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FEDERAL RESERVE press release



For immediate release

December 4, 1996

The Federal Reserve Board today announced the issuance of an Amended Cease and Desist Order against Banco Latino C.A., S.A.C.A., Caracas, Venezuela, and Banco Latino International, Miami, Florida.

A copy of the Amended Cease and Desist Order is attached.

Attachment

UNITED STATES OF AMERICA
BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of)	
BANCO LATINO C.A., S.A.C.A.)	Docket No. 94-086-B-FB-A1
Caracas, Venezuela)	94-086-B-EC-A1
and)	Amended Cease and Desist
BANCO LATINO INTERNATIONAL)	Order Issued Upon Consent
Miami, Florida)	Pursuant to the Federal
)	Deposit Insurance Act,
)	as Amended

WHEREAS, as of the date of this Amended Cease and Desist Order (the "Order"), Banco Latino International, Miami, Florida ("BLI") is an Edge corporation owned and controlled by Banco Latino C.A., S.A.C.A., Caracas, Venezuela ("BLCA"), a foreign bank;

WHEREAS, BLI, as an Edge corporation, and BLCA, as the controlling shareholder and institution-affiliated party of BLI, as such term is defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. 1813(u) and 1818(b)(3)), are subject to the supervision and regulation of the Board of Governors of the Federal Reserve System (the "Board of Governors");

WHEREAS, on January 19, 1994, BLI voluntarily filed for Chapter 11 bankruptcy, which was followed on November 29, 1994,

by the approval by the federal bankruptcy court of a reorganization plan for BLI (the "Reorganization Plan"), providing, among other things, for support from BLCA for BLI pursuant to the Agreement between BLCA and BLI's bankruptcy trustee, dated October 26, 1994, and amended November 29, 1994 (the "Reorganization Agreement"), which also was approved by the bankruptcy court;

WHEREAS, on December 19, 1994, the Board of Governors issued a Cease and Desist Order Issued Upon Consent (the "1994 Order"), imposing, among other things, restrictions upon the operations of BLI and requiring support by BLCA for BLI's efforts to collect its assets and pay allowed claims of pre-petition depositors and other creditors;

WHEREAS, since the issuance of the 1994 Order, BLI has marshalled sufficient assets to pay substantially all of the allowed claims of BLI's pre-petition depositors and other creditors, and has placed in escrow sufficient assets to pay remaining disputed claims of BLI's pre-petition depositors and other creditors;

WHEREAS, on August 9, 1996, pursuant to a Purchase and Assumption Agreement, dated as of April 16, 1996, between BLI and SunTrust Bank, Miami, N.A. ("SunTrust"), Miami, Florida, (the "Sale Agreement"), BLI transferred to SunTrust all of BLI's

deposits, other than certain deposits identified as insider deposits;

WHEREAS, it is the common goal of the Board of Governors, BLCA and BLI to ensure that BLI operates in a safe and sound manner, that BLI and BLCA take all necessary steps following the sale of BLI's deposits to effect an orderly, efficient and speedy winding up of BLI's affairs, followed by voluntary dissolution of BLI and the surrender of its permit to the Federal Reserve Bank of Atlanta (the "Reserve Bank"), and that BLI limit its operations to those necessary to accomplish these objectives; and

WHEREAS, on October 3, 1996, and October 8, 1996, BLCA, as controlling shareholder of BLI, and the board of directors of BLI, respectively, at a duly constituted meeting, each adopted a duly authorized resolution (1) authorizing and directing Rolando Salcedo Thielen and Juan Carlos Padial, respectively, to enter into this Order on behalf of BLCA and BLI and consented to compliance with each and every provision of this Order by BLCA and BLI and their institution-affiliated parties, as defined by sections 3(u), 8(b)(3) and 8(b)(4) of the FDI Act (12 U.S.C. 1812(u) and 1818(b)(3) and (4)); (2) waiving any and all rights to contest the issuance of this Order by the Board of Governors pursuant to 12 U.S.C. 1818 and 12 C.F.R. Part 263; (3) waiving the issuance of a notice of charges and of hearing on any matter

set forth in this Order; (4) waiving a hearing for the purpose of taking evidence on any matter set forth in this Order; (5) waiving any and all rights to judicial review of this Order; and (6) waiving any and all rights to challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provision hereof.

