

UNITED STATES OF AMERICA
BEFORE
THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of)	Docket No. 04-031-B-HC
EAGLE NATIONAL HOLDING COMPANY)	Cease and Desist Order Issued
Doral, Florida)	Upon Consent Pursuant to the
)	Federal Deposit Insurance Act,
)	as Amended

WHEREAS, the Board of Governors of the Federal Reserve System (the "Board of Governors") issues this Cease and Desist Order (the "Order") against Eagle National Holding Company, Doral, Florida ("Eagle"), a registered bank holding company that owns and controls the Eagle National Bank of Miami, Doral, Florida, (the "Bank");

WHEREAS, Eagle, the Bank, and certain individuals made commitments to the Board of Governors in connection with the Federal Reserve Bank of Atlanta's (the "Reserve Bank") action in 1999 not to disapprove a change in control notice regarding Eagle filed by GNB Holdings Trust (the "Commitments");

WHEREAS, in order to address deficiencies in compliance with the Commitments and to ensure future compliance with the Commitments, and to address deficiencies in Eagle's books, records, and internal controls, particularly with regard to certain transactions with affiliated entities and individuals, Eagle is entering into this Order with the Board of Governors;

WHEREAS, the Bank has entered into a consent Order with the Office of the Comptroller of the Currency to address various matters set forth therein;

WHEREAS, on March 23, 2005, the board of directors of Eagle, at a duly constituted meeting, adopted a resolution authorizing and directing David W. Seaman to enter into this Order on behalf of Eagle, and consenting to compliance with each and every applicable provision of this Order by Eagle and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813(u) and 1818(b)(3)) (the "FDI Act"), waiving any and all rights that Eagle may have pursuant to section 8 of the FDI Act (12 U.S.C. 1818) to: (i) a hearing for the purpose of taking evidence on any matters set forth in this Order; (ii) judicial review of this Order; and (iii) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provisions hereof.

NOW, THEREFORE, before the taking of any testimony or adjudication of, or finding on any issue of fact or law herein, and without this Order constituting an admission of any allegation made or implied by the Board of Governors in connection with this proceeding;

IT IS HEREBY ORDERED that, pursuant to sections 8(b)(1) and (3) of the FDI Act (12 U.S.C. 1818(b)(1) and (3)), Eagle and its institution-affiliated parties cease and desist and take the following affirmative actions:

Books and Records

1. Within 60 days of this Order, Eagle shall submit to the Reserve Bank acceptable written policies and procedures to strengthen Eagle's internal controls and ensure the completeness and accuracy of Eagle's books and records, regulatory reports, and financial statements. The policies and procedures shall, at a minimum, address, consider, and include:

(a) Maintenance of complete and accurate documentation of each transaction conducted at, through, or on behalf of Eagle, including the identification of the parties to the

transaction, the relationship of the parties to Eagle, the Bank, or any Insider or Controlled Company (as those terms are defined in paragraph 5(b) of this Order), the terms of the transaction, and the purpose of the transaction;

(b) the reporting requirements for regulatory reports and the application of current U.S. generally accepted accounting principles;

(c) maintenance of all books and records in the state of Florida to provide full accessibility to Reserve Bank staff and Eagle internal and external audit staff; and

(d) maintenance of complete written minutes of all board meetings, approval of such minutes, and retention for subsequent supervisory review.

2. Eagle shall maintain all of its cash and securities assets at the U.S. offices of financial institutions.

Affiliate and Insider Transactions

3. (a) Eagle shall take all actions necessary to ensure that the Bank complies fully with the provisions of sections 23A and 23B of the Federal Reserve Act and Regulation W and Regulation O of the Board of Governors (12 C.F.R. Parts 223 and 215) in all transactions between Eagle and the Bank.

(b) For the purposes of this Order: (i) “transaction” shall include, but not be limited to, the transfer or payment of cash, the transfer, contribution, sale or purchase of any other asset, the direct or indirect payment of any expense or obligation, the direct or indirect assumption of any liability, the provision of any service, the payment of a management or service fee of any nature, any extension of credit, any overdraft, or any advance; and (ii) “extension of credit” shall be defined as set forth in section 215.3 of Regulation O of the Board of Governors (12 C.F.R. 215.3).

