

## OFFICE OF THRIFT SUPERVISION

### Approval of Waiver Request

**Order No:** 2008-05  
**Date:** March 3, 2008  
**Docket Nos:** H-3282, H-4156,  
18090, 14752

First Place Financial Corp., Warren, Ohio (Applicant), has filed, pursuant to 12 C.F.R. §§ 563b.5(c) and 500.30(a), a request that the Office of Thrift Supervision (OTS) waive 12 C.F.R. § 563b.525 to the extent necessary to permit the Applicant to enter into a definitive agreement to acquire Ohio Central Savings, Dublin, Ohio (Savings Bank). The Savings Bank completed its mutual to stock conversion on March 31, 2005, and accordingly, unless OTS approves the waiver request, the Savings Bank would be prohibited from entering into the definitive agreement prior to March 31, 2008, unless the Applicant were to file, and receive written approval of an application pursuant to 12 C.F.R. § 563b.525, which OTS would review under the criteria set forth at 12 C.F.R. § 563b.525(d).

#### Proposed Transaction

The Applicant proposes to enter into a definitive agreement to acquire OC Financial Inc. (Target Company), the holding company for the Savings Bank, in a merger transaction. In connection with the transaction, the Applicant's wholly owned subsidiary, First Place Bank, Warren, Ohio (Association) would merge into the Savings Bank.

#### Discussion

The OTS Mutual-to-Stock Conversion Regulations (Conversion Regulations), at 12 C.F.R. § 563b.525, provide that for three years after a mutual-to-stock conversion, no person<sup>1</sup> may, directly or indirectly, acquire or offer to acquire beneficial ownership of more than ten percent of any class of the converted association's equity securities without OTS's prior written approval.<sup>2</sup> The Conversion Regulations state that OTS will presume that a person has acquired shares if the acquiror has entered into a binding written agreement for the transfer of shares.<sup>3</sup>

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<sup>1</sup> 12 C.F.R. § 563b.25 defines "person" to include individuals, corporations, and other types of entities.

<sup>2</sup> OTS approvals of mutual-to-stock conversions have explicitly made clear that the section 563b.525 restrictions apply to acquisitions of securities of the holding company of the converted association. (See Ohio Central approval letter, February 11, 2005.)

<sup>3</sup> 12 C.F.R. § 563b.525(b)(2007).

The Applicant has requested that OTS waive § 563b.525 to the extent necessary to permit the Applicant to enter into a definitive agreement to acquire the Savings Bank.<sup>4</sup> The Conversion Regulations, at 12 C.F.R. § 563b.5(c), provide that OTS may waive any provision of 12 C.F.R. Part 563b. Section 563b.5(c)(2) provides that any such waiver must be equitable, must not be detrimental to the savings association, its accountholders or other savings associations, and must not be contrary to the public interest. In addition, 12 C.F.R. § 500.30(a) provides that OTS may, for good cause, waive any provisions of Chapter V of 12 C.F.R., which includes the Conversion Regulations. OTS may not waive any regulatory provision that incorporates a statutory requirement. See 12 C.F.R. § 500.30(a) (2007). The provision for which a waiver is sought is not set forth in any statute.

Accordingly, OTS must consider whether: (i) the waiver is equitable; (ii) whether the waiver is detrimental to the Savings Bank, its accountholders, or other savings associations; (iii) whether the grant of the waiver is consistent with the public interest; and (iv) whether there is good cause for the waiver.

We conclude that the requested waiver is equitable. The Applicant has represented that under any definitive acquisition agreement, all shareholders of the Target Company will be treated equally. In addition, the Applicant has represented that any terms for retention of the Savings Bank's management will be consistent with 12 C.F.R. § 563.22(d)(1)(vi). Moreover, after receiving OTS permission to negotiate with potential acquirors, and before indicating an intent to accept the Applicant's proposal, the Target Company received and evaluated several preliminary offers.<sup>5</sup>

We conclude that the waiver is not detrimental to the Savings Bank, its accountholders, or other savings associations. The Savings Bank has experienced consistent losses, and has been unable to operate profitably, or to provide a business plan on a stand-alone basis that is acceptable to OTS. The proposed acquisition resolves supervisory concerns regarding a savings association that has been performing poorly. The proposed acquisition is not detrimental to accountholders because their accounts will be transferred to the Association, and the Association will assume the liquidation account the Savings Bank established in its mutual-to-stock conversion. The proposed transaction will have no effect on other savings associations, besides the Association, and OTS will review the future prospects of the Association in considering the holding company and merger applications that must be submitted and approved before the proposed transaction can be consummated.

We conclude that granting the waiver is in the public interest. The proposed transaction involves the acquisition of a savings association that has experienced

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<sup>4</sup> Consummation of the transaction will occur after April 1, 2008. Accordingly, OTS approval of the consummation of the transaction is not required under 12 C.F.R. § 563b.525. The Applicant intends to apply for approval of the acquisition under 12 C.F.R. §§ 574.3 and 563.22(a).

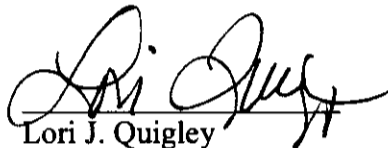
<sup>5</sup> 12 C.F.R. § 563b.525(b) provides that an offer does not include non-binding expressions of understanding or letters of intent regarding the terms of a potential acquisition.

consistent losses, and whose operations have raised significant supervisory concerns.<sup>6</sup> If acquired by the Applicant, the Savings Bank will be absorbed into another savings association that is and will remain well capitalized and which has experienced more favorable operational results. In addition, the terms of the proposed acquisition do not provide windfall benefits to any party.

The Savings Bank has consistently experienced losses since its conversion to stock form, and OTS has determined that these operating losses are a serious concern. OTS required management of the Savings Bank to submit an exit strategy for the Savings Bank. In addition, as stated above, OTS has concluded that the waiver is equitable, is not detrimental to the Savings Bank, its accountholders or other savings associations, and is not contrary to the public interest. Based on the foregoing, OTS concludes that there is good cause to grant the requested waiver.

For the reasons set forth above, OTS hereby grants the requested waiver of 12 C.F.R. § 563b.525.

By order of the Director of the Office of Supervision, or his designee, effective March 3, 2008.



Lori J. Quigley  
Managing Director,  
Examinations and Supervision - Operations

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<sup>6</sup> Because of its supervisory concerns, OTS has required that the Savings Bank develop an exit strategy.