



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

LEGAL DIVISION

September 23, 2022

Robert D. Klingler, Esq.
Nelson Mullins Riley & Scarborough LLP
201 17th Street NW
Suite 1700
Atlanta, Georgia 30363

Dear Mr. Klingler:

This responds to your letter dated July 15, 2022, requesting a determination that applications under section 3 of the Bank Holding Company Act (“BHC Act”)¹ would not be required for Russell Family Holdings, LLC, DZM Family LLC, MRFamily LLC, and GoGet LLC, all of Atlanta, Georgia (collectively, the “Russell Family LLCs”), in connection with a transfer of stock in Citizens Bancshares Corporation, Atlanta, Georgia (“CBC”).

The purpose of the proposed transaction is to transfer 605,281.29 CBC shares, which is approximately 26 percent of CBC’s outstanding voting shares, from the Estate of Herman J. Russell (“Estate”) to three related individuals, Donata Russell Ross, Michael B. Russell, and Herman J. Russell, Jr. The proposed transaction would proceed in three steps. First, Russell Family Holdings, LLC would purchase 605,281.29 CBC shares from the Estate.² Second, Russell Family Holdings, LLC would transfer one third of the CBC shares to each of DZM Family LLC, MRFamily LLC, and GoGet LLC, which would result in each LLC holding 201,760.43 shares. Third, DZM Family LLC, MRFamily LLC, and GoGet LLC would transfer all their CBC shares to Donata Russell Ross, Michael B. Russell, and Herman J. Russell, Jr., respectively. Upon completion of the proposed transaction, the Russell Family LLCs would not hold any shares in CBC; Donata Russell Ross, Michael B. Russell, and Herman J. Russell, Jr., each would acquire

¹ 12 U.S.C. § 1841 et seq.

² The purchase price would be equal to the fair market value of the 605,281.29 shares as of the Sale Date, as defined in the Sale Agreement between the Estate and Russell Family Holdings, LLC, taking the average of the highest selling price and the lowest selling price of the stock on that date.

201,760.43 CBC shares in their individual capacities.³ You have indicated that the transaction steps would occur in immediate succession and that the Russell Family LLCs would not operate CBC or its subsidiary bank, Citizens Trust Bank, Atlanta, Georgia (“Citizens Bank”), as a separate entity.

Section 3 of the BHC Act and the Board’s Regulation Y require the approval of the Board before any action is taken that causes a company to become a bank holding company.⁴ Through the transaction described above, the Russell Family LLCs would acquire control of CBC and would become bank holding companies for a moment in time. Accordingly, the Russell Family LLCs would be required to obtain the Board’s approval under section 3 of the BHC Act and Regulation Y.

You have represented in your letter, however, that this transaction is being conducted solely to facilitate the transfer of the CBC shares from the Estate to Donata Russell Ross, Michael B. Russell, and Herman J. Russell, Jr., in their individual capacities. You have represented that changing the structure of the proposed transaction would require further probate court approval and result in significant delay. You have also represented that the transaction would not result in any change in the business, locations, management, assets, liabilities, or net worth of CBC or Citizens Bank. The Federal Reserve has reviewed and expressed its non-objection to the proposed acquisition of shares by Donata Russell Ross, Michael B. Russell, and Herman J. Russell, Jr., as a group acting in concert, under the Change in Bank Control Act.⁵

Based on a review of these and other facts presented, the Legal Division believes that no regulatory purpose would be served by requiring the Russell Family LLCs to file applications under section 3 of the BHC Act. The Legal Division, therefore, would not recommend that the Board take action to require the filing of applications by the Russell Family LLCs in connection with the transaction described above. This opinion is subject to the receipt by the Russell Family LLCs, the Estate, CBC, Citizens Bank, Donata Russell Ross, Michael B. Russell, and Herman J. Russell, Jr., of all other necessary regulatory approvals and compliance with any terms and conditions that may be imposed in connection with those approvals.

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

³ Donata Russell Ross, Michael B. Russell, and Herman J. Russell, Jr., together would control approximately 27 percent of the voting shares of CBC after the proposed transaction. This percentage includes CBC shares that Donata Russell Ross, Michael B. Russell, and Herman J. Russell, Jr., held prior to the proposed transaction.

⁴ 12 U.S.C. § 1842(a); 12 CFR 225.11.

⁵ See 12 U.S.C. § 1817(j); 12 CFR part 225, subpart E. See also Letter to Robert D. Klingler, Esq., from Margaret McCloskey Shanks, Deputy Secretary of the Board (September 23, 2022).

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 Alyssa O'Connor at (202) 452-3886 of the Legal Division staff.

Sincerely,

Mark Van Der Weide (signed)

Mark Van Der Weide
General Counsel