

Memorandos

Parte 5

MEMORANDUM OF UNDERSTANDING
FOR MUTUAL COOPERATION
BETWEEN THE
BRITISH VIRGIN ISLANDS
FINANCIAL SERVICES COMMISSION
AND THE
OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS
OF THE
COMMONWEALTH OF PUERTO RICO

1. REASONS FOR THE MEMORANDUM OF UNDERSTANDING

Banco Popular de Puerto Rico ("Banco Popular") and FirstBank Puerto Rico ("First Bank") are commercial banks organized under the laws of the Commonwealth of Puerto Rico ("Puerto Rico"). Banco Popular and FirstBank have branch bank operations in the British Virgin Islands (the "BVI"). Both branches in the British Virgin Islands are licensed and supervised by the BVI Financial Services Commission (the "Commission") established under the BVI Financial Services Commission Act, 2001.

Recently, FirstBank was granted approval by the Commission to establish a branch in the island of Virgin Gorda and to expand the Tortola operations by the addition of a Business Centre. Banco Popular has approached the Commission to discuss the establishment of a branch in the island of Virgin Gorda.

The banking authorities of the BVI and Puerto Rico consider that, in light of the mentioned operations in the BVI by Puerto Rican banking entities, it is convenient and beneficial to execute an agreement of mutual cooperation in order to achieve the adequate supervision of the mentioned entities as well as any other Puerto Rican banking entity which now or in the future engages in the business of banking in the BVI.

This agreement is also intended to provide for the cooperation of both supervisory agencies in the event any banking institution organized under the laws of the BVI engages in the business of banking in Puerto Rico.

With such purposes in mind, the Commission and the Office of the Commissioner of Financial Institutions of the Commonwealth of Puerto Rico

(the "OCFI"), in the exercise of their respective legal faculties, hereby agree to base their cooperation on the terms established in this Memorandum of Understanding (the "MOU").

2. *GENERAL DISTRIBUTION OF RESPONSIBILITIES*

Both banking authorities endorse the principles included in the document of the Basel Committee on Banking Supervision of May of 1983, known as the Basel Capital Accord, as well as its subsequent developments, particularly, the document titled "Core Principles for Effective Banking Supervision". Therefore, both parties agree on the role assigned in the mentioned documents to the banking supervisor of the country of origin where the holding or parent company is domiciled and to the banking supervisor of the host country, where the affiliates or subsidiaries are located or engage in business. Hereinafter, we shall respectively refer to these agencies as the "Banking Supervisor of the Country of Origin" ("CO") and the "Banking Supervisor of the Host Country" ("HC").

More specifically, both authorities assume that the CO will supervise the organization, endeavors and internal controls, the risks, the sufficiency of capital and, in general, all the significant aspects which may affect the solvency and stability of the total banking group in question. To achieve this, the CO should have access to all the information of the entities that comprise the banking or financial group and that is necessary to carry out its responsibilities as CO.

The HC will supervise the organization, endeavors, internal controls, the risks, the solvency and, therefore, the continuity of the entities that carry out business in its territory, assuring, pursuant to the rules that are locally applicable, the reasonability of its financial statements and the accuracy of the information received by the CO.

In addition, in the event that the entities that operate in the HC have established branches or affiliates in other countries, the HC will have the responsibility of the supervisor of the country of origin in relation to such branches or with the corresponding subgroup.

3. **GENERAL PLEDGE OF COOPERATION AND EXCHANGE OF INFORMATION ABOUT THE BANKING ENTITIES.**

Both authorities bind themselves to cooperate closely in the achievement of the goals established in the previous section. To achieve this they will exchange, on their own initiative, or at the request of the other party, the available information that is significant. In the appropriate cases, they shall serve as intermediaries concerning other authorities in their respective countries, and, in general, shall facilitate, to the extent of their possibilities, the execution of their respective functions and duties.

In particular, the CO is interested in being able to:

(a) identify the conglomerate of entities and enterprises belonging to the group or those in which the group has a significant participation, and knowing the inter-group operations and any other information, which is capable of triggering adjustments in the compiled financial statements.

(b) know any problem or weakness, which has been manifested in the operations, in the internal controls, in the financial condition or the public image of the enterprises, which have activities in the HC;

(c) be informed, any time it is relevant, of the observations, the requirements, the proposed sanctions and, in general, any measures taken by the HC in relation with the entities or their directing bodies;

(d) be informed of any authorization granted by the HC, including special plans, by means of which a compliance schedule or exemption to compliance with local rules is granted;

(e) be informed by the HC of any significant fact which comes to its knowledge and that leads it to doubt that the endeavors of the group are carried out in a prudent manner;

(f) be informed by the HC, with the purpose of knowing its effect on a consolidated level, of the obligatory local solvency standard, including

the details of the requirements according to the type of risk and the composition of their own resources computed by relevant segments;

(f) obtain from the holding companies the accounting information, or of any nature, of the enterprises in question necessary for the control of its risks and for its adequate accounting consolidation and, in particular, the itemized information of the credit investments and of the precise securities portfolios to assess the quality of such assets. For these purposes, the CO may seek the help of the HC in order to cause the pertinent entities to provide such information to their holding companies.

The HC is particularly interested in knowing the quality of the endeavors and the internal controls established by the holding bank or entity, as well as the problems of the groups in the aggregate, or the measures taken by the CO, as long as these may have repercussions in the stability of the local entities.

Both authorities are interested in knowing the situation and evolution of their respective financial markets and the competitive position of the groups that have a presence in the other country and of the affiliates that form part of such groups.

4. CONFIDENTIAL NATURE OF THE INFORMATION

The exchanged information shall only be used for banking supervision purposes and shall be subject to the legal restrictions of the professional secret or confidentiality pursuant to the legal rules of each country.

The information shall continue to be the property of the authority that furnished it. In this sense, in the event that any information obtained pursuant to this agreement must be disclosed to another authority in compliance with a legal mandate, both authorities bind themselves to previously notify each other of this fact and to cooperate in order to preserve, by the legal and accessible means, the confidentiality of such information.

4.1 In the BVI there is no specific regulation providing for the secrecy of banking information. The Commission is authorized to exchange information with other supervisors pursuant to Section 29 of the Financial Services Commission Act, 2001 and section 5 of the Financial Service (International Co-operation) Act, 2000. The complete text of this provision is attached hereto as Appendix A to this Agreement.

In view of the above, the information provided by the Commission to the OCFI must remain in the latter's possession subject to Section 29 of the Financial Services Commission Act, 2001 cited above.

4.2 In Puerto Rico, there is no specific statute or regulation providing for the secrecy of banking information. However, the Supreme Court of the Commonwealth of Puerto Rico has ruled that any information that is classified as confidential by specific laws that govern the matter at hand and under which the information is provided, shall be deemed confidential for evidentiary purposes. Thus, in the case of banking institutions that operate in Puerto Rico, all information provided by such institutions to the OCFI under statutes or regulations that classify it as confidential will be treated as confidential by the OCFI.

Section 28(h) of the Banking Law of Puerto Rico, Law Number 55 of May 12, 1933, as amended, (hereinafter, the "Banking Law"), provides, as is here pertinent, that the "reports rendered by the examiners to the Commissioner with regard to the examination made of any bank or foreign bank, shall be of confidential nature, except for the Legislature of Puerto Rico or a committee appointed by it, or for other banking agencies which supervise said bank ..."

To implement the authority of sharing confidential information about banks with other supervisory agencies of such banks, the law which provided for the creation of the OCFI, article 10(a)(15) of Puerto Rico Law Number 4 of October 11, 1985, as amended ("Puerto Rico Law No. 4"), authorizes the Commissioner of Financial Institutions to "Grant contracts or cooperative agreements with other jurisdictions to, among other

things, perform joint examinations and share confidential information compiled in said financial institution's examinations ... coordinate and share information with nay other supervisory agencies of financial institutions of any other jurisdiction, or any organization affiliated to or representing one or more supervisory agencies of financial institutions" The cited article also specifies that "Before revealing any confidential information under the provisions of [the language cited above], the Commissioner shall obtain the assurance of said supervisory agency to maintain the confidentiality of such information to the extent possible under this or any other applicable [statute]." The complete text of these provisions is attached hereto as Appendix B to this Agreement.

Therefore, the information provided by the OCFI to the Commission shall remain the latter's possession subject to the same rule of confidentiality applicable to the OCFI as established in article 28(h) of the Banking Law and article 10(1)(15) Of Puerto Rico Law No. 4, cited above.

5. "IN-SITU" INSPECTIONS.

5.1 In Puerto Rico, pursuant to article 28(a) of the Banking Law, the OCFI examines all banks and banking institutions organized under the laws of Puerto Rico and all banks and banking institutions that operate in Puerto Rico. In the case of banks and banking institutions organized under the laws of Puerto Rico, the faculty to examine extends to any branch, office or other dependency of such banking institutions located outside the geographical boundaries of Puerto Rico.

The decision whether to inspect affiliates of banking institutions organized under the laws of Puerto Rico and operating abroad, depends on the relative importance of the supervised entity, the possibility of having sufficient comparative information, the existence of reliable internal audit reports, the assurances obtained from the annual reports of external audits, and, very importantly, the existence of supervision

by other supervisory authorities and the possibilities to gain access to their reports.

