



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

December 20, 2013

Ms. Beverly J. White
Luse Gorman Pomerenk & Schick, P.C.
5335 Wisconsin Avenue, N.W.
Suite 780
Washington, D.C. 20015

Dear Ms. White:

The Board of Governors of the Federal Reserve System (“Board”) has approved the proposal by Alamogordo Financial Corporation (“Alamogordo”), Alamogordo, New Mexico, to conduct a minority stock issuance pursuant to section 239.24 of the Board’s Regulation MM, 12 CFR 239.24. Alamogordo is the federally-chartered mid-tier stock holding company of Bank’34 (“Bank”) and the wholly-owned subsidiary of AF Mutual Holding Company, both also of Alamogordo, New Mexico. Alamogordo proposes to issue 13,976 repurchased treasury shares to the Bank’34 Employee Stock Ownership Plan (“ESOP”). Alamogordo seeks a waiver of 12 CFR 239.25(a)(17) to allow it to lend money to ESOP to purchase the shares. The proposed loan would be repaid over the course of a ten-year term through discretionary contributions from Bank to ESOP. The Board has granted the waiver.

Approval of a minority stock issuance proposal requires satisfaction of the factors listed in 12 CFR 239.24(a).¹ Pursuant to section 239.24(a), the minority stock issuance must comply with the requirements of section 239.25. One such requirement, in section 239.25(a)(17), provides that the issuer will not offer or sell any of the stock proposed to be issued to any person whose purchase would be financed by funds loaned, directly or indirectly, to the person by the issuer. In this case, Alamogordo proposes to extend credit to ESOP to allow ESOP to purchase shares of Alamogordo. Thus, Alamogordo seeks a waiver of section 239.25(a)(17). Section 239.25(a)(17) was drafted to address safety and soundness concerns that could arise from an institution lending funds to third-party public or institutional investors to purchase shares of the institution. In this case, the loan is being provided to ESOP to fund compensation for Bank’s employees through a vehicle organized in accordance with federal law governing retirement plans. Based on the facts, including a review of the proposed amounts and the purpose of the funding, the Board has found that waiver of section 239.25(a)(17) is appropriate in this matter.

¹ 12 CFR 239.24(a)(1)-(9).

Based on all of the facts and circumstances in this case, the Board finds that the applicable factors are consistent with approval and the waiver is granted. In approving Alamogordo's proposed stock issuance and request for waiver of section 239.25(a)(17), the Board has considered all of the facts of record and relied on all the representations made by Alamogordo to the Board. These representations are conditions imposed in writing and, as such, may be enforced under applicable provisions of law.

Very truly yours,

Margaret McCloskey Shanks (signed)

Margaret McCloskey Shanks
Deputy Secretary of the Board

cc: Robert Triplett, Vice President
Federal Reserve Bank of Dallas