

or to the offices of the Board of Governors. Comments must be received not later than October 1, 1996.

A. Federal Reserve Bank of Atlanta (Zane R. Kelley, Vice President) 104 Marietta Street, N.W., Atlanta, Georgia 30303:

1. *Thomas Wayne Colbert*, Forest, Mississippi; to acquire an additional 7.21 percent, for a total of 32.04 percent; Ann Brand Colbert, Forest, Mississippi; to acquire a total of 3.48 percent; and Thomas Wayne Colbert, Jr., Forest, Mississippi; to acquire an additional 6.93 percent, for a total of 7.09 percent, of the voting shares of Community Bancshares of Mississippi, Inc., Forest, Mississippi, and thereby indirectly acquire Community Bank of Mississippi, Forest, Mississippi.

B. Federal Reserve Bank of Chicago (James A. Bluemle, Vice President) 230 South LaSalle Street, Chicago, Illinois 60690:

1. *James Henry Keeline*, Yakutat, Alaska, and Richard Orville Carpenter, Ruthven, Iowa; each to acquire an additional .92 percent for a total of 55 percent of the voting share of Ruthven Investment Limited, Ruthven, Iowa, and thereby indirectly acquire Ruthven State Bank, Ruthven, Iowa. Notificants will jointly control the shares as co-executors of the Jennie M. Keeline (deceased) estate.

Board of Governors of the Federal Reserve System, September 11, 1996.

Jennifer J. Johnson,

*Deputy Secretary of the Board.*

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## Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested

persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act, including whether the acquisition of the nonbanking company can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices" (12 U.S.C. 1843). Any request for a hearing must be accompanied by a statement of the reasons a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal. Unless otherwise noted, nonbanking activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than October 11, 1996.

A. Federal Reserve Bank of Atlanta (Zane R. Kelley, Vice President) 104 Marietta Street, N.W., Atlanta, Georgia 30303:

1. *Smoky Mountain Bancorp, Inc.*, Gatlinburg, Tennessee; to acquire 100 percent of the voting shares of BankFirst, Knoxville, Tennessee.

2. *Upson Bankshares, Inc.*, Thomaston, Georgia; to become a bank holding company by acquiring 100 percent of the voting shares of Bank of Upson, Thomaston, Georgia.

3. *Wilson Bank Holding Company*, Lebanon, Tennessee; to acquire 50 percent of the voting shares of Community Bank of Smith County, Carthage, Tennessee (in organization).

B. Federal Reserve Bank of St. Louis (Randall C. Sumner, Vice President) 411 Locust Street, St. Louis, Missouri 63166:

1. *Union Illinois Company Employee Stock Ownership Trust*, Swansea, Illinois; to retain an additional 1.90 percent, for a total of 33.10 percent, of the voting shares of Union Illinois Company, Swansea, Illinois, and thereby indirectly retain State Bank of Jerseyville, Jerseyville, Illinois, and Union Bank of Illinois, Swansea, Illinois.

C. Federal Reserve Bank of Kansas City (John E. Yorke, Senior Vice President) 925 Grand Avenue, Kansas City, Missouri 64198:

1. *FirstBank Holding Company of Colorado ESOP*, Lakewood, Colorado; to acquire 26.7 percent of the voting shares of FirstBank Holding Company of Colorado, Lakewood, Colorado, and thereby indirectly acquire FirstBank of Arvada, N.A., Arvada, Colorado; FirstBank of Aurora, N.A., Aurora, Colorado; FirstBank of Avon, Avon, Colorado; FirstBank of Boulder, N.A., Boulder, Colorado; FirstBank of Breckenridge, N.A., Breckenridge, Colorado; FirstBank of Douglas County, N.A., Castle Rock, Colorado; FirstBank of Colorado Springs, Colorado Springs, Colorado; FirstBank of Cherry Creek, N.A., Denver, Colorado; FirstBank of Denver, N.A., Denver, Colorado; FirstBank of Longmont, Longmont, Colorado; FirstBank of Northern Colorado, Fort Collins, Colorado; FirstBank of Tech Center, N.A., Englewood, Colorado; FirstBank of Colorado, N.A., Lakewood, Colorado; FirstBank of South Jeffco, Littleton, Colorado; FirstBank of Lakewood, N.A., Lakewood, Colorado; First Bank of Littleton, N.A., Littleton, Colorado; FirstBank of Arapahoe County, N.A., Littleton, Colorado; FirstBank of Silverthorne, N.A., Silverthorne, Colorado; FirstBank of Vail, Vail, Colorado; FirstBank North, N.A., Westminster, Colorado; FirstBank of Wheat Ridge, N.A., Wheat Ridge, Colorado; and FirstBank, N.A., Palm Desert, California.

2. *Nolte Family Limited Partnership*, Kenesaw, Nebraska; to become a bank holding company by acquiring 35 percent of the voting shares of First Kenesaw Company, Kenesaw, Nebraska, and thereby indirectly acquire Adams County Bank, Kenesaw, Nebraska.

In connection with this application, Nolte Family Partnership has also applied to engage through First Kenesaw Company, in the sale of general insurance in towns less than 5,000 in population, pursuant to § 225.25(b)(8)(iii) of the Board's Regulation Y.

D. Federal Reserve Bank of Dallas (Genie D. Short, Vice President) 2200 North Pearl Street, Dallas, Texas 75201-2272:

1. *First Baird Bancshares, Inc.*, Baird, Texas, First Baird Bancshares of Delaware, Inc., Dover, Delaware, Weatherford Bancshares, Inc., Weatherford, Texas, and First Weatherford Bancshares, Inc., Weatherford, Texas; to acquire 88.81 percent of the voting shares of First Munday Bancshares, Inc., Munday,

Texas, and thereby indirectly acquire First Munday Bancshares of Delaware, Inc., Munday, Texas, and First National Bank in Munday, Munday, Texas.

