

FSB Community Bankshares Inc
Form SB-2
March 16, 2007

As filed with the Securities and Exchange Commission on March 16, 2007

Registration No. 333-_____

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM SB-2
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933**

FSB COMMUNITY BANKSHARES, INC.
(Name of Small Business Issuer in Its Charter)

Federal
(State or Other Jurisdiction of
Incorporation or Organization)

6712
(Primary Standard Industrial
Classification Code Number)

74-3164710
(I.R.S. Employer
Identification Number)

**45 South Main Street
Fairport, New York 14450
(585) 223-9080**
(Address and Telephone Number of
Principal Executive Offices)

**45 South Main Street
Fairport, New York 14450**
(Address of Principal Place of Business)

**Dana C. Gavenda
45 South Main Street
Fairport, New York 14450
(585) 223-9080**
(Name, Address and Telephone Number of Agent for Service)

Copies to:

| | |
|--|--------------------------------------|
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| Washington, D.C. 20015 | Washington, DC 20001 |

Approximate date of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box:

CALCULATION OF REGISTRATION FEE

| Title of each class of securities to be registered | Amount to be registered | Proposed maximum offering price per share | Proposed maximum aggregate offering price | Amount of registration fee |
|---|--------------------------------|--|--|-----------------------------------|
| Common Stock, \$0.10 par value per share | 1,305,308 shares | \$10.00 | \$13,053,080 (1) | \$401 |
| Participation Interests | 249,369 interests | — | — | (2) |

(1) Estimated solely for the purpose of calculating the registration fee.

(2) The securities of FSB Community Bankshares, Inc. to be purchased by the Fairport Savings Bank 401(k) Plan are included in the amount shown for common stock. However, pursuant to Rule 457(h) of the Securities Act of 1933, as amended, no separate fee is required for the participation interests. Pursuant to such rule, the amount being registered has been calculated on the basis of the number of shares of common stock that may be purchased with the current assets of such plan.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

PROSPECTUS

**FSB Community Bankshares, Inc.
Holding Company for Fairport Savings Bank
1,135,050 Shares of Common Stock**

FSB Community Bankshares, Inc., a federally chartered corporation, is offering for sale 1,135,050 shares of its common stock, \$0.10 par value, on a best efforts basis. The shares being offered represent 47.0% of our shares of common stock that will be outstanding upon completion of the stock offering. Upon completion of the stock offering, 53.0% of our outstanding shares of common stock will be owned by FSB Community Bankshares, MHC, our federally chartered mutual holding company parent.

We must sell a minimum of 838,950 shares in order to complete the stock offering, and we will terminate the stock offering if we do not sell the minimum number of shares. We may sell up to 1,305,308 shares because of changes in market conditions without resoliciting subscribers. The stock offering is scheduled to terminate at _____, Eastern time, on [offering date]. We may extend the termination date without notice to you, until [extension date], unless the Office of Thrift Supervision approves a later date, which may not be beyond [final date].

Depositors of Fairport Savings Bank with aggregate deposit account balances of \$50 or more as of December 31, 2005 will have first priority rights to subscribe for our shares of common stock. The minimum purchase is 25 shares of common stock. Generally, the maximum purchase that an individual may make through a single deposit account is 10,000 shares (\$100,000), and no person by himself, or with an associate or group of persons acting in concert, may purchase more than 15,000 shares (\$150,000). For further information concerning the limitations on purchases of shares of common stock, see “The Stock Offering—Limitations on Purchase of Shares.” Once submitted, orders are irrevocable unless the stock offering is terminated or extended beyond [extension date]. If the stock offering is extended beyond [extension date], subscribers will have the right to modify or rescind their purchase orders. Funds received prior to the completion of the stock offering up to the minimum of the offering range will be held by Fairport Savings Bank. Funds received in excess of the minimum of the offering range may be maintained at Fairport Savings Bank or, at our discretion, at another federally insured depository institution. However, in no event will we maintain more than one escrow account. All subscriptions received will bear interest at Fairport Savings Bank’s passbook savings rate, which is currently _____% per annum. If the stock offering is terminated, subscribers will have their funds returned promptly, with interest.

