



# FINANCIAL INSTITUTIONS TODAY

News and topics of interest to financial institutions regulated by the Department of Banking and Finance

September 2017

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## Order to Cease and Desist Issued to International Treaty Bank and Walter Charlie Pressley a/k/a Chief Gees-Due OO-Neh-Gah Usti

On September 7, 2017, the Department of Banking and Finance, State of Georgia (“Department”), issued an Order to Cease and Desist to International Treaty Bank and Walter Charlie Pressley a/k/a Chief Gees-Due OO-Neh-Gah Usti. It is unlawful to conduct and/or be affiliated with a banking business in Georgia without a bank charter. It is also unlawful to use the words “bank” and/or “trust” in any entity’s name without the permission of the Department. The Department has no record of International Treaty Bank and has not approved this entity or Mr. Pressley to organize a bank and/or conduct a banking business in or from Georgia. Furthermore, the Department has not granted International Treaty Bank permission to use “bank” in its name.

More information about the Order, including the terms of the Order, may be obtained [here](#).

## Order to Cease and Desist Issued to Alfa International Bank, John A. Henderson, and Walter Charlie Pressley a/k/a Chief Gees-Due OO-Neh-Gah Usti

On September 27, 2017, the Department issued an Order to Cease and Desist to Alfa International Bank, John A. Henderson, and Walter Charlie Pressley a/k/a Chief Gees-Due OO-Neh-Gah Usti. It is unlawful to conduct and/or be affiliated with a banking business in Georgia without a bank charter. It is also unlawful to use the words “bank” and/or “trust” in any entity’s name without the permission of the Department. The Department has no record of Alfa International Bank and has not approved this entity, Mr. Henderson, or Mr. Pressley, to organize a bank and/or conduct a banking business in or from Georgia. Furthermore, the Department has not granted Alfa International Bank permission to use “bank” in its name.

More information about the Order, including the terms of the Order, may be obtained [here](#).

## CSBS Develops Tool to Help Financial Institutions Prepare for New Accounting Standards Regarding Current Expected Credit Losses

On September 28, 2017, the Conference of State Bank Supervisors (CSBS) released an optional tool to help financial institutions prepare for new accounting standards changing how expected credit losses are calculated. The tool, known as the [Current Expected Credit Losses \(CECL\) Readiness Tool](#), provides one possible path for financial institutions to use while preparing for the new accounting rules. The tool encourages early research, data maintenance, and communication among members of a financial institution’s management team.

The CSBS tool is offered as an optional framework to plan and prepare for the implementation of CECL, and there is no regulatory expectation that this tool will be used. The suggested dates in the tool are suggestions only and are not regulatory expectations or deadlines. Further, the tool is not intended to replace or revise any guidance or advice from a regulatory agency, an institution’s auditor, and/or accounting experts.

Also, on September 6, 2017, the federal regulatory agencies updated their joint statement guidance [Frequently Asked Questions on the New Accounting Standard on Financial Instruments – Credit Losses](#) to assist financial institutions in preparing for CECL.

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326),

will become effective in 2020 or 2021, depending on an institution's characteristics. Early adoption will be permitted for all entities for fiscal years beginning after December 15, 2018. As CECL will likely have a significant impact on the way a financial institution estimates and provides for credit losses, institutions should start planning and preparing as soon as possible in order to adopt CECL in an orderly manner.

## Credit Unions: Purchase of Real Estate for Future Expansion

Pursuant to O.C.G.A. §7-1-650(8)(A), credit unions may purchase and hold real estate for future expansion. Department Rule 80-2-4-.04 sets forth the limited circumstances in which a credit union may make such purchases without the prior approval of the Department. Relevantly, prior Department approval is not required when the property is to be used solely as the premises of a credit union or its wholly owned subsidiary within five years of the date of purchase, the purchase of the real property does not result in the credit union exceeding its fixed asset limitation, and the credit union is not subject to any special action or condition that requires prior Department approval for such purchases. When prior approval is not required, the credit union must submit to the Department a letter notification after the purchase and provide the date of purchase, purchase price, location of the property, and why the credit union qualifies for letter notification under the provisions of Rule 80-2-4-.04. If a director, officer, or committee member is a party to the transaction, the credit union must also certify that all requirements of O.C.G.A. § 7-1-656 and provisions of any applicable federal requirement have been satisfied.

In the event the credit union does not meet all the "after-the-fact" notification criteria in Rule 80-2-4-.04 and, as a result, prior Department approval is required, the credit union must submit a letter-form application to the appropriate Supervisory Manager and include a description of the property, proposed purchase price, method of financing for the purchase, management's plans for the property, and how the purchase and management's plans fit within the credit union's overall business plan and objectives. If a director, officer, or committee member is a party to the transaction, the credit union must also indicate how all the requirements of O.C.G.A. §7-1-656 and provisions of any applicable federal requirement will be addressed.