2. *Paradigm Bancorporation, Inc.*, Houston, Texas; to become a bank holding company by acquiring 100 percent of the voting shares of Paradigm Delaware Bancorporation, Inc., Dover, Delaware, and thereby indirectly acquire Woodcreek Bank, Houston, Texas.

In connection with this application, Paradigm Delaware Bancorporation, Inc., Dover, Delaware, has also applied to become a bank holding company by acquiring 100 percent of the voting shares of Woodcreek Bank, Houston, Texas.

E. Federal Reserve Bank of San Francisco (Kenneth R. Binning, Director, Bank Holding Company) 101 Market Street, San Francisco, California 94105:

1. *Humboldt Bancorp.*, Eureka, California; to acquire 100 percent of the voting shares of Humboldt Bank Nevada, Las Vegas, Nevada (in organization).

Board of Governors of the Federal Reserve System, September 11, 1996.

Jennifer J. Johnson

*Deputy Secretary of the Board*

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### **Notice of Proposal to Engage in Nonbanking Activities or to Acquire Companies that are Engaged in Nonbanking Activities**

Carolina First Corporation, Greenville, South Carolina (Applicant), has given notice pursuant to section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) (BHC Act) and section 225.23(a) of the Board's Regulation Y (12 CFR 225.23(a)) to acquire up to 20.2 percent of the voting shares of Affinity Technology, Inc., Columbia, South Carolina (Company), and thereby engage in providing data processing software and hardware to insured depository institutions (financial institutions). The software consists of a proprietary Decision Support System (DSS) that would automate the data collection and collation and credit scoring involved in processing and acting on mortgage and other loan applications. The hardware consists of automated loan machines (ALMs) at which financial institution customers could apply for and receive proceeds of loans processed by DSS. Company also would provide the software to operate the ALMs. Company currently provides these services to financial institutions throughout the

United States, and would continue to provide services on a nationwide basis.

Section 4(c)(8) of the BHC Act provides that a bank holding company may engage in any activity that the Board, after due notice and opportunity for hearing, has determined by order or regulation to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. This statutory test requires that two separate tests be met for an activity to be permissible for a bank holding company. First, the Board must determine that the activity is, as a general matter, closely related to banking. Second, the Board must find in a particular case that the performance of the activity by the applicant bank holding company may reasonably be expected to produce public benefits that outweigh possible adverse effects.

A particular activity may be found to meet the "closely related to banking" test if it is demonstrated that banks have generally provided the proposed services, that banks generally provide services that are operationally or functionally similar to the proposed services so as to equip them particularly well to provide the proposed services, or that banks generally provide services that are so integrally related to the proposed services as to require their provision in a specialized form.

*National Courier Ass'n v. Board of Governors*, 516 F.2d 1229, 1237 (D.C. Cir. 1975). In addition, the Board may consider any other basis that may demonstrate that the activity has a reasonable or close relationship to banking or managing or controlling banks. Board Statement Regarding Regulation Y, 49 FR 806 (1984); *Securities Industry Ass'n v. Board of Governors*, 468 U.S. 207, 210-11, n.5 (1984). A bank holding company also may engage in any incidental activities that are necessary to carry on an activity that is closely related to banking. See 12 CFR 225.21(a)(2); *National Courier* at 1239-1241.

Applicant states that the Board previously has determined by regulation that providing certain data processing and data transmission services and facilities (including software) and providing access to such services and facilities by any technological means are closely related to banking for purposes of section 4(c)(8) of the BHC Act. In order to be found to be closely related to banking, the data to be handled must be "financial, banking, or economic" in nature, and such activities must be conducted within certain additional limitations established by the Board. See 12 CFR 225.25(b)(7). Applicant maintains that Company's proposed

activities would relate to financial, banking, or economic data, and would otherwise conform to Regulation Y.

Applicant states that the ALM hardware to be provided under the proposal is special purpose hardware because it is designed to process only financial, banking, or economic data related to automated loan transactions, and therefore asserts that the provision of the hardware is closely related to banking. See *Citicorp*, 72 Fed. Res. Bull. 497, 499 (1986) (*Citicorp*). To the extent that it is determined that the hardware includes general purpose hardware, Applicant states that it will be offered only in conjunction with permissible data processing software and will not constitute more than 30 percent of the cost of any packaged offering in which it is contained, as required by Regulation Y. See 12 CFR 225.25(b)(7)(iii). Applicant also states that there is no other producer of ALM hardware, and contends that as a result the production of ALM hardware by Company is permissible as a necessary incident to Company's other activities. See *Citicorp* at 500; Board Ruling at II F.R.R.S. 4-472.1 (June 19, 1989).

In order to approve the proposal, the Board also must determine that the proposed activities to be engaged in by Company are a proper incident to banking that "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." 12 U.S.C. 1843(c)(8). Applicant contends that its proposal would produce public benefits by reducing cost and providing greater convenience in loan processing that outweigh any potential adverse effects.

In publishing the proposal for comment, the Board does not take a position on issues raised by the proposal. Notice of the proposal is published solely to seek the views of interested persons on the issues presented by the notice and does not represent a determination by the Board that the proposal meets, or is likely to meet, the standards of the BHC Act.

Any comments or requests for hearing should be submitted in writing to William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, not later than September 27, 1996. Any request for a hearing on this notice must, as required by § 262.3(e) of the Board's Rules of Procedure (12 CFR 262.3(e)), be accompanied by a