner will acquire all of the issued and outstanding shares of the Bank's common stock, other than shares held by stockholders asserting dissenters' rights, in exchange for shares of the Petitioner's common stock pursuant to the provisions of Massachusetts General Laws chapter 172, section 26B. The Bank will then become a wholly owned subsidiary of the Petitioner as a result of this corporate reorganization.

In accordance with the provisions of said section 26B, the Petitioner and the Bank have submitted the requisite certificates of approval by their respective authorized officers. Notices have been given to stockholders of the Bank and to the public. The deadline for filing comments has passed. Consequently, the Plan has been considered in conformity with the cited statutory provisions.

With reference to this petition, no bank expansion in the form of either a merger or multibank holding company acquisition is involved, thus bank competition will not be adversely affected by approval of the proposed transaction. According to information provided in the application, the Bank's services will not be affected as a result of this acquisition. The Petitioner believes that a holding company structure will provide flexibility for meeting the future financial needs of the Bank or other subsidiaries of the Petitioner and for responding to competitive conditions in the financial services industry. Upon review, the Bank was found to have an "Outstanding" rating in the most recent examination of its performance under the Community Reinvestment Act. Therefore, public convenience and advantage considerations support approval of this petition. The Division's economic and financial reviews were also found to weigh in favor of this application.

Therefore, based upon the review of the record of this application and a determination that the provisions of said section 26B have been met, approval is hereby granted for the Petitioner's acquisition of the Bank through this reorganization, subject to the following provisions:

1. After the completion of the reorganization of the Bank into the holding company structure the following investments and activities shall be authorized:
 - (a) GBT Bancorp may engage directly or indirectly in only such activities as are now or may hereafter be proper activities for bank holding companies registered under the Federal Bank Holding Company Act of 1956, as amended;
 - (b) the Bank may engage in any investment or activity which the Bank may from time to time engage in as a Massachusetts-chartered trust company;

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- (c) GBT Bancorp and the Bank may engage in any other investment or activity hereafter authorized by the Commissioner of Banks under applicable law.
2. Commencing with the effective date of the acquisition, the Division's minimum capital requirements for the Bank and GBT Bancorp are as follows:
- (a) the Bank's Tier 1 leverage capital ratio must equal or exceed 4%, or any such higher amount as specified within any formal or informal regulatory action document required by the Division, the Federal Deposit Insurance Corporation or the Federal Reserve, based upon the Bank's most recent Federal Deposit Insurance Corporation Report of Condition and Income and any amendments thereto. The amount of capital and assets shall be calculated in accordance with 12 CFR Part 325;
- (b) GBT Bancorp's consolidated Tier 1 leverage capital ratio must equal or exceed 4% or any such higher amount as specified within any formal or informal regulatory action document required by the Division, the Federal Deposit Insurance Corporation or the Federal Reserve, based upon its most recent call report or any amendment thereto as reported to the federal or state authority; and
- (c) if the minimum capital ratios fall or would fall below those stated in clauses (a) and (b), the Commissioner may impose further conditions or restrictions on the payment of dividends. There will be no dividend restrictions other than those found in Massachusetts General Laws chapter 172, section 28, so long as the minimum capital ratios set out herein are maintained.
3. This acquisition shall conform with and become effective in accordance with the provisions of Section 2 of the Plan of Acquisition.

July 8, 1998

Thomas J. Curry

Date

Commissioner of Banks