Sandler O’Neill & Partners, L.P. will use its best efforts to assist us in selling our shares of common stock, but is not obligated to purchase any of the shares of common stock that are being offered for sale. Subscribers will not pay any commissions to purchase shares of common stock in the stock offering. There is currently no public market for the shares of common stock. Sandler O’Neill & Partners, L.P. has advised us that it intends to make a market in our shares of common stock, but is under no obligation to do so. We expect that our shares of common stock will trade on the OTC Bulletin Board.

**This investment involves risk, including the possible loss of principal.
Please read the “Risk Factors” beginning on page 19.**

OFFERING SUMMARY

Price: \$10.00 per share

| | Minimum | Midpoint | Maximum | Adjusted Maximum |
|----------------------------|----------------|-----------------|----------------|-----------------------------|
| Number of shares | 838,950 | 987,000 | 1,135,050 | 1,305,308 |
| Gross proceeds of offering | \$ 8,389,500 | \$ 9,870,000 | \$ 11,350,500 | \$ 13,053,075 |

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| | | | | | | | | |
|--|----|-----------|----|-----------|----|------------|----|------------|
| Estimated stock offering expenses excluding selling agent commissions and expenses | \$ | 644,600 | \$ | 644,600 | \$ | 644,600 | \$ | 644,600 |
| Selling agent commissions and expenses ⁽¹⁾ | \$ | 210,000 | \$ | 210,000 | \$ | 210,000 | \$ | 210,000 |
| Net proceeds | \$ | 7,534,900 | \$ | 9,015,400 | \$ | 10,495,900 | \$ | 12,198,475 |
| Net proceeds per share | \$ | 8.98 | \$ | 9.13 | \$ | 9.25 | \$ | 9.35 |

(1) Fixed fee of \$150,000 plus estimated \$60,000 of expenses.

These securities are not deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

Neither the Securities and Exchange Commission, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, nor any state securities commission has approved or disapproved these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

Sandler O'Neill + Partners, L.P.

The date of this prospectus is _____, 2007

**[MAP OF FAIRPORT SAVINGS BANK BRANCH NETWORK
APPEARS HERE]**

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SUMMARY

The following summarizes material information regarding the offering of shares of common stock by FSB Community Bankshares, Inc. and the business of FSB Community Bankshares, Inc. and Fairport Savings Bank. However, this summary may not contain all the information that may be important to you. For additional information, you should read this entire prospectus carefully, including the consolidated financial statements and the notes to the consolidated financial statements of FSB Community Bankshares, Inc.

Our Companies

In January 2005, Fairport Savings Bank reorganized into the two-tier mutual holding company structure. As part of the reorganization, Fairport Savings Bank formed FSB Community Bankshares, Inc. and FSB Community Bankshares, MHC, a federally chartered mid-tier stock holding company and mutual holding company, respectively. As a result of the reorganization, Fairport Savings Bank became a federally chartered capital stock savings bank, and a wholly owned subsidiary of FSB Community Bankshares, Inc., and FSB Community Bankshares, Inc. became the wholly owned subsidiary of FSB Community Bankshares, MHC. The same directors and officers who manage Fairport Savings Bank manage FSB Community Bankshares, Inc. and FSB Community Bankshares, MHC. The executive offices of FSB Community Bankshares, MHC, FSB Community Bankshares, Inc. and Fairport Savings Bank are located at 45 South Main Street, Fairport, New York 14450 and their telephone number is (585) 223-9080.

