



Comptroller of the Currency
Administrator of National Banks

Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Ave., N.E.
Atlanta, Georgia 30303

May 30, 2001

Conditional Approval #469
June 2001

Hans C. Mueller
Spokesperson
Florida Coastline National Bank (proposed)
8720 N. Kendall Drive, Suite 114
Miami, Florida 33176

Re: Application for a de novo Charter
Florida Coastline National Bank (proposed), Miami, Florida
Control No. 2001-SE-01-0002

Dear Mr. Mueller:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of **Florida Coastline National Bank**. On this date, after a thorough evaluation of all data available to the OCC, we found your proposal met the requirements for preliminary approval.

This conditional approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the proposed bank's representatives. We also made our decision to grant preliminary approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and obtain FDIC insurance.

The organizers plan to offer a transactional Internet banking service. Although the Bank currently does not have plans to allow customers to open accounts online, please note that the OCC expects a national bank to exercise appropriate caution and due diligence when opening accounts using the Internet and other non-traditional means. Any plans should include internal systems and controls that address the risks associated with such accounts.¹

¹ These internal systems and controls would include appropriate measures that respond to the risks of enabling Automatic Clearing House transactions on the Internet see e.g., OCC Advisory Letter 2001-3 (January 29, 2001) ("Internet-Initiated ACH Debits/ACH Risks").

In addition to the procedural requirements for all new national banks, the following requirements must be satisfied prior to the bank's request for a preopening examination and before the OCC will grant final charter approval:

1. The bank must submit to the OCC for review and approval a complete description of the bank's final information systems and operations architecture as well as the information systems risk assessment and management plan. This should include a schematic drawing and discussion of the following items:

Vendor due diligence and contracts; electronic banking security mechanisms and policies; information systems personnel; internal controls; audit plans; and operating policies and procedures, including, but not limited to, vendor management, weblinking, customer authentication and verification, and business resumption contingency plans.
2. The bank must have performed an independent security review and test of its electronic banking platform. The bank must have this review performed regardless of whether the platform is operated in-house or by one or more third-party service providers. If the bank outsources the technology platform, it can rely on testing performed for the service provider to the extent that it satisfies the scope and requirements listed herein. The review must be conducted by an objective, qualified independent source (Reviewer). The scope should cover all access points, including the Internet, Intranet, or remote access. It should cover the adequacy of physical and logical protection against unauthorized access including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access. By written report, the Reviewer must confirm that the security measures, including the firewall, have been satisfactorily implemented and tested. For additional guidance, see "The Internet and the National Bank Charter" booklet (enclosed) of the *Comptroller's Corporate Manual*, pages 37-38, 74-75.
3. The bank must have a security program in place that complies with the minimum security guidelines specified at 12 C.F.R. 40 (effective 7/1/01).

Final approval will be subject to the following conditions:

1. During the bank's first three years of operation, the bank must notify the (appropriate supervisory office) at least sixty (60) days prior to any proposed significant deviation or change from the proposed operating or business plan and obtain the OCC's nonobjection before any significant deviation or change occurs. The bank also must provide a copy of such notice to the FDIC's (appropriate regional supervisory office).

2. The bank must notify all potential technology-related vendors in writing of the OCC's examination and regulatory authority under 12 U.S.C. 1867(c).² All final technology-related vendor contracts must stipulate that the performance of services provided by the vendors to the bank is subject to the OCC's examination and regulatory authority.

The conditions of this approval are conditions "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

Until final approval is granted, the OCC has the right to alter, suspend, or revoke preliminary approval should any interim development be deemed by the OCC to warrant such action.

The Bank's initial paid-in capital, net of organizational and pre-opening expenses, shall be no less than \$7,215,000. The manner in which capital is raised must not deviate from that described in the operating plan without prior OCC notification. If the capital for the new Bank is not raised within 12 months or if the new Bank is not opened for business within 18 months from the preliminary conditional approval date, the OCC will withdraw approval. The OCC is opposed to granting extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control. The organizers are expected to proceed diligently, consistent with their application, for the Bank to open for business as soon as possible.

Please refer to the *Corporate Organization* booklet (enclosed) in the *Comptroller's Corporate Manual* for the instructions on organizing your bank. The booklet contains all of the steps you must take to receive your charter. As detailed in the booklet, you may establish the corporate existence of and begin organizing the bank as soon as you adopt and forward acceptable Articles of Association and the Organization Certificate to this office. As a body corporate or legal entity, you may begin taking those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC.

After reading the instructions for the organization of a new bank, it is suggested that the spokesperson or a designated correspondent visit this Office to discuss the organizing process. We feel such a visit can save time and prevent some of the pitfalls that have delayed or prevented other banks from opening.

2. The OCC has the authority to assess the bank for the cost of examining a service provider. See 12 C.F.R. 8.6.

Enclosed with this letter are standard requirements that must be met before the bank will be allowed to commence business. Management must ensure that the applicable policies and procedures are established and adopted by the board of directors before the bank begins operation.

The OCC poses no objection to the following persons serving as designated senior executive officers and/or directors. Any additional executive officers are subject to the prior review and clearance of the OCC.

<u>NAME</u>	<u>POSITION</u>
Hans C. Mueller	Chairman/President/Chief Executive Officer
Maria Teresa Alvarez	Director
Lawrence Feldman	Director
Robert Harden	Director
Tamas Kallos	Director
Duffield Matson	Director
James C Merrill, III	Director
Norman C. Powell	Director
Mary Lou Rodon-Alvarez	Director
Steve Sapp	Director
Steven D. Taylor	Director

You are also reminded that for a period of two years after the bank has opened for business, the OCC must review and have no objection to any new executive officer or director prior to that person assuming such position.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

This approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or an officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

Hans C. Mueller
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You should direct any questions regarding this preliminary approval to Senior Licensing Analyst Louis Gittleman at (404) 588-4525.

Sincerely,

-signed-

John O. Stein
Licensing Manager

Enclosures: Standard Requirements
ACorporate Organization@Booklet
Minimum Policies and Procedures