



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

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OCC Closes Guaranty National Bank of Tallahassee and Appoints FDIC Receiver

WASHINGTON – Guaranty National Bank of Tallahassee, Tallahassee, Florida, was closed today by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) was appointed receiver. The bank, with approximately \$71 million in assets, was chartered in 1986.

The OCC acted after finding substantial violations of law and a substantial dissipation of assets and earnings due to unsafe and unsound practices. The violations of law and unsafe and unsound practices also weakened the bank's condition and seriously prejudiced the interests of the bank's depositors and the deposit insurance fund.

The bank had losses of over \$4 million in 2003 and over \$2 million in 2002.

The bank was poorly managed and lacked a permanent president and senior lending officer and appropriate strategic direction at the time of its closing. Significant losses were caused, in part, by poor underwriting decisions, standards and credit analysis. Problem areas included a high loan-to-value home equity lending program which the bank failed to properly oversee and which led to substantial losses. The OCC found numerous violations of consumer laws in this lending program and responded by strengthening its enforcement actions and imposing civil money penalties against the bank. The OCC ordered the bank to exit the program in an August 2002 enforcement action.

The bank entered into a cease and desist order with the OCC in May 2003. That enforcement action replaced a temporary order to cease and desist issued in August 2002 regarding the high loan-to-value lending program and a formal agreement from January 2002 with which the bank failed to comply. The cease and desist order addressed, in part, strategic, capital and profit planning, correction of consumer law violations, lending operations, capital levels, earnings and management. However, the bank's board and management also failed to substantially comply with the cease and desist order.

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

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The OCC charters, regulates and examines approximately 2,100 national banks and 52 federal branches of foreign banks in the U.S., accounting for more than 55 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.