



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, DC 20551

September 17, 2013

Alcides I. Avila, Esq.  
Avila, Rodriguez, Hernandez, Mena & Ferri LLP  
2525 Ponce de Leon Boulevard  
Penthouse 1225  
Coral Gables, Florida 33134

Dear Mr. Avila:

The Board of Governors has reviewed the notice filed under the Change in Bank Control Act<sup>1</sup> (“CIBC Act”) by Mr. Guido Edwin Hinojosa Cardoso (“Notificant”) to acquire a controlling interest in Anchor Commercial Bank, Juno Beach, Florida (“Anchor Bank”), a state member bank.

Under the CIBC Act, the Board is required to review notices in light of specific statutory factors, including the competitive effects of the proposal; the financial condition of the acquiring person and the future prospects of the institution; the competence, experience, and integrity of persons acquiring shares of a state member bank; as well as potential adverse effects of the proposal on the Deposit Insurance Fund.<sup>2</sup> In reviewing the statutory factors, the Board has considered information Notificant provided regarding his financial resources, the size of the proposed investment in Anchor Bank, and the funding of the proposed investment. The Board also has considered the results of name checks; examination reports, and other supervisory information regarding Anchor Bank; and information provided by Anchor Bank’s state regulator, the Florida Office of Financial Regulation. Finally, the Board consulted with the bank supervisory authority in Notificant’s home country, Bolivia.

As part of its consideration of Notificant’s competence, experience, and integrity, the Board reviewed relevant information contained in the notice and public sources, as well as supplemental information provided by Notificant. In particular, the Board considered Notificant’s extensive banking experience in Bolivia, as well as his previous notices filed with the Board and his previous

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<sup>1</sup> 12 U.S.C. § 1817(j).

<sup>2</sup> 12 U.S.C. § 1817(j)(7).

investments in U.S. banking organizations. No information was found that would require the Board to disapprove the notice.

The Board has considered the notice in light of the other factors required to be considered. With regard to the competitive effects of the proposal, the Board has concluded that the proposed investment would not result in a monopoly or lessening of competition. As for the financial condition of Notificant and the future prospects of Anchor Bank, the Board has determined that Notificant's financial condition is not likely to jeopardize the financial stability of Anchor Bank or prejudice the interests of Anchor Bank's depositors. Further, the Board has not determined that the proposed investment would result in an adverse effect on the Deposit Insurance Fund.

The Board has also considered that Notificant controls a group of financial companies in Bolivia, including a bank, Banco Fortaleza. Anchor Bank and Banco Fortaleza would be considered to be parallel-owned banks because both Anchor Bank and Banco Fortaleza would be under the direct or indirect control of Notificant. Parallel-owned banking organizations raise supervisory concerns because, although each bank is commonly controlled, no single supervisor exercises consolidated supervision over all the banks.<sup>3</sup> In order to address the concerns, including that Banco Fortaleza might control or exercise influence over Anchor Bank, Notificant has provided commitments to the Board that prohibit all transactions between Anchor Bank and Notificant's controlled companies, including Banco Fortaleza, and provide for regular reporting by Notificant to ensure ongoing compliance with the commitments.<sup>4</sup> Moreover, Anchor Bank will be subject to a supervisory approach designed to monitor and mitigate these supervisory concerns.<sup>5</sup>

The Federal Deposit Insurance Corporation has advised the Board that it does not object to the proposal. The Florida Office of Financial Regulation has approved the proposed investment, subject to approval by the Board and to the condition that Notificant will, within 60 to 90 days after receipt of all necessary

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<sup>3</sup> See Joint Agency Statement on Parallel-Owned Banking Organizations, available at: <http://www.federalreserve.gov/boarddocs/press/general/2002/20020423/attachment.pdf>

<sup>4</sup> In addition, the commitments prohibit extensions of credit by Anchor Bank to Notificant's immediate family and insiders of Notificant's controlled companies. Prior approval of the Federal Reserve is required in order for Anchor Bank to make extensions of credit to companies in which Notificant or his immediate family have significant but less than controlling ownership interests.