5.2 In BVI, pursuant to Section 4 of the Financial Services Commission Act, 2001, the Commission examines all banks and banking institutions organized under the laws of British Virgin Islands and all banks and banking institutions that operate in British Virgin Islands. In the case of banks and banking institutions organized under the laws of British Virgin Islands, ~~the faculty to examine extends to any branch, office or other dependency of such banking institutions located outside the geographical boundaries of British Virgin Islands~~.

The decision whether to inspect affiliates of banking institutions organized under the laws of the BVI and operating abroad, depends on the relative importance of the supervised entity, the possibility of having sufficient comparative information, the existence of reliable internal audit reports, the assurances obtained from the annual reports of external audits, and, very importantly, the existence of supervision by other supervisory authorities and the possibilities to gain access to their reports.

5.3 Based on the premises stated above, and pursuant to the joint agreement of the parties, the CO may perform "in-situ" inspections of the relevant entities that are part of the banking groups supervised on a consolidated basis. In each particular case, both authorities shall determine how to carry out such inspections, including the possibility of carrying out joint examinations and inspections, when deemed advisable.

Both authorities state that they know of no legal impediment for such examinations or inspections or to provide access to the CO to the information pertaining to the affiliates, in the terms stated in clause number 4 of this agreement. In any event, both authorities bind themselves to cooperate, to the extent of their possibilities, to facilitate access to the CO to the institutions being examined, whether or not they are within the scope of jurisdiction of the HC.

In the case of inspections performed exclusively by the CO, the HC shall advise the CO regarding the necessary procedures to comply with local legislation in effect and, when necessary, shall provide assistance in completing the pertinent administrative process. Before commencing a visit, the representatives of the CO shall meet with those of the HC in order for the latter to inform the CO representatives on any particular items which may be of interest for the performance of the work. Once the examination, inspection, or visit is finished, a new meeting shall be held to comment the most important results. The inspection report of the CO, once prepared, or a summary of its salient aspects, shall be forwarded to the HC.

Concerning the inspections or examinations of the pertinent entities performed by the HC, the latter binds itself to inform the results to the CO by sending a summary of the most important aspects of the resulting report.

6. BRANCH RELATED ASPECTS.

In the BVI, the establishment of foreign branches by BVI banks is subject to previous authorization by the Commission. This authorization is granted based on the financial condition of the entity, its organizational capacity, and the availability in the BVI of information about the branch in order for the bank's directives and the supervisory authorities to control and supervise the branch's activities.

In Puerto Rico, the establishment of foreign branches by Puerto Rican banks is subject to previous authorization by the OCFI. This authorization is granted based on the financial condition of the entity, its organizational capacity, and the availability in Puerto Rico of information about the branch in order for the bank's directives and the supervisory authorities to control and supervise the branch's activities.

Both authorities consider it opportune to establish in this MOU the foundations of their future cooperation in the event that a BVI or Puerto Rican entity decides to establish a branch in the BVI or in Puerto Rico,

respectively. Both authorities acknowledge that the other authority has the right to perform direct examinations of such branches and to have access to any information relevant to said branches.

7. CONTACTS AND MEETINGS BETWEEN BOTH AUTHORITIES.

The supervisory authorities of both countries may, at all times, request advice and elucidation from the other party as well as the celebration of the meetings deemed necessary. For these purposes, both supervisory authorities agree to designate and mutually notify the name of one or more officers in their respective organizations as liaisons for the pursuit of the ordinary relations that ensue from this MOU.

8. GENERAL PLEDGE OF THE PARTIES TO EXCHANGE INFORMATION CONCERNING THEIR RESPECTIVE BANKING SYSTEMS

Both authorities agree to respond to mutual requests for information on specific aspects of their respective financial, legislative, and legal systems as well as the policies, which affect them, and to inform each other of any relevant change, particularly, of those changes that may have a significant effect in the activities carried in or controlled in the other country.

9. RECIPROCITY AND ACTUALIZATION OF THE DOCUMENT.

Although at the present time there are no financial entities organized under the laws of the BVI operating in Puerto Rico, both authorities agree that the provisions of this agreement shall be reciprocally applied in all its contents, if such a situation were to arise.

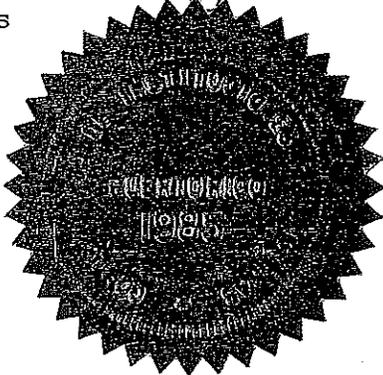
Both supervisory authorities agree that the general terms of this agreement may be further specified by common agreement by means of addenda that develop specific programs established for the supervision of entities specifically identified by both parties.

Signed in two originals on November 14, 2005.

Office of the Commissioner
Of Financial Institutions of the
Commonwealth of Puerto Rico
By:



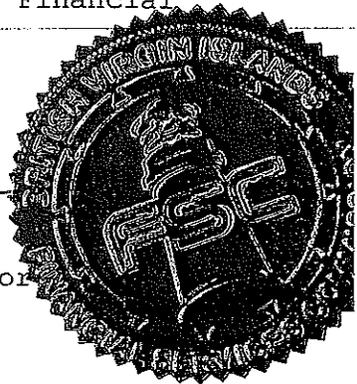
Mr. Alfredo Padilla
Commissioner of Financial
Institutions



British Virgin Islands Financial
Services Commission
British Virgin Islands
By:



Mr. Kenneth Baker
Deputy Managing Director



ATTACHMENTS (OPTIONAL)**I) ASPECTS ASSOCIATED WITH THE ACTIVITIES CARRIED OUT BY THE FINANCIAL GROUPS.**

1. In the British Virgin Islands, the Commission carries out its supervision based on the consolidation of the bank's subsidiaries, units, or divisions that are within the bank's legal structure.

2. In Puerto Rico, the OCIF carries out its supervision based on the consolidation of the bank's subsidiaries, units, or divisions that are within the bank's legal structure.

II) ASPECTS ASSOCIATED with each one of the bank affiliates.

1. In British Virgin Islands, the creation by British Virgin Islands banking entities of subsidiaries established in foreign countries, or the acquisition of a significant participation of shares, directly or indirectly, in a pre-existing entity is subject to the authorization of the Commission. Such authorization may be denied, if the Commission concludes that the proposed organization or acquisition jeopardizes the principles of safety and soundness established in the British Virgin Islands Banks and Trust Companies Act, 1990, or when the proposed organization or acquisition is contrary to the public policy of the Commonwealth of British Virgin Islands.

The Commission requires that British Virgin Islands banks to maintain information in British Virgin Islands, adequately updated, concerning the financial condition of their subsidiaries abroad, as well as information of their risks levels and the control and operation of such subsidiaries.

2. In Puerto Rico, the creation by Puerto Rican banking entities of subsidiaries established in foreign countries, or the acquisition of a significant participation of shares, directly or indirectly, in a pre-

existing entity is subject to the authorization of the OCFI. Such authorization may be denied, if the OCFI concludes that the proposed organization or acquisition jeopardizes the principles of safety and soundness established in the Puerto Rico Banks Act, or when the proposed organization or acquisition is contrary to the public policy of the Commonwealth of Puerto Rico.

The OCFI requires that Puerto Rican banks to maintain information in Puerto Rico, adequately updated, concerning the financial condition of their subsidiaries abroad, as well as information of their risks levels and the control and operation of such subsidiaries.

Both authorities shall freely consult each other about any aspect and may request from each other the exchange of all significant information in its possession concerning such affiliates.

III) ASPECTS CONCERNING OTHER NON-BANKING AFFILIATES IN THE HOST COUNTRY.

The CO desires that the HC share with it any information it may receive and that may be of interest for the consolidated supervision of the banking groups that may be covered by this agreement. In addition, the CO would like to know any relevant amendments or changes in the local legal rules that affect such entities.

At the request of the CO, the HC offers to act as intermediary when dealing with other supervisory authorities in its country.

IV) ASPECTS CONCERNING OTHER NON-FINANCIAL AFFILIATES IN THE HOST COUNTRY.

1. In British Virgin Islands, a bank may not operate outside the Virgin Islands any subsidiary, branch, agency or representative office without the prior written approval of the Commission.

2. In Puerto Rico, banking entities may only invest in, and hold shares of, enterprises and institutions engaged in financial business.

3. The CO desires that the HC share with it any relevant information it may receive on this topic.

APPENDIX A

1. Financial Services Commission Act, 2001
2. Financial Services (International Co-operation) Act, 2000

MEMORANDUM OF UNDERSTANDING

U.S. Department of the Treasury, Office of Foreign Assets Control
~~Office of the Commissioner of Financial Institutions of the Commonwealth of Puerto Rico~~

I. Background

A. Purpose

This Memorandum of Understanding ("MOU") sets forth procedures for the exchange of specified information between the Office of the Commissioner of Financial Institutions of the Commonwealth of Puerto Rico ("OCFI") and the Office of Foreign Assets Control ("OFAC"), an office within the U.S. Department of the Treasury (collectively, the "Agencies").

