

OFFICE OF THRIFT SUPERVISION

Approval of Holding Company Application

Order No.: 2003-39
Date: August 28, 2003
Docket Nos.: H-3052, H-3056, 02050

Holborn Delaware Corporation (Holborn), Wilmington, Delaware, Brooke Holdings (UK) Limited (Brooke), London, England, Brooke Limited (Jersey), Jersey, Channel Islands, and GS Twenty Eight Limited (GS28), London, England (collectively, the Applicants), have filed an application for approval of the Office of Thrift Supervision (OTS) to acquire Jackson Federal Bank, Fullerton, California (Savings Bank), under § 10(e) of the Home Owners' Loan Act (HOLA), and 12 C.F.R. § 574.3 (Application).

Background

The Savings Bank, a SAIF-insured, federally chartered stock savings bank, is an indirect, wholly owned subsidiary of Prudential plc, United Kingdom (Holding Company), and a number of other intermediate holding companies. The Holding Company is a financial services holding company based in the United Kingdom. The Holding Company acquired the Savings Bank in 1998.¹ The Application requests OTS approval for the Applicants' indirect acquisition of control of the Savings Bank in a corporate reorganization of the Holding Company. Each of the Applicants is a shell company.

Holding Company Application

Section 10(e)(1)(B) of the HOLA and 12 C.F.R. Part 574 provide that OTS must approve a holding company application seeking permission to acquire one savings association by a company other than a savings and loan holding company unless OTS finds the financial and managerial resources and future prospects of the company and association involved to be such that the acquisition would be detrimental to the savings association or to the insurance risk of the Savings Association Insurance Fund (SAIF) or the Bank Insurance Fund.² Also, OTS must consider the impact of any acquisition on competition.³ Further, 12 C.F.R. § 563e.29(a) requires that the OTS take into account assessments under the Community Reinvestment Act (CRA) when approving savings and loan holding company acquisitions.

With respect to managerial resources, each of the Applicants is a shell company, whose management consists of officers or directors of other subsidiaries of the Holding Company.

¹ See OTS Order 98-113, Nov. 9, 1998.

² 12 U.S.C. § 1467a(e)(1)(B). See also 12 C.F.R. § 574.7(c) (2003).

³ 12 U.S.C. § 1467a(e)(2) and 12 C.F.R. § 574.7(c)(2) (2003).

OTS, as the regulator of the Savings Bank and the Holding Company, has experience regarding the background of the relevant individuals. In addition, based on its experience, and the materials submitted with the Application, OTS concludes that the managerial resources of the Applicants and the Savings Bank are consistent with approval.

With respect to financial resources, OTS has considered the financial condition and operations of the Holding Company, the Applicants and the Savings Bank. The Savings Bank has been, and based on the Application, will continue to be, well-capitalized. The Applicants, as noted above, are shell companies. OTS concludes that the financial resources of the Applicants and the Savings Bank are consistent with approval.

With respect to future prospects, OTS has considered the financial and managerial resources of the Savings Bank, the Applicants and the Holding Company. Approval of the Application is subject to conditions that are intended to ensure that the Savings Bank operates safely and soundly and that future prospects of the Savings Bank and the Applicants are consistent with approval. Based on the foregoing, OTS concludes that the future prospects of the Applicants and the Savings Bank and any insurance risk to the SAIF are consistent with approval, provided that the Savings Bank and the Applicants comply with the conditions set forth below.

The proposed acquisition will not cause the Savings Bank to become affiliated with any other operating depository institution. Accordingly, OTS concludes that the transaction is not objectionable on anti-competitive grounds.

As for the CRA, the Applicants have no CRA experience, and OTS does not impute a savings association's CRA performance to a newly formed entity. OTS has received no comments from the public objecting to the proposed transaction. Accordingly, OTS concludes that approval of the proposed acquisition of the Savings Bank by the Applicants is consistent with the CRA.

Conclusions

Based on the foregoing analysis, OTS concludes that the Application meets the applicable approval criteria. Accordingly, the Application is hereby approved, provided that the following conditions are complied with in a manner satisfactory to the OTS West Regional Director, or his designee (Regional Director):

1. The Applicants and the Savings Bank must receive all required regulatory approvals and submit copies of all such approvals to the Regional Director;
2. The chief financial officers of the Applicants and the Savings Bank must certify in writing to the Regional Director within five calendar days of the date of this Order, that no material adverse changes have occurred with respect to the financial condition or operation of the respective entities as disclosed in the Application. If additional information having a material adverse bearing on any feature of the Application is brought to the attention of the

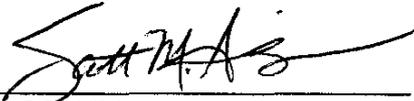
Applicants, the Savings Bank, or OTS since the date of the financial statements submitted with the Application, additional information summarizing this material adverse information must be submitted to the Regional Director within the five calendar day period; and

3. Brooke and Jersey must each execute a Foreign Holding Company Agreement, in language satisfactory to the Regional Director, and must provide such agreements to the Regional Director within 30 calendar days of the date of this Order.

Any time period set forth herein may be extended for up to 120 calendar days, for good cause, by the Regional Director.

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

August 28, 2003



Scott M. Albinson
Managing Director
Office of Supervision