

Recent Corporate Decisions

The OCC publishes monthly, in its publication *Interpretations and Actions*, corporate decisions that represent a new or changed policy, or present issues of general interest to the public or the banking industry. In addition, summaries of selected corporate decisions appear in each issue of the *Quarterly Journal*. In the second quarter of 2002, the following corporate decisions were of particular importance because they were precedent-setting or otherwise represented issues of importance. The OCC's decision documents for these decisions may be found in *Interpretations and Actions* using the decision number at the end of each summary.

Mergers

On June 26, 2002, the OCC granted conditional approval for Household Bank (SB), N.A. ("HBSB"), Las Vegas, Nevada, to merge Household Bank (Nevada), N.A., Las Vegas, Nevada, into HBSB under 12 USC 215a and 1828(c). The conditional approval also included permission to purchase assets of Beneficial National Bank, U.S.A., New Castle, Delaware, and transfer ownership of the HBSB affiliate to Household Finance Company under 12 CFR 5.33. The approval requires HBSB to enter into an Operating Agreement with the OCC. [Conditional Approval Letter No. 537]

During the quarter, the OCC granted approval of four applications to undertake reorganizations pursuant to 12 USC 215a-2 and 12 CFR 7.2000(a). This recently enacted amendment to 12 USC 215 provides a streamlined process for national banks to effect holding company reorganizations through an exchange of the bank's stock for cash or securities of a bank holding company.

Also during the quarter, the OCC granted approval of two applications for national banks to merge with nonbank subsidiaries or affiliates pursuant to 12 USC 215a-3. This recently enacted amendment to 12 USC 215 expressly authorizes such mergers. This section was adopted to facilitate the ability of banking organizations to effect corporate restructuring between national banks and their subsidiaries and affiliates in the most efficient way possible, while preserving regulatory oversight by requiring OCC approval.

Operating Subsidiaries

On June 21, 2002, the OCC granted conditional approval for Citibank USA, N.A., to acquire three subsidiaries from a nonbank affiliate. The companies consist of two auto clubs, one of which has a subsidiary in Mexico, that operate and administer typical emergency roadside assistance and provide limited travel services through programs with auto rental companies, auto manufacturers, and a traditional retail member fee-based auto club. The third company is a credit card registration/notification company. The approval contained conditions relating to obtaining third-party insurance to cover the potential excess of costs over revenues in the retail member auto club program, and providing annual operational data for the retail member auto club permitting the OCC to determine whether divestiture may be required if its operation and administration is no longer convenient and useful. [Conditional Approval Letter No. 535]

On June 28, 2002, the OCC granted approval for Extraco Bank, N.A., Waco, Texas, to expand the activities of an operating subsidiary of the bank. We granted approval for the operating subsidiary to provide customers with advice and consultation on the technology (including installation and maintenance) used to access its banking services. The advisory and consulting services are limited to technology processing advice and consultation for the type of banking, financial, and economic data that the bank would be permitted to process on behalf of its customers discussed under 12 CFR 7.5006. [Corporate Decision No. 2002-11]