

## OFFICE OF THRIFT SUPERVISION

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

**Order No.: 2006-48**

**Date: December 8, 2006**

**Docket No.: H-4047, H-4040, H-3483**

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 Ms. C. Cathleen Raffaelli (Individual), with respect to the Individual's service on the boards of directors of American Home Mortgage Investment Corp., Melville, New York (AHM), and its wholly owned subsidiary, American Home Mortgage Holdings, Inc. (AHMH), while serving on the board of directors of E\*TRADE Financial Corporation, New York, New York (EFC).

AHM and AHMH became savings and loan holding companies as a result of their acquisition of Flower Bank, fsb, Chicago, Illinois (FSB), on October 19, 2006. EFC is a savings and loan holding company, which currently has two savings association subsidiaries, E\*TRADE Bank (ETB) and E\*TRADE Savings Bank (ETSB), both headquartered in Arlington, Virginia.

AHM and AHMH seek approval of an interlock exemption so that the Individual may continue service on their boards of directors indefinitely.<sup>1</sup> The Individual has been a director of AHMH since October 1999 and of AHM since December 2003. The Individual has been a director of EFC since April 2003. The Individual is not a director of any other subsidiaries of AHM or any subsidiary of EFC.

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 12 C.F.R. § 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

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<sup>1</sup> Because AHM and AHMH acquired the FSB on October 19, 2006, the Individual is currently relying on 12 C.F.R. § 563f.7 (2006), which provides an exemption for a change in circumstances for a 15-month period.

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.

AHM, a real estate investment trust, and its wholly owned subsidiary AHMH (and their affiliates) engage in the origination and service of mortgage loans and loan brokerage. The FSB, which is based in the Chicago Metropolitan Statistical Area, engages in deposit taking and residential mortgage lending.

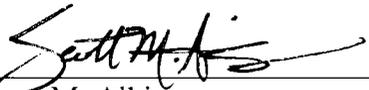
EFC offers a wide range of financial products and services. EFC divides its business into two segments, retail and institutional customers. The retail segment includes securities brokerage and related investment products and services. The institutional segment involves providing access to a range of execution services through traditional sales traders and direct market access to exchanges, market-making activities, and balance sheet management functions. ETB offers certificates of deposit, money market and savings accounts, and interest bearing checking accounts. In addition to residential mortgage loans, ETB offers consumer loans to finance vehicles and credit card loans. ETSB is a direct wholly owned operating subsidiary of ETB that engages in the business of accepting deposits.

OTS has considered the market shares of AHM and EFC (and their affiliates) in the relevant product markets, deposits and residential mortgage lending. With respect to the relevant product and geographic markets, OTS has determined, based on the level of concentration in the respective markets and the market shares of AHM and EFC (and their affiliates), that the proposed interlock would not create a monopoly or substantially diminish competition.

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

Based on the Application and the foregoing analysis, OTS concludes that the Individual's proposed continuing service on the boards of directors of AHM and AHMH, while serving as a director of EFC, 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 December 8, 2006.

  
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Scott M. Albinson  
Managing Director  
Office of Examinations, Supervision and  
Consumer Protection