



Office of Thrift Supervision

Department of the Treasury

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Richard M. Riccobono

Deputy Director

August 21, 1998

MEMORANDUM FOR: Chief Executive Officers of
Mutual Savings Associations

FROM:

Richard Riccobono

SUBJECT:

Nominee Depositor Accounts and Subscription
Rights

The Office of Thrift Supervision has recently received information concerning schemes by individuals to establish accounts at mutual savings associations for the purpose of obtaining subscription rights in anticipation that the associations will convert to stock ownership.

In one scheme, individuals have answered classified newspaper advertisements offering them \$25 for each certificate of deposit account that they open at a local mutual savings association. The funds to open the accounts are provided by an out-of-state corporation, usually through a shell, in-state corporation. The individual attempting to open the accounts often presents documentation representing that he or she is acting on behalf of the in-state corporation.

In another scheme, an individual has sent requests to hundreds of mutual savings associations seeking to open deposit accounts. The individual represents an organization referred to as "O.C.B.," "Organized Creation of Bank accounts." According to a Notice published in the June 19, 1998 edition of *The Washington Post*, "[T]he sole purpose of O.C.B. is to open bank accounts at mutual thrift institutions with the intent of purchasing stock of such institutions when it is offered to account holders. O.C.B. is not a governmental agency, nor is it associated with any part of the government." The individual uses local mailing addresses, which are often private mail boxes, to attempt to open the deposit accounts.

It is recommended that associations review applications to open deposit accounts carefully to verify compliance with depositor preference policies and with applicable regulations. Please contact your OTS Regional Office if you have any questions.