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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Corporate Decision #97-59**  
**July 1997**

July 7, 1997

Ms. Ruth Espey-Romero, Spokesperson  
Banco de Prestamos National Bank (proposed)  
7524 Elmore Lane  
Bethesda, Maryland 20817

Re: Application to charter Banco de Prestamos National Bank, Queens, New York  
Application Control Number: 96-NE-01-0020

Dear Ms. Espey-Romero:

This is to inform you that on July 7, 1997 the Office of the Comptroller of the Currency (OCC) disapproved the application to charter Banco de Prestamos National Bank, Queens, New York. The organizers failed to demonstrate to the OCC that the proposed bank has a reasonable likelihood of success. The decision was made after an extensive and thorough evaluation of information provided in the application, obtained during the field investigation conducted by an experienced national bank examiner, and available to the OCC in its regulatory and supervisory activities.

The decision to grant a new national bank charter is not based on any single factor, but on a combination of factors unique to each application. In evaluating an application to establish a national bank, the OCC considers whether the proposed bank: (1) has organizers who are aware of and understand national banking laws and regulations, and safe and sound banking operations and practices; (2) has competent management, including the board of directors, with ability and experience relevant to the types of services to be provided; (3) has capitalization that is sufficient to support the projected volume and type of business; (4) can reasonably be expected to achieve and maintain profitability; and, (5) will help meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound banking operations.

Our review of the application, including the findings of the field investigation, identified the following deficiencies in the subject charter application as they relate to the above evaluation factors.

The two top executive officers of the proposed bank failed to demonstrate in the application or during the field investigation that they have the necessary knowledge of or experience with national banking laws, rules and regulations or safe and sound commercial banking operations and practices. Mr. Alejandro Penafiel Salgado, the proposed chairman of the bank and the primary figure behind the charter proposal, has no previous banking experience in the United States. Our observations of the interactions among the organizers during the application process demonstrate that he is the dominant figure. It has been our experience that for a national bank to have a reasonable chance for success, the leader of the organizing group must have an extensive banking background as executive officer of a commercial bank, or that the lack of such experience be compensated for by the other executive officers.

Such experience was not found in the proposed chief executive officer and president, Mr. Anthony Turzo. While Mr. Turzo has a significant amount of experience with savings and loan associations, he has no experience as an executive officer of a national bank and has had no experience or training in commercial lending and international banking. In addition, Mr. Turzo's lack of familiarity with the proposed market and its community was also a major concern to the OCC. From discussions the examiners had with Mr. Turzo during the field investigation, the examiners discerned that neither he nor the other organizers, except for Mr. Salgado, were involved in the development of the operating plan. The OCC considers it to be critical that all the organizers, particularly the proposed CEO, be involved in the development of the operating plan. Based upon these findings, we conclude that Mr. Turzo lacks the ability to successfully implement the proposed operating plan. Our assessment of Messrs. Salgado and Turzo's suitability as executive officers only addresses their roles as the primary organizers and key executive officers of the proposed national bank in question, and is not intended to reflect negatively on their suitability for other positions in existing banking institutions.

The organizing group's lack of familiarity with the market and its community leaders brings into question whether there is community support for the proposed bank. None of the organizers and proposed directors have any prior involvement with the proposed community and did not demonstrate during the application process that they were personally familiar with the needs of the community. It appears that the primary criterion for selecting Queens was the presence of a large Latin American community. Since Queens is already a highly competitive market, with twenty-six offices of sixteen existing banking companies, including two Hispanic banks, we think community support is crucial for the bank to have a reasonable chance for success. Such support is not demonstrated in this proposal.

Given the weaknesses discussed above, the organizing group has not demonstrated that they have the necessary skills and experience to ensure the proposed bank would be operated in a safe and sound manner, and that the bank would have a reasonable likelihood for success. Accordingly, we are unable to act favorably on your application.

Ms. Ruth Espey-Romero  
96-NE-01-0020  
Page 3

Questions regarding this decision should be directed to me or NBE/Senior Bank Structure Analyst Stephen A. Lybarger at (202) 874-5060 or Corporate Analyst Sandya Reddy in our Northeastern District Office at (212) 790-4055.

Sincerely,

/s/

John O. Stein  
Acting Director for Corporate Activity  
Bank Organization and Structure