

11. That Juan Carlos Escotet Rodriguez, Luis X. Lujan Puigbo, and Jorge L. Caraballo Rodriguez, citizens and residents of Venezuela, will consent and submit to the personal jurisdiction of any United States federal court of competent jurisdiction and of any Federal banking authority (including the FDIC) for purposes of any investigation or possible investigation, subpoena, examination, action or proceeding by any Federal banking authority (including the FDIC), the United States Department of Treasury, or the United States Department of Justice, relating to or pursuant to the administration and enforcement of any banking law.

12. That Juan Carlos Escotet Rodriguez, Luis X. Lujan Puigbo, and Jorge L. Caraballo Rodriguez, citizens and residents of Venezuela, will at all times maintain in the United States a designated agent, acceptable to the FDIC, to accept service on their behalf (including service of any legal process, notice, order or subpoena) solely in connection with the consent to jurisdiction required in the preceding condition. Juan Carlos Escotet Rodriguez, Luis X. Lujan Puigbo, and Jorge L. Caraballo Rodriguez will update the designation from time to time, as circumstances warrant, but will not change the designation without the prior written consent of the FDIC.

13. The Bank shall not engage in any transactions directly or indirectly with non-U.S. affiliates without the prior written approval of the Atlanta Regional Director. At the discretion of the Atlanta Regional Director, such approval may be specific to individual transactions, or such approval may be applied to a series of transactions or types of transactions, subject to appropriate limitations of Sections 22(g), 22(h), 23A, and 23B of the Federal Reserve Act, as made applicable to insured state nonmember banks by Section 18(j) of the FDI Act, or other applicable Federal or State restrictions or limitations.

14. That Juan Carlos Escotet Rodriguez, Luis X. Lujan Puigbo, Jorge L. Caraballo Rodriguez, and BBU Bank agree to maintain current and fully descriptive financial information, including income statements and balance sheets denominated in U.S. dollars and written in English, on all affiliates (of the Bank) domiciled outside of the United States, and agrees to make this information available at the Bank for examiner review. The information shall be audited by an accounting firm acceptable to the Atlanta Regional Director and the information will at all times be no more than 18 months old.

15. That prior to opening for business, the Bank shall hire and retain, subject to the prior written non-objection of the Atlanta Regional Director, a qualified Bank Secrecy Act officer. Further, before opening for business, the Bank's board shall develop and submit proposed anti-money laundering compliance policies for review and approval by the Atlanta Regional Director and adopt those policies, and any modifications related to them that are required by the Atlanta Regional Director.

The Bank will be owned/controlled by three Venezuelan bankers, Juan Carlos Escotet Rodriguez ("Escotet"), Luis X. Lujan Puigbo ("Lujan") and Jorge L. Caraballo Rodriguez ("Caraballo"). These three individuals will own/control 99.95 percent of the proposed outstanding shares of the Bank's common stock. These three shareholders also control Banesco Holding C.A., Caracas, Venezuela ("Banesco"), which is the holding company that owns Banesco Banco Universal, Caracas, Venezuela ("Universal"), along with several other financial-related entities. Universal is reported to be one of the four largest banks in Venezuela.

The Bank will initially have capital of \$15 million, and the Bank projects total assets of \$189 million at the end of the third year of operation. The Bank will provide traditional banking products to the Greater Miami-Dade County area of Florida. The Bank will target the needs of foreign nationals/resident aliens in the local Venezuelan population.

The proposed ownership structure has the potential to present supervisory concerns similar to those posed by chain banking organizations. In chain banks, the proposed structure could lead to a concentration of banking resources susceptible to common risks without centralized supervision and regulation over the organization. In these types of organizations, there is a concern that low-quality assets and other funds may be shifted between banks to avoid detection by regulators and auditors. The FDIC's concerns also include risks that result because part of the "chain" is in another country and not subject to U.S. supervision. This type of structure may make it difficult to obtain information necessary to monitor the foreign affiliates. Banesco is not considered a foreign banking organization<sup>1</sup> for purposes of the International Banking Act ("IBA") and is not subject to comprehensive consolidated supervision. The concept of effective comprehensive consolidated supervision has been embraced by the FDIC through its involvement in international bank supervisory bodies such as the Basel Committee on Banking Supervision.

The FDIC's concerns about the proposed structure are significantly mitigated in this case by satisfactory and profitable operations of Banesco and its principal asset, Universal. The FDIC, by imposing certain non-standard conditions, provides further safeguards. The FDIC is imposing a condition that there will be no transactions between the Bank and any of the companies controlled, directly or indirectly, by Banesco or Universal without prior written approval by the Atlanta Regional Director of the FDIC. Such approval does not exempt the applicant from the applicable limitations of Sections 22(g), 22(h), 23A, and 23B of the Federal Reserve Act. Moreover, Messrs. Escotet, Lujan, and Caraballo, and the Bank will maintain current and fully descriptive financial information, including income statements and balance sheets denominated in U.S. dollars and written in English, on all affiliates of the proposed Bank domiciled outside of the United States. This information shall be audited by an accounting firm acceptable to the Atlanta Regional Director of

an accounting firm acceptable to the Atlanta Regional Director of the FDIC and will at all times be no more than 18 months old. The proponents have indicated that there are no intentions at this time to engage in transactions with foreign bank affiliates.

The FDIC is also imposing non-standard conditions requiring the employment of a qualified Bank Secrecy Act officer and the adoption of anti-money laundering compliance policies acceptable and approved by the FDIC prior to the Bank opening for business.

Also, due to Messrs. Escotet, Lujan, and Caraballo's status as non-U.S. citizenship and residency, the FDIC is imposing conditions whereby they have an agreement with the FDIC to stipulate to U.S. jurisdiction for banking law issues and identify their designated agent for service of process in such cases.

For purposes of this proposal, capital is adequate, future earnings prospects are favorable, management is considered satisfactory, and the investment in fixed assets is reasonable. Corporate powers to be exercised are consistent with the purpose of the Federal Deposit Insurance Act. No undue risk to the Bank Insurance Fund is apparent.

Accordingly, based upon careful evaluation of all available facts and information, the Board of Directors of the Federal Deposit Insurance Corporation has concluded that approval of the application is warranted.

BOARD OF DIRECTORS  
FEDERAL DEPOSIT INSURANCE CORPORATION



1

A foreign banking organization is a foreign bank, as defined by §1(b)(7) of the International Banking Act (12 U.S.C. 3101(7)), that operates a branch, agency, or commercial lending company subsidiary in the U.S. or that controls a bank in the U.S. and any company of which the foreign bank is a subsidiary (Federal Reserve Board Regulation K). A foreign bank means any company organized under the laws of a foreign country, a territory of the U.S., Puerto Rico, Guam, American Samoa, or the Virgin Islands, which engages in the business of banking, or any subsidiary or affiliate, organized under such law, of any such company. For the purposes of this Act, the term foreign bank includes, without limitation, foreign commercial banks, foreign merchant banks and other foreign institutions that engage in banking activities in the countries where such foreign institutions are organized or operating.