FRB Order No. 2022-08  
March 1, 2022

FEDERAL RESERVE SYSTEM  
A.N.B. Holding Company, Ltd.  
Terrell, Texas  

Order Approving the Acquisition of Shares of a Bank Holding Company

A.N.B. Holding Company, Ltd., Terrell, Texas (“A.N.B. Holding”), a bank holding company within the meaning of the Bank Holding Company Act of 1956 (“BHC Act”), has requested the Board’s approval under section 3 of the BHC Act to increase its ownership interest from 35.2 percent to 38.5 percent of The ANB Corporation, Terrell, Texas (“ANB Corporation”). ANB Corporation controls The American National Bank of Texas (“AN Bank”), Terrell, Texas, a national bank.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (86 Federal Register 23966 (May 5, 2021)), in accordance with the Board’s Rules of Procedure. The time for submitting comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

A.N.B. Holding, with consolidated assets of approximately $5.0 billion, is the 269th largest insured depository organization in the United States. A.N.B. Holding controls approximately $4.4 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United

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3 12 CFR 262.3(b).
4 Consolidated asset and national deposit, ranking, and market share data are as of September 30, 2021.
A.N.B. Holding and ANB Corporation control AN Bank, which operates solely in Texas. AN Bank is the 33rd largest insured depository organization in Texas, controlling deposits of approximately $4.3 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

**Competitive Considerations**

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 an attempt to monopolize the business of banking in any relevant market. The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.

A.N.B. Holding is a Texas limited partnership whose sole activity is the ownership of shares in ANB Corporation. As a result of the proposal, A.N.B. Holding would modestly increase its already controlling interest in ANB Corporation, a bank holding company that controls a single bank, AN Bank. As such, the proposed transaction would not affect the relative share of total deposits in insured depository institutions that A.N.B. Holding would control in any banking market; the concentration level of market deposits, as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice (“DOJ”) Bank Merger Competitive Review guidelines (“DOJ

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5 In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

6 State deposit ranking and deposit data are as of June 30, 2021.


Bank Merger Guidelines”); or the number of competitors that would remain in any banking market.

The DOJ also has conducted a review of the potential competitive effects of the proposal and has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition, or on the concentration of resources, in any relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

**Financial, Managerial, and Other Supervisory Considerations**

In reviewing a proposal under section 3 of the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved, the effectiveness of the institutions in combatting money

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9 In applying the DOJ Bank Merger Guidelines issued in 1995 (see [https://www.justice.gov/atr/bank-merger-competitive-review-introduction-and-overview-1995](https://www.justice.gov/atr/bank-merger-competitive-review-introduction-and-overview-1995)), the Board looks to the DOJ’s Horizontal Merger Guidelines issued in 1992, and amended in 1997, for the characterization of a market’s concentration. See [https://www.justice.gov/atr/horizontal-merger-guidelines-0](https://www.justice.gov/atr/horizontal-merger-guidelines-0). Under these Horizontal Merger Guidelines, which were in effect prior to 2010, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The DOJ has informed the Board that a bank merger or acquisition generally would not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. Although the DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010 (see [https://www.justice.gov/atr/horizontal-merger-guidelines-08192010](https://www.justice.gov/atr/horizontal-merger-guidelines-08192010)), the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified. See Press Release, Department of Justice (August 19, 2010), available at [www.justice.gov/opa/pr/2010/August/10-at-938.html](http://www.justice.gov/opa/pr/2010/August/10-at-938.html).
laundering, and any public comments on the proposal.\textsuperscript{10} In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations’ significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as the impact of the proposed funding of the transaction and any public comments on the proposal. The Board evaluates the financial condition of the organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources.

A.N.B. Holding, ANB Corporation, and AN Bank are well capitalized and would remain so on consummation of the proposal. The proposed transaction is to be funded from the liquidation of marketable securities on hand at A.N.B. Holding.\textsuperscript{11} The capital, asset quality, earnings, and liquidity of A.N.B. Holding are consistent with approval, and A.N.B. Holding has adequate resources to absorb the related costs of the proposal. In addition, future prospects are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved. The Board has reviewed the examination records of A.N.B. Holding, ANB Corporation, and AN Bank, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by A.N.B. Holding; the Board’s supervisory experiences and those of other relevant bank supervisory agencies with the organizations; the organizations’

\textsuperscript{10} 12 U.S.C. § 1842(c)(2), (5), and (6).

\textsuperscript{11} A.N.B. Holding has the financial resources to fund the transaction.
records of compliance with applicable banking, consumer protection, and anti-money-
laundering laws; and the public comment received on the proposal.

