



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

April 29, 2022

E.J. Borrack, Esq.
The Stilwell Group
111 Broadway
12th Floor
New York, New York 10006

Dear Ms. Borrack:

The Board of Governors of the Federal Reserve System (“Board”) has reviewed the notice (“Notice”) filed under the Change in Bank Control Act of 1978¹ (“CIBC Act”) by Stilwell Activist Investments, L.P., Stilwell Activist Fund, L.P., and Stilwell Value Partners VII, L.P., three affiliated private investment partnerships; Stilwell Value LLC, the general partner of each of the limited partnerships, all of New York, New York; and Mr. Joseph D. Stilwell, San Juan, Puerto Rico, who controls Stilwell Value LLC (collectively, “Notificants”), as part of a group acting in concert, to acquire up to 14.9 percent of the outstanding voting shares of Peoples Financial Corporation (“Peoples”), and thereby indirectly control The Peoples Bank (“Bank”), a state nonmember bank, both of Biloxi, Mississippi.

The CIBC Act requires the Board to review notices in light of specific statutory factors, including the competitive effects of the proposal; the financial condition of the acquiring person and the future prospects of the institution; the potential adverse effects of the proposal on the Deposit Insurance Fund; and the competence, experience, and integrity of the acquiring person.² In reviewing the statutory factors, the Board has considered information provided by Notificants, including information regarding Notificants’ financial resources and

¹ 12 U.S.C. § 1817(j).

² 12 U.S.C. § 1817(j)(7).

banking experience, the size of the proposed investment in Peoples, and the funding of the investment. The Board also has considered the result of a name check, examination reports and other confidential supervisory information regarding Peoples and Bank, and information provided by Bank's primary state supervisor, the Mississippi Department of Banking.

The Board has considered the Notice in light of all the statutory factors. With regard to the competitive effects of the proposal, the Board has concluded that Notificants' proposed interest in Peoples would not result in a monopoly or lessening of competition. As for the financial condition of Notificants and the future prospects of Bank, the Board has determined that Notificants' financial condition is not likely to jeopardize the financial stability of Bank or prejudice the interests of Bank's depositors. Based on its review of the record, the Board finds that Notificants have sufficient financial resources to make the proposed investment. Further, the Board has not determined that the proposed investment would result in an adverse effect on the Deposit Insurance Fund. The Federal Deposit Insurance Corporation and the Mississippi Department of Banking have advised the Board that they do not object to the proposal.

The Board investigated Notificants' competence, experience, and integrity. The Board received three comments from the same commenter objecting to the Notice on grounds related to the competence, experience, and integrity of the Notificants.³ Although the commenter lacks standing to participate in CIBC Act proceedings, and comments on a notice filed pursuant to the CIBC Act are for informational purposes only,⁴ the Board nevertheless considered the issues raised by the commenter. Based on its review of the record, the Board finds that Notificants have the necessary competence, experience, and integrity to make the proposed investment.

³ Specifically, the commenter alleged that Notificants falsely represented in the Notice that they do not intend to alter the business strategy of Peoples or to liquidate, merge, or sell assets. The commenter also alleged that Notificants did not properly disclose that some of the Notificants, or affiliates thereof, were the subject of a 2015 order by the Securities and Exchange Commission. In addition, the commenter asserted that Notificants are acting in concert with other persons to acquire shares in, and exercise control over, Peoples. During its review of the Notice, the Board considered each of these allegations and the facts of record in this case and consulted with banking and other relevant authorities.

⁴ 12 CFR 225.43(c)(7).

Based on all the facts of record, including information provided by other relevant banking authorities and other authorities, the Board has determined not to disapprove the Notice. This determination is based on the representations made by Notificants in connection with the Notice and in related correspondence. This action is also based on the commitments provided in connection with the Notice. The commitments constitute conditions imposed in writing in connection with the Board's decision and, as such, may be enforced in proceedings under applicable law. Any material change in the facts and representations could result in a different conclusion and should be immediately reported to staff at the Federal Reserve Bank of Atlanta ("Reserve Bank").

The CIBC Act requires that when a change in control occurs, each insured bank or bank holding company shall report promptly to the appropriate federal banking agency any changes or replacement of its chief executive officer or of any director occurring in the next twelve-month period, and shall include in the report a statement of the past and current business and professional affiliations of the new chief executive officer or directors.⁵ The Board would appreciate Notificants' cooperation in ensuring that if any change in control occurs, the required information is submitted to the Reserve Bank by Peoples. In addition, please advise the Reserve Bank in writing if and when the Notificants acquire additional shares of Peoples pursuant to this authorization.

Very truly yours,

Margaret McCloskey Shanks (signed)

Margaret McCloskey Shanks
Deputy Secretary of the Board

cc: Thomas E. Walker Jr., Esq.
Jones Walker

Commissioner Rhoshunda Kelly
Mississippi Department of Banking and Consumer Finance

Kristie Elmquist, Regional Director
Federal Deposit Insurance Corporation

⁵ 12 U.S.C. 1817(j)(12).