



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

SCOTT G. ALVAREZ
GENERAL COUNSEL

April 27, 2017

Brian D. Christiansen, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, D.C. 20005-2111

Dear Mr. Christiansen:

This is in response to your letter, dated April 12, 2017, and received on April 20, to the Federal Reserve Bank of Atlanta requesting a waiver from an application requirement under the Bank Holding Company Act of 1956, as amended (“BHC Act”),¹ for HCBF Holding Company, Inc. (“HCBF”), a bank holding company, Fort Pierce, Florida, to acquire Jefferson Bankshares, Inc. (“JBI”), a bank holding company, and thereby indirectly acquire its wholly owned subsidiary state non-member bank, Jefferson Bank of Florida, (“Jefferson Bank”), both of Oldsmar, Florida.

The purpose of the proposed transaction is to facilitate the merger of Jefferson Bank with and into HCBF’s wholly owned subsidiary state non-member bank, Harbor Community Bank, Fort Pierce, Florida. The transaction would occur as follows: (1) JBI would merge with and into HCBF, with HCBF as the resulting entity; and (2) immediately thereafter, Jefferson Bank would merge with and into Harbor Community Bank, with Harbor Community Bank as the resulting entity (“Bank Merger”). You have indicated that the transaction steps would occur in immediate succession on the same business day and that HCBF would not operate Jefferson Bank as a separate entity.

Section 3 of the BHC Act and the Board’s Regulation Y require the approval of the Board before the merger or consolidation of bank holding companies and before a bank holding company may acquire direct or indirect ownership or control of more than 5 percent of the voting shares of a bank.² Through the transaction described above, HCBF would merge with JBI and acquire control of Jefferson Bank. Accordingly,

¹ 12 U.S.C. § 1841 *et seq.*

² 12 U.S.C. § 1842(a); 12 CFR 225.11.

HCBF would be required to obtain the Board's approval under section 3 of the BHC Act and Regulation Y before merging with JBI.

In certain circumstances, however, in order to avoid duplication of regulatory review by federal banking regulators, the Board's rules provide that a bank holding company seeking to merge with another bank holding company or acquire shares or control of a bank need not obtain the Board's prior approval. Specifically, section 225.12(d)(2) of the Board's Regulation Y provides that a bank holding company need not obtain the Board's approval if the transaction is subject to review by a federal banking agency under section 18(c) of the Federal Deposit Insurance Act ("the Bank Merger Act"),³ and meets certain other criteria.⁴ Your proposal meets all of the applicable criteria, and HCBF has provided all necessary information.

The proposed Bank Merger requires the prior approval of the Federal Deposit Insurance Corporation ("FDIC") under the Bank Merger Act.⁵ In acting on the merger proposal, the FDIC must consider the impact the acquisition would have on competition, the financial and managerial resources and future prospects of the combined organization, the convenience and needs of the communities served by Harbor Community Bank and Jefferson Bank, the institutions' records of performance under the Community Reinvestment Act, the institutions' effectiveness in combating money laundering activities, and risks to the stability of the United States banking or financial system.⁶ These criteria are substantially similar to the criteria the Board would consider under section 3 of the BHC Act.⁷

Additionally, at no time would Jefferson Bank operate as a separate subsidiary bank of HCBF. Following the transaction, the separate corporate existence of Jefferson Bank would cease, and Harbor Community Bank would continue to operate as a state non-member bank. Under these circumstances, review of the transaction under section 3 of the BHC Act would be duplicative of the review under the Bank Merger Act.

³ 12 U.S.C. § 1828(c).

⁴ 12 CFR 225.12(d)(2).

⁵ 12 U.S.C. § 1828(c). Harbor Community Bank filed a Bank Merger Act application dated March 16, 2017, with the FDIC, requesting prior approval of the Bank Merger. HCBF has provided the Board with a copy of the application.

⁶ 12 U.S.C. §§ 1828(c)(5) & (11), 2902(3)(E), 2903(a)(2).

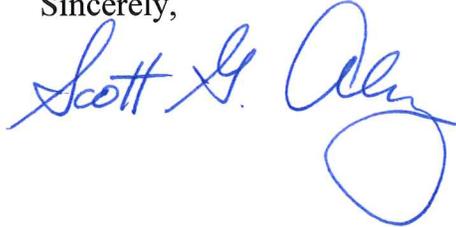
⁷ See 12 U.S.C. § 1842(c); 12 CFR 225.13.

Based on a review of these and other facts presented, the Legal Division believes that no regulatory purpose would be served by requiring HCBF to file a formal application under section 3 of the BHC Act. The Legal Division, therefore, would not recommend that the Board take action to require a filing of a formal application by HCBF in connection with the transaction described above. This opinion is subject to the receipt by HCBF, Harbor Community Bank, JBI, and Jefferson Bank of all other necessary regulatory approvals and compliance with any terms and conditions that may be imposed upon approval of the proposal.

This opinion is based on all the facts and representations presented to Federal Reserve staff. Any material change in those facts or representations should be communicated immediately to Federal Reserve staff and may cause this opinion to be reconsidered. This opinion is limited to this proposal and does not apply to any other transaction.

If you have any questions regarding this matter, please contact Keisha Patrick at (202) 452-3559 or Has Rahamatalli at (202) 452-2243, of my staff.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott G. O'Leary". The signature is fluid and cursive, with a large loop at the end of the last name.

cc: Federal Deposit Insurance Corporation