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Decision of April 27, 2007

By the [Division of Banks](#)

DECISION ON THE PETITION TO ESTABLISH VERITAS BANK IN LAWRENCE, MASSACHUSETTS

The Incorporators (or the "Petitioners") of the proposed Veritas Bank (the "Bank" or "Veritas") have submitted an application with related documents to the Board of Bank Incorporation (the "Board") for the issuance of a certificate that public convenience and advantage will be promoted by the establishment of the proposed Bank in Lawrence, Massachusetts. The Petitioners seek to establish the Bank as a stock savings bank under the provisions of Massachusetts General Laws chapter 168. The Bank's deposits will be insured by the Federal Deposit Insurance Corporation ("FDIC") and the Depositors Insurance Fund ("DIF"), for deposits in excess of the FDIC coverage limits.

Notice of the application, affording opportunity for interested persons to submit comments, has been published and posted in accordance with the requirements of section 5 of said chapter 168 of the General Laws and procedures of the Board. A public hearing was held on the application pursuant to chapter 168 of the General Laws on Wednesday, February 14, 2007 to receive comments from interested parties. The time for filing comments and supplementary materials after the hearing has passed. The Board reviewed the application, the comment letters, and the testimony received at the public hearing. The application and testimony have been considered in accordance with the statutory criteria, set forth in section 5 of said chapter 168, of whether public convenience and advantage will be promoted by the establishment of the proposed banking institution. The requirements of said chapter 168 relative to the formation of the Bank, as described herein, have also been considered by the Board. The Petitioners' proposal for compliance with the Commonwealth's Community Reinvestment Act ("CRA"), General Laws chapter 167, section 14 is also a factor considered by the Board.

The establishment of a state-chartered savings bank by statute involves a two-step procedure before the Board. The first is the petition now pending while the second step is the issuance of a certificate to transact business. In determining whether to issue a certificate that public convenience and advantage will be promoted by the establishment of a new savings bank, the Board has reviewed the statutory criteria of the adequacy of banking facilities in the area, the general character of the Bank's management, the adequacy of its proposed capital structure and the convenience and needs of the community to be served. The Petitioners' application and oral testimony at the public hearing have addressed each of these matters in conjunction with the application to establish Veritas.

In order to receive the second certificate from the Board authorizing the corporation to transact banking business, a proposed bank must, among other things, comply with the provisions of section 9 of chapter 172 of the General Laws, made applicable to a stock savings bank by section 4 of said chapter 168. Those requirements include raising the required capital, identifying satisfactory members of its Board of Directors and operating management, complying with all requirements of law, and submitting other documentation. The proposed bank must also obtain deposit insurance from the FDIC and the DIF. As set out in section 5 of said chapter 168, the proposed bank has one year from the issuance of the certificate of public convenience and advantage to complete its

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organization and obtain the second certificate.

The Bank will be established as a stock savings bank with its proposed main office in Lawrence, Massachusetts. The Bank's primary market area will be the city of Lawrence and its CRA assessment area will include the surrounding cities and towns of Methuen, Haverhill, Boxford, Andover and North Andover. The Petitioners assert that Lawrence needs its own community bank. There are currently no banks headquartered in Lawrence. Petitioners further state that it is the intention of Veritas to focus on the needs of the community in particular its large Latino and Asian communities. The Petitioners intend to build a full service community bank that makes decisions locally, with a local board and management, local ownership, and local knowledge. The Bank will emphasize the promotion of financial literacy in collaboration with local colleges, Community Development Corporations and other non-profits. The Petitioner seeks to make available and promote more cost efficient banking services to its customers in order to provide alternatives to more costly financial service providers, such as entities providing foreign country wire transfer services. In addition, the Petitioner stated that following its opening the Bank intends to apply for Community Development Financial Institution ("CDFI") designation in conjunction with two well-known non-profit organizations. Additionally, Petitioner emphasized this need in that the region does not currently have a designated CDFI.

For purposes of the Community Reinvestment Act ("CRA"), the Bank's assessment area is designated as Lawrence, Methuen, Haverhill, Boxford, Andover and North Andover. The Bank intends to provide a full range of business banking products and related financial services to small to medium size businesses and professionals as well as to consumers. The proposed Bank will offer business related products such as commercial real estate loans, construction loans, commercial business loans and commercial cash management services. The Bank will also offer a competitive line of retail deposit and loan products, including checking accounts, online banking, ATM/debit cards, money market accounts, certificates of deposit, IRAs, 1-4 family mortgages, home equity loans and consumer loans. The on-line banking and telephone banking services will be available in a variety of languages. The Bank expects to hire a staff of thirteen employees by the time it commences business. The Bank intends to staff the banking offices with professional and bilingual employees who live or have worked in the Greater Lawrence community, understand the market, and will be sensitive to the different cultures there. The Bank's main office will be located in Lawrence and will include a drive-through teller and ATM next to the building. The Bank plans to open additional branch offices in the future depending on various factors including property availability, initial capital raised, and the Bank's ongoing financial capacity. The Board's analysis of the adequacy of banking facilities in the area to be served by the proposed Bank weighs in support of this application to establish a new bank.