OCFI has examination and enforcement authority for the financial condition, safe and sound operation, and compliance with laws and regulations of the banking organizations and of other financial organizations it supervises. Under delegated authority from the Secretary of the Treasury, OFAC furthers U.S. foreign policy and national security goals by administering and enforcing economic and trade sanctions against targeted foreign countries, groups, and persons subject to 31 C.F.R. Ch. V, Office of Foreign Assets Control Regulations.¹

Information to be shared under this MOU includes information about OFAC's administration and enforcement of economic sanctions, information about compliance with OFAC requirements by banking organizations and other financial organizations supervised by OCFI, and to the extent permitted by law, including the Right to Financial Privacy Act (12 U.S.C. 3401, *et seq.*), information about possible violations of OFAC sanctions by banking organizations and other financial organizations supervised by OCFI.

The sharing of information under this MOU is intended to help OFAC in fulfilling its role as administrator and enforcer of economic sanctions and to assist OCFI in fulfilling its role as a banking and other financial organizations supervisor.

B. Assessment of MOU Operation

The Agencies shall meet, as necessary, to discuss the operation of the MOU and to identify any issues or adjustments that may be required. During such meetings, OFAC will provide an update on how the information provided by OCFI under this MOU has been used or applied by OFAC. The Agencies will also evaluate the effectiveness of the information sharing in meeting the goals outlined above.

¹ See 31 C.F.R. Part 501.

C. Resource

OFAC maintains a toll-free telephone hotline to address issues relating to interdicted items and general compliance questions and will make that resource available to OCFI examiners as well as to the institutions that they regulate.

II. Provision of Information to OFAC by OCFI

A. Unreported Violations of Sanctions.

OCFI will notify OFAC promptly of any apparent, unreported sanctions violations discovered in the course of an examination to the extent permitted by law, including the Right to Financial Privacy Act. OCFI will direct banking organizations and other financial organizations it supervises to provide information directly to OFAC as required by OFAC regulations.

B. Other Examination Findings.

- 1) When OCFI discovers significant deficiencies in a banking or other financial organization's policies, procedures, and processes for ensuring compliance with OFAC regulations, OCFI will notify OFAC of such deficiencies to the extent permitted by law, including the Right to Financial Privacy Act. For purposes of this MOU, a significant deficiency means: a systemic or pervasive compliance deficiency or reporting and recordkeeping violation, including a situation where a banking organization or other financial organization fails to respond to supervisory warnings concerning OFAC compliance deficiencies or systemic violations.
- 2) In cases where OFAC has initiated a review of a banking organization or other financial organization based on deficiencies identified in section II.B.1., or other evidence within OFAC's investigative purview, OCFI will provide to OFAC, upon OFAC's written request, information relating to OCFI's examination or supervisory findings regarding a banking or other financial organization's policies, procedures, and processes for ensuring compliance with OFAC regulations, to the extent permitted by law, including the Right to Financial Privacy Act. Upon written request, OFAC may obtain further or additional supervisory information (if available) relating to the above information.

III. Provision of Information to OCFI by OFAC

To the extent provided by law, including the Right to Financial Privacy Act:

A. After OFAC becomes aware of an apparent sanctions violation by a banking organization or other financial organization supervised by OCFI, OFAC will promptly provide OCFI with information about the apparent violation. OFAC will also provide a copy of any correspondence between OFAC and the banking or other financial organization relating to apparent sanctions violations by the banking organization or other financial organization or to a pending or possible enforcement action against the banking organization or financial organization.

B. OFAC will also provide to OCFI notice of and appropriate documentation relating to the following:

- 1) Notice prior to any on-site investigation or audit of a banking organization or other financial organization and the results of such investigation or audit, e.g., an investigation or audit report, as soon as practicable after completion of the investigation or audit;
- 2) Notice that a banking organization or other financial organization is undergoing an OFAC evaluation;
- 3) OFAC's evaluation of an apparent violation by a banking organization or other financial organization;
- 4) OFAC's enforcement determinations, including any decision to close an investigation without taking enforcement action, the issuance of a prepenalty notice, or the issuance of a penalty notice;
- 5) Notice prior to making public any enforcement action;
- 6) Upon written request, OCFI may obtain further or additional information (if available) relating to the above information.

IV. Restrictions on Disclosure and Use of Information

- A. 1) OCFI retains ownership of all information provided to OFAC under this MOU. OFAC retains ownership of all information provided to OCFI under this MOU. All information OCFI provides to OFAC under this MOU shall be deemed confidential supervisory information and is subject to OCFI's laws, regulations and agreements governing the disclosure of such information. OFAC will use information provided by OCFI under this MOU only in accordance with the restrictions applicable to information shared by OCFI under those laws, regulations and agreements.² OFAC will rely on OCFI to

² Act No. 4 of October 11, 1985, "Office of the Commissioner of Financial Institutions Act", as amended (7 L.P.R.A. sec. 2001 et seq.)

specifically identify any disclosure or privacy restrictions applicable to information it shares with OFAC. The information provided by OFAC to OCFI is intended for OCFI's use in the supervision of the institutions that it regulates and is not for further disclosure outside the course of its supervisory activities. Neither OFAC nor OCFI will make public use of any confidential information provided by the other under this MOU without the prior written approval of the other.

- 2) OFAC and OCFI will establish and maintain such safeguards as are necessary and appropriate to protect the confidentiality of the information received under this MOU and information derived therefrom.
- 3) OFAC will notify OCFI in writing of any legally enforceable demand for information provided by OCFI under this MOU, prior to complying with the demand. OFAC will assert all such legal exemptions, protections or privileges on OCFI's behalf as OCFI may request. Unless subject to a court order or other compulsory process, OFAC may not grant any demand or request for the information without prior written notice to, and approval of, OCFI.
- 4) OCFI will notify OFAC in writing of any legally enforceable demand for information provided by OFAC under this MOU, prior to complying with the demand. OCFI will assert all such legal exemptions, protections or privileges on OFAC's behalf as OFAC may request. Unless subject to a court order or other compulsory process, OCFI may not grant any demand or request for the information without prior written notice to, and approval of, OFAC.
- 5) OFAC and OCFI expressly reserve all evidentiary privileges and protections applicable to any information provided to one another under this MOU.

- B. Disclosure to OFAC of confidential supervisory information that is jointly held by OCFI and a Federal Banking Agency ("FBA") shall be subject to the FBA's approval.

V. Civil Enforcement

No provision of this MOU is intended to affect the respective enforcement authorities of OCFI, OFAC, or the FBAs:

VI. Term of MOU

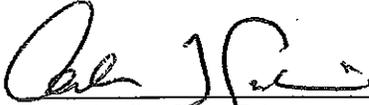
This MOU is effective upon signature by both OCFI and OFAC and will remain in effect until amended or replaced by signed, mutual agreement of both parties.

This MOU may be terminated by OCFI or OFAC upon 30 days written notice.

This MOU may be executed in counterparts.

IN WITNESS WHEREOF, each of the parties hereto has caused this MOU to be executed by its duly authorized officer on the date indicated below.

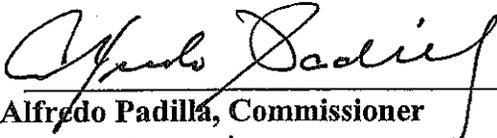
OFFICE OF FOREIGN ASSETS CONTROL



By: Adam J. Szubin, Director

Dated: Dec 04, 2006

**OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS OF THE
COMMONWEALTH OF PUERTO RICO**



By: Alfredo Padilla, Commissioner

Dated: November 27, 2006

**+MEMORANDUM OF UNDERSTANDING
BETWEEN THE
OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS
OF THE COMMONWEALTH OF PUERTO RICO
AND THE
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

The Office of the Commissioner of Financial Institutions of the Commonwealth of Puerto Rico ("the OCFI") and the Office of the Comptroller of the Currency (OCC) (each, the "Agency;" collectively, the "Agencies") are entering into this Memorandum of Understanding ("MOU") to enhance their communication and exchanges of information to achieve prompt and effective resolution and redress of consumer complaints relating to the financial institutions and their financial affiliates that the Agencies respectively supervise, examine or regulate ("Regulated Institutions").

The Agencies recognize that issues may exist concerning the scope of the respective jurisdiction of each of the Agencies to supervise, examine or regulate certain Regulated Institutions. Nothing in this MOU is intended to or shall be construed to affect, modify, or imply any conclusion regarding the jurisdiction or authority of either of the Agencies or affect the rights, powers or obligations of the Agencies under existing law concerning the scope of the respective jurisdiction of each of the Agencies to supervise, examine, or regulate or bring administrative or judicial enforcement proceedings against the Regulated Institutions covered by this MOU. Nothing in this MOU shall be construed to prevent either Agency from taking any supervisory, examination, regulatory or enforcement action that the Agency may deem necessary or appropriate to carry out its responsibilities as permitted by applicable law.