Our current ownership structure is as follows:

FSB Community Bankshares, MHC. FSB Community Bankshares, MHC is a federally chartered mutual holding company and currently owns 100% of the outstanding common stock of FSB Community Bankshares, Inc. FSB Community Bankshares, MHC has not engaged in any significant business activity other than owning the common stock of FSB Community Bankshares, Inc., and does not intend to expand its business activities after the stock offering. Upon completion of the stock offering, FSB Community Bankshares, MHC is expected to own 53.0% of the outstanding shares of common stock of FSB Community Bankshares, Inc. So long as FSB Community Bankshares, MHC exists, it is required to own a majority of the voting stock of FSB Community Bankshares, Inc. FSB Community Bankshares, MHC is subject to regulation and examination by the Office of Thrift Supervision.

FSB Community Bankshares, Inc. FSB Community Bankshares, Inc. is a federally chartered mid-tier stock holding company that currently owns 100% of the outstanding common stock of Fairport Savings Bank. At December 31, 2006, FSB Community Bankshares, Inc. had consolidated assets of \$152.8 million, deposits of \$108.6 million and consolidated stockholder's equity of \$13.9 million. Its consolidated net income for the year ended December 31, 2006 was \$233,000. The shares being offering in this offering comprise 47.0% of the shares of common stock of FSB Community Bankshares, Inc. that will be outstanding following completion of the offering, with the remaining 53.0% being held by FSB Community Bankshares, MHC. FSB Community Bankshares, Inc. is subject to regulation and examination by the Office of Thrift Supervision.

Fairport Savings Bank. Fairport Savings Bank is a federally chartered savings bank that conducts business from its main office in Fairport, New York, and two branch offices located in Penfield and Irondequoit, New York. Fairport Savings Bank's principal business consists of originating one- to four-family residential real estate mortgage loans and home equity lines of credit. Fairport Savings Bank also offers commercial real estate, multi-family, construction and other loans (consisting of automobile, passbook, overdraft protection and unsecured loans). To a lesser extent, Fairport Savings Bank also invests in mortgage-backed securities, U.S. Government and federal agency obligations, and state and municipal securities. Deposits are Fairport Savings Bank's primary source of funds for its lending and investing activities. Fairport Savings Bank offers a variety of deposit accounts, including certificates of deposit, individual retirement accounts, NOW accounts, money market accounts and passbook savings accounts. Fairport Savings Bank has also used borrowed funds as a source of funds, principally from the Federal Home Loan Bank of New York. Through its wholly owned subsidiary, Oakleaf Services Corporation, Fairport Savings Bank offers non-deposit investment products, consisting of annuities, insurance products and mutual funds.

Business Strategy

Our business strategy is to:

- Operate as a community-oriented retail financial institution in Monroe County, New York;
- Manage our interest rate risk;
- Continue to emphasize the origination of residential real estate loans; and
- Maintain high asset quality.

See "Business of Fairport Savings Bank" beginning on page ___ of this prospectus for a full description of our products and services. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Strategy" beginning on page ___ of this prospectus for a discussion of our business strategy.

Our Ownership Structure Following The Stock Offering

Federal regulations require that as long as FSB Community Bankshares, MHC exists, it must own a majority of our outstanding shares of common stock. Accordingly, the shares that we are permitted to sell in the stock offering must represent a minority of our outstanding shares of common stock. Based on these restrictions, our board of directors has decided to offer 47.0% of our shares of common stock for sale in the stock offering. Our remaining outstanding shares of common stock will be held by FSB Community Bankshares, MHC.

The following chart shows our ownership structure following the stock offering:

FSB Community Bankshares, MHC has no plans, understandings or agreements, whether written or oral, to sell or otherwise dispose of its shares of common stock of FSB Community Bankshares, Inc. FSB Community Bankshares, MHC may convert to stock form in the future by offering its interest in FSB Community Bankshares, Inc. for sale to depositors and others in a subscription offering. However, FSB Community Bankshares, MHC has no current plans to convert to stock form.

Reasons for the Stock Offering

The primary reasons for our decision to conduct the stock offering and raise capital are to:

- support our internal growth through lending in the communities we serve or may serve in the future;
- support the expansion of our branch network;
- enhance our existing products and services and to support the development of new products and services;
- enable us to compete more effectively in the financial services marketplace; and

·offer our depositors, employees, management and directors an equity ownership interest in FSB Community Bankshares, Inc. and thereby obtain an economic interest in any future success that we may have.

