

## OFFICE OF THRIFT SUPERVISION

### Application Requesting Exemption Under The Depository Institution Management Interlocks Regulations

**Order No.:** 2006-31  
**Date:** August 28, 2006  
**Docket No.:** H-0813, H-1226

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 OTS's management interlocks regulations on behalf of Admiral Thomas B. Fargo (Ret.) (Individual), regarding the Individual's proposed service as a member of the board of directors of United Services Automobile Association (USAA), San Antonio, Texas, while he serves as a director of Hawaiian Electric Industries, Inc. (HEI), Honolulu, Hawaii. Both USAA and HEI are savings and loan holding companies that control federal savings associations, respectively, USAA Federal Savings Bank, San Antonio, Texas, and American Savings Bank, Honolulu, Hawaii.

The Individual is currently a director of HEI, and proposes to serve as a director of USAA. He is not a management official of any subsidiaries of HEI and does not propose to serve as a management official of any subsidiaries of USAA.

The Act and 12 C.F.R. § 563f.3(c) prohibit a management official of a depository organization (or any affiliate thereof) from simultaneously serving as a management official of an unaffiliated depository organization (or any affiliate thereof), regardless of where the depository organizations are located, if one of the depository organizations in question has total assets in excess of \$2.5 billion and the other depository organization has total assets in excess of \$1.5 billion. The proposed management interlock is subject to this prohibition.

Pursuant to section 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 considers the product lines of the entities involved and the market areas in which they compete to determine whether the proposed interlock would create a monopoly or substantially lessen competition. In doing so, OTS generally applies Department of Justice Guidelines for reviewing horizontal mergers.

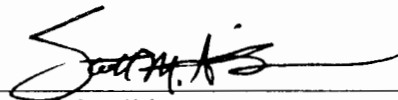
USAA and HEI, through their subsidiary depository institutions and other affiliates, provide a broad range of financial services, including deposits, residential mortgage lending, home equity lines of credit, credit cards, securities brokerage services and insurance. Competition exists between USAA and HEI (or their affiliates) in

national or local geographic markets with respect to most of the foregoing product markets.

OTS has considered the market shares of USAA and HEI (and their affiliates) in each of several product markets and submarkets, including deposits, residential mortgage lending, home equity lines of credit, credit cards, securities brokerage services and insurance. With respect to each product market and relevant geographic market, OTS has determined, based on the level of concentration in the respective markets and the market

Based on the Application and the foregoing analysis, OTS concludes that the Individual's proposed service as a director of USAA while serving as a director of HEI 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 August 28, 2006.



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