

FEDERAL RESERVE SYSTEM

First National Corp. of Ardmore, Inc.
Ardmore, Oklahoma

Order Approving Notice to Engage in Nonbanking Activities

First National Corp. of Ardmore, Inc. (“FNC”), a bank holding company within the meaning of the Bank Holding Company Act (“BHC Act”), has requested the Board’s approval under section 4(c)(8) of the BHC Act (12 U.S.C.

§ 1843(c)(8)) and section 225.23 of the Board’s Regulation Y (12 C.F.R. 225.23) to acquire 33.3 percent of the outstanding voting shares of Southern Land Title Services, Inc., Ardmore, Oklahoma (“Southern”),¹ and thereby engage in real estate settlement and title abstracting activities.² FNC, with total consolidated

¹ Southern owns four subsidiaries, Ardmore Abstract Company (“Ardmore”), Carter County Abstract Company (“Carter”), Executive Escrow and Closing Services, Inc. (“Executive”), and Consolidated Abstract Company, Inc. (“Consolidated”), all in Ardmore, Oklahoma. FNC proposes to acquire Southern, Carter, and Executive, which would provide abstracting and real estate settlement services to the public without preference for customers of FNC. FNC would also acquire Consolidated, which is inactive and would remain so after consummation of this proposal. The current owners of Southern would retain Ardmore, which would provide title insurance, and neither FNC nor Southern would have any ownership interest in Ardmore or provide title insurance. In addition, neither FNC nor Southern would provide any insurance against title defects, guarantee any title, provide any certification with respect to a title, or be responsible for any defects in a title.

² Real estate title abstracting, as proposed by Notificant, is limited to reporting factual information concerning the interests in or ownership of selected real property.

assets of approximately \$243.9 million, controls one subsidiary bank in Oklahoma.³

The Board previously has determined by order that real estate settlement and title abstracting activities are closely related to banking and permissible for bank holding companies under section 4(c)(8) of the BHC Act.⁴ Notificant has committed that it will conduct these activities in accordance with the limitations set forth in Regulation Y and the Board's orders and interpretations relating to these activities.

In order to approve the proposal, the Board also must determine that performance of the proposed activities is a proper incident to banking, that is, that the performance of the proposed activity by FNC "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."⁵

As part of its evaluation of these factors, the Board has considered the financial and managerial resources of FNC and the effect of the transaction on those resources. Management of Southern would not change as a result of this transaction, and the acquisition would not require additional managerial resources from FNC. There is no evidence in the record indicating that consummation of this proposal is likely to result in significantly adverse effects, such as undue

³ Banking data are as of September 30, 1999.

⁴ See, 12 C.F.R. 225.28(b)(2), and The First National Company, 81 Federal Reserve Bulletin 805 (1995).

⁵ 12 U.S.C. § 1843(c)(8).

concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.

FNC has indicated that combining the resources and operations of FNC with the real estate settlement and title abstracting activities of Southern, Carter and Executive will result in enhanced real estate settlement and title abstracting services, including better record-keeping of real estate related transactions. In addition, as the Board has previously noted, there are public benefits to be derived from permitting capital markets to operate so that bank holding companies can make potentially profitable investments in nonbanking companies and from permitting banking organizations to allocate their resources in the manner they consider to be most efficient when such investments and actions are consistent, as in this case, with the relevant considerations under the BHC Act.⁶

Based on the foregoing and all the other facts of record, including the commitments made by FNC, the Board has determined that the performance of the proposed activity by FNC can reasonably be expected to produce benefits to the public that would outweigh any likely adverse effects under the proper incident to banking standard of section 4(c)(8) of the BHC Act.

Based on all the facts of record, including the commitments and representations made by FNC, and subject to the terms and conditions set forth in this order, the Board has determined that the notice should be, and hereby is, approved. This determination is subject to all the conditions set forth in the Board's Regulation Y, including those in sections 225.7 and 225.25(c)

⁶ See, e.g., Banc One Corporation, 84 Federal Reserve Bulletin 553 (1998); First Union Corporation, 84 Federal Reserve Bulletin 489 (1998).

(12 C.F.R. 225.7 and 225.25(c)), the conditions in related orders governing the proposed activities, and the Board's authority to require modification or termination of the activity of a bank holding company or any of its subsidiaries, as the Board finds necessary to ensure compliance with, or to prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders issued thereunder. The Board's decision is specifically conditioned on compliance with all the commitments made in the notice, including the commitments and conditions discussed in this order. The commitments and conditions relied on in reaching this decision shall be deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The proposal shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors,⁷ effective January 10, 2000.

(Signed)

Robert deV. Frierson
Associate Secretary of the Board

⁷ Voting for this action: Chairman Greenspan and Governors Kelley, Meyer, and Gramlich. Absent and not voting: Vice Chairman Ferguson.