However, the Department wishes to emphasize that under all circumstances prior Department approval is still required before a branch office may be established, pursuant to O.C.G.A. § 7-1-665. The Department will evaluate a branch office application based on the condition of the institution at the time of filing the application; not at the time the real estate was originally purchased. In addition, the ability to hold property for future expansion shall expire five (5) years from the date of purchase unless the property is used as credit union premises prior to that time. Credit unions holding property beyond the five-year period must divest themselves of the property through sale unless the time limitation is extended by the Department. Although credit unions may be authorized in limited cases to purchase or hold property for future expansion without the approval of the Department, credit unions may wish to seek approval from the Department to establish a branch office prior to purchasing real estate. Such approval will reduce the possibility that a credit union will be precluded from establishing a branch office on real estate purchased for just such purpose.

## Community Banking in the 21st Century: 2017 Survey Results

The results of the [2017 Community Banking in the 21st Century National Survey of Community Banks](#) were released in conjunction with the Fifth Annual Community Banking Research and Policy Conference, as co-sponsored by CSBS and the Federal Reserve System. A total of 611 community bankers participated in the survey. The goal of the conference and survey is to encourage and facilitate research on community banking. This research is a critical component to improving public policy as it relates to community banks and local communities. The Department thanks all Georgia bankers who participated in the 2017 survey.

## FDIC Releases Results of Summary of Deposits Survey

On October 3, 2017, the Federal Deposit Insurance Corporation (FDIC) released the results of its annual survey of branch office deposits for all FDIC-insured institutions. The latest data are as of June 30, 2017. The FDIC's [Summary of Deposits \(SOD\)](#) provides deposit totals for each of the more than 89,000 domestic offices operated by more than 5,700 FDIC-insured commercial and savings banks, savings associations, and U.S. branches of foreign banks. SOD users can locate bank offices in a particular geographic area and create custom market share reports for areas such as state, county, and metropolitan statistical area.

## 2018 Georgia State Holidays

A listing of 2018 state holidays when the offices of the Department will be closed is available at <http://team.georgia.gov/wp-content/uploads/2017/07/2018-State-Holidays-memo-07.12.17.pdf>. Financial institutions may observe both the official observance days as well as the alternate observance days. A notice of any holiday observance must be posted at each banking location at least 30 days in advance of such holiday.

## Action on Applications for the Month

The following is a summary of official action taken on applications by state financial institutions under Title 7, Chapter 1 of the O.C.G.A. and petitions for certificate of incorporation of financial institutions and other matters of interest during the month of September 2017:

### APPLICATIONS TO ESTABLISH A BRANCH OFFICE

<u>FINANCIAL INSTITUTION</u>	<u>BRANCH OFFICE</u>	<u>APPROVAL DATE</u>	<u>BEGIN BUSINESS DATE</u>
Planters First Bank Cordele	Albany 110 North Westover Boulevard Suite A Albany, GA 31707 Dougherty County	09-22-2017	
First Intercontinental Bank Doraville	Norcross 6170 Live Oak Parkway Norcross, GA 30093 Gwinnett County	03-05-2015	09-22-2017

### FINANCIAL INSTITUTION MERGERS

<u>FINANCIAL INSTITUTION (SURVIVOR)</u>	<u>MERGED INSTITUTION</u>	<u>APPROVAL DATE</u>	<u>EFFECTIVE DATE</u>
PrimeSouth Bank Blackshear, GA	Atlantic National Bank Brunswick, GA	08-15-2017	09-08-2017
United Community Bank Blairsville, GA	Four Oaks Bank & Trust Company Four Oaks, NC	09-19-2017	
Entegra Bank Franklin, NC	Chattahoochee Bank of Georgia Gainesville, GA	09-29-2017	
State Bank and Trust Company Macon, GA	AloStar Bank of Commerce Birmingham, AL	09-27-2017	09-30-2017
The Piedmont Bank Norcross, GA	Mountain Valley Community Bank Cleveland, GA	09-06-2017	09-06-2017
Guardian Bank Valdosta, GA	Pelham Banking Company Pelham, GA	Pending	
CharterBank West Point, GA	Resurgens Bank Tucker, GA	07-18-2017	09-01-2017

The Department is the state agency that regulates and examines Georgia state-chartered banks, state-chartered credit unions, state-chartered trust companies, and bank holding companies that own Georgia state-chartered financial institutions. The Department also has responsibility for the supervision, regulation, and examination of Merchant Acquirer Limited Purpose Banks chartered in Georgia.

In addition, the Department has regulatory and/or licensing authority over mortgage brokers, lenders and processors, mortgage loan originators, check cashers, sellers-issuers of payment instruments, money transmitters, and international banking organizations.

Our **Mission** is to promote safe, sound, competitive financial services in Georgia through innovative, responsive regulation and supervision.

Our **Vision** is to be a willing and able partner with our regulated entities in order to support vibrant economic growth and prosperity in Georgia.

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