4. Eagle shall not, directly or indirectly, enter into, participate, or in any other manner engage in any transaction with or on behalf of any of Jaime Gilinski Bacal's ("Jaime Gilinski") parallel-owned banking organizations, as that term is defined in the Interagency Statement on Parallel-Owned Banking Organizations, dated April 23, 2002.

5. (a) Eagle shall not, directly or indirectly, enter into, participate, or in any other manner engage in any transaction with any Insider or Controlled Company.

(b) For the purposes of this Order: (i) "Insider" shall include any Eagle current or former executive officer, director, principal shareholder, member of their immediate family, related interest thereof, or person acting on their behalf; (ii) "immediate family" shall be defined as set forth in section 225.41(b)(3) of Regulation Y of the Board of Governors (12 C.F.R. 225.41(b)(3)); (iii) "related interest" shall be defined as set forth in section 215.2(n) of Regulation O of the Board of Governors (12 C.F.R. 215.2(n)); (iv) "Controlled Company" shall include any company that from time to time is controlled, directly or indirectly, by Jaime Gilinski, acting alone or in concert with one or more persons (including any member of his immediate family), other than Eagle or the Bank, and shall include, but not be limited to, any company that is controlled directly or indirectly by a trust (business trust or any other trust) or otherwise, by or for the benefit of Jaime Gilinski, individually or with one or more other persons (including any member of his immediate family); (v) "company" shall be defined as set forth in section 215.2(b) of Regulation O of the Board of Governors (12 C.F.R. 215.2(b)); and (vi) "control" shall include "control" as set defined in any one or more of the following: subsection (b)(3) of section 23A of the Federal Reserve Act, section 223.2(g) of Regulation W of the Board of Governors (12 C.F.R. 223.2(g)), or section 215.2(c) of Regulation O of the Board of Governors (12 C.F.R. 215.2(c)).

(c) Notwithstanding the definition of “transaction” in paragraph 3(b)(i), for the purposes of paragraph 5(a) of this Order, “transaction” shall not include: (i) the payment of fees and salaries to directors and officers and the reimbursement of expenses, provided that similar types and amounts of payments and reimbursements have previously been made and fully documented in Eagle’s books and records; and (ii) the provision of any unpaid services to Eagle by any officer, director, or employee of Eagle.

(d) Eagle shall retain all records of payments and reimbursement described in paragraph 5(c) in the state of Florida for subsequent supervisory review.

6. Within 60 days of this Order, Eagle shall submit to the Reserve Bank acceptable policies and procedures to manage the overall risk exposures of Eagle. The policies and procedures shall be designed to identify, assess, manage, and monitor risk exposures, including, but not limited to operational, credit, legal, and reputational risks associated with Eagle’s transactions.

Transaction Review

7. (a) Within 20 days of this Order, Eagle shall engage a qualified independent consultant (the “Consultant”) acceptable to the Reserve Bank to conduct a review of certain transactions undertaken by Eagle, and prepare a written report of findings (the “Consultant’s Report”). The Consultant shall review:

(i) All incoming and outgoing wire transfer activity to or from any account maintained by, for the benefit of, or on behalf of Eagle beginning no later than January 1, 1999 through the date of this Order to determine the originator, recipient, beneficiary, and purpose of each transaction; and

(ii) all Eagle account and transaction activity beginning no later than January 1, 2001 through the date of this Order to determine whether there was suspicious activity involving accounts or transactions at, by, or through Eagle and to ensure that any such suspicious activity was properly identified and reported in accordance with applicable regulations.

(b) Within 15 days of this Order, but prior to the commencement of the review described in paragraph 7(a), Eagle shall submit to the Reserve Bank for approval an engagement letter that delineates the scope of the review and the date for completion of the review. In addition, the engagement letter shall acknowledge that the Consultant shall have access to all documents and records necessary to conduct the review and that all information including, but not limited to, work papers, programs, and procedures related to the review shall be provided to the Reserve Bank by the Consultant upon request.

(c) A copy of the Consultant's Report shall be provided to the Reserve Bank at the same time it is provided to Eagle.

(d) Upon completion of the review, Eagle shall ensure that any activity required to be reported has been reported in accordance with applicable rules and regulations.

