

FEDERAL RESERVE SYSTEM

AllNations Bancorporation, Inc.  
Shawnee, Oklahoma

Order Approving the Formation of a Bank Holding Company  
and the Acquisition of a Bank

AllNations Bancorporation, Inc. (“AllNations”) has requested the Board’s approval under section 3(a)(1) of the Bank Holding Company Act (“BHC Act”) (12 U.S.C. § 1842(a)(1)) to become a bank holding company by acquiring all the voting shares of The First National Bank of Calumet, Calumet, Oklahoma (“Calumet Bank”). AllNations is wholly owned by the Absentee Shawnee Tribe of Indians of Oklahoma (“Tribe”), a Native-American tribe.

Notice of the proposal, affording interested persons an opportunity to comment, has been published (68 Federal Register 35,411 (2003)). The time for filing comments has expired, and the Board has considered all the comments received on the application in light of the factors enumerated in section 3 of the BHC Act.

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of a monopoly in any relevant banking market. The BHC Act also prohibits the Board from approving a proposed bank acquisition that would substantially lessen competition in any relevant banking market, unless the Board finds that the anticompetitive effects of the proposal clearly are outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.<sup>1</sup>

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<sup>1</sup> 12 U.S.C. § 1842(c)(1)(A) and (B).

AllNations is a newly organized corporation that does not control a depository institution and has been formed to acquire Calumet Bank. Calumet Bank is the 261<sup>st</sup> largest depository institution in Oklahoma,<sup>2</sup> controlling \$16.5 million in deposits, representing less than 1 percent of total deposits in the state.<sup>3</sup> The Board has reviewed carefully all the facts of record and has concluded that consummation of the proposal likely would not have a significantly adverse effect on competition or on concentration of banking resources in any relevant banking market. Accordingly, the Board has determined that competitive factors are consistent with approval of the proposal.

Section 3 of the BHC Act also requires the Board to consider the effect of the transaction on the convenience and needs of the community to be served.<sup>4</sup> In evaluating this factor, the Board places particular emphasis on the ratings received by the depository institutions involved in a proposal at their most recent examinations under the Community Reinvestment Act (12 U.S.C. § 2901 et seq.) (“CRA”). Calumet Bank received a “satisfactory” CRA rating from its primary federal supervisor, the Office of the Comptroller of the Currency (“OCC”), as of May 3, 1999.

AllNations has stated that it intends to retain the bank’s current retail banking activities in the Calumet community and to offer retail banking services to Tribe and other Native-American tribes. After reviewing all the information submitted by AllNations and Calumet Bank related to the convenience and needs

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<sup>2</sup> In this context, the term “depository institution” includes commercial banks, savings banks, and savings associations.

<sup>3</sup> The deposit and ranking data are as of June 30, 2002.

<sup>4</sup> 12 U.S.C. § 1842(c)(2).

factor and based on all the facts of record, the Board concludes that considerations relating to convenience and needs are consistent with approval.

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in a bank acquisition proposal as well as the principal shareholders.<sup>5</sup> As part of this analysis, the Board has reviewed confidential examination information about Calumet Bank and publicly reported financial and other information about the bank, AllNations, and the proposal. The Board has also considered confidential supervisory and other information provided by the OCC, the primary federal supervisor for Calumet Bank. In addition, the Board has reviewed AllNations's operating plan for Calumet Bank and the proposed management of AllNations and the bank. The Board also has taken into account the financial resources of AllNations, including its capital levels and ability to serve as a source of strength to the bank.

The principal shareholder of AllNations is Tribe.<sup>6</sup> Tribe has acknowledged that its interest in and relationship with AllNations and Calumet Bank would be subject to federal banking laws. It has made commitments to ensure that Tribe's status as a domestic sovereign does not impede the ability of the federal banking agencies to supervise and enforce banking laws against any

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<sup>5</sup> 12 U.S.C. § 1842(c).

<sup>6</sup> The stock of AllNations will be voted by the Governor of Tribe in his official capacity. The Board previously has recognized that Native-American tribes such as Tribe are considered domestic sovereigns and are excluded from the BHC Act's definition of "company." E.g., Mille Lacs Bancorporation, 82 Federal Reserve Bulletin 336 (1996). Four bank holding companies are wholly owned by Native-American tribes. See Bay Bancorporation, 81 Federal Reserve Bulletin 791 (1995); Mille Lacs Bancorporation, *supra*; Native American Bancorporation, 87 Federal Reserve Bulletin 747 (2001); Chickasaw Banc Holding Company, 88 Federal Reserve Bulletin 99 (2002).

entity related to or affiliated with AllNations and Calumet Bank. Tribe also has acknowledged the jurisdiction of the Board to enforce compliance with applicable banking laws and has agreed to the federal courts' jurisdiction to enforce these laws. In addition, Tribe has committed that the tribe and its affiliates will make available the information on their operations and activities necessary for the Board to determine and enforce compliance with applicable federal banking laws.

After considering all the facts of record, including all commitments made in connection with this proposal, the Board concludes that the financial and managerial resources and future prospects of AllNations and Calumet Bank are consistent with approval, as are the other supervisory factors the Board is required to consider under the BHC Act.

Based on the foregoing and after considering all the facts of record, the Board has determined that the application should be, and hereby is, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act. The Board's approval is specifically conditioned on compliance by AllNations, Tribe, and all affiliated entities with the commitments and representations made in connection with the application, including the commitments described in this order. These commitments and conditions are 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 acquisition of Calumet Bank may not be consummated before the fifteenth calendar day after the effective date of this order, and the proposal may 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 by the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors,<sup>7</sup> effective November 12, 2003.

(signed)

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Robert deV. Frierson  
Deputy Secretary of the Board

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<sup>7</sup> Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.