Pursuant to the foregoing, this MOU is made and entered into as of June 29, 2007, between the OCC and the OCFI.

1. Complaint Referrals and Information Sharing

To the extent permitted by applicable law, including but not limited to the Right to Financial Privacy Act¹ and the Privacy Act,² the OCC agrees to refer to the OCFI consumer complaints and allegations of violations of consumer protection laws concerning Regulated Institutions it concludes are subject to the jurisdiction of the OCFI, and the OCFI agrees to refer to the OCC consumer complaints and allegations of violations of consumer protection laws concerning Regulated Institutions it concludes are subject to the jurisdiction of the OCC. The Agencies agree to explore means to enhance processes and procedures for such sharing and to facilitate the sharing of information concerning the status and resolution of complaints and actions taken based on complaints or evidence of alleged violations of consumer protection laws referred by an Agency to the other Agency.

In order to accomplish substantive information sharing, the OCC agrees to submit to the OCFI a written quarterly report of referrals received from the OCFI that either are not in closed status or that have been closed since the last written report setting forth the following based upon the OCC's Consumer Assistance Group (CAG) database:

- the name of the consumer,
- the identifying number assigned to the complaint by the CAG,
- bank name,
- date opened,
- date closed,

¹ 12 U.S.C. §§ 3401 - 3422.

² 5 U.S.C. § 552a.

- category of case (such as loan, credit card, or deposit account) and specific laws or regulations involved,
- case status, and
- resolution (including any compensation amount).

The current status of the referral will contain the following types of information, using CAG data elements, as appropriate:

- Complaint is under review by the OCC;
- Complaint is pending, including pending response from the bank or additional information from the consumer;
- Complaint has been referred to another federal or state agency;
- Complaint has been withdrawn; and
- Complaint has been closed, including information on the date closed and final disposition of the complaint.

The OCC will provide the OCFI with information explaining the terminology used in the data elements provided under this agreement.

Likewise, if requested by the OCC, the OCFI agrees to submit to the OCC a written quarterly report of referrals received from the OCC that contains similar data as that described above to the extent that such a report can be generated with reasonable effort based on databases maintained by or on behalf of the OCFI.

2. Confidentiality

- (a) For purposes of this MOU, any of the following information obtained by a Requesting Agency shall be treated as Confidential Information:

(i) the name, address, or other personally identifiable information relating to any consumer; and

(ii) any supervisory determinations by the Responding Agency, including the findings, resolution, and compensation amount relating to any complaint.

(b) The Requesting Agency agrees to use any Confidential Information it receives pursuant to this Memorandum only for purposes directly related to the exercise of its regulatory authority. The Requesting Agency may not make any additional use, or disclosure, of Confidential Information without the prior approval of the Responding Agency which shall not be unreasonably denied.

(c) All Confidential Information provided pursuant to this Memorandum belongs to, and shall remain the property of, the Responding Agency. The Requesting Agency shall also take all actions reasonably necessary to preserve and protect any privilege or claim of confidentiality relating to Confidential Information, including:

(i) restricting access to Confidential Information obtained pursuant to this Memorandum to only those of its officers, employees, or agents (including outside counsel, accountants, and consultants) who have a *bona fide* need for such information in carrying out the supervisory responsibilities of the Requesting Agency;

(ii) informing those of its officers, employees, or agents who are provided access to such Confidential Information of the Requesting Agency's responsibilities under this Memorandum; and

(iii) establishing appropriate physical safeguards for maintaining such Confidential Information.

(d) If the Requesting Agency receives a request from a third party for Responding Agency Confidential Information, or is served with a subpoena, order, or other process requiring production of such information, the Requesting Agency shall:

(i) immediately notify the Responding Agency and provide to it copies of such request, subpoena, order, or other process as well as attachments thereto;

(ii) provide the Responding Agency the opportunity to take whatever action it deems appropriate to preserve, protect, and maintain the confidentiality of such information or any related privileges;

(iii) cooperate fully with the Responding Agency to preserve, protect, and maintain the confidentiality of such information or any related privileges;

(iv) notify the party seeking the information that it was obtained from and is considered the property of the Responding Agency and that requests for such information must be made directly to the Responding Agency in accordance with applicable federal or state law;

(v) resist, to the extent practicable, production of such information, pending receipt of written consent from the Responding Agency to the production of that information; and

(vi) consent to any application by the Responding Agency to intervene in any action to preserve, protect, and maintain the confidentiality of such information or any related privileges.

(e) Nothing in this Memorandum shall prevent the Requesting Agency from complying with a legally valid and enforceable order by a court, adjudicatory body, or legislative body of competent jurisdiction compelling production of Confidential Information, providing that the Requesting Agency:

(i) reasonably determines that efforts to quash, appeal, or resist compliance with the order would be unsuccessful;

(ii) attempts, to the extent practicable, to secure a protective order to preserve, protect, and maintain the confidentiality of such information or any related privileges; and

(iii) immediately notifies the Responding Agency of its intent to comply with the order and of any actions taken in compliance with the order.

In complying with the request, the Requesting Agency will use its best efforts to obtain from the requestor a commitment to maintain the confidentiality of the information and advise the legislative body that the information to be produced belongs to the other Agency. The Requesting Agency agrees to advise the Responding Agency as promptly as is reasonably possible of such a request prior to complying with any such request.

3. Miscellaneous

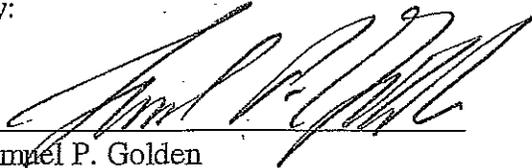
(a) Authority. Each party to this MOU has requisite legal authority to enter into this MOU. In the event of any material change to its authority, a party will provide written notification to the other party within ten (10) calendar days of any such change.

(b) Termination. Either party may terminate this MOU with respect to prospective sharing of information by providing thirty (30) calendar days advance written notice to the other party. In the event of termination, information obtained by a Requesting Agency under this MOU, if not returned, will remain the property of the Responding Agency and the Requesting Agency will continue to observe all terms and conditions of this MOU that relate to such information.

(c) Agency Contacts. As soon as practicable after execution of this MOU, each Agency will advise the other of the name, title, and contact information, including addresses and telephone and fax numbers, for the appropriate official(s) to contact for purposes of notices and exchanges of information hereunder. This contact information will be updated as appropriate.

OFFICE OF THE COMPTROLLER
OF THE CURRENCY

By:



Samuel P. Golden
Ombudsman

OFFICE OF THE COMMISSIONER OF
FINANCIAL INSTITUTIONS OF THE
COMMONWEALTH OF PUERTO RICO

By:



Alfredo Padilla-Cintrón
Commissioner

MEMORANDUM OF UNDERSTANDING BETWEEN, THE OFFICE OF THE
COMMISSIONER OF FINANCIAL INSTITUTIONS OF THE COMMONWEALTH OF
PUERTO RICO AND THE OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT
OF PUERTO RICO ON THE REFERRAL, INVESTIGATION, AND PROSECUTION OF
CASES INVOLVING FINANCIAL CRIMES

I. PURPOSE

This Memorandum of Understanding (MOU) between the OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS OF THE COMMONWEALTH OF PUERTO RICO, hereinafter referred to as OCFI, and the OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF PUERTO RICO, hereinafter referred to as OUST, sets forth the responsibilities of each participant regarding the referral, investigation, and prosecution of matters and cases involving bankruptcy fraud, money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes.

II. DESCRIPTION OF PROBLEM

The complexity of investigations involving bankruptcy fraud, money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes in Puerto Rico, requires cooperation and collaboration of federal and local government entities to effectively combat the same. The OCFI and the OUST remain committed to the development of investigations that target bankruptcy fraud, money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes. The successful prosecution of these complex and high-profile cases will strengthen the working relationship between the OCFI and the OUST, and other federal and state government entities.

The OCFI has a significant role in the implementation of an effective strategy against financial crimes in Puerto Rico. The OCFI is responsible for the regulation, supervision and oversight of the financial system in Puerto Rico, and the strict compliance with all applicable laws and regulations. The OCFI insures the financial industry's liquidity, stability and ability to compete in world markets, promotes Puerto Rico's socioeconomic development, and safeguards public interest. The OCFI also promotes a modern, flexible and unburdened financial public policy which will insure the balance and fairness between the competing interests of depositors, shareholders, investors and customers of the financial services offered in Puerto Rico.

The parties agree that an effective strategy to combat bankruptcy fraud, money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes in Puerto Rico must be based on a joint effort. This concerted effort will allow the use of investigative and legal resources from both the federal and state governments to achieve mutually beneficial results.

III. FEDERAL STATUTES

There are several Federal criminal statutes, which are applicable in the civil and criminal prosecution of bankruptcy fraud, money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes. The most frequently used statutes include the following:

1. Money Laundering - 18 U.S.C. §§ 1956 and 1957
2. Currency Reporting Offenses - Bank Secrecy Act, 31 U.S.C. § 5311 *et seq.*

Sections 5313 and 5324(a) - failure to file a currency transaction report (CTR) on cash transactions involving more than \$10,000; filing a false report; or structuring a transaction to evade the reporting requirement.

