



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

February 2, 2016

Mark Chorazak, Esq.
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Dear Mr. Chorazak:

This is in response to your request on behalf of Castle Creek Capital LLC (“Castle Creek”), Rancho Santa Fe, California, for an exemption from the prohibitions of the Depository Institution Management Interlocks Act (“Interlocks Act”)¹ and the Board’s Regulation L² to permit Mr. Mark G. Merlo to remain a director on the board of Carlile Bancshares, Inc. (“Carlile”), Fort Worth, Texas, while at the same time serving as a director of First NBC Bank Holding Company (“First NBC”), New Orleans, Louisiana.

The Interlocks Act and Regulation L prohibit a management official of a depository institution or a depository holding company with total assets exceeding \$2.5 billion (or of any affiliate of such an organization) from serving at the same time as a management official of an unaffiliated depository organization with total assets exceeding \$1.5 billion (or of any affiliate of such an organization), regardless of the location of the two depository organizations (“major assets prohibition”).³ Carlile and First NBC each have assets that exceed the applicable thresholds of the major assets prohibition.

Under the general exemption provision of Regulation L, the Board may permit an interlock that otherwise would be prohibited by the Interlocks Act if the Board determines that the interlock would not result in a monopoly or in a substantial lessening of competition and would not present safety and soundness

¹ 12 U.S.C. § 3201 *et seq.*

² 12 CFR part 212.

³ 12 U.S.C. § 3203; 12 CFR 212.3(c).

concerns.⁴ The Board has delegated to its General Counsel, in consultation with the Director of the Division of Banking Supervision and Regulation (“Director”), authority to grant exemptions under this provision of Regulation L.

The proposed interlock between Carlile and First NBC would not result in a monopoly or in a substantial lessening of competition. The subsidiary depository institutions of Carlile and First NBC do not operate in the same banking markets. The interlock also would not have any substantial effect on competition with respect to the nonbanking activities of Carlile and First NBC.

In addition, the interlock does not present safety and soundness concerns. Mr. Merlo represents Castle Creek on the boards of Carlile and First NBC.⁵ Castle Creek contends that Mr. Merlo is qualified to serve as Castle Creek’s director given his experience and overall availability. Allowing the interlock to continue would provide continuity to Castle Creek and the involved depository institutions.

Based on all the facts of this case and for the reasons discussed above, the General Counsel, acting pursuant to authority delegated by the Board and after consultation with the Director, has granted an exemption to allow Mr. Merlo to serve as a director of Carlile while also serving as a management official of First NBC.

The Board reserves the right to revoke the exemption should the interlock result in a monopoly or a substantial lessening of competition or present safety and soundness concerns.

Sincerely yours,



Robert deV. Frierson
Secretary of the Board

⁴ 12 CFR 212.6(a).

⁵ Castle Creek holds, through an affiliate, noncontrolling investments in Carlile and First NBC. In connection with its investments, Castle Creek obtained the right to appoint a representative to each of the boards of Carlile and First NBC.