A.N.B. Holding, ANB Corporation, and AN Bank are considered to be well managed. A.N.B. Holding’s senior executive officers and principals have knowledge of and experience in the banking and financial services sectors, and A.N.B. Holding’s risk-management program appears consistent with approval of this proposal.

Based on all the facts of record, including A.N.B. Holding’s supervisory record, managerial and operational resources, and plans for operating the organization after consummation, the Board determines that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the record of effectiveness of A.N.B. Holding and ANB Corporation in combatting money-laundering activities, are consistent with approval.

**Convenience and Needs Considerations**

In acting on a proposal under section 3 of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served. In its evaluation, the Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve, as well as other potential effects of the proposal on the convenience and needs of these communities, and places particular emphasis on the records of the relevant depository institutions under the Community Reinvestment Act (“CRA”). The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions’ safe and sound operation, and requires the appropriate federal financial supervisory agency to assess a depository institution’s record of helping to meet the credit needs of its

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13 U.S.C. § 2901 *et seq*.
entire community, including low- and moderate-income (“LMI”) neighborhoods, in
evaluating bank expansionary proposals. ¹⁵

In addition, the Board considers the banks’ overall compliance records and
recent fair lending examinations. Fair lending laws require all lending institutions to
provide applicants with equal access to credit, regardless of their race, ethnicity, or
certain other characteristics. The Board also considers assessments of other relevant
supervisors, the supervisory views of examiners, other supervisory information,
information provided by the applicant, and any public comments on the proposal. The
Board also may consider the institution’s business model and marketing and outreach
plans, the organization’s plans after consummation, and any other information the Board
deems relevant.

In assessing the convenience and needs factor in this case, the Board has
considered all the facts of record, including reports of examination of the CRA
performance of AN Bank; the fair lending and compliance records of the bank; the
supervisory views of the Office of the Comptroller of the Currency (“OCC”); confidential
supervisory information; information provided by A.N.B. Holding; and the public
comment received on the proposal.

Public Comment on the Proposal

One commenter objected to the proposal, generally alleging that AN Bank
has failed to meet the needs of LMI communities in Southern Dallas and Fort Worth and
has engaged in redlining by acting to meet the credit needs of majority-white
neighborhoods while failing to meet the credit needs of majority-minority neighborhoods
in Dallas and Fort Worth. ¹⁶ More specifically, the commenter asserted that AN Bank has


¹⁶ Redlining is the practice of providing unequal access to credit, or unequal terms of
credit, because of the race, color, national origin, or other prohibited characteristics of the
residents of an area in which a credit seeker resides or will reside or in which a property
to be mortgaged is located. See Interagency Fair Lending Examination Procedures
failed to provide small business and consumer lending services to African American communities in Southern Dallas and Fort Worth. The commenter also asserted that AN Bank has discriminated against African Americans and other minority consumers with respect to the location of its branches and marketing efforts. Citing the latest CRA performance evaluation of AN Bank and data reported in 2018 and 2019 under the Home Mortgage Disclosure Act of 1975 (“HMDA”),\textsuperscript{17} the commenter alleged that AN Bank’s lending to low-income borrowers, including for home purchase and home refinance loans, and lending to small businesses, was insufficient.

\textit{Business of AN Bank and Response to the Public Comment}

AN Bank offers a wide range of loan and deposit products. Lending products include commercial real estate loans, commercial and industrial loans, loans to municipalities, single-family residential mortgages, and consumer loans. Commercial real estate, commercial and industrial, and home mortgage loans represent the bank’s primary loan products. Deposit services include personal savings, personal checking, business savings, and business checking accounts, as well as debit card products.

In response to the comment, A.N.B. Holding notes that AN Bank received an overall “Satisfactory” CRA performance rating at its most recent evaluation, including “High Satisfactory” ratings for each of the Lending, Investment, and Service Tests. A.N.B. Holding represents that, other than the comment letter, AN Bank has not received any consumer complaints regarding AN Bank’s compliance with the CRA during the past five years. A.N.B. Holding asserts that several of the HMDA statistics cited in the comment letter appear to pertain to another bank and not AN Bank.

\textit{AN Bank’s Record of Performance under the CRA}

In evaluating the CRA performance of the involved institutions, the Board generally considers an institution’s most recent CRA evaluation and the supervisory views of relevant federal financial supervisors, which in this case is the OCC with respect

\textsuperscript{17} 12 U.S.C. § 2801 \textit{et seq.}
to AN Bank. In addition, the Board considers information provided by the applicant and by any public commenters.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution’s record of helping to meet the credit needs of its entire community, including LMI neighborhoods. An institution’s most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution’s primary federal supervisor of the institution’s overall record of lending in its communities.