Sections 5316 and 5324(b) - failure to file currency and monetary instrument reports (CMIR) with the U.S. Customs Service at border crossings; filing a false report; or structuring a transaction to evade the reporting requirement.

3. Bank Frauds and Related Offenses

Embezzlement, Abstraction, Purloining or Willful Misapplication - 18 U.S.C. §§ 656 and 657;

False Statements - 18 U.S.C. § 1014

False Entries - 18 U.S.C. §§ 1005 and 1006

Bank Bribery - 18 U.S.C. § 215

Bank Fraud - 18 U.S.C. § 1344

4. Bankruptcy Fraud - 18 U.S.C. §§ 152-157
5. Unauthorized Access of a Computer - 18 U.S.C. §§ 1030(a)(2), (a)(4), (a)(5)
6. Mail Fraud - 18 U.S.C. § 1341
7. Wire Fraud - 18 U.S.C. 1343
8. Racketeer Influenced and Corrupt Organizations - 18 U.S.C. §§ 1961-68
9. Fraudulent Use of a Credit Card - 15 U.S.C. § 1644; 18 U.S.C. § 1029.
10. Securities Fraud - 18 U.S.C. § 1348-1350 (2002).

IV. GOALS

It is mutually agreed that a MOU should be subscribed to cover matters involving bankruptcy fraud, money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes in order to promote joint efforts in the investigation and prosecution of said matters. It is mutually agreed that the parties to this MOU will effectively coordinate, as appropriate, their respective investigations to assist each other in fulfilling their own missions and responsibilities. It is further agreed that the parties will coordinate and bring to bear each participant's combined expertise and investigative resources to combat bankruptcy fraud, money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes in Puerto Rico.

V. IMPLEMENTATION

The OCFI and the OUST will develop and exchange those additional instructions and internal operating procedures that are deemed necessary to the continued implementation of this MOU with the primary goal of a coordinated, efficient and effective federal response to the problems of bankruptcy fraud, money laundering and financial crimes in Puerto Rico. In accordance with the terms of this MOU, the OUST will establish and develop a case referral program with the OCFI. Each participant will designate, in writing, a point of contact to handle the matters covered by this MOU within 5 days from its signing.

VI. RESPONSIBILITIES

A. OFFICE OF THE UNITED STATES TRUSTEE

Pursuant to 28 U.S.C. §586 (a)(3)(f) and 18 U.S.C. §3057(a), the OUST has the primary responsibility and jurisdiction to identify and refer to the United States Attorney's Office (USAO) and all other federal agencies with investigative jurisdiction all violations of federal law involving bankruptcy crimes, and assist in their investigation. It is therefore understood that the OUST shall:

1. Coordinate this investigative responsibility with the designated point of contact in the OCFI, as appropriate.
2. Refer to the OCFI all cases where a reasonable suspicion of a violation of federal or state law involving bankruptcy fraud and related financial crimes arises. Any pertinent information will be referred to the OCFI within a reasonable period of time.
3. In conjunction with the OCFI, identify cases that merit a federal response so that they can be referred to the USAO for prosecution.
4. Receive and facilitate the referral of cases from the OCFI.

5. Document any OCFI case referral so that the matter can be efficiently and effectively tracked and prepared for possible referral to the USAO.
6. Assist the OCIF in any case that has been referred. The referral of a case shall not have any effect on the ability of the OUST to discharge its constitutional and statutory responsibilities.
7. Share all relevant information with the OCFI in the investigation of such matters.
8. Develop and provide relevant bankruptcy fraud and related financial crimes training for OCFI personnel.

**B. OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS
COMMONWEALTH OF PUERTO RICO:**

Pursuant to Act No. 4 of October 11, 1985, as amended, known as the "Financial Institutions Commissioner's Office Act", the OCFI has the responsibility to regulate, supervise and oversight the financial system in Puerto Rico, and their strict compliance with all applicable laws and regulations. It is therefore understood and agreed that the OCFI shall:

1. Coordinate this investigative responsibility with the designated point of contact in the OUST, as appropriate.
2. Refer to the OUST all cases where a reasonable suspicion of a violation of federal law involving bankruptcy fraud arises. Any pertinent information will be referred to the OUST within a reasonable period of time.
3. In conjunction with the OUST, identify cases that merit a federal response so that they can be referred to the USAO for prosecution.
4. Receive and facilitate the referral of cases from the OUST where the OCIF has investigative jurisdiction.
5. Document any OUST case referral so that the matter can be efficiently and effectively tracked and prepared for possible referral to the USAO.
6. Assist the OUST in any case that has been referred. The referral of a case shall not have any effect on the ability of the OCFI to discharge its constitutional and statutory responsibilities.
7. Share all relevant information with OUST in the investigation of such matters.
8. Develop and provide relevant financial crimes training for OUST personnel.

VII. DISPUTE RESOLUTION

Any dispute arising out of this MOU shall be brought to the attention of the designated point of contact for each of the signatory parties. If it is not resolved by the points of contact, the matter will be referred to the Commissioner of Financial Institutions of Puerto Rico and the Assistant U.S. Trustee for a final determination.

VIII. AMENDMENT

This MOU may be amended by deletion or modification of any provision contained herein, or by the addition of new provisions, after written concurrence of all parties to the MOU.

IX. TERMINATION

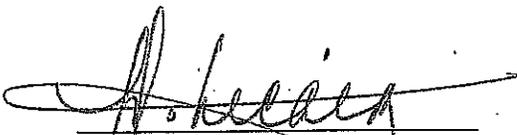
This MOU will remain in effect until terminated by any party to the MOU, provided such notice of termination is in writing and signed by the appropriate agency official that approved the MOU.

X. NO RIGHTS CREATED

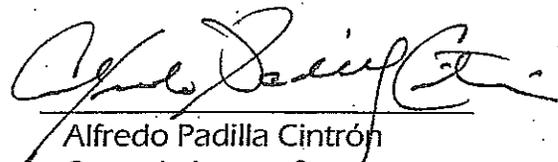
This document is an internal document only intended for use of the signatory parties and should not be disseminated outside their offices. Furthermore, nothing in this document is intended to nor does it create any right in any defendant or any third party.

XI. APPROVAL

This MOU will take effect immediately upon signature of all parties identified below. Any prior documents or agreements between the parties regarding the matters covered in this MOU are superseded effective on the date this document is signed.



Monsita Lecaroz Arribas
Assistant United States Trustee
District of Puerto Rico
Date: 3/13/08



Alfredo Padilla Cintrón
Commissioner of
Financial Institutions
Date: March 13, 2008

MEMORANDUM OF UNDERSTANDING BETWEEN THE FEDERAL BUREAU OF INVESTIGATION, THE OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS OF THE COMMONWEALTH OF PUERTO RICO, AND THE UNITED STATES ATTORNEY'S OFFICE FOR THE DISTRICT OF PUERTO RICO ON THE REFERRAL, INVESTIGATION, AND PROSECUTION OF CASES INVOLVING MONEY LAUNDERING AND RELATED FINANCIAL CRIMES

I. PURPOSE

This Memorandum of Understanding (MOU) between the FEDERAL BUREAU OF INVESTIGATION, hereinafter referred to as the FBI, the OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS OF THE COMMONWEALTH OF PUERTO RICO, hereinafter referred to as OCFI, and the UNITED STATES ATTORNEY'S OFFICE FOR THE DISTRICT OF PUERTO RICO, hereinafter referred to as USAO, sets forth the responsibilities of each participant regarding the referral, investigation, and prosecution of matters and cases involving money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes.

II. DESCRIPTION OF PROBLEM

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The complexity of investigations involving money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes in Puerto Rico, requires cooperation and collaboration of federal and local government entities to effectively combat the same. The USAO and the FBI remain committed to the development of investigations that target money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes. The successful prosecution of these complex and high-profile cases will strengthen the working relationship between the FBI, the OCFI, the USAO, and other federal and state government entities.

The OCFI has a significant role in the implementation of an effective strategy against financial crimes in Puerto Rico. The OCFI is responsible for the regulation, supervision and oversight of the financial system in Puerto Rico, and the strict compliance with all applicable laws and regulations. The OCFI insures the financial industry's liquidity, stability and ability to compete in world markets, promotes Puerto Rico's socioeconomic development, and safeguards public interest. The OCFI also promotes a modern, flexible and unburdened financial public policy which will insure the balance and fairness between the competing interests of depositors, shareholders, investors and customers of the financial services offered in Puerto Rico.

The parties agree that an effective strategy to combat money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes in Puerto Rico must be based on a joint effort. This concerted effort will allow the use of investigative and legal resources from both the federal and state governments to achieve mutually beneficial results.

III. FEDERAL STATUTES

There are several Federal criminal statutes, which are applicable in the civil and criminal prosecution of money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes. The most frequently used statutes include the following:

1. Money Laundering - 18 U.S.C. §§ 1956 and 1957
2. Currency Reporting Offenses - Bank Secrecy Act, 31 U.S.C. § 5311 *et seq.*

Sections 5313 and 5324(a) - failure to file a currency transaction report (CTR) on cash transactions involving more than \$10,000; filing a false report; or structuring a transaction to evade the reporting requirement.

