

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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In the Matter of )  
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VIRGIN ISLANDS COMMUNITY BANK ) SUPERVISORY PROMPT CORRECTIVE  
CHRISTIANSTED, VIRGIN ISLANDS ) ACTION DIRECTIVE  
 )  
(INSURED STATE NONMEMBER BANK) ) FDIC-07-241-pcas  
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Virgin Islands Community Bank, Christiansted, Virgin Islands ("Bank") being a Critically Undercapitalized insured depository institution as that term is defined in section 38(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1831o(b)(1), and section 325.103 of the Federal Deposit Insurance Corporation ("FDIC") Rules and Regulations, 12 C.F.R. § 325.103, based upon the FDIC's Visitation Report of the Bank as of October 26, 2007, which shows the Bank's tangible equity capital level to be 1.43%, and the FDIC having determined that to carry out the purposes of section 38 of the Act, 12 U.S.C. § 1831o, it is necessary to issue this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE ("DIRECTIVE") without a NOTICE OF INTENT TO ISSUE A SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE detailing the actions which will be required to be taken by the Bank and/or the proscriptions which will be imposed on the Bank pursuant to section 38 of the Act, 12 U.S.C. §1831o, and section 308.201(a) of the FDIC's Rules of Practice and Procedure, 12

C.F.R. § 308.201(a), the FDIC hereby issues this DIRECTIVE pursuant to the provisions of section 38 of the Act, 12 U.S.C. § 1831o, and section 308.201(a)(2) of the FDIC's Rules of Practice and Procedure and Regulations, 12 C.F.R. § 308.201(a)(2).

SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE

IT IS HEREBY DIRECTED, that the Bank shall comply with all prompt corrective action provisions mandated in the case of a Critically Undercapitalized institution:

(1) In accordance with section 38(i)(2) of the Act, the Bank shall be prohibited from doing any of the following without the prior written approval of the Regional Director of the FDIC New York Regional Office ("Regional Director"):

(A) Entering into any material transaction other than in the usual course of business, including any investment, expansion, acquisition, sale of assets, or other similar action with respect to which the Bank is required to provide notice to the appropriate Federal banking agency;

(B) Extending credit for any highly leveraged transaction;

(C) Amending the Bank's charter or bylaws, except to the

extent necessary to carry out any other requirement of any law, regulation, or order;

(D) Making any material change in accounting methods;

(E) Paying interest on new or renewed liabilities at a rate that would increase the institution's weighted average cost of funds to a level significantly exceeding the prevailing rates of interest on insured deposits in the institution's normal market areas; and

(F) Making any principal or interest payment on subordinated debt beginning 60 days after becoming Critically Undercapitalized.

(2) The Bank shall comply with the following additional prompt corrective action provisions mandated for a Critically Undercapitalized institution:

(A) Submit a capital restoration plan to the Regional Director within 30 days of the effective date of this DIRECTIVE in accordance with the requirements of Section 38(e)(A) and (B) of the Act, 12 U.S.C. § 1831o (e)(A) and (B);

(B) Ensure that the Bank's average total assets during any calendar quarter do not exceed its average total assets during

the preceding calendar quarter without satisfying the requirements of section 38(e)(3)(A-C), 12 U.S.C. § 1831o (e)(3)(A-C);

(C) Refrain from acquiring directly or indirectly any interest in any company or insured depository institution, establish or acquire any additional branch office, or engage in any new line of business unless the FDIC has accepted the Bank's capital restoration plan required in (A) above and approves such acquisition;

(D) In accordance with section 38(f)(4)of the Act, 12 U.S.C. § 1831o(f)(4), the Bank shall not pay any bonus to any senior executive officer, or provide excessive compensation to any senior executive officer; and

(E) In accordance with Section 38(d)of the Act, 12 U.S.C. § 1831o(d) the Bank shall pay not any dividends or make any other capital distributions.

IT IS FURTHER DIRECTED, that this DIRECTIVE shall become effective immediately upon its receipt by the Bank.

Each provision of this DIRECTIVE shall be binding upon the

Bank, its directors, officers, employees, agents, successors, assigns, and other institution-affiliated parties of the Bank.

Each provision of this DIRECTIVE shall remain effective and enforceable until the Bank has been adequately capitalized on average for four consecutive calendar quarters, except to the extent that any provision has been modified, terminated, suspended, or set aside by the FDIC.

Pursuant to section 308.201(a)(2) of the FDIC Rules of Practice and Procedure, 12 C.F.R. §308.201(a)(2), the Bank may appeal the DIRECTIVE. The DIRECTIVE shall remain in effect during the pendency of any appeal unless the FDIC, in its sole discretion, stays the effectiveness of the DIRECTIVE.

Any request for approval required by this DIRECTIVE or any appeal shall be sent to Doreen R. Eberley, Regional Director,

Federal Deposit Insurance Corporation, New York Regional  
Office, 20 Exchange Place, New York, New York 10005.

Pursuant to delegated authority.

Dated at New York, New York, this 26 day of October, 2007.

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Doreen R. Eberley  
Regional Director  
Division of Supervision and  
Consumer Protection