



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 21, 1998

David Sloan, Esq.
Proskauer Rose LLP
1585 Broadway
New York, New York 10036-8299

Dear Mr. Sloan:

The Board of Governors of the Federal Reserve System has reviewed the notice filed under the Change in Bank Control Act (12 U.S.C. § 1817(j)) ("CIBC Act") by Jaime Gilinski ("Notificant") to acquire all the voting shares of Eagle National Holding Company, Inc. ("Eagle HC"), and thereby indirectly acquire its subsidiary bank, Eagle National Bank of Miami ("Eagle Bank"), both in Miami, Florida.^{1/}

The CIBC Act requires the Board to review notices in light of several specific factors, including (1) whether the financial condition of any acquiring

^{1/} The Board approved the acquisition of Eagle HC by Banco de Colombia, Bogota, Colombia, in 1982. Banco de Colombia, S.A., 68 Federal Reserve Bulletin 114 (1982). The Colombian government privatized Banco de Colombia and sold a majority interest in Banco de Colombia to Notificant and other investors (together "Investors") at public auction in 1994. Prior to the sale, and at the request of the Colombian government, and with the consent of the Board, the stock of Eagle HC was placed in a voting trust administered by an independent financial institution trustee pending review of an application by Investors to acquire control of Eagle HC. Investors' holding companies, Bancol y Cia S. en C., et. al. ("Bancol"), then filed an application under section 3 of the Bank Holding Company Act ("BHC Act") to acquire Eagle HC. This notice by Notificant replaces the section 3 application filed by Bancol. Bancol suspended the processing of the section 3 application and has indicated its intention to withdraw that application. Until and unless the Board approves an application by Bancol to acquire the shares of Eagle HC, Notificant will own and control the shares of Eagle HC in his individual capacity and not through Bancol.

person might jeopardize the financial stability of the bank or prejudice the best interest of the bank's depositors, and (2) whether the competence, experience, or integrity of the acquiring individuals or of any proposed management personnel indicate that it would not be in the interest of the bank's depositors or in the interest of the public to permit the notificants to control the bank.

The Board has carefully reviewed the notice and all the statutory factors in light of all the facts of record. These facts include information provided by the Notificant regarding Notificant's financial resources, the size of the investment, and funding of the investment. The Board also has considered supervisory information regarding Notificant's previous managerial experience, including information obtained from other governmental agencies as part of a background investigation of Notificant, information regarding Notificant's record of performance as chairman of Key Biscayne Bank & Trust Co., Biscayne, Florida ("Key Biscayne"), and information from the home country bank supervisor regarding two banks in Colombia, Banco de Colombia and Banco Andino, that have been controlled and managed by Notificant.^{2/} In addition, the Board has considered Notificant's proposed role at Eagle HC and Eagle Bank. The Board also has considered information regarding the sale of Notificant's interest in Banco de Colombia. These facts of record are consistent with approval of the proposal.

The Board also has reviewed comments from Inner City Press/Community on the Move and Inner City Public Interest Law Center ("Commenter") opposing approval of the notice.^{3/} Commenter maintains that Key

^{2/} Notificant sold his interest in Banco Andino in 1995. Notificant does not have a direct ownership interest in Banco de Colombia and has indicated that Bancol has contracted to sell its shares of Banco de Colombia to Banco Industrial Colombiano. Notificant would own a small equity interest in Banco Industrial Colombiano after the merger. Although Notificant intends to fund this proposed investment in Eagle HC from funds received from the sale of Banco de Colombia, the Board has considered the extent of Notificant's financial resources without these proceeds.

^{3/} Under the Board's Regulation Y, only the notificant is entitled to participate as a party in the Board's consideration of a notice under the CIBC Act, and only the notificant has standing to request a hearing if the Board disapproves the notice. See 12 C.F.R. 225.43(c)(7) and 225.43(h)(3). See also Board letter dated December 20, 1990, to Norman Harned (CIBC Act notice

Biscayne's record of performance under the Community Reinvestment Act (12 U.S.C. § 2901 et seq.) ("CRA") while Notificant was chairman and the CRA plan submitted in connection with Bancol's section 3 application reflect adversely on Notificant's managerial capabilities. The Board has considered these comments in light of the fact that Key Biscayne, the only U.S. bank where Notificant has served as chairman, received an "outstanding" rating for CRA performance from its primary federal supervisor, the Federal Deposit Insurance Corporation, during Notificant's tenure as chairman. The Board also notes that Bancol is not currently subject to the CRA and has not been subject to the CRA during the time Bancol has been owned by Notificant.^{4/} The CRA plan criticized by commenter was submitted in connection with a proposal by Bancol to acquire shares of Eagle HC and thereby become subject to the CRA for the first time. As noted above, this notice does not involve the acquisition of any shares of Eagle HC by Bancol, and Bancol has indicated that it does not intend to acquire any shares of or interest in Eagle HC or its subsidiary bank.

In addition, Commenter contends that press reports of fines assessed by Colombian bank supervisors against Banco de Colombia and Banco Andino for failing to report certain currency transactions reflect adversely on Notificant's competence, experience and integrity. The Board has reviewed this information in light of supervisory information from the home country supervisor of Banco de Colombia and Banco Andino, including information relating to the supervisor's investigation of these matters, and other confidential information.^{5/}

filed by CenTra, Inc., Warren, Michigan) and letters cited therein.