Sections 5316 and 5324(b) - failure to file currency and monetary instrument reports (CMIR) with the U.S. Customs Service at border crossings; filing a false report; or structuring a transaction to evade the reporting requirement.

3. Bank Frauds and Related Offenses

Embezzlement, Abstraction, Purloining or Willful Misapplication -- 18 U.S.C. §§ 656 and 657;

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Bank Fraud - 18 U.S.C. § 1344

4. Bankruptcy Fraud - 18 U.S.C. §§ 152-157
5. Unauthorized Access of a Computer - 18 U.S.C. §§ 1030(a)(2), (a)(4), (a)(5)
6. Mail Fraud - 18 U.S.C. Section 1341
7. Wire Fraud - 18 U.S.C. 1343
8. Racketeer Influenced and Corrupt Organizations - 18 U.S.C. §§ 1961-68
9. Fraudulent Use of a Credit Card - 15 U.S.C. § 1644; 18 U.S.C. § 1029.
10. Securities Fraud - 18 U.S.C. § 1348-1350 (2002).

IV. GOALS

It is mutually agreed that a MOU should be subscribed to cover matters involving money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes in order to promote joint efforts in the investigation and prosecution of said matters. It is mutually agreed that the parties to this MOU will effectively coordinate, as appropriate, their respective investigations to assist each other in fulfilling their own missions and responsibilities. It is further agreed that the parties will coordinate and bring to bear each participant's combined expertise and investigative resources to combat money laundering, investment fraud, financial institution fraud, mortgage fraud, and related financial crimes in Puerto Rico.

V. IMPLEMENTATION

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The FBI, the OCFI and the USAO will develop and exchange those additional instructions and internal operating procedures that are deemed necessary to the continued implementation of this MOU with the primary goal of a coordinated, efficient and effective federal response to the problems of money laundering and financial crimes in Puerto Rico. In accordance with the terms of this MOU, the FBI and the USAO will establish and develop a case referral program with the OCFI. Each participant will designate, in writing, a point of contact to handle the matters covered by this MOU within 5 days from its signing.

VI. RESPONSIBILITIES

A. UNITED STATES ATTORNEY'S OFFICE

The USAO has the primary responsibility and jurisdiction to prosecute all violations of federal law involving money laundering and related financial crimes. It is therefore understood that the USAO shall:

1. In coordination with the FBI, develop specific criteria and guidelines for the types of cases that will be given priority for prosecution by the USAO.
2. In order to efficiently prosecute meritorious cases, the USAO shall set forth in writing the criteria, which will serve as a guide to determine the priority of the prosecutions and the declinations policies. The United States Attorney may unilaterally alter these criteria, in order to reflect United States Department of Justice priorities.
3. Along with the FBI, develop and implement a training program for OCFI personnel.
4. Coordinate and evaluate with the USAO's Civil Division's Affirmative Civil Enforcement program the potential filing of civil actions for the imposition of monetary penalties in matters referred pursuant to the terms of this MOU.

B. FEDERAL BUREAU OF INVESTIGATION

The FBI will have investigative jurisdiction for all violations of federal law involving money laundering and related financial crimes. The FBI will coordinate this investigative responsibility with the designated point of contact in the OCFI and USAO, as appropriate. It is therefore understood that the FBI shall:

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1. Facilitate the referral of cases from the OCFI where the FBI has investigative jurisdiction by:
 - a. Identifying cases that merit a federal response so that they can be referred to the USAO for prosecution.
 - b. Documenting any OCFI case referral, which warrants FBI investigative action in the judgment of the FBI, so that the matter can be efficiently and effectively tracked and prepared for possible referral to the USAO.
 2. As promptly as possible, notify the USAO and the OCFI, whenever the FBI decides to open, pursue or decline the investigation of a case referred by the OCFI.
 3. Along with the USAO, develop and provide relevant money laundering and related financial crimes training for OCFI personnel.

**C. OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS
COMMONWEALTH OF PUERTO RICO:**

Pursuant to Act No. 4 of October 11, 1985, as amended, known as the "Financial Institutions Commissioner's Office Act," the OCFI has the responsibility to regulate, supervise, and oversee the financial system in Puerto Rico, and the strict compliance with all applicable laws and regulations. It is therefore understood and agreed that the OCFI shall:

1. Recognize that the USAO and the FBI have primary investigative and prosecutorial responsibility regarding violations of federal law involving money laundering and related financial crimes.
2. Refer to the USAO and the FBI all cases where a reasonable suspicion of a violation of federal law arises involving money laundering and related financial crimes matters. Any pertinent information will be referred to the FBI within a reasonable period of time.
3. Assist the USAO and the FBI in any case that has been referred. The referral of a case shall not have any effect on the ability of the OCFI to discharge its constitutional and statutory responsibilities.

- 
4. In the event that a strictly local matter is developed by the OCFI, it will be incumbent on the OCFI to refer the same to local authorities as prescribed by existing law and practice. Furthermore, if local and federal authorities have concurrent jurisdiction, the OCFI may refer the matter to both local and federal authorities, and disclose said joint referral to each.
 5. On a case-by-case basis, in any matter referred to the USAO for prosecution, if requested by the USAO and approved by the OCFI, cross-designate member(s) of OCFI's legal department as Special Assistant U.S. Attorneys.

VI. DISPUTE RESOLUTION

Any dispute arising out of this MOU shall be brought to the attention of the designated point of contact for each of the signatory parties. If it is not resolved by the points of contact, the matter will be referred to the Commissioner of Financial Institutions of Puerto Rico, the United States Attorney and the Special Agent In-Charge of the FBI, for a final determination.

VII. AMENDMENT

This MOU may be amended by deletion or modification of any provision contained herein, or by the addition of new provisions, after written concurrence of all parties to the MOU.

VIII. TERMINATION

This MOU will remain in effect until terminated by any party to the MOU, provided such notice of termination is in writing and signed by the appropriate agency official that approved the MOU.

IX. NO RIGHTS CREATED

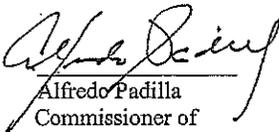
This document is an internal document only intended for use of the signatory parties and should not be disseminated outside their offices. Furthermore, nothing in this document is intended to nor does it create any right in any defendant or any third party.

X. APPROVAL

This MOU will take effect immediately upon signature of all parties identified below. Any prior documents or agreements between the parties regarding the matters covered in this MOU are superseded effective on the date this document is signed.



Rosa Emilia Rodríguez-Vélez
United States Attorney
District of Puerto Rico
Date: 4/01/08



Alfredo Padilla
Commissioner of
Financial Institutions
Date:



Luis Fraticelli
Special Agent-in-Charge
Federal Bureau of
Investigation
San Juan, Puerto Rico
Date: 4/1/08



Federal Deposit Insurance Corporation
20 Exchange Place, Room 4012, New York, NY 10005-3270

RECIBIDO
AREA DE DIRECCION
Division of Supervision and Consumer Protection

2008 MAY 13 PM 2:12

May 7, 2008

Honorable Alfredo Padilla
Commissioner of Financial Institutions
Government of Puerto Rico
Estacion Fernández Juncos
PO Box 11855
San Juan, Puerto Rico 00910-3855

Dear Mr. Padilla:

Enclosed please find your copy of the Alternate Examination Program Agreement.

If you have any questions, please contact Assistant Regional Director Edwin H. Lloyd at (917) 320-2535.

Sincerely,

Edwin H. Lloyd
Assistant Regional Director

Enclosure

RECIBIDA
DIVISION LEGAL
COMISIONADO
INSTITUCIONES FINANCIERAS

08 MAY 14 PM 12:04

COOPERATIVE EXAMINATION PROGRAM AGREEMENT

Introduction:

This agreement is between the Office of the Commissioner of Financial Institutions of the Commonwealth of Puerto Rico (hereinafter called the "OCIF"), and the Federal Deposit Insurance Corporation (hereinafter called the "FDIC"). This agreement is entered into, whereby both the OCIF and the FDIC (the regulatory agencies) agree to participate in a Cooperative Examination Program. The purpose of the Cooperative Examination Program is to examine State-chartered nonmember insured financial institutions pursuant to the terms and conditions listed below. Except as otherwise indicated, this agreement is intended to control examination scheduling and conduct, including Safety and Soundness, Information Technology, Trust, Municipal Securities Dealers, Registered Transfer Agent, Consumer Protection, Community Reinvestment, and Bank Secrecy Act and Anti-Money Laundering examinations.

The spirit and intent of this agreement is to foster close supervisory cooperation between the OCIF and the FDIC; however, each agency retains all rights and obligations under existing statutes and regulations, and this agreement will not restrict the supervisory prerogatives of either agency.

