



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

November 16, 2004

**Conditional Approval #664
December 2004**

Cary Davis
Executive Vice President
FSGBank, N.A.
P.O. Box 1885
Athens, TN 37371-1885

Re: Application of FSGBank N.A. to establish two branches;
Control Numbers 2004-SO-05-0284 & 2004-SO-05-0285

Dear Mr. Davis:

This is to inform you that on November 16, 2004 the Office of the Comptroller of the Currency (OCC) conditionally approved the proposal of FSGBank, N.A., Chattanooga, Tennessee (Bank), to establish and operate two branch offices under the name of Primer Banco Seguro, una division de FSGBank, N.A. ("PBS branches").¹ The branches will be located in Dalton, Georgia at 1249 Murray Avenue and 430 Fields Avenue.

The PBS branches will primarily market services to individuals who do not have a relationship with a bank and who would benefit from access to a Spanish speaking staff. PBS branches will offer services that include check cashing, electronic demand deposit accounts, limited checking and savings accounts, money orders, bill payment, wire transfers, notary, Individual Tax Identification Number issuance, financial education, and access to the Internet at in-branch computers. PBS branches will also act as finder for providing phone cards, accidental death and dismemberment insurance products, and tax anticipation loans. Credit products at PBS branches will initially be limited to 7/1 Adjustable Rate Mortgages and automobile loans.

This conditional approval is granted based on a thorough review of all information available, including commitments and representations made in the application and by the Bank's representatives. The representations made by FSGBank, NA, include but are not limited to the following:

¹ The activities of the PBS branches will be nearly identical to those operated by National Bank of Commerce upon its acquisition of two El Banco Branches from Flag Bank. See OCC's Conditional Approval #612, December 2003, *Interpretations and Actions*.

- All Spanish language advertising undertaken by PBS branches will conform to the Unfair and Deceptive Practices Act by not misleading customers into believing that the services offered at PBS branches are as affordable as the services provided at other branches of FSGBank;
- PBS branches will not offer or make any products with fees and rate levels that would reach HOEPA triggers or any offering of consumer loans that would be considered “predatory;”
- PBS branches will conduct finder activities in a manner consistent with the provisions of 12 C.F.R. §7.1002; and
- PBS branches will make bank-owned computers with Internet access available to its customers at PBS branches without charge. Thus, the Bank will not sell Internet access services. The proposed free service is permissible as a promotional activity. The OCC notes that offering Internet services on shared computers that are available to the public creates special risks. Accordingly, the OCC expects the Bank to put in place controls to prevent inappropriate access to information, including confidential information of the computer user and bank customers.² The OCC also expects the Bank to effectively isolate these public-access computers from internal bank systems, and to detect and prevent inappropriate communications to and from these computers.

The approval is subject to the following condition: Prior to offering credit products at the PBS branches, FSGBank must request and receive no objection from the OCC’s Nashville Assistant Deputy Comptroller. This condition does not apply to the 7/1 adjustable rate mortgage or auto installment loans as presented in the Bank’s application for the PBS branches.

Please be advised that the condition of this approval is deemed to be a condition “imposed in writing by the agency in connection with the granting of any application or other request” within the meaning of 12 U.S.C. §1818, and, as such, may be enforced in proceedings under 12 U.S.C. §1818.

If the branches are not opened within 18 months from this date, the conditional approval automatically terminates unless the OCC grants an extension.

Within 10 days after opening, the Bank must advise this office of each branch's opening date, so the OCC may complete its records. Reference the CAIS control number in your letter.

² For example, one retail firm that offered a similar service discovered that fraudsters had loaded “sniffer” or keystroke logging programs on the shared public computers that enabled the fraudsters to intercept user passwords and user login IDs that they could then use to engage in unauthorized transactions. The bank should take reasonable steps to prevent this and also ensure that these public-access computers do not store confidential customer information in, for example, uncleared cache files.

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If a branch is closed, a 90-day advance notice of proposed branch closing must be submitted to the OCC pursuant to 12 U.S.C. §1831r-1. Following the closing of the branch office, a final closing notice should be submitted to this office.

This conditional approval decision, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or any officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

If you have any questions with regard to this letter, please contact Licensing Manager Karen Bryant at 214-720-7052 or me at 202-874-5060.

Sincerely,

/s/ J. Greg Parvin

J. Greg Parvin
National Bank Examiner/Sr. Licensing Analyst

cc: Official File