The stock offering also will allow us to establish stock benefit plans for management and employees, which will help us to attract and retain qualified personnel.

Terms of the Stock Offering

We are offering between 838,950 and 1,135,050 shares of common stock to qualified depositors and borrowers, our tax-qualified employee plans and to the public, to the extent shares remain available. The maximum number of shares that we sell in the stock offering may increase to up to 1,305,308 shares as a result of positive changes in financial markets in general and with respect to financial institution stocks in particular. Unless our estimated pro forma fully converted market value decreases below \$17.9 million or increases above \$27.8 million, you will not have the opportunity to change or cancel your stock order. The term “fully converted” means that our independent appraisal firm assumed that 100% of our common stock had been sold to the public, rather than the 47% that will be sold in connection with this offering.

The offering price of the shares of common stock is \$10.00 per share. Sandler O’Neill & Partners, L.P., our marketing agent in connection with the stock offering, will use its best efforts to assist us in selling our shares of common stock, but Sandler O’Neill & Partners, L.P. is not obligated to purchase any shares in the stock offering.

Persons Who May Order Stock in the Stock Offering

We are offering the shares of common stock in a subscription offering in the following descending order of priority:

- (1) Depositors who had accounts at Fairport Savings Bank with aggregate balances of at least \$50 as of the close of business on December 31, 2005;
- (2) The tax-qualified employee benefit plans of Fairport Savings Bank (including our employee stock ownership plan);
- (3) Depositors who had accounts at Fairport Savings Bank with aggregate balances of at least \$50 as of the close of business on March 31, 2007; and
- (4) Depositors who had accounts at Fairport Savings Bank with aggregate balances of at least \$50 as of the close of business on _____ and borrowers from Fairport Savings Bank as of January 14, 2005 who maintain such borrowings as of the close of business on _____, 2007.

If any shares of our common stock remain unsold in the subscription offering, we will offer such shares for sale in a community offering. Natural persons residing in the New York counties of Livingston, Monroe, Ontario, Orleans and Wayne will have a purchase preference in any community offering. Shares also may be offered to the general public. The community offering, if any, may commence concurrently with, during or promptly after the subscription offering. We also may offer shares of common stock not purchased in the subscription offering or the community offering through a syndicate of brokers in what is referred to as a syndicated community offering. The syndicated community offering, if necessary, would be managed by Sandler O’Neill & Partners, L.P. We have the right to accept or reject, in our sole discretion, any orders received in the community offering or the syndicated community offering.

To ensure a proper allocation of stock, each eligible account holder must list on his or her stock order form all deposit accounts in which he or she had an ownership interest at December 31, 2005, March 31, 2007 or _____, 2007, as applicable. Failure to list an account, or providing incorrect information, could result in the loss of all or part of a subscriber's stock allocation. Our interpretation of the terms and conditions of the stock issuance plan and of the acceptability of the order forms will be final.

How We Determined to Offer Between 838,950 Shares and 1,135,050 Shares and the \$10.00 Price Per Share

The decision to offer between 838,950 shares and 1,135,050 shares, subject to adjustment, which is our offering range, is based on an independent appraisal of our pro forma market value prepared by RP Financial, LC, a firm experienced in appraisals of financial institutions. RP Financial, LC is of the opinion that as of February 23, 2007, the estimated pro forma market value of the shares of common stock of FSB Community Bankshares, Inc. on a fully converted basis was between \$17.9 million and \$24.2 million, with a midpoint of \$21.0 million. The term "fully converted" assumes that 100% of our common stock had been sold to the public, as opposed to the 47.0% that will be sold in the stock offering.

In preparing its appraisal, RP Financial, LC considered the information contained in this prospectus, including our consolidated financial statements. RP Financial, LC also considered the following factors, among others:

- our present and projected operating results and financial condition and the economic and demographic conditions in our market areas;