To facilitate this agreement, an annual joint meeting will be held in the fourth quarter of each year to maximize efficiency in the scheduling process. The OCIF and FDIC will mutually prepare a list of banks to be examined in the forthcoming year. Examinations will be scheduled in accordance with Part 337.12 of the FDIC Rules and Regulations, and Section 28(f) of Puerto Rico Bank Law and Chapter X of Regulation 5793. It is recognized that statute allows 18 month examination intervals. However, the OCIF practice and preference are examination intervals of 12 to 14 months for all institutions, and that examinations will generally be conducted on a joint basis. Should unforeseen events during the applicable calendar year warrant a material change in the agreed upon schedule, the OCIF and FDIC will meet to revise the schedule. Appendix A of this agreement provides specific guidance regarding conditions which would warrant an 18 month examination interval.

The following terms and conditions will govern this program:

1. Both agencies will make every effort to ensure that the examination frequency schedules of both agencies are met. For the purposes of this agreement, intervals are from the closing date of the previous examination to the next examination start date.
2. Each agency has the right to conduct additional examinations or visitations of these institutions if deemed necessary, and will have the right to have representatives on site during the other agency's independent examinations. The agency initiating the visitation or examination should grant adequate prior notification of the visitation in an effort to coordinate resources and limit duplication of effort between the agencies.

3. Both agencies agree that in those instances where either the FDIC or OCIF is unable to meet the joint examination frequency schedules discussed above, one agency may, upon prior consultation with the other agency, examine an institution independently.
4. Newly-organized Puerto Rico-chartered financial institutions will receive appropriate visitations and examinations as required OCIF and FDIC requirements.
5. On a continuing basis, the OCIF and the FDIC will keep the other informed of any necessary changes to examination schedules.
6. Both agencies will participate in meetings with management and/or the board of directors upon completion of an examination.
7. If either agency gains knowledge of possible unsafe or unsound activity, or discovers any material deterioration or adverse change in the condition of an institution, the information will be shared with the other agency on a timely basis to permit the conduct of a visitation, special examination, or investigation. If necessary, the visitation, special examination, or investigation may be conducted on a joint, concurrent, or independent basis.
8. State nonmember institutions undergoing a recent change of control, those receiving any type of FDIC assistance, those having serious BSA/AML deficiencies, and other special situations will be examined as deemed appropriate by both agencies, either independently or jointly.
9. The scope of the examination shall include a review for compliance with applicable Commonwealth of Puerto Rico banking laws and regulations and applicable Federal banking laws and regulations. It is understood that at this time, OCIF does not conduct Community Reinvestment Act examinations.
10. Specialty area examinations (i.e., Information Technology, Trust, Municipal Securities Dealer, Registered Transfer Agent, and Government Securities Dealer) will generally be conducted concurrently with safety and soundness examinations and embedded in the report of examination. In the event a specialty area examination cannot be conducted concurrently with the safety and soundness examination, the agencies will plan to jointly conduct a separate cover specialty examination at an agreed upon date.
11. Both the OCIF and the FDIC will strive to complete each examination within six to eight weeks of the start of the on-site portion of the examination.
12. Each agency will share information, as follows:
 - a. A report of examination generated from an independent examination by either agency will be prepared (including the confidential section) and will be forwarded to the other agency with a copy of any letter of transmittal. The agency

conducting the independent examination will send the examination report directly to the board of directors of the examined institution simultaneously with transmission to the other agency. The OCIF and the FDIC reserve the right to determine the scope and report schedules of their respective independent examinations, based on the condition of the institution and the guidelines and policies of each agency.

- b. Both agencies, if they so desire, may participate in meetings with management and/or the board of directors upon completion of an independent examination. In the case of banks examined independently by either agency which results in a rating of composite "3", "4", or "5", or those with serious BSA/AML deficiencies, if the examining agency arranges to meet with the management and/or the board of directors, appropriate notification will be provided to the other agency on a timely basis to permit attendance by the other agency.
- c. Copies of pre-examination planning or scoping memoranda, as available.
- d. Copies of any significant correspondence of a supervisory nature between one agency and an institution will be provided to the other agency.
- e. Each agency will, upon request, make available to the other agency all work papers, line sheets, and other data used in connection with any examination conducted by the agency.

13. The general guidelines for joint examinations are as follows:

- a. Joint examinations will be handled as a cooperative effort from the planning stage through completion of the report and follow-up discussions. Each agency will assign an Examiner-In-Charge (EIC). The EICs from the OCIF and FDIC will provide overall coordination of the examination and oversee completion of the report.
- b. The OCIF and the FDIC EICs will determine the scope and report schedules, based on the condition of the institution and the guidelines and policies of each agency.
- c. Prior to commencement of the examination, the EIC from each agency shall meet in person (or discuss by telephone or e-mail), to plan the examination and make assignments.
- d. EICs from both agencies will determine the most appropriate financial date for the examination report prior to commencing the on-site portion of the examination. Any change to the financial date of the examination report after commencement of the on-site portion of the examination must be agreed to by the EIC of both agencies.

- e. Examination findings, work papers, and report pages being developed will be shared between examiners of both agencies.
- f. Each EIC is expected to work cooperatively and resolve differences of opinion relating to examination findings and other matters. If they are unable to resolve differences, either EIC may request a conference or meeting to include the FDIC Field Supervisor, an OCIF representative, and other agency officials as deemed necessary. The issue will not be recorded as an examination finding until an agreement is reached between the agencies. In the event an agreement cannot be reached, the agencies may issue separate reports.
- g. Meetings with management will be held jointly with representatives from both agencies. Exit meetings and presentations to boards of directors will be planned and presented by the Examiners-In-Charge.
- h. A joint report of examination will be prepared, including the confidential section. Following the on-site examination, the FDIC will coordinate completion of the report of examination including the drafting of the transmittal letter. The FDIC will forward to the OCIF a copy of the proposed report and the proposed letter of transmittal. The FDIC and OCIF will coordinate completion of the report and the transmittal letter so that signatures of representatives from both agencies are included. Upon review and concurrence with the proposed report and transmittal letter, the OCIF will send the examination report directly to the board of directors of the examined institution simultaneously with transmission to the FDIC.
- i. All of the work performed, including work paper preparation and presentations, is expected to be professional and of a quality consistent with the highest standards of both agencies and subject to an appropriate quality assurance process.

14. In an instance where formal or informal supervisory action is deemed appropriate, the initiating agency will inform the other agency of such contemplated action. Whenever possible, and if both agencies agree, supervisory actions will be undertaken on a joint basis. However, nothing in this agreement prohibits either agency from unilaterally implementing a supervisory action.

15. Subject to its prior written approval and any terms and conditions agreed to by the parties, the examining agency may allow the other agency to use its examination report and other supporting data to the same extent and for the same purpose as if the other agency had, in the first instance, compiled such data during its own examination. Examination reports, supporting data, work papers, and other related pages and documents will remain the exclusive legal property of the examining agency and will not be released to any other individual or entity by the recipient agency without the written permission of the examining agency. In the event of a subpoena, or other judicial or administrative process requiring the delivery of such documents, the other agency will promptly notify the examining agency so that it may take whatever action it deems appropriate to protect the confidentiality of the examination materials.

16. Notwithstanding the requirements of paragraph 15 respecting prior written permission of the examining party prior to release of examination reports, it is understood and agreed that State originated examination reports, on state chartered banks that are owned by a bank holding company, that are in the possession of the FDIC may be shared with the Board of Governors of the Federal Reserve System and with the appropriate Federal Reserve Bank(s) based upon whether a Reserve Bank has supervisory responsibility relative to the state bank.

17. The agencies agree to coordinate efforts on processing applications received by the agencies associated with the institutions covered by this agreement.

18. Each agency will share consumer complaint information as follows:

- a. On an annual basis, the FDIC will provide to the OCIF a summary of consumer complaints that the FDIC receives from consumers concerning any State nonmember bank that the OCIF supervises. The OCIF will in turn, on an annual basis, provide to the FDIC a summary of consumer complaints the OCIF receives from consumers concerning any State nonmember bank that the OCIF supervises.
- b. When the FDIC investigates a consumer complaint concerning any State nonmember bank the OCIF supervises, the FDIC will advise the OCIF of the disposition of the consumer complaint. When the OCIF investigates a consumer complaint concerning any State nonmember bank, the OCIF will advise the FDIC of the disposition of the consumer complaint.
- c. Consumer complaint information provided by the FDIC and the OCIF is confidential and will be treated with the same confidentiality as other confidential information in this agreement pursuant to the Federal and State laws and regulations.

19. The FDIC and OCIF will take the following measures to protect "sensitive information" obtained in conjunction with this Agreement:

- a. Identify the existence of sensitive information in both electronic and paper formats by labeling removable electronic media (e.g. diskettes, CD/DVD, USB flash drives) and workpapers (on the cover page or footer/header) as containing sensitive information.
- b. Store sensitive information in electronic and paper format in locked drawers, file cabinets, file rooms, etc. whenever possible.
- c. Encrypt sensitive information stored in electronic format.
- d. Send sensitive information electronically only when required.
- d. Ship sensitive information via postal service or commercial carrier only when

required. Such mailing/shipment will be appropriately tracked to assure that it arrived at its intended destination.

- e. Properly dispose of electronic media and paper documents containing sensitive information when no longer needed. Paper documents will be shredded and electronic media will be destroyed.

