

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY

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In the Matter of:)	
Edward Farah)	
former Senior Vice President and Managing Director)	AA-EC-07-08
of the Capital Markets Group)	
The International Bank of Miami, N.A.)	
Coral Gables, Florida)	
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CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”) intends to initiate these cease and desist and civil money penalty proceedings against Edward Farah (“Respondent”), pursuant to 12 U.S.C. § 1818(b) and (i)(2), on the basis of Respondent’s activities during October 2001 through August 2004 while associated with the International Bank of Miami, N.A., Coral Gables, Florida (“Bank”) as Senior Vice President and Managing Director of the Bank’s Capital Markets Group (“CMG”) and as a member of the Bank’s board of directors.

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to the above matter, Respondent, without admitting or denying any wrongdoing, desires to enter into this Consent Order (“Order”) issued pursuant to 12 U.S.C. § 1818(b) and (i)(2);

NOW, THEREFORE, in consideration of the above premises, it is stipulated by and between the Comptroller, through his duly authorized representative, and Respondent that:

ARTICLE I

JURISDICTION

(1) The Bank is a national banking association, chartered and examined by the Comptroller, pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 et seq. Accordingly, the Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) Respondent was an officer and director of the Bank during about 1994 through June 2004 and is an “institution-affiliated party” of the Bank as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years from the date hereof (see 12 U.S.C. § 1818(i)(3)).

(3) Pursuant to 12 U.S.C. § 1813(q), the Comptroller is the “appropriate Federal banking agency” to maintain an enforcement proceeding against institution-affiliated parties. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain these cease and desist and civil money penalty proceedings against him pursuant to 12 U.S.C. § 1818(b) and (i)(2).

ARTICLE II

COMPTROLLER’S FINDINGS

The Comptroller finds, and Respondent neither admits nor denies, the following:

(4) Respondent was employed at the Bank as Managing Director of CMG during 1988 through August 2004. As the Managing Director of CMG, the Respondent’s responsibilities included: supervision of CMG employees and determination of their compensation; review and approval of CMG transactions; and CMG business

development, primarily focused on capital market activities on behalf of new and existing Bank customers.

(5) Respondent also served the Bank as a member of the Board of Directors during 1994 through June 2004.

(6) During the period of about October 2001 through August 2004, Respondent approved CMG loans without assuring that documentation for loans in excess of \$10,000 contained information identifying the nature or purpose of the transaction in violation of the requirements of 31 C.F.R. §103.33(a). Specifically, certain CMG loans were documented with vague purpose statements including a description of use of loan proceeds as “working capital” which is insufficient to meet these requirements. In addition, Respondent failed to ensure that all CMG transactions were properly documented and that CMG books and records were accurate.

(7) During the period of about October 2001 through August 2004, Respondent failed to ensure CMG compliance with the Bank’s lending policies, including:

- (a) Respondent failed to ensure that certain CMG loans received proper internal authorization before the documents were processed and loan proceeds disbursed.
- (b) Respondent failed to ensure that current financial statements or all other required financial documentation demonstrating the clients’ current financial condition were obtained and maintained for certain CMG customers.

(8) During the period of about October 2001 through August 2004, Respondent failed to supervise CMG employees adequately.

(9) During the period of about October 2001 through August 2004, Respondent failed to perform adequately the responsibilities of a member of the Board of Directors including exercising a duty of care to ensure that the Bank developed and implemented a sufficient system of internal controls and adequate BSA compliance programs.

(10) During May 2003, Respondent participated in a transaction in which CMG issued a default notice regarding a loan that was not in default and drew down against a standby letter of credit that guaranteed an already retired loan thus causing the Bank to make an additional collection of five million dollars (\$5,000,000). Respondent authorized the foregoing course of action in connection with a \$5 million participation in a \$20 million quad-party debt agreement on behalf of a CMG customer for which participation Respondent received compensation of at least \$40,000.

(11) By reason of the conduct described above in Article II, Respondent caused the Bank to violate 31 C.F.R. §103.33(a) (regarding documentation and recordkeeping requirements), received pecuniary gain, engaged in a pattern or practice of misconduct and recklessly unsafe or unsound banking practices, and breached his fiduciary duty to the Bank.

ARTICLE III

PERSONAL CEASE AND DESIST ORDER

Pursuant to the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b),

Respondent hereby consents to and it is ordered that:

(12) Prior to accepting any position that would cause him to become an “institution-affiliated party” (as defined in 12 U.S.C. § 1813(u)) of any institution or agency specified in 12 U.S.C. § 1818(e)(7)(A) (hereinafter “insured depository institution”), Respondent shall provide the chief executive officer of any such entity a copy of this Order; and

(13) Within ten (10) days from and after his acceptance of any position described in paragraph (13) of this article, Respondent shall provide written notice of such acceptance to the Director of Enforcement and Compliance for the OCC together with a written certification of his compliance with paragraph (13) of this article. All such written notices and certifications required by this Order shall be sent to: Director, Enforcement and Compliance Division, 250 E Street, SW, Washington, DC 20219; and

(14) At any time the Respondent, individually or as owner of more than 5% of an entity, is, as contemplated by 12 U.S.C. § 1867(c), an independent contractor of or third party service provider to any institution or agency specified in 12 U.S.C. § 1818(e)(7)(A), he shall provide the chief executive officer of the institution a copy of this Order.

