



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

NR 2001-76

FOR IMMEDIATE RELEASE
September 7, 2001

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Sinclair National Bank Closed by the OCC and FDIC Appointed Receiver

WASHINGTON -- Sinclair National Bank, Gravette, Arkansas, was closed today by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) was appointed receiver.

Last year, Sinclair National Bank shifted its lending focus to the purchase of subprime automobile loans and manufactured housing loans. However, the bank lacked a satisfactory infrastructure of policies and monitoring systems to enable management and the board to effectively control the risks associated with its lending activities. The OCC also determined that the bank had poor underwriting standards and that its loan loss reserves were inadequate to cover the level of substandard and doubtful loans in its portfolio.

On August 9, 2001, the OCC presented the bank with a Prompt Corrective Action Directive that required it to develop an acceptable capital restoration plan and to correct its safety and soundness deficiencies. The bank failed to submit an acceptable capital restoration plan and the OCC determined that it had no reasonable prospect of obtaining adequate capital. The OCC found that Sinclair National Bank was "critically undercapitalized," that is, the bank's tangible equity capital was less than two percent of its total assets.

The OCC also determined that the bank was in an unsafe and unsound condition to transact business. Among the factors contributing to its unsafe or unsound condition were the bank's inability to generate sufficient earnings to cover expenses, and its failure to maintain the minimum number of directors required under law for a national bank board of directors. In light of these findings, the OCC determined that the closure of the bank and the appointment of the FDIC as receiver was necessary to protect the interests of the insurance fund.

Sinclair National Bank received a national bank charter on October 16, 1996 under the name of Northwest National Bank. The bank changed its name to Sinclair National Bank in March 2000,

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following a change in ownership. As of June 30, it had total assets of approximately \$28 million and total deposits of approximately \$26 million. Sinclair National Bank had banking offices in Gravette and Bella Vista, Arkansas, as well as an executive office in Springfield, Missouri, and a loan collections office in Phoenix, Arizona.

Information about the FDIC's resolution of the bank will be released by the FDIC.

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The OCC charters, regulates and examines approximately 2,200 national banks and 56 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.