



State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
1511 Pontiac Avenue, Bldg. 68-2
Cranston, Rhode Island 02920

Division of Banking

DECISION AND ORDER

IN RE:

**REQUEST BY COVENTRY CREDIT UNION
TO SELL A BRANCH OFFICE AT 56 RAILROAD STREET
MANVILLE, RHODE ISLAND 02838
TO NAVIGANT CREDIT UNION**

I. JURISDICTIONAL STATEMENT AND TRAVEL OF THE CASE

This matter came before the Department of Business Regulation ("Department"), Division of Banking ("Division") upon the request dated February 9, 2012 (the "Request") filed by Coventry Credit Union, a regulated institution with a principal office at 2006 Main Street, Coventry, Rhode Island 02816 ("Coventry") and Navigant Credit Union, a regulated institution with a principal office at 1005 Douglas Pike, Smithfield, Rhode Island 02917 ("Navigant") seeking: (i) approval for Coventry to sell ("spinoff")¹ its full service branch office located at 56 Railroad Street, Manville, Rhode Island 02838 to Navigant pursuant to R. I. Gen. Laws §§ 19-2-11, 19-5-24 and 19-5-25 and (ii) the issuance of a certificate of public convenience and advantage in connection therewith.

Evidence was submitted to the Division in support of the Request, which included responses to questions contained in the Request and various documents attached as exhibits to the Request.

Specifically, detailed financial and transactional information was provided on Coventry and Navigant (the "Credit Unions") and the branch proposed for spinoff. The Department has established that the proposed spinoff will promote the public convenience and

¹ This transaction is commonly referred to as a "spin-off" as defined in 12 C.F.R. §701-Appendix B.

advantage of the communities served by the branch through continued operation at the branch location as well as a positive impact on the safety and soundness of the Credit Unions.

II. APPLICABLE LAW

A. Public Convenience and Advantage Standard

Navigant is a Rhode Island credit union established on March 9, 1915 pursuant to Rhode Island law and is a Regulated Institution as defined in R. I. Gen. Laws § 19-1-1(11) and regulated pursuant to R.I. Gen. Laws §§ 19-1-1 *et seq.*, 19-2-1 *et seq.*, 19-5-1 *et seq.* and 19-9-1 *et seq.* The Director of the Department (the "Director"), or the Director's designee, is expressly authorized by R. I. Gen. Laws §§ 19-2-3 and 19-2-11 to issue a certificate of public convenience and advantage with respect to the establishment of a branch for a Rhode Island Regulated Institution upon consideration of factors consistent with the creation of a Regulated Institution and upon compliance with other applicable provisions of R. I. Gen. Laws Title 19. Although R. I. Gen. Laws Title 19 does not expressly delineate the factors that must be considered by the Director with respect to the standard of public convenience and advantage, the Department has established that the following factors are required to be considered: (a) the benefits to the community or communities to be served, such as the products and services to be provided by the proposed branch, and (b) the effects of the proposal on the public interest, such as the effect on employment, the economy, consumer protection, and the tax base of the State. The consideration of Community Reinvestment Act ("CRA") criteria in R.I. Gen. Laws § 19-9-4 is not required for this transaction pursuant to R.I. Banking Regulation 98-1-6 due to the nature of a credit union spinoff being a type of merger; however, Navigant's latest updated CRA filing with the Division dated August 10, 2011 was reviewed and Navigant's commitment to the communities it serves was duly noted. In addition, the Director considers the safety and soundness of the Regulated Institution making the Request and the effect of the proposal on the strength and stability of the financial community as a whole.

Under applicable law as delineated above, therefore, the Director may issue a certificate upon a finding that the benefits flowing from the Credit Unions' proposed activities will run to the public, that the Credit Unions' proposed activities are fitting or suited to the

public and will result in a gain or benefit to the public, that the proposed activity will not materially adversely affect the safety and soundness of the Regulated Institution, and that the Request is in conformance with applicable law.

B. Insurance of Deposits

R. I. Gen. Laws § 19-4-10 requires that any regulated institution permitted by law to receive deposits, except a Regulated Institution prevented from accepting deposits by its by-laws or agreement to form, must maintain federal deposit insurance.

III. FINDINGS OF FACT

Based upon the documentary evidence filed with the Division, the Director hereby makes the following findings of fact:

A. On February 9, 2012 the Division duly received the Request pursuant to R. I. Gen. Laws §§ 19-2-11, 19-5-24 and 19-5-25.

B. Navigant is both a Rhode Island credit union established on March 9, 1915 pursuant to Rhode Island law and is a Regulated Institution as defined in R. I. Gen. Laws § 19-1-1(11) and regulated pursuant to R.I. Gen. Laws §§ 19-1-1 *et seq.*, 19-2-1 *et seq.*, 19-5-1 *et seq.* and 19-9-1 *et seq.*

C. Navigant's proposed branch office will serve existing members and potential members within the Village of Manville and throughout the surrounding Town of Lincoln.

D. Financial information provided by the Credit Unions adequately demonstrates the financial strength of the Credit Unions with respect to safety and soundness issues. Navigant has the management capability required to operate the proposed branch.

E. The shares and deposits of Navigant are insured by the National Credit Union Share Insurance Fund ("NCUSIF") which is administered by the National Credit Union Administration ("NCUA"). Approval of the proposed branch spinoff will not have any impact on the deposit insurance coverage provided by the NCUSIF for a period of six (6) months. During this timeframe, any Manville members who were also Navigant members prior to the spinoff and as a result of the spinoff would exceed the deposit insurance coverage, would be able to restructure their accounts within the grace period.

IV. CONCLUSIONS OF LAW

Based upon the documentary evidence filed with the Division, the Director hereby makes the following conclusions of law:

A. R. I. Gen. Laws §§ 19-2-11 and 19-5-24 authorize the Director to issue the certificate of public convenience and advantage in connection with the Request.

B. The spinoff branch is in the public interest, will promote the convenience and advantage of the communities to be served by the spinoff branch and will have a beneficial effect on the economy and on the citizens of the communities to be served by the branch, all consistent with safe and sound banking practices consistent with the requirements of R.I. Gen. Laws § 19-2-11, and 19-9-4.

C. The evidence presented in the Request complies with the criteria in R.I. Gen. Laws § 19-9-4 regarding credit needs of local communities.

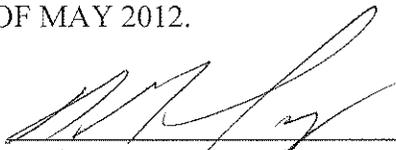
D. The credit union's deposits at the proposed branch will have NCUSIF insurance as required by R.I. Gen. Laws § 19-4-10.

V. DECISION AND ORDER

Upon review and consideration of the documentary evidence in the record presented in this matter, it is hereby ORDERED:

That the Request of Coventry to spinoff and Navigant to establish a full service branch office located at 56 Railroad Street, Manville, Rhode Island 02838 and for the issuance of a certificate of public convenience and advantage in connection therewith is hereby approved in accordance with, and with the general effect provided for in R. I. Gen. Laws § 19-2-11, subject to the condition that Navigant opens the proposed branch within ten (10) days of the closing date, and that the credit unions immediately notify the Division if there is a delay in the closing of the transaction or if there are any issues relative to the transaction.

ENTERED AS ADMINISTRATIVE ORDER NUMBER 12-033 OF THE
DIRECTOR OF THE DEPARTMENT OF BUSINESS REGULATION AS OF THIS 17th
DAY OF MAY 2012.



Paul E. McGreevy, Director
Rhode Island Department of Business Regulation