



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

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OCC Closes Net First National Bank and Appoints FDIC Receiver

WASHINGTON – Net First National Bank, Boca Raton, Florida, was closed today by the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation was appointed receiver.

The OCC acted after finding that the bank, which had assets of approximately \$34 million at the time of its closing, was engaged in unsafe and unsound practices that had caused substantial dissipation of its assets and earnings, were likely to cause insolvency or substantial further dissipation of the bank's assets and earnings, and was in an unsafe and unsound condition.

Net First lost \$1.9 million in 2001 and the OCC concluded that the bank would continue to lose money because of its unsafe and unsound practices.

The OCC found a number of unsafe and unsound practices at the bank, including: weak loan underwriting, excessive turnover among senior management, disarray among the Board of Directors, insufficient capital to support the risks undertaken by the bank and inaccurate financial books and records.

In a September, 2000 enforcement action brought by the OCC, the bank was required to take a series of steps to develop and implement sound credit administration and underwriting practices; hire competent, experienced and permanent senior management; and develop and implement a capital plan and a strategic plan acceptable to the OCC.

In addition, the enforcement action required the bank to stop marketing its "Pay-As-You-Go" credit card product until it proved the program was in compliance with all applicable federal and state laws, including consumer protection laws.

The bank failed to comply with 19 of the enforcement action's 20 articles.

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Today's action by the OCC was based on three grounds under the Federal Deposit Insurance Act for appointing a receiver:

- The bank has experienced substantial dissipation of assets and earnings due to unsafe and unsound practices and violations of law and regulations.
- The bank is in an unsafe and unsound condition to transact business.
- The bank's violations of law and regulation and unsafe and unsound practices and conditions are likely to cause insolvency or substantial dissipation of assets or earnings, weaken the bank's condition and otherwise seriously prejudice the interest of the institution's depositors or the deposit insurance fund.

First Telebank Corporation acquired Boca Raton First National Bank in 1998 and soon thereafter changed the name to Net First National Bank.

The FDIC will release information about the resolution of the bank.

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The OCC charters, regulates and examines approximately 2,200 national banks and 52 federal branches of foreign banks in the U.S., accounting for more than 54 percent of the nation's banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.