Interaction with Regulatory Authorities

8. Within 60 days of this Order, Eagle shall submit to the Reserve Bank acceptable written policies and procedures that govern the conduct of Eagle personnel and agents in all regulatory matters, including, but not limited to interaction with and information requests by Reserve Bank examiners. The policies and procedures, at a minimum, shall ensure that all Eagle personnel and agents provide prompt, complete, and accurate information to banking regulators, and shall emphasize the importance of full cooperation with banking regulators by all Eagle personnel and agents.

Audit

9. (a) During the term of this Order, Eagle shall continue to have annual external audits conducted by an independent accounting firm. Such audits shall be conducted in accordance with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants.

(b) Eagle shall take all actions necessary to ensure that the same audit firm performs external audits of Eagle and the Bank.

(c) Copies of Eagle's external audit reports shall be provided to the Reserve Bank at the same time that the external audit reports are provided to Eagle.

Additional Director

10. Eagle shall take all actions as are necessary within its control to increase the number of outside directors to include a minimum of one new outside director with banking experience. For the purposes of this Order, the term "outside director" is defined as an individual, not an employee or officer of Eagle or the Bank, who owns or has the power to vote less than 10 percent of the outstanding voting stock of Eagle or the Bank and who is not an Insider and is not related in any manner to any Insider or Controlled Company.

Dividends

11. (a) During the term of this Order, Eagle shall not declare or pay any dividends or make any other form of payment or advance representing a reduction in capital without the prior written approval of the Reserve Bank and the Director of the Division of Banking Supervision and Regulation of the Board of Governors (the "Director").

(b) During the term of this Order, Eagle shall not make any distributions of interest, principal or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Reserve Bank and the Director.

(c) All requests for prior approval shall be received by the Reserve Bank at least 30 days prior to the proposed dividend declaration date or other proposed payment date and shall contain, but not be limited to, current and projected information on consolidated earnings, and cash flow, capital, asset quality, and allowance for loan and lease loss needs of the Bank.

Debt and Stock Redemption

12. (a) Eagle shall not, directly or indirectly, incur any debt, including, but not limited to, the acceptance of advances, without the prior written approval of the Reserve Bank. All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) Eagle shall not redeem any stock without the prior written approval of the Reserve Bank.

Compliance with Order

13. Within 30 days after the end of each calendar quarter following the date of this Order, the board of directors shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with this Order and the results thereof. Such reports may be discontinued when the corrections required by this Order have been accomplished and the Reserve Bank has, in writing, released Eagle from making further reports.

Approval of Policies and Procedures

14. The written policies, procedures, engagement letter, and the identification of the Consultant required by paragraphs 1, 6, 7(a) and (b), and 8 of this Order shall be submitted to the Reserve Bank for review and approval. Acceptable policies and procedures, and an acceptable engagement letter shall be submitted to the Reserve Bank within the time periods set forth in this Order and an acceptable Consultant shall be retained within the time period set forth in paragraph 7(b) of this Order. Eagle shall adopt the approved policies, procedures, and engagement letter within 10 days of approval by the Reserve Bank and then shall fully comply with them. During the term of this Order, the approved policies and procedures and engagement letter shall not be amended or rescinded without the prior written approval of the Reserve Bank.

Communications

15. All communications regarding this Order shall be sent to:

- (a) Mr. Robert M. Schenck
Vice President
Federal Reserve Bank of Atlanta
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470
- (b) Mr. David W. Sloan
Executive Vice President
Eagle National Holding Company
8200 NW 33rd Street, Suite 400
Miami, Florida 33122

Miscellaneous

16. Notwithstanding any provision of this Order to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to Eagle to comply with any applicable provision of this Order.

17. The applicable provisions of this Order shall be binding on Eagle and each of its institution-affiliated parties, in their capacities as such, and their successors and assigns.

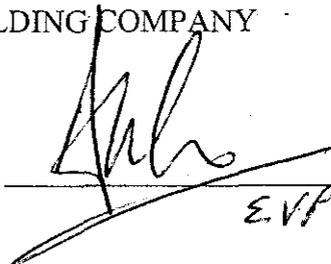
18. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated or suspended by the Board of Governors.

19. The provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting Eagle, any of its current or former institution-affiliated parties, or their successors and assigns.

By order of the Board of Governors of the Federal Reserve System, effective this 30th ~~23rd~~ day of March, 2005.

EAGLE NATIONAL
HOLDING COMPANY

By: _____


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BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: _____


Jennifer J. Johnson
Secretary of the Board