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Decision of December 16, 1997

Decision relative to the application of SIS Bancorp, Inc., Springfield Massachusetts to acquire Glastonbury Bank And Trust Company, Glastonbury, Connecticut

By the [Division of Banks](#)

SIS Bancorp, Inc. (hereinafter the "Petitioner" or "SIS"), Springfield, Massachusetts, a Massachusetts corporation has petitioned the Board of Bank Incorporation (the "Board") pursuant to Massachusetts General Laws chapter 167A section 2, to acquire Glastonbury Bank and Trust Company ("GBT"), Glastonbury, Connecticut in a multi-step transaction. As part of this transaction, the Petitioner will establish and control SIS Interim Bank ("SIS Interim"), a wholly-owned Connecticut corporation, for the sole purpose of facilitating this acquisition. That subsidiary will merge with and into GBT. After the merger, GBT will continue to operate as a wholly-owned subsidiary of SIS. SIS is the bank holding company for Springfield Institution for Savings, Springfield, Massachusetts, a Massachusetts savings bank in stock form.

Notice of the petition by SIS was published as directed by the Board thereby affording opportunity for interested parties to submit comments. A public hearing relative to this application was held by the Board on November 18, 1997 and the period for filing comments has expired. The Board reviewed the application, comments received at the public hearing and all related documents in accordance with the statutory criteria of whether competition among banking institutions will be unreasonably affected and whether any net new benefits as well as public convenience and advantage would be promoted by approval of the proposed transaction. The record of performance under the Community Reinvestment Act ("CRA") by the Petitioner and GBT were also factors considered by the Board. The additional requirements of the Commonwealth's 1996 Interstate Banking and Branching Act were also significant factors considered by the Board's in regard to this application.

One provision of law requires the Board to have received notice from the Massachusetts Housing Partnership Fund (the "MHPF") that satisfactory arrangements for the proposed transaction have been made by SIS pursuant to section 4 of said Chapter 167A and guidelines adopted by the MHPF. The Board has received notice from the MHPF, in a letter dated October 27, 1997, that satisfactory arrangements have been made for this transaction.

SIS is a bank holding company within the meaning of federal law, and shall become a bank holding company upon consummation of this transaction pursuant to Chapter 167A of the General Laws. SIS currently has one bank subsidiary, Springfield Institution for Savings ("SIS Bank"), Springfield, Massachusetts which is now in stock form though it was first organized as mutual savings bank in 1827. At September 30, 1997, SIS Bank had total assets of \$1.5 billion, total loans of \$ 686 million and total deposits of \$1.0 billion. SIS Bank currently operates 26 branches in Hampden and Hampshire Counties of western Massachusetts.

Glastonbury Bank ("GBT") is a Connecticut-chartered bank and trust company organized in 1919. At September 30, 1997, GBT had total assets of \$ 260 million, total loans of \$158 million and total

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deposits of \$216 million. GBT currently operates eight branches located in Hartford, Middlesex and New London Counties of central Connecticut. GBT also operates a wholly-owned subsidiary insurance agency, GBT Insurance Group, Inc., which is licensed to sell all lines of insurance within the State of Connecticut.

The application, supporting documents and the comments received at the public hearing have established an extensive record on this petition which has been reviewed consistent with statutory provisions and the policies of the Board. Analysis has been provided on the impact of the transaction on competition in applicable municipalities and markets in Connecticut and the lack of any impact on competition within the Commonwealth. Information has also been established in the record on the promotion of convenience and advantage by increased products and services offered to the banking public in Connecticut as well as customers of SIS Bank in Massachusetts. According to oral and written testimony provided, after the consummation of this transaction GBT's merchant processing services will be available to Massachusetts business customers of SIS Bank. Additionally, in the event that Massachusetts banks are authorized by the Legislature to sell insurance, this transaction will allow SIS Bank to provide its Massachusetts customers insurance products through GBT's subsidiary insurance agency, GBT Insurance Group. In regard to net new benefits, the result of this transaction is expected to be a well-capitalized, growing financial institution which will provide innovative products and services to its customers as well as future employment opportunities for both Massachusetts and Connecticut. These factors along with the Board's review of financial and managerial factors related to the proposed transaction weigh in favor of its approval.

Related to the issue of public convenience and advantage is the record of performance under CRA. For financial institutions not directly under the jurisdiction of the Commonwealth, the Board initially looks to the publicly available descriptive rating and evaluation by a federal or other state bank regulatory agency. The CRA activities of GBT and SIS Bank were specifically discussed at the public hearing. The "Outstanding" rating of SIS Bank and "Satisfactory" rating of GBT were particularly noted in the application and at the hearing.

Based on the record on this matter including the testimony received at the public hearing considered in light of all relevant statutory and administrative requirements, the Board finds that competition among banking institutions will not be unreasonably affected, that public convenience and advantage will be promoted by consummation of the proposed transaction, and that records of performance under CRA by the banks involved in this transaction are consistent with its approval. Therefore, in accordance with these findings and pursuant to the statutory authority cited herein, the Board hereby approves the application and authorizes SIS to acquire up to 100% of the voting securities of SIS Interim Bank and Glastonbury Bank and Trust Company.

The approval granted herein is subject to the condition that all related transactions are completed within one year of the date of this Decision.

Thomas J. Curry

Commissioner of Banks

Frederick A. Laskey

Senior Deputy Commissioner of Revenue

Board
of Bank
Incorporation

Joseph D. Malone

Treasurer and Receiver-General

December 16, 1997

Date