In general, federal financial supervisors apply a lending test (“Lending Test”), an investment test (“Investment Test”), and a service test (“Service Test”) to evaluate the performance of large banks, such as AN Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution’s lending-related activities to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution’s data reported under HMDA, in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution’s lending activities with respect to borrowers and geographies of different income levels. The institution’s lending performance is evaluated based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution’s CRA assessment areas (“AAs”); (2) the geographic distribution of the institution’s lending, including the proportion and dispersion of the institution’s lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans

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based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;\(^{20}\) (4) the institution’s community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution’s use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.\(^{21}\) The Investment Test evaluates the number and amounts of qualified investments that benefit the institution’s AAs. The Service Test evaluates the availability and effectiveness of the institution’s systems for delivering retail banking services and the extent and innovativeness of the institution’s community development services.\(^{22}\)

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial, ethnic, or gender groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution’s lending may not be available solely from public HMDA data.\(^{23}\) Consequently, the Board requests additional information not available to the public that may be needed from the institution and evaluates disparities in the context of the additional information obtained regarding the lending and compliance record of an institution.

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\(^{20}\) Examiners also consider the number and amounts of small business and small farm loans made to businesses and farms with gross annual revenues of $1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

\(^{21}\) See 12 CFR 228.22(b).

\(^{22}\) See 12 CFR 228.21 et seq.

\(^{23}\) Importantly, credit scores are not available in the public HMDA data. Accordingly, when conducting fair lending examinations, examiners analyze additional information not available to the public before reaching a determination regarding an institution’s compliance with fair lending laws.
CRA Performance of AN Bank

AN Bank was assigned an overall “Satisfactory” rating at its most recent CRA performance evaluation by the OCC, as of September 3, 2019 (“AN Bank Evaluation”). The bank received “High Satisfactory” ratings for the Lending, Investment, and Service Tests.

With respect to the Lending Test, examiners found that lending levels reflected good responsiveness to the credit needs of the bank’s AAs. Examiners determined that AN Bank exhibited good geographic and borrower distribution of loans. Examiners concluded that the distribution of loans among individuals of different income levels and business and farms of different sizes was adequate considering the product lines offered by the institution. Examiners found that AN Bank made a relatively high level of community development loans, provided a variety of flexible lending products, and utilized alternative sources to determine credit histories for consumer loan applicants. However, examiners noted that AN Bank did not offer any innovative lending products.

With respect to the Investment Test, examiners determined that AN Bank had a significant level of qualified community development investments and grants, particularly those that are not routinely provided by private investors, and was occasionally in a leadership position. Examiners found that AN Bank exhibited good responsiveness to credit and community economic development needs. However, examiners noted that AN Bank rarely used innovative and/or complex investments to support community development initiatives.

24 The AN Bank Evaluation was conducted using Large Institution CRA Examination Procedures. Examiners reviewed loan data and community development activities from August 1, 2016, through December 31, 2018.

25 The AN Bank Evaluation involved a full-scope review of the bank’s activities in the Dallas AA, consisting of Collin, Hunt, Kaufman, and Rockwall counties and part of Dallas County, and the Fort Worth AA, consisting of parts of Tarrant and Johnson counties. The AN Bank Evaluation also included a limited-scope review of the bank’s activities in Van Zandt County.
With respect to the Service Test, examiners found that AN Bank’s service delivery systems were accessible to geographies and individuals of different income levels in the institution’s AAs. Examiners noted that AN Bank provided a number of alternative delivery systems, which were accessible to geographies and individuals of different income levels throughout their AAs. Examiners also noted that the bank provided a relatively high level of community development services.

In the Dallas and Fort Worth AAs, the areas of concern to the commenter, examiners concluded that AN Bank’s lending levels within the AAs were good considering competition and the bank’s business strategy. Examiners found that a high proportion of the bank’s loans originated and deposits accepted were concentrated in the Dallas AA, with a smaller proportion in the Fort Worth AA. Examiners noted that the distribution of home mortgage loans within the Dallas AA reflected good distribution among LMI individuals and that the distribution in the Fort Worth AA was adequate. Examiners found that the geographic distribution of home mortgage loans was good within the Dallas AA and adequate within the Fort Worth AA. Examiners also found that the bank’s geographic distribution of small business lending was excellent in the Dallas AA and good in the Fort Worth AA and that small business lending in LMI geographies was well above the percentage of such businesses within these geographies.