(15) It is further ordered that, in connection with any existing or future employment subject to this Article III, Respondent shall:

(a) Undertake to fully inform himself of all policies applicable to matters within the scope of his responsibilities;

- (b) Ensure that all transactions presented to him for approval contain the documentation necessary and sufficient to comply with relevant internal policies and applicable laws;
 - (c) Comply fully with all laws, regulations, and policies applicable to any insured depository institution which employs him, including 31 C.F.R. §103.33 and all other Bank Secrecy Act regulations;
 - (d) Avoid engaging in any unsafe or unsound practices, as that term is used in Title 12 of the United States Code;
 - (e) Not breach the fiduciary duties of loyalty or care owed to any insured depository institution with which he is or may become affiliated and, at all times, avoid placing his own interests above those of the institution; and
 - (f) Adhere to the written policies and procedures of any insured depository institution or agency to which he may become affiliated, or seek and receive written permission from appropriate authorized individuals to do otherwise.
- (16) To comply with paragraph (16) of this Article, Respondent shall:
- (a) Be diligent to ensure that -- within the scope of Respondent's duties and responsibilities at any insured depository institution -- customers or other third parties are not using the institution (or the services of the institution) or agency to facilitate or perpetuate fraudulent activity; and

(b) Be diligent to ensure that -- within the scope of Respondent's duties and responsibilities at any insured depository institution -- adequate and appropriate controls are in place and that any employees reporting to Respondent adequately are supervised and trained in all applicable banking laws and regulations, including, but not limited to, the Bank Secrecy Act.

(17) If, at any time, issues arise concerning Respondent's ability to comply with the requirements of this Article, Respondent shall consult with counsel and obtain written advice regarding appropriate compliance with the terms of this Article.

ARTICLE IV

ORDER FOR CIVIL MONEY PENALTY

Respondent hereby consents to, and it is ordered that:

(18) Respondent make the payment of a civil money penalty in the amount of fifty thousand dollars (\$ 50,000), which shall be paid upon execution of this Order.

(19) Respondent shall make payment in full by check made payable to the Treasurer of the United States and shall deliver the payment to: Comptroller of the Currency, P.O. Box 979012, St. Louis, Missouri 63197-9000. The docket number of this case shall be entered on the check. Respondent shall provide a photocopy of the check along with the signed original copy of this Order to the attention of the Director of Enforcement and Compliance Division of the Office of the Comptroller of the Currency (the "OCC"), 250 E Street, SW, Washington, DC 20219.

ARTICLE V

BANKRUPTCY

(20) If Respondent files for bankruptcy protection, Respondent shall notify the Enforcement Director within ten (10) days of the filing and shall provide a copy of the filing to the Enforcement Director.

(21) In any bankruptcy proceeding in which it is or may be contended that Respondent's obligation to pay a civil money penalty pursuant to this Order is subject to discharge, Respondent will in no manner contest the assertion of the Comptroller or any agent, officer or representative of the United States, pursuant to 11 U.S.C. § 523(a) or otherwise, that the civil money penalty obligation in the Order arises out of acts which result in claims not dischargeable in bankruptcy.

ARTICLE VI

WAIVERS

- (22) By executing this Order, Respondent waives:
- (a) the right to the issuance of a Notice of Charges and a Notice of Civil Money Penalty Assessment under 12 U.S.C. § 1818(b) and (i);
 - (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(b) and (i) and 12 C.F.R. Part 19;
 - (c) all rights to seek judicial review of this Order;
 - (d) all rights in any way to contest the validity of this Order; and
 - (e) any and all claims for fees, costs, or expenses against the Comptroller, or any of his agents or employees, related in any way to this

enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

ARTICLE VII

CLOSING

(23) Respondent shall not cause, participate in, or authorize the Bank (or any subsidiary or affiliate thereof) to incur, directly or indirectly, any expense for the payment of the civil money penalty under this Order, or any legal (or other professional) expense relative to the negotiation and issuance of this Order except as permitted by 12 C.F.R. § 7.2014 and Part 359, and Respondent shall not, directly or indirectly, obtain or accept any indemnification (or other reimbursement) from the Bank (or any subsidiary or affiliate thereof) with respect to such amounts except as permitted by 12 C.F.R. § 7.2014 and Part 359.

(24) This Order shall be enforceable to the same extent and in the same manner as a final order issued pursuant to 12 U.S.C. §§ 1818(b), (h), and (i) (as amended).

(25) Respondent acknowledges that he has read and understands the premises and obligations of this Order and declares that no separate promise or inducement of any kind has been made by the Comptroller or his agents or employees to cause or induce Respondent to agree to consent to the issuance of this Order and/or to execute this Order.

(26) It is hereby agreed that the provisions of this Order constitute a settlement of these enforcement proceedings arising out of the specific acts, omissions, or violations described in Article II. However, the specific acts, omissions, or violations described in

Article II may be used by the OCC in future enforcement actions to establish a pattern or practice of misconduct or the continuation of a pattern or practice of misconduct.

(27) It is further agreed that the provisions of this Order shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (26), shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting Respondent if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

(28) Respondent further agrees not to take any action or to make or permit to be made any public statement denying, directly or indirectly, the specific acts, omissions, or violations referenced in this Order, or otherwise creating the impression that this Order is without factual basis. If Respondent violates this provision, the OCC may set aside this settlement and commence administrative proceedings on the actions alleged herein. Nothing in this paragraph shall affect Respondent's testimonial obligations.

(29) The invalidity or unenforceability of any provision of this Order shall not affect the validity or enforceability of any other provisions of this Order, which shall remain in full force and effect.

(30) Respondent understands that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order and that nothing herein constitutes, nor shall Respondent contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

IN TESTIMONY WHEREOF, the undersigned have hereunto set their hands.

/s/ Ronald G. Schneck

Ronald G. Schneck
Director for Special Supervision

4/9/07

Date

/s/ Edward Farah

Edward Farah

3/29/07

Date