The proposed Bank's President and Chief Executive Officer, and Chief Lending Officer have been identified to the Board. The Bank is in the process of finalizing arrangements to retain a Chief Financial Officer. These senior officers have previously held positions within other financial institutions. As part of the process to establish a new bank, the Board reviews the general character of all the incorporators and the qualifications of the proposed management since proper management is vital to the organization and initial operation of a new bank. It is a factor reviewed by the Board as part of the process to establish a bank. The information on the proposed management structure of Veritas submitted by the Petitioner is sufficient for the Board to make a determination on this petition. The full management team will also be reviewed prior to the Board's issuance of the second certificate, the Certificate to Transact Business.

Another statutory criteria to be considered by the Board is the adequacy of the capital structure of the proposed Bank. The Board has determined, as policy, that a minimum initial capitalization of \$8 million, net of organizational expenses, must be attained. The Petitioners state that they intend to raise total capital of \$10 million to \$13 million. The Bank intends to raise the capital through a community based stock offering targeted initially to the local community. The Petitioners' growth projections indicate that the proposed Bank would meet all regulatory capital requirements from their initial capital contribution.

A major factor to be considered by the Board in its analysis of an application to establish a new bank is the public convenience and advantage that will be served by its operation. That review included the products and services to be offered as well as the means by which such banking business will be provided. As set out in more detail in this Decision and set forth in the application and oral testimony, the Bank intends to provide a full range of business banking products and related financial services to small to medium size businesses and professionals and to consumers. This will include business related products such as commercial real estate loans, construction loans, commercial business loans and commercial cash management services. The Bank will also offer a competitive line of retail deposit and loan products, including checking accounts, online banking, ATM/debit cards, money market accounts, certificates of deposit, IRAs, 1-4 family mortgages, home

equity loans and consumer loans. The Bank's products will be provided through a variety of channels in addition to its main office facility including ATM access, on-line banking and telephone banking. The Board notes that it has received seven comments letters, several of which were from local public officials, in support of the formation of the Bank in the City of Lawrence. In addition, oral testimony in support of the application was presented from two commentators who also submitted comment letters. The Board's analysis supports a finding that public convenience and advantage would be promoted by the transaction.

Another important factor reviewed by the Board is the Petitioners' compliance with the provisions of CRA. The application contains the information on the proposed lending activities of the Bank. The application adequately cites the Bank's intentions for meeting local credit needs and promoting community involvement by the Bank. The proposed areas to be served are determined to be reasonable.

Having considered the record established by the Petitioners on the adequacy of the banking facilities in the area, the general character of its management, the adequacy of its capital structure and the convenience and needs of the community to be served, the Board has found that the applicable statutory and administrative criteria have been fulfilled and that the establishment of the proposed bank is in the public interest. In accordance with the Board's findings, this application is approved and a certificate that public convenience and advantage will be promoted by the establishment of Veritas Bank is hereby issued.

Both the Petitioners and the general public are advised that the proposed Bank must fulfill its statutory obligations to obtain a certificate to transact business according to the provisions of Massachusetts General Laws chapter 172, section 9, which is applicable to a proposed savings bank in stock form. These preconditions for initiating transactions at this new Bank must be completed within one year from this approval date. If the proposed Bank does not complete its organization within that period then, by operation of law, as set out in section 5 of said chapter 168, this certificate of public convenience and advantage is revoked.

The approval granted herein is subject to the following additional conditions:

1. During the organization period the proposed Bank shall be referred to in all public materials as "in organization".
2. All organization documents, including Articles of Organization and all proposed Bank policies, must be submitted to the Board for review.
3. All materials related to any stock offering, or a private placement, including the prospectus and marketing materials, must be submitted to the Board for review.
4. No material change in the business plan submitted to the Board may occur within the organization period and for a period of three years commencing on the date the Bank opens to transact business without the prior written approval of the Division of Banks.

April 27, 2007

Date

Board of Bank Incorporation

Steven L. Antonakes

Commissioner of Banks

Alan L. LeBovidge

Commissioner of Revenue

Timothy P. Cahill

Treasurer and Receiver-General

CERTIFICATE OF PUBLIC CONVENIENCE AND ADVANTAGE

The Board of Bank Incorporation constituted under the provisions of Massachusetts General Laws

chapter 26, section 5, and acting under the powers conferred upon it by chapter 168, section 5 of said General Laws, hereby certifies that public convenience and advantage will be promoted by the establishment of a savings bank in the City of Lawrence, in the Commonwealth to be known as

VERITAS BANK

The Certificate shall be deemed to be revoked if the applicants therefore do not become incorporated and begin business, in accordance with the provisions of section 5 of said chapter 168, within one year after the date of the issuance of this Certificate.

IN TESTIMONY WHEREOF the members of the Board hereby affix their names at Boston this 27th day of April, Two Thousand and Seven.

April 27, 2007

Date

Board of Bank Incorporation

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Timothy P. Cahill

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