NOW, THEREFORE, before the taking of any testimony or adjudication of, or finding on, any issue of fact or law herein, and without this Order, or the execution thereof by BLCA and/or BLI, constituting an admission of any allegations made or implied by the Board of Governors in connection with this proceeding, and solely for the purpose of settlement of this proceeding without protracted or extended hearing or testimony and pursuant to the aforesaid resolutions:

IT IS HEREBY ORDERED that, pursuant to section 8(b) of the FDI Act (12 U.S.C. 1818(b)), BLCA, BLI and their institution-affiliated parties cease and desist and take affirmative action as follows:

1. BLI shall not declare or pay any dividends or engage, directly or indirectly, in any transaction that represents or results in a return of capital without the prior written approval of the Reserve Bank and the Director of the

Division of Banking Supervision and Regulation of the Board of Governors.

2. (a) Except as otherwise provided by the provisions of this Order, BLI shall not, without the prior written approval of the Reserve Bank, directly or indirectly, engage, undertake or, in any manner, participate in any financial transaction with (i) BLCA, (ii) any related party or affiliate of BLCA or BLI, (iii) any current or former institution-affiliated party of BLCA or BLI, or (iv) any related party or affiliate of any current or former institution-affiliated party of BLCA or BLI.

(b) For the purposes of this Order, the term:

(i) "Financial transaction" shall include

(A) the payment of any service or management fee, (B) the transfer, contribution, purchase or sale of any asset, (C) the extension of credit, including any overdrafts on a daylight as well as an overnight basis, and (D) the direct or indirect payment of any obligation, but shall not include international payments, collections and other transfers of funds that are transacted on a fully-collected basis or any payment of allowed claims to pre-petition creditors made pursuant to the Reorganization Plan, whether or not such a transaction or payment involves BLCA or any of its related parties, affiliates, or institution-affiliated parties;

(ii) "extension of credit" shall be defined as set forth in section 215.3 of Regulation 0 of the Board of Governors (12 C.F.R. 215.3);

(iii) "related party" shall include (A) any person holding an ownership interest, or who formerly had an ownership interest, in BLCA and all of BLCA's known subsidiaries and associated companies operating in Venezuela and in other places, and (B) any person, or group of persons acting in concert, that controls, is controlled by, or is under common control with BLCA or who formerly controlled, was controlled by, or was under common control with BLCA, but shall not include the Republic of Venezuela or any agencies or instrumentalities thereof;

(iv) "control" shall be defined as the power, directly or indirectly; to (A) vote 25 percent or more of the voting shares of a company, excluding situations in which the stock is controlled in a fiduciary capacity, (B) elect a majority of the directors of a company, or (C) as determined by the Board of Governors, otherwise exercise a controlling influence over the management and policies of a company;

(v) "person" shall mean a corporation, unincorporated association, partnership, trust, or any other entity or individual; and

(vi) "affiliate" shall be defined as set forth in 12 U.S.C. 371c(b)(1), but shall not include the Republic of Venezuela or any agency or instrumentality thereof.

3. (a) BLI shall not, directly or indirectly, engage in any manner in any lending activity, acceptance of deposits, or any other banking transaction, and shall restrict its operations to:

(i) Preparing and submitting to the Reserve Bank a plan for winding up and dissolution pursuant to paragraph 4(a) hereof, and implementing that plan in its approved form;

(ii) investing and maintaining BLI's assets in accordance with this Order;

(iii) taking action to comply with BLI's existing contracts, including the Reorganization Agreement and the Sale Agreement;

(iv) proceeding in bankruptcy court, or through settlement negotiations and otherwise, to settle, pay or otherwise finally resolve all pre-petition and post-petition claims against BLI which remain disputed under the bankruptcy laws;

(v) otherwise prosecuting and defending against claims and lawsuits to which BLI is currently a party or which may arise during the windup and dissolution process; and

(vi) incurring and paying ordinary and reasonable operating expenses necessary to the activities described in paragraphs 3(a)(i) through (v).

(b) Unless otherwise agreed to in writing by the Reserve Bank, all assets of BLI (other than property, plant and equipment and sums necessary to pay reasonable operating expenses), including proceeds of the collection and liquidation of BLI's assets, shall be held in the form of, or invested in, cash, Federal funds sold, or U.S. Treasury securities with average maturities of no more than nine months.

(c) Unless otherwise agreed to in writing by the Reserve Bank, neither BLCA, BLI nor any of their institution-affiliated parties, including any director, officer, employee or agent, shall, directly or indirectly, in any manner solicit or accept the placement of deposits at BLI, or solicit the transacting of any other banking business with BLI, by any person.