^{4/} Commenter requests that its comments on Bancol's application also be considered in connection with this notice. In its comments regarding Bancol's application and this notice, Commenter raises issues regarding Eagle Bank's record of performance under the CRA and its record of compliance with fair lending laws. Notificant is not currently involved in the operations of Eagle Bank and Eagle Bank received a "satisfactory" rating at its most recent examination for CRA performance. As noted above, the Board also has considered Notificant's record of management at Key Biscayne, which received an "outstanding" CRA rating during his tenure at that bank.

^{5/} Commenter maintains that Notificant has not provided sufficient information, such as a business plan for Eagle Bank, to permit consideration of the notice. Notificant indicates that he cannot provide a comprehensive business

Based on all facts of record, including supervisory information and information regarding the sale of Notificant's interest in Banco de Colombia, the Board concludes that the competence, experience, and integrity factor in the notice is consistent with approval.^{6/} The Board also has determined that the financial resources of Notificant and all other factors the Board is required to consider under

plan because the voting trust agreement limits his ability to gain access to information at Eagle Bank that is necessary to develop such a plan. The Board has considered all the information presented in the notice, including Notificant's financial resources and previous managerial experience, and concludes that the record is sufficient to warrant Board consideration and action at this time, and that denial of the notice on the basis of informational insufficiency is not warranted.

Commenter also maintains that Notificant has provided insufficient information to the public and that Notificant's requests for confidential treatment for significant portions of Bancol's application and this notice reflect adversely on his competence, experience, and integrity. The Board notes that access to information provided in an application or notice is governed by the Freedom of Information Act ("FOIA"), which provides the appropriate framework for considering a commenter's challenge to confidential treatment accorded such submissions, and that the Commenter's challenges were reviewed under those rules. In this case, information that was withheld from commenter was determined to be confidential under FOIA. In addition, Commenter argues that information discussed at two meetings between Federal Reserve System staff and representatives of Bancol should be disclosed. The meetings involved confidential information relating to the Bancol section 3 application.

^{6/} Commenter also contends that the following matters reflect adversely on Notificant's competence, experience and integrity: (1) Notificant's sale of a 9 percent interest in Banco de Colombia for a substantial profit after it was privatized; (2) Notificant's opportunity to exert control over Eagle Bank through Banco de Colombia's correspondent relationship with the bank; (3) Notificant's opportunity to exert influence over the purchase price of Eagle HC as a majority shareholder of Banco de Colombia; and (4) Bancol's failure to disclose litigation against the government of Colombia challenging the method of privatization of Banco de Colombia. Commenter provides no facts to substantiate improper actions by Notificant, and the other facts of record do not support Commenter's contentions.

the CIBC Act are consistent with approval.^{7/} Accordingly, the Board has determined not to disapprove the notice. The Board's action is expressly conditioned on compliance with all the commitments made in connection with this notice, including the commitments discussed in this letter and Notificant's commitments in a letter dated October 30, 1997, that provide federal regulators access to certain information and subject Notificant to the jurisdiction of U.S. courts in certain matters. The Board's determination not to disapprove the notice is specifically conditioned on the sale by Notificant of Notificant's indirect equity interests, held through Bancol, in Banco de Colombia prior to or simultaneously with Notificant's acquisition of Eagle HC.^{8/}

Please advise the Federal Reserve Bank of Atlanta ("Reserve Bank") in writing when the proposal has been consummated. If the proposal has not been consummated within one year of this date, if its terms or conditions change, or if any of the parties change, the Reserve Bank should be consulted to determine whether any additional action or notification is required.

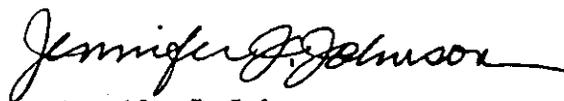
The CIBC Act requires that, when a change in control occurs, each insured bank or bank holding company shall promptly report to the appropriate federal banking agency any changes or replacements of its chief executive officer or directors in the next 12 months, and a statement of the past and current business and professional affiliations of the new chief executive officer or directors. In addition, whenever it has been determined that a bank holding company or an insured depository institution is in troubled condition, section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended, requires that notice be submitted to the appropriate federal banking agency before adding a member to the board of directors or employing an individual as a senior executive

^{7/} Commenter contends that the notice represents an evasion of the factors required to be considered under the BHC Act, the Foreign Bank Supervision Enhancement Act, and the CRA. These acts and the CIBC Act contemplate and allow individuals, including an individual that owns other companies, to acquire control of a banking organization in their individual capacity, subject to obtaining requisite regulatory approval.

^{8/} Consummation of the sale of Banco de Colombia and transfer of the shares of Eagle HC to Notificant fulfill the commitments made to the Board necessitating the trust, and upon such sale and transfer, the trust may terminate.

officer. We would appreciate your cooperation in ensuring that, if any such changes occur, the required information is submitted to the Reserve Bank.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jennifer J. Johnson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jennifer J. Johnson
Deputy Secretary of the Board

cc: Federal Reserve Bank of Atlanta
Department of Justice
Office of the Comptroller of the Currency
Florida State Comptroller