<sup>5</sup> *Id.* at pp. 3-5; see also Commercial Bank Examination Manual, section 4052.1, pp. 7-10 (April 2010).

regulatory approvals to acquire a controlling interest in Anchor Bank, recapitalize Anchor Bank by purchasing additional shares of Anchor Bank's stock in such amount as is necessary to raise Anchor Bank's Tier 1 Leverage Capital Ratio to at least 8 percent, its Tier 1 Risk-Based Capital Ratio to at least 10 percent, and its total Risk-Based Capital Ratio to at least 12 percent. Anchor Bank is subject to a Written Agreement<sup>6</sup> and a Prompt Corrective Action Directive.<sup>7</sup> Based on the current financial condition of Anchor Bank and financial projections contained in the notice, Anchor Bank's financial condition would be significantly improved by the proposed investment.

The Board received comments objecting to the notice from a commenter.<sup>8</sup> Pursuant to the Board's regulations, commenters lack standing to participate in CIBC Act proceedings, and comments on a notice filed pursuant to the CIBC Act are for informational purposes only.<sup>9</sup> Nevertheless, during its review of the notice, the Board considered the issues raised by the commenter to the extent relevant to the factors for consideration under the CIBC Act.

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<sup>6</sup> <http://www.federalreserve.gov/newsevents/press/enforcement/enf20100329a1.pdf>

<sup>7</sup> <http://www.federalreserve.gov/newsevents/press/enforcement/enf20111013a1.pdf>

<sup>8</sup> The commenter stated that Notificant's role in Banco La Paz, a Bolivian bank at which Notificant was an executive officer and shareholder, must be considered. The Board has taken Notificant's experience at Banco La Paz from 1975 to 1995 into consideration. The commenter also noted that Notificant is a shareholder in Sunrise Bank, Cocoa Beach, Florida, which is subject to a Prompt Corrective Action Directive. Notificant no longer owns an interest in Sunrise Bank and, as a shareholder, did not contribute to the bank's condition. Also, the commenter objected to the proposal based on the fact the Anchor Bank made only three conventional home purchase loans in the West Palm Beach MSA in 2011, and all three loans were to white borrowers. The comments regarding Anchor Bank's residential mortgage lending practices relate to matters beyond the factors the Board is authorized to consider under the CIBC Act and is thus not a basis for the Board to object to the proposal. 12 U.S.C. § 1817(j)(7). Nevertheless, the Board reviewed information on Anchor Bank's lending practices and notes that Anchor Bank focuses on commercial and industrial lending and has extended few residential mortgage loans in recent years. The Federal Reserve Bank of Atlanta performed a Community Reinvestment Act ("CRA") examination of Anchor Bank in May 2012, and assigned a rating of "Satisfactory" for CRA. Examiners noted no evidence of discrimination on any prohibited basis at that examination.

<sup>9</sup> 12 C.F.R. 225.43(c)(7).

Based on the facts of record, the Board has determined not to disapprove the notice.<sup>10</sup> This determination is specifically conditioned on compliance with all commitments made by Notificant in connection with the notice. The commitments relied on by the Board in reaching this decision are deemed to be conditions imposed in writing by the Board in connection with its finding and decision and, as such, may be enforced in proceedings under applicable law. Any material change in the facts and representations could result in a different conclusion and should be immediately reported to staff at the Federal Reserve Bank of Atlanta (“Reserve Bank”).

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 change or replacement of its chief executive officer or any of its directors that occurs in the next 12 months, and shall provide a statement of the past and current business and professional affiliations of the new chief executive officer or directors.<sup>11</sup> We would appreciate your cooperation in ensuring that, if any such changes occur, the required information is submitted to the Reserve Bank. In addition, please advise the Reserve Bank in writing if you acquire any additional interest in Anchor Bank.

Very truly yours,

  
Margaret McCloskey Shanks  
Deputy Secretary of the Board

cc: John Kolb, Vice President  
Federal Reserve Bank of Atlanta

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<sup>10</sup> The commenter requested a public hearing in connection with this proposal. The request for a public hearing is denied, as commenters lack standing to request a public hearing. 12 C.F.R. 225.43(c)(7).

<sup>11</sup> 12 U.S.C. § 1817(j)(12).