



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

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Hamilton Bank, N.A. Closed by the OCC and FDIC Appointed Receiver

WASHINGTON -- Hamilton Bank, N.A., Miami, Florida, was closed today by the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation (FDIC) was appointed receiver.

The OCC acted after finding that the bank, which had assets of \$1.3 billion at the time of its closing, was undercapitalized and suffered from deteriorating asset quality, poor earnings, a high level of nonperforming loans and sharply declining capital levels. The bank's most recent examination showed that:

- Hamilton's condition had continued to deteriorate from the already unsatisfactory condition found in prior exams;
- The bank's management failed to make significant progress in addressing underlying problems and its board of directors failed to hold management accountable;
- The bank's capital was quickly being depleted because of loan and operating losses, and no plausible source of new capital was apparent;
- Asset quality was poor, primarily because of poor initial underwriting, poor borrower supervision, and poor identification of problem loans.
- Classified loans at the last examination increased to 151 percent of capital;
- The bank's reserve for loan losses and the method for calculating that reserve, was chronically inadequate;
- The bank concealed information from OCC examiners concerning some major assets and failed to make bank employees aware of information necessary to evaluate credits;
- The administration of liquidity was inadequate;
- Hamilton failed to comply with applicable enforcement actions; and
- Earnings, which had been poor in the past, declined precipitously in recent months. Losses from the first six months of 2001 amounted to 3.5 percent of the bank's assets.

The OCC found that the multitude of problems at Hamilton demonstrated six grounds under the Federal Deposit Insurance Act for appointing a receiver. The OCC found that Hamilton had:

- Experienced a substantial dissipation of assets and earnings due to unsafe or unsound practices;
- Been in an unsafe or unsound condition to transact business;
- Engaged in unsafe or unsound practices and experienced conditions that were likely to

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cause substantial dissipation of assets or earnings, weaken the bank's condition and otherwise seriously prejudice the interests of the bank's depositors and the deposit insurance funds;

- Concealed, or refused to submit for inspection, books and records;
- Willfully violated a cease-and-desist order; and
- Failed to file an acceptable capital restoration plan within required timeframes, as required for an undercapitalized bank.

The bank's board and management were not responsive to OCC efforts to address the bank's problems, beginning in 1998 when the OCC issued a safety and soundness notice to the bank. Because they were not addressed, the problems at Hamilton deepened and the bank entered into a Consent Cease and Desist Order with the OCC in 2000. The bank did not comply with provisions of the order and, in fact, willfully violated the order by failing to make its books and records available to the OCC. The bank also concealed material information from OCC examiners.

When the bank refused to consent to an amended cease and desist order in 2001, the OCC issued a [temporary order](#). The bank filed suit in April 2001 seeking a temporary restraining order to prohibit enforcement of the temporary cease and desist order. The U.S. District Court for the District of Columbia denied the temporary restraining order and said the OCC's temporary cease and desist order served the interests of the agency, as well as Hamilton's investors, depositors and customers.

The bank never achieved full compliance with the OCC's various enforcement actions and never met OCC-required capital levels.

Hamilton Bank was chartered in 1983 as Alliance National Bank. Its name was changed to Hamilton Bank, N.A. in 1988.

The FDIC will make available additional information about the resolution of Hamilton Bank, N.A.

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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.