



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

October 7, 2022

Scott Meacham, Esq.
Crowe & Dunlevy
324 North Robinson Ave., Suite 100
Oklahoma City, Oklahoma 73102

Dear Mr. Meacham:

The Board of Governors of the Federal Reserve System (“Board”) has reviewed the notice (“Notice”) under the Change in Bank Control Act of 1978¹ (“CIBC Act”) filed prospectively by the Berry Leaf Sewell Revocable Trust, Berry L. Sewell and Adrienne M. Sewell as co-trustees, to acquire 25 percent or more of the voting shares of Clinton Bancshares, Inc. (“Clinton Bancshares”), the sole owner of First Bank and Trust Company (“FB&T”), all of Clinton, Oklahoma, in their individual capacity and as members of a group acting in concert; and filed retroactively by the Frank A. Sewell IV 1998 Irrevocable Trust, FB&T as trustee; the Frank A. Sewell III 2012 Revocable Trust, Lucie K. Sewell and FB&T as co-trustees; the Lucie K. Sewell 2012 Revocable Trust, Lucie K. Sewell as trustee; and the Lucie K. Sewell 2012 Irrevocable Trust, Berry L. Sewell and FB&T as co-trustees, all of Clinton, Oklahoma (“Current Shareholders,” and collectively with the prospective filers listed above, the “Notificants”), all as members of the same group acting in concert, to retain voting shares of Clinton Bancshares.²

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 persons and the future prospects of the institution; the potential adverse

¹ 12 U.S.C. § 1817(j).

² The CIBC Act and section 225.41(a) of the Board’s Regulation Y generally require written notice before a person acquires control of a state member bank or bank holding company. 12 U.S.C. § 1817(j)(1); 12 CFR 225.41(a). A person (or persons acting in concert) acquires control of a bank or bank holding company if the person acquires 25 percent or more of any class of voting securities of a bank or bank holding company. 12 CFR 225.41(c)(1).

effects of the proposal on the Deposit Insurance Fund; and the competence, experience, and integrity of the acquiring persons.³ In reviewing the statutory factors, the Board has considered information provided by the Notificants, including information regarding Notificants' financial resources and banking experience, and the size of the proposed investment in Clinton Bancshares. The Board also has considered the results of name checks; examination reports; other confidential supervisory information regarding Clinton Bancshares and FB&T, including with respect to the Notificants; information provided by FB&T's primary state supervisor; the Oklahoma Banking Department; and comments on the proposal.

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 Clinton Bancshares would not result in a monopoly or lessening of competition. As for the financial condition of Notificants and the future prospects of FB&T, the Board has determined that Notificants' financial condition is not likely to jeopardize the financial stability of FB&T or prejudice the interests of FB&T'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.⁴

The Board investigated Notificants' competence, experience, and integrity. The Board received two comments objecting to the Notice, alleging concerns related to Mr. Berry L. Sewell's integrity and a failure to provide complete information in connection with the Notice. Although the commenters lack standing to participate in CIBC Act proceedings, and comments on a notice filed pursuant to the CIBC Act are for informational purposes only,⁵ the Board nevertheless considered the issues raised by the commenters.

The commenters claimed the Notice was deficient because the Notificants failed to fully and accurately provide the information required by statute in connection with a notice under the CIBC Act. One commenter asserted that the Notice was inaccurate or incomplete by allegedly omitting or misstating the identities of certain notificants and omitting a copy of the Frank A. Sewell IV 1998 Irrevocable Trust. Another commenter alleged that Berry L. Sewell failed to provide information regarding his criminal history in the Notice and lacks integrity based on his criminal history.

More broadly, one commenter contended that the Current Shareholders lack integrity and competence due to their failure to provide notice prior to acquiring voting

³ 12 U.S.C. § 1817(j)(7).

⁴ See 12 U.S.C. § 1817(j)(7)(F).

⁵ 12 CFR 225.43(c)(7).

shares of Clinton Bancshares, as required under CIBC Act.⁶ The Current Shareholders assert that failure to provide notice as part of a group acting in concert prior to acquiring these voting shares was unintentional and that they will be diligent in ensuring compliance with the CIBC Act in the future.

The CIBC Act provides that the Board may disapprove any proposed acquisition if it determines the acquiring person has provided incomplete information or if it determines “the competence, experience, or integrity of any acquiring person . . . indicates that it would not be in the interest of the depositors of the bank, or in the interest of the public to permit such person to control the bank.”⁷

The Board has considered the commenters’ allegations and the facts of record in the case. The Board finds that the Notificants provided accurate information and complete documentation regarding the transaction and that Mr. Berry L. Sewell provided information regarding his criminal record as part of the Notice, including in confidential portions of the Notice and in response to requests for additional information. Accordingly, the Board finds it is not required to disapprove of the Notice for incompleteness.

The Board has also reviewed Mr. Berry L. Sewell’s criminal history and finds it does not require disapproval in light of the nature, timing, and resolution of any offenses. In addition, the Board has considered the failure of certain Notificants to provide notice prior to acquiring voting shares of Clinton Bancshares and has concluded that this fact does not require disapproval of the Notice in light of the circumstances, as well as Notificants’ representations regarding future compliance with the CIBC Act.

Based on its review of the record, including the commenters’ allegations, the Board finds that the Notificants’ competence, experience, and integrity do not warrant objecting to the Notice. In particular, the Board considered Notificants’ experience in owning and managing banks and bank holding companies, the Notificants’ Interagency Biographical and Financial Reports, and the Notificants’ additional information supplementing and supporting the Notice. The Board also consulted with the Oklahoma Banking Department and the other Federal banking agencies, which did not object to the Notice.

⁶ In addition, the commenter asserted the transfer of shares associated with the transaction described in the Notice would interfere with separate litigation by shielding assets held by defendants in that litigation. This concern is outside the limited statutory factors that the Board is authorized to consider when reviewing an application under the BHC Act, and the concern may be adjudicated by a court of competent jurisdiction. See Western Bancshares, Inc. v. Board of Governors, 480 F.2d 749 (10th Cir. 1973).

⁷ 12 U.S.C. § 1817(j)(7)(D), (E).

Based on all the facts of record, including information provided by other relevant banking authorities, the Board has determined not to disapprove the Notice for Notificants to retain or acquire, as applicable, 25 percent or more of the voting shares of Clinton Bancshares. This determination is based on the representations made by Notificants in connection with the Notice and in related correspondence. 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 Kansas City ("Reserve Bank").

Please advise the Reserve Bank in writing when the proposal has been consummated. If the proposal has not been consummated within one year of this date, or if its terms or conditions change, the Reserve Bank should be consulted to determine whether any additional action or notification is required.

The CIBC Act requires that, when a change in control occurs, an 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 include in the report a statement of the past and current business and professional affiliations of the new chief executive officer or directors.⁸ The Board would appreciate your cooperation in ensuring that, if any change in control occurs, the required information is submitted to the Reserve Bank by Clinton Bancshares.

Very truly yours,

(Signed) Ann E. Misback

Ann E. Misback
Secretary of the Board

cc: Mick Thompson, Bank Commissioner
Oklahoma Banking Department
Kristie K. Elmquist, Regional Director
Federal Deposit Insurance Corporation
Troy Thornton, Deputy Comptroller
Office of the Comptroller of the Currency
Southern District

⁸ 12 U.S.C. § 1817(j)(12).