NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks
NR 2003-40

FOR IMMEDIATE RELEASE
May 23, 2003

Contact: Robert M. Garsson
(202) 874-5770

OCC Enters into Agreements with Law Firm and Attorney That Represented First National Bank of Keystone

WASHINGTON – The Office of the Comptroller of the Currency announced today that it has entered into agreements with the law firm that represented the failed First National Bank of Keystone, Keystone, West Virginia, and with one of the firm's partners. In signing the agreements, Kutak Rock, LLP agreed to take certain actions with respect to the firm's representation of insured depository institutions, and Kutak Rock partner Michael T. Lambert agreed not to provide legal services to insured depository institutions.

The OCC closed the First National Bank of Keystone and appointed the Federal Deposit Insurance Corporation as receiver on September 1, 1999, after examiners discovered that the bank was insolvent and had overstated its assets.

Kutak Rock LLP, including Mr. Lambert, performed legal services for Keystone at various times during the period from 1993 until September 1, 1999. Mr. Lambert served as the partner in charge of the firm's representation of Keystone. The OCC was prepared to allege, among other things, that Mr. Lambert and the firm failed to inform the bank's board of directors of important information about bank management's activities and had conflicts of interest involving the firm's representation of the bank and other clients.

In consenting to the agreement, which will remain in effect for three years, Kutak Rock committed to complying with all federal banking laws and to ensuring that firm attorneys representing insured depository institutions have sufficient experience in banking matters. The firm also agreed to correct any documents that it prepares on behalf of a banking client if the firm learns that the document omits or misstates material facts, and if it knows that the document will be, or has been, submitted to or relied upon by a federal banking agency. Furthermore, the firm agreed not to represent both an insured depository institution and any other client in the same transaction if such representations would cause a conflict of interest.

In addition, the agreement provides that a firm attorney must advise the employees, officers, or directors of insured depository institution clients of their fiduciary duties to the institution. The firm also agrees to report potential misconduct by bank insiders to senior management and, if necessary, to the institution's board of directors, unless the insider takes appropriate action.

In consenting to his agreement with the OCC, Mr. Lambert agreed not to provide legal services to any insured depository institution. Also, if Mr. Lambert leaves the firm and joins an insured depository institution, another law firm, or any business that performs legal services for an insured depository institution in the next five years, he will provide a copy of the agreement to his new employer and notify the OCC and the FDIC of his change in employment.

# # #

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.

Related Links: Agreement 45, Agreement 46