



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 23, 2007

Kristin H. Smith, Esq.
Assistant General Counsel
Metropolitan Life Insurance Company
One MetLife Plaza
27-01 Queens Plaza North
Long Island City, NY 11101

Dear Ms. Smith:

This is in response to your request for an exemption from the prohibitions of the Depository Institutions Management Interlocks Act (“Interlocks Act”)¹ and the Board’s Regulation L² for Mr. R. Glenn Hubbard. You request under the general exemption provision of Regulation L³ that the Board permit Mr. Hubbard to continue to serve as a director of MetLife, Inc. (“MetLife”), New York, New York,⁴ a registered financial holding company, while also continuing to serve as a director of Capmark Financial Group Inc. (“Capmark HC”), Horsham, Pennsylvania, a holding company with two subsidiary depository institutions, Capmark Bank and Escrow Bank USA,⁵ both of Midvale, Utah. Capmark HC is not a “depository holding company” under the Interlocks Act because it is not a bank holding company or a savings and loan holding company.⁶ Capmark HC is, however, subject to the Interlocks Act because it is an

¹ 12 U.S.C. § 3201 et seq.

² 12 CFR part 212.

³ 12 CFR 212.6.

⁴ MetLife’s only depository institution subsidiary is MetLife Bank, N.A., Bridgewater, New Jersey.

⁵ Capmark Bank and Escrow Bank USA are FDIC-insured, Utah-chartered industrial loan companies.

⁶ See 12 U.S.C. § 3201(2).

affiliate of the depository institutions, Capmark Bank and Escrow Bank USA.⁷ As an affiliate, Capmark HC is subject to the major-assets prohibition of the Interlocks Act, because the prohibition applies to management officials of affiliates of depository institutions that have assets exceeding the applicable thresholds.⁸

Mr. Hubbard has been a director of MetLife since February 1, 2007, and a director of Capmark HC since September 30, 2006. The Interlocks Act and Regulation L prohibit a management official of a depository institution or depository holding company with total assets exceeding \$2.5 billion, or any affiliate thereof, from also serving at the same time as a management official of an unaffiliated depository organization with total assets exceeding \$1.5 billion, or any affiliate thereof.⁹ MetLife, on the one hand, and Capmark HC's subsidiary depository institutions, on the other hand, have assets above the applicable thresholds. Mr. Hubbard's dual service as a management official at MetLife and Capmark HC became prohibited when he began serving as a director of MetLife on February 1, 2007.¹⁰

Under the general exemption provision of Regulation L, the Board may permit an interlock that otherwise would be prohibited by the Interlocks Act if the Board determines that the interlock would not result in a monopoly or a substantial lessening of competition and would not present safety and soundness

⁷ The Interlocks Act defines an affiliate as any corporation (including a depository institution) that is 25 percent or more owned by one or more persons who own 25 percent or more of another corporation. See 12 U.S.C. § 3201(3)(B). Under this definition, any company that owns or controls a depository institution is considered to be affiliated with its subsidiary depository institution for purposes of the Act because the same shareholders (i.e., the shareholders of the ultimate parent company) control the shares of both corporations. Therefore, Capmark HC is an affiliate of Capmark Bank and Escrow Bank USA for purposes of the Interlocks Act.

⁸ 12 CFR 212.3(c).

⁹ 12 U.S.C. § 3203 and 12 CFR 212.3(c). Regulation L defines "management official" to include directors and senior executive officers. 12 CFR 212.2(j)(1).

¹⁰ You represent that this request was not made on a timely basis because of MetLife's misunderstanding of Capmark HC's status under Regulation L.

concerns.¹¹ The Board has delegated to its General Counsel authority to grant exemptions under this provision of the Interlocks Act.

The interlock between MetLife and Capmark HC would not appear to result in a monopoly or a substantial lessening of competition. The organizations' subsidiary depository institutions do not operate in the same geographic banking markets, and there does not appear to be any other adverse competitive effect associated with the interlock.

Based on a review of supervisory, financial, and public information, including information from the Federal Reserve Bank of New York, the interlock also does not appear to present safety and soundness concerns. Additionally, you have represented that MetLife has conducted an organization wide review of all management interlocks and will implement new compliance procedures to prevent future violations of the Interlocks Act and Regulation L.

The General Counsel has reviewed your request for a general exemption and, after consulting with the Director of the Division of Banking Supervision and Regulation, has determined that the exemption would not result in a monopoly or a substantial lessening of competition and would not present safety and soundness concerns. Based on the foregoing and all the facts of the record, the General Counsel, acting pursuant to delegated authority, has granted the exemption to allow Mr. Hubbard to continue to serve as a director of both MetLife and Capmark HC. This management interlock may continue as long as it does not result in a monopoly or a substantial lessening of competition and is not unsafe or unsound.

Sincerely yours,

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

cc: Federal Reserve Bank of New York
Federal Deposit Insurance Corporation
Utah Department of Financial Institutions

¹¹ 12 CFR 212.6(a).