4. (a) Within 30 days of this Order, BLCA and BLI shall jointly submit to the Reserve Bank a comprehensive, written plan of liquidation, winding up and dissolution (the "Proposed Plan") that shall set forth:

- (i) A schedule and description of all disputed and contingent claims and litigation involving BLI of which BLI is aware, with a description of how BLI will resolve such claims and litigation;
- (ii) a description of how BLI will marshal and liquidate all of BLI's known assets, by category of asset, and how it will satisfy the claims of all of its creditors, by category of creditor, and

otherwise meet all of BLI's contractual, tax and other obligations;

(iii) procedures and forms of notices for notifying BLI's known depositors and other creditors, and for publication of public notice in appropriate jurisdictions, discussing BLI's pending liquidation and dissolution, and stating a deadline for presentation of claims;

(iv) a detailed description of meetings to be held and resolutions to be adopted by BLCA and BLI's Board of Directors, and by BLCA as shareholder of BLI, to adopt the Final Plan (as defined in paragraph 4(b) hereof), to authorize its implementation, and to authorize the voluntary dissolution of BLI pursuant to section 25A of the Federal Reserve Act, 12 U.S.C. 623, with proposed draft resolutions; and

(v) a detailed projected timetable for each of the actions mentioned in paragraphs 5(a)(i) through (iv) hereof, for certification by BLI to the Reserve Bank that BLI has no further obligations, and for the surrender to the Reserve Bank of BLI's permit, and a list of milestones for assessing BLI's and BLCA's progress in implementing the Proposed Plan.

(b) The Reserve Bank shall provide BLI and BLCA with comments on the Proposed Plan within 15 days of its receipt, and BLI and BLCA shall prepare a revised plan of liquidation, winding up and dissolution responsive to those comments and fully acceptable to the Reserve Bank (the "Final Plan") within 10 days of receipt of any such comments. Upon acceptance of the Final Plan, BLCA and BLI shall take all necessary action to implement it in accordance with its terms.

5. BLCA and BLI will take all necessary actions to ensure that they fully comply at all times with the Reorganization Plan, the Reorganization Agreement, and the Sale Agreement.

6. BLI shall retain its current books and records, and shall not destroy or dispose of any of those books and records (other than by transfer of records to SunTrust to the extent required under the Sale Agreement) without providing 20 days prior written notice to the Reserve Bank specifying in detail the books and records concerned and their proposed disposition. BLI shall retain its books and records to the extent that the Reserve Bank indicates in writing an objection to their proposed destruction or other disposition. BLCA and BLI shall ensure that BLI's books and records, to the extent that this Order requires their retention, are retained in the United

States and remain available for inspection and copying by the Reserve Bank upon request.

7. Upon issuance of this Order, the 1994 Order is hereby terminated.

8. Within 30 days of this Order, and, thereafter, within 10 days of the end of each calendar quarter following the date of this Order (September 30, December 31, March 31, and June 30), BLI shall submit to the Reserve Bank joint written reports, on behalf of BLI and BLCA, detailing the form and manner of all actions taken to comply with the provisions of this Order and results thereof. All required written reports may be discontinued when the Reserve Bank, in writing, releases BLCA and BLI from making further reports.

9. All communications regarding this Order shall be sent to:

- (a) Mr. William Ryback
Associate Director
Division of Banking Supervision
and Regulation
Board of Governors of the
Federal Reserve System
20th and C Streets, N.W.
Washington, D.C. 20551
- (b) Ms. Suzanna Costello
Vice President
Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

- (c) Mr. Rolando Salcedo Thielen
President
Junta Administradoro de Banco Latino CA
Centro Financiero Latino, Piso I
Avenida Urdaneta, Animas a Plaza Espana
Caracas, Venezuela
- (d) Mr. Juan Carlos Padial
General Manager
Banco Latino International
801 Brickell Avenue
Suite 850
Miami, Florida 33131

10. The provisions of this Order shall be binding on BLCA, BLI and each of their institution-affiliated parties, in their capacities as such, and their successors and assigns.

11. Each provision of this Order shall remain effective and enforceable until stayed, modified, suspended, or terminated by the Board of Governors.

12. Notwithstanding any provision of this Order to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to BLCA and BLI to comply with any provision of this Order.

13. The provisions of this Order shall not bar, estop or otherwise prevent the Board of Governors, the Reserve Bank or any federal or state agency or department, from taking any other

action affecting BLCA, BLI or any of their current or former institution-affiliated parties, or their successors or assigns.

By order of the Board of Governors of the Federal Reserve System, effective this 21st day of November 1996.

BANCO LATINO C.A., S.A.C.A.

By: _____



BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: _____



William W. Wiles

Secretary of the Board

BANCO LATINO INTERNATIONAL

By: _____

