



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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 18, 2017

Michael White, Esq.
James-Bates-Brannan-Groover LLP
231 Riverside Drive
Macon, Georgia 31201

Dear Mr. White:

This is in response to your letter to the Federal Reserve Bank of Atlanta, dated May 8, 2017, and received on May 10, requesting a waiver from an application requirement under the Bank Holding Company Act of 1956, as amended (“BHC Act”),¹ for PrimeSouth Bancshares, Inc. (“PBSI”), a bank holding company, and Jones Bancshares, L.P. (“Jones”), PBSI’s top-tier parent company, both of Waycross, Georgia, to acquire Atlantic National Bank (“Atlantic Bank”), Brunswick, Georgia.

The purpose of the proposed transaction is to facilitate the merger of Atlantic Bank with and into PBSI’s wholly-owned subsidiary state non-member bank, PrimeSouth Bank, Blackshear, Georgia. The transaction would occur as follows: (1) PBSI directly, and Jones indirectly, would acquire 100 percent of the common stock of Atlantic Bank from Atlantic Bank’s parent holding company, Atlantic National Corporation; and (2) immediately thereafter, Atlantic Bank would merge with and into PrimeSouth Bank, with PrimeSouth Bank as the surviving entity (“Bank Merger”). You have indicated that Atlantic Bank would exist as a wholly-owned subsidiary of Jones and PBSI for only a moment in time and that Jones and PBSI would never operate Atlantic Bank as a separate entity.

Section 3 of the BHC Act and the Board’s Regulation Y require the approval of the Board before a bank holding company may acquire direct or indirect ownership or control of a bank.² Through the transaction described above, Jones would acquire indirect and PBSI would acquire direct ownership of Atlantic Bank.

¹ 12 U.S.C. § 1841 *et seq.*

² 12 U.S.C. § 1842(a); 12 CFR 225.11.

Accordingly, Jones and PBSI would be required to obtain the Board's approval under section 3 of the BHC Act and Regulation Y before acquiring Atlantic Bank.

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 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 Jones and PBSI have 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 PrimeSouth Bank and Atlantic 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 Atlantic Bank operate as a separate subsidiary bank of Jones or PBSI. Following the transaction, the separate corporate existence of Atlantic Bank would cease, and PrimeSouth 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). PrimeSouth Bank filed a Bank Merger Act application, dated May 8, 2017, with the FDIC, requesting prior approval of the Bank Merger. Jones and PBSI have 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 Jones or PBSI 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 Jones or PBSI in connection with the transaction described above. This opinion is subject to the receipt by Jones, PBSI, PrimeSouth Bank, Atlantic National Corporation, and Atlantic 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 Derald Seid at (202) 452-2246 or Jason Shafer at (202) 728-5811, of my staff.

Sincerely,

Richard M. Ashton
Acting General Counsel

cc: Federal Deposit Insurance Corporation