

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

) Docket No. 93-001-CMP, B, E-1
)
In the Matter of)
)
VICTOR J. VARGAS IRAUSQUIN) Consent Order
)
)

WHEREAS, the Board of Governors of the Federal Reserve System (the "Board of Governors") and Victor J. Vargas Irausquin ("Vargas") are parties to the above-captioned proceeding; and

WHEREAS, both parties wish and intend to reach a settlement of all matters in the Proceeding, as well as related proceedings, through this Settlement Agreement and Consent Order (the "Consent Order"); and

WHEREAS, the Board of Governors has no other pending charges against Vargas;

NOW, THEREFORE, the Board of Governors, acting pursuant to sections 8(b) and (i) of the Federal Deposit Insurance Act, as amended (the "FDI Act"), and Vargas agree as follows:

1. Vargas does not admit any allegation made or implied by the Board of Governors in connection with the Proceeding.

2. Upon execution of this Consent Order, the Federal Deposit Insurance Corporation ("FDIC"), as receiver of Capital National Bank ("CNB") and in its corporate capacity, shall execute

and deliver a release, in the form of Exhibit A, in favor of Vargas, and Vargas shall execute and deliver, in exchange, a release, in the form of Exhibit B, in favor of the FDIC, as receiver of CNB and in its corporate capacity.

3. Upon execution of this Consent Order, the Office of the Comptroller of the Currency ("OCC") shall execute and deliver a release, in the form of Exhibit C, in favor of Vargas, and Vargas shall execute and deliver, in exchange, a release, in the form of Exhibit D, in favor of the OCC.

4. Upon execution of this Consent Order, Vargas shall execute and deliver to the Board of Governors a waiver of the attorney-client privilege in the form of Exhibit E, and shall cause effective waivers of the attorney-client privilege, in forms identical to Exhibits F through K, to be executed and delivered to the Board of Governors by New York Capital Bank, Capital InterAmerica Bancorp, Simpson Corporation, Sheffield Corporation, Taft Corporation and Whitman Corporation.

5. Vargas waives any rights he has pursuant to 12 U.S.C. 1818 or 12 C.F.R. Part 263, or otherwise, (a) to a hearing for the purpose of taking evidence with respect to any matter implied or set forth in the Notice of Charges that commenced the Proceeding (the "Notice"); (b) to obtain judicial review of this Consent Order or any provision hereof; and (c) to challenge or contest in any manner the basis, issuance, validity, effectiveness, collectability or enforceability of this Consent Order or any provision hereof. The foregoing notwithstanding,

Vargas retains the right to dispute in good faith any interpretation given to any provision of this Consent Order by the Board of Governors or any other body or party.

6. Upon execution of this Consent Order, Vargas shall pay \$1,150,000 by wire transfer of immediately available funds to the Federal Reserve Bank of New York, ABA No. 021001208, to the attention of Thomas C. Baxter, Jr., Senior Vice President. The Federal Reserve Bank of New York shall distribute this sum as follows:

- (a) \$525,000 to the United States Department of the Treasury as a civil money penalty pursuant to section 8(i) of the FDI Act;
- (b) \$100,000 to be divided equally between the Board of Governors and the Federal Reserve Bank of New York to cover the costs and expenses of this matter; and
- (c) \$525,000 to the FDIC, as receiver of CNB, to be used to pay creditors of that closed depository institution, including the FDIC.

7. Vargas voluntarily consents to, and the Board of Governors hereby orders, pursuant to section 8(b) of the FDI Act, that Vargas shall cease and desist from further participation, in any manner, either directly or indirectly, in the conduct of the affairs of any insured depository institution or holding company thereof without the prior written consent of the Board of Governors. Such participation includes (a) participation in any manner in the conduct of the affairs of any institution or agency specified in Section 8(e)(7)(A) of the FDI Act (12 U.S.C. 1818(e)(7)(A)), including any insured depository institution or holding company thereof; (b) soliciting, procuring, transferring,

attempting to transfer, voting, or attempting to vote any proxy, consent, or authorization with respect to any voting rights in connection with any institution described in Section 8(e)(7)(A) of the FDI Act (12 U.S.C. 1818(e)(7)(A)), including any insured depository institution or holding company thereof; and (c) voting for a director or serving or acting as an institution-affiliated party, as defined in section 3(u) of the FDI Act (12 U.S.C. 1813(u)), such as an officer, director or employee. The foregoing notwithstanding, this Consent Order shall not apply with respect to Vargas' interest in (a) Capital InterAmerica Bancorp. Inc. or New York Capital Bank, in liquidation, or (b) such interest as Vargas has or may acquire in any other insured depository institution or holding company in which such interest, either direct or indirect, is less than five percent of any class of voting shares.

8. This Consent Order, and each and every provision hereof, is and shall remain fully effective and enforceable until expressly stayed, modified, terminated or suspended in writing by the Board of Governors.

9. In consideration of this Consent Order, the Board of Governors agrees that it will not take any other formal or informal enforcement action against Vargas arising out of the facts and circumstances described in the Notice. The Board of Governors further agrees that it will not offer into evidence against Vargas any information obtained pursuant to the waiver of the attorney-client privilege referenced in paragraph 4 of this

Consent Order. The foregoing notwithstanding, nothing in this Consent Order shall in any way bar, estop, or otherwise prevent the Board of Governors from enforcing the terms of this Consent Order or from taking any action with regard to any matter that does not arise from the facts and circumstances set forth in the Notice.

10. All communications regarding this Consent Order shall be sent to:

(a) Mr. William Rutledge
Senior Vice President
Federal Reserve Bank
of New York
33 Liberty Street
New York, NY 10045

with a copy to

Secretary's Office
Legal Papers Served
Federal Reserve Bank
of New York
33 Liberty Street
New York, NY 10045

(b) Victor J. Vargas Irausquin
c/o Lawrence W. Newman
Baker & McKenzie
805 Third Avenue
New York, NY 10022

By order of the Board of Governors effective this 14th
day of June, 1993.

redacted

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

redacted

By:

William W. Wiles
Secretary of the Board

Victor J. Vargas Irausquin