

OFFICE OF THRIFT SUPERVISION

Application Requesting Exemption Under The Depository Institution Management Interlocks Act

Order No.: 2003-43
Date: September 5, 2003
Docket No.: H-3527, H-3232

The Office of Thrift Supervision (OTS) has reviewed an application (Application) requesting an exemption under the Depository Institution Management Interlocks Act (Act) and 12 C.F.R. § 563f.6(a) of the OTS management interlocks regulations on behalf of W. Allen Reed (Mr. Reed). The Application requests an exemption under 12 C.F.R. § 563f.6(a) for Mr. Reed's proposed service as Chairman/Chief Executive Officer of General Motors Trust Bank, National Association, (Trust Bank), New York, New York while serving as a member of the board of directors of Temple Inland, Inc., Diboll, Texas, (Temple Inland).

The Trust Bank is a wholly owned, newly formed subsidiary of General Motors Acceptance Corporation (GMAC) and General Motors Corporation (GM). GM and GMAC are savings and loan holding companies by virtue of their ownership of GMAC Bank, Greenville, Delaware (FSB), a federally chartered savings bank. Temple Inland is a savings and loan holding company, which wholly owns Guaranty Bank, Dallas, Texas.

Mr. Reed has been a director of Temple Inland since February 2001. In addition, Mr. Reed has been a director of GMAC since July 1, 1994, and is a management official of several subsidiaries of GM.

The Depository Institution Management Interlocks Act (Act) and the OTS Management Interlocks Regulations generally prohibit a management official of a depository organization with total assets exceeding \$2.5 billion (or any affiliate of such an organization) from serving at the same time as a management official of an unaffiliated depository organization with total assets exceeding \$1.5 billion (or any affiliate of such an organization).¹ Both GM and Temple Inland have total assets exceeding \$2.5 billion, and the Trust Bank is an affiliate of GM. Accordingly, the proposed interlock, and the existing interlocks involving Mr. Reed, are prohibited unless an exemption is available.

With respect to the currently existing interlocks, the Act provides, at 12 U.S.C. § 3205(b), that a person who serves as a management official of a company which is not a depository institution or a depository holding company and as a management official of a depository

¹ 12 U.S.C. § 3203; 12 C.F.R. § 563f.3(c) (2003).

institution or depository holding company is not prohibited from continuing to serve as a management official of that depository institution or depository holding company as a result of the company which is not a depository institution or depository holding company becoming a diversified savings and loan holding company. GM became a diversified savings and loan holding company upon its acquisition of the FSB in August 2001. OTS and its predecessor, the Federal Home Loan Bank Board, have taken the position that interlocks involving a subsidiary of a diversified savings and loan holding company are also permitted under 12 U.S.C. § 3205(b). Accordingly, under § 3205(b), the various interlocks involving Mr. Reed were excepted from the Act's general prohibitions.

As of January 1, 2002, GM no longer qualified for diversified status. However, the interlocks that existed at the time remained permissible under § 3205(b), notwithstanding the loss of diversified status.² New interlocks, however, such as the proposed interlock involving the Trust Bank, are not within the scope of the § 3205(b) exception.

With respect to the proposed interlock involving the Trust Bank, pursuant to § 563f.6(a), OTS may grant an exemption for an otherwise prohibited interlock if it determines that the interlock would not result in a monopoly or substantial lessening of competition or threaten safety and soundness. In analyzing the competitive effects of a proposed interlock, OTS must consider the product lines of the entities involved, their geographic locations and market areas to determine whether the firms are substantial competitors.

Given the significant existing, excepted, management interlocks involving Mr. Reed, and Temple Inland and various GM subsidiaries, OTS has concluded that it is appropriate to evaluate the proposed interlock solely with regard to the effect of the new interlock, involving the Trust Bank, on competition. The Trust Bank proposes to engage solely in trust activities. Guaranty Bank currently does not provide trust services to the public, and no affiliate of Guaranty Bank engages in trust activities. Accordingly, we conclude that the proposed interlock will not have an adverse effect on competition.

OTS has evaluated the proposed interlock from a supervisory perspective, and has concluded that the interlock will not present safety and soundness concerns.

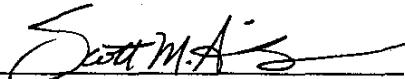
Based on the Application and the foregoing analysis, OTS concludes that Mr. Reed's

² See, Op. Dep. C.C. (Dec. 19, 2002).

proposed interlock meets the applicable approval criteria. Accordingly, the Application is hereby approved.

By order of the Director of the Office of Thrift Supervision, or his designee, effective

September 5, 2003.



Scott M. Albinson
Managing Director
Office of Supervision