In addition, examiners noted that the level of community development lending in both the Dallas and the Fort Worth AAs had a positive impact on the bank’s lending performance during the evaluation period. Examiners reported that AN Bank’s level of investments and donations was significant in the Dallas AA and excellent in the Fort Worth AA, when considering community development needs and opportunities in the AAs.

With respect to AN Bank’s service activities, examiners found that the bank’s service delivery systems were accessible to geographies and individuals of different income levels throughout the Dallas and Fort Worth AAs. Examiners noted that eight of the bank’s 22 branches, including the bank’s main office, were located in LMI census tracts in the Dallas AA, comparing favorably to the percentage of population
living in LMI geographies. Examiners further noted that, in the Fort Worth AA, the bank had strategically placed its branches and ATMs conveniently along major highways that are heavily relied upon daily for business and personal travel.

In addition, examiners concluded that AN Bank provided a relatively high level of community development services in the Dallas and Fort Worth AAs. Examiners noted that these activities helped to provide affordable housing and community services to LMI individuals and families and economic development, revitalization, and stabilization of LMI geographies.

Additional Supervisory Views

In its review of the proposal, the Board consulted with the OCC regarding the CRA, consumer compliance, and fair lending records of AN Bank. The Board also considered the results of the most recent consumer compliance examinations of AN Bank, which included reviews of the bank’s compliance management programs and compliance with consumer protection laws and regulations.

The Board has taken the foregoing consultations and examinations into account in evaluating the proposal, including in considering whether A.N.B. Holding has the experience and resources to ensure that AN Bank would help meet the credit needs of the communities to be served following consummation of the proposed transaction.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. A.N.B. Holding represents that it does not anticipate any significant changes to AN Bank’s CRA performance following the proposed transaction. A.N.B. Holding further represents that it does not anticipate that the proposed transaction would result in any changes in the operations, interest rates paid on time and savings deposits, interest rates on loans, maximum maturities and any other loan terms, the composition of the loan and investment portfolios, physical facilities, or banking hours from those currently in effect at AN Bank.

In addition, the Board considers whether a proposal would result in any branch closures, consolidations, or relocations and, if so, how such actions might impact
the convenience and needs of the communities to be served by the institution. In particular, the Board considers the effect of any closures, consolidations, or relocations on LMI, distressed or underserved nonmetropolitan middle-income, and majority-minority communities. A.N.B. Holding represents that no AN Bank branches would be closed, consolidated, or relocated in connection with the proposal.

Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including the record of AN Bank under the CRA, the bank’s record of compliance with fair lending and other consumer protection laws, the views of the OCC, confidential supervisory information, information provided by A.N.B. Holding, the public comment on the proposal, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board determines that the convenience and needs considerations are consistent with approval.

Financial Stability Considerations

Section 3 of the BHC Act requires the Board to consider “the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system.”

To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic “footprint” of the firm and the incremental effect of the transaction on the systemic footprint of the firm. These metrics include measures of the size of the firm, the availability of substitute providers for any critical products and services offered by the firm, the interconnectedness of the firm with the banking or financial system, the extent to which the firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the firm. These categories are not exhaustive,


27 Many of the metrics considered by the Board measure an institution’s activities relative to the United States financial system.
and additional categories could inform the Board’s decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opacity and complexity of an institution’s internal organization, that are indicative of the relative degree of difficulty of resolving the firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage on the broader economy.\(^{28}\)

The Board’s experience has shown that proposals involving an acquisition of less than $10 billion in total assets, or that result in a firm with less than $100 billion in total assets, generally are not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.\(^{29}\)

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves an acquisition of less than $10 billion in total assets and would result in a pro forma organization of less than $100 billion in total assets. AN Bank is predominantly engaged in retail and commercial banking activities. The pro forma organization would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.

\(^{28}\) For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order No. 2012-2 (Feb. 14, 2012).

\(^{29}\) See People’s United Financial, Inc., FRB Order No. 2017-08 at 25–26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.
In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

**Conclusion**

Based on the foregoing and all the facts of record, the Board determines 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 and other applicable statutes. The Board’s approval is specifically conditioned on compliance by A.N.B. Holding with all the conditions imposed in this order and on any commitments made to the Board in connection with the proposal. The Board’s approval also is conditioned on receipt by A.N.B. Holding of all required regulatory approvals. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the 15th calendar day after the effective date of this order or later than three months thereafter, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Dallas, acting under delegated authority.

By order of the Board of Governors,\(^{30}\) effective March 1, 2022.

*Michele Taylor Fennell (signed)*

Michele Taylor Fennell  
Deputy Associate Secretary of the Board

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\(^{30}\) Voting for this action: Chair Pro Tempore Powell and Governors Bowman, Brainard, and Waller.