For the purposes of this paragraph, "sensitive information" includes:

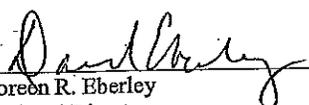
- i. Information that is exempt from disclosure under the Freedom of Information (FOIA) Act.
- ii. Information whose disclosure is governed by the privacy Act of 1974.
- iii. Personally identifiable information (e.g., full name, home address, non-work e-mail address, non-work telephone number, Social Security Number, drivers license/state identification number, employee identification number, date/place of birth, mother's maiden name, fingerprint/voice print, financial account data medical information, criminal/employment history, etc.

20. Either the OCIF or the FDIC may terminate this agreement upon written notice to the other agency.

Executed this 7th day of May 2008

FEDERAL DEPOSIT INSURANCE
CORPORATION - DIVISION OF
SUPERVISION AND CONSUMER
PROTECTION

NEW YORK REGION


Doreen R. Eberley
Regional Director

OFFICE OF THE COMMISSIONER OF
FINANCIAL INSTITUTION OF THE
COMMONWEALTH OF PUERTO RICO


Alfredo Padilla
Commissioner

APPENDIX A

The OCIF and the FDIC recognize that every effort should be made so that examinations are performed in accordance with each agencies examination frequency guidelines.

1. Institutions with a composite CAMBLS rating of "1" or "2", with total assets of less than \$500 million, will be examined on either an alternating independent or joint basis at 18 month intervals if:

- a. The institution is well capitalized as defined by the regulatory agencies;
- b. The institution is well managed (defined as having a management component rating of "1" or "2");
- c. The institution is not currently subject to an enforcement proceeding or order; and
- d. The institution has not experienced a change of control application during the preceding 12-month period.
- e. The institution does not have any serious deficiencies in its BSA/AML program.

The OCIF and the FDIC will determine whether to examine these institutions on an alternating independent or joint basis at the annual fourth quarter meeting to schedule examinations for the upcoming year.

2. Institutions rated composite "1" or "2" with total assets of less than \$500 million that do not qualify for an 18 month interval under Item 1, will be examined at 12-month intervals. The OCIF and the FDIC will examine these institutions on a joint basis.

- a. Institutions on an 18 month examination cycle that drop from the "well capitalized" category during a particular calendar quarter will change to a 12-month examination cycle. These institutions will be examined within 12 months from the most recent examination date or as soon as the schedule permits, if the due date is already outside the 12-month time frame.
- b. Institutions on an 18 month examination cycle that exceed the \$500 million threshold during a particular calendar quarter will change to a 12-month examination cycle. These institutions will be examined within 12 months from the most recent examination date or as soon as the schedule permits, if the due date is already outside the 12-month time frame.

APPENDIX A

It is mutually agreed that the examination schedules of the OCFI and the FDIC should be coordinated to take full advantage of combined resources and to minimize duplication and burden on the institutions subject to examination. For purposes of this agreement, the minimum requirements of an examination are defined as the procedures necessary to complete the core pages of the uniform report of examination, including the completion of Bank Secrecy Act examination procedures, and evaluate all components of the CAMELS rating system. Additional steps and pages may often be appropriate.

Section 10(d) of the Federal Deposit Insurance Act requires an annual full scope on-site examination for all insured depository institutions. The Act also allows examinations to be conducted in alternate 12 months periods by the appropriate State supervisory authority. Alternate schedules are generally acceptable only for composite 1- and 2-rated institutions and for stable and improving composite 3-rated institutions, if the rating is confirmed by an off-site monitoring system and no adverse trends are noted from other available information.

Frequency of Examinations

Examinations are to be conducted annually. However, examination intervals may be extended from 12 to 18 months under the following conditions:

1. The institution is not currently subject to a formal enforcement proceeding or order by the FDIC or other banking agency.
2. No person acquired control of the institution during the 12-month period in which a full scope examination would be required without this extension.
3. The institution has total assets of less than \$250 million, is well managed, is well capitalized pursuant to section 38 of the FDI Act, and was accorded a composite rating of "1" at its most recent examination; or
4. The institution has total assets of not more than \$100 million, is well managed, is well capitalized pursuant to Section 38 of the FDI Act, and was accorded a composite rating of 1 or 2 at its most recent examination.

Well-managed institutions are those with a rating of 1 or 2 for the Management component of the CAMELS rating.

The examination cycle is defined to mean that no more than 12 (or 18) months may elapse between the end of one examination and the beginning of the next examination. For purposes of monitoring compliance with this requirement, the end of the examination is defined as the earlier of:

- a. the date of completion of the report of examination, or
- b. 60 calendar days from the Examination Start Date.

Specialty Examinations

Specialty area examinations should be conducted concurrently with safety and soundness examinations unless the size or the arrangement of the department makes it impractical or inefficient to do so. Specialty examinations are generally subject to the same examination intervals, including appropriate extensions, as safety and soundness examinations. Specialty areas covered by this agreement include: IS, trust, registered transfer agent, government securities broker/dealers, and municipal securities broker/dealers.

**PROTOCOLO DE COOPERACIÓN
ENTRE
LA OFICINA DEL COMISIONADO DE INSTITUCIONES
FINANCIERAS DEL ESTADO LIBRE ASOCIADO DE
PUERTO RICO
Y
EL BANCO DE ESPAÑA**

Madrid, 11 de Junio de 2008

**PROTOCOLO DE COOPERACIÓN ENTRE LA
OFICINA DEL COMISIONADO DE
INSTITUCIONES FINANCIERAS DEL ESTADO
LIBRE ASOCIADO DE PUERTO RICO Y EL
BANCO DE ESPAÑA**

1- RAZONES PARA UN PROTOCOLO DE COOPERACIÓN.

Al existir grupos españoles de entidades bancarias que realizan actividades financieras en el Estado Libre Asociado de Puerto Rico, participando en el capital y administrando entidades bancarias de este país y teniendo en cuenta que puede presentarse la situación inversa, ambas autoridades consideran conveniente y beneficioso cooperar para conseguir la adecuada supervisión de dichos grupos.

A tal fin, el Banco de España y la Oficina del Comisionado de Instituciones Financieras del Estado Libre Asociado de Puerto Rico (en adelante la "OCIF"), en el ámbito de sus respectivas facultades legales, acuerdan, con espíritu de mutua confianza y entendimiento, basar dicha cooperación en los términos que se establecen en el presente protocolo.

2- DISTRIBUCIÓN GENERAL DE RESPONSABILIDADES.

Ambas autoridades suscriben los principios incluidos en el documento del Comité de Supervisores de Basilea denominado "Principios básicos para una supervisión bancaria efectiva" y los criterios para facilitar la cooperación internacional del nuevo Marco de Capital conocido como Basilea II. Por consiguiente, están de acuerdo con el papel que en dichos documentos se asigna a la Autoridad Supervisora del País de Origen (en lo sucesivo, "ASPO") donde la entidad matriz del grupo está domiciliada y a la Autoridad Supervisora del País de Acogida (en adelante, "ASPA") donde se ubican las filiales o entidades participadas.

En concreto, ambas autoridades asumen que la ASPO supervisará la organización, gestión y control interno, los riesgos, la suficiencia del capital y en general todos los aspectos significativos que puedan afectar a la solvencia y estabilidad del grupo en su conjunto, debiendo tener acceso a toda la información de las entidades que componen el mismo y que resulte necesaria a dichos efectos. Por su parte, la ASPA supervisará la organización, gestión y control interno, los riesgos, la solvencia y, por tanto, la continuidad de las entidades con actividad en su territorio, asegurando, de acuerdo con las normas que sean de aplicación localmente, la

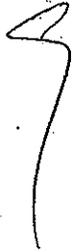
razonabilidad de sus estados financieros y la exactitud de la información recibida por la ASPO.

Además, en el caso de que las entidades operantes en el país de acogida hayan establecido sucursales o filiales en otros países, la ASPA adquirirá, a su vez, la responsabilidad como supervisor de país de origen en relación con dichas sucursales o con el subgrupo correspondiente.

3- COMPROMISO GENERAL DE COOPERACIÓN E INTERCAMBIO DE INFORMACIÓN SOBRE LAS ENTIDADES BANCARIAS.

Ambas autoridades se comprometen a colaborar estrechamente en la consecución de los objetivos indicados en el punto anterior, para lo cual intercambiarán, por propia iniciativa o a petición, la información disponible que sea significativa, servirán, en su caso, de intermediarias frente a otras autoridades en sus respectivos países, y, en general, facilitarán, en la medida de sus posibilidades, el cumplimiento de sus respectivas funciones.

En particular, la ASPO está interesada en:

- 
- 
- (a) identificar el conjunto de entidades y empresas pertenecientes al grupo, o en las que éste participa significativamente, y en conocer las operaciones intergrupo y cualquier otra información que sea susceptible de producir ajustes en los estados compilados y consolidados;
 - (b) conocer cualquier problema o debilidad que se haya manifestado en las operaciones, en los controles internos, en la situación financiera o en la imagen pública de las empresas con actividad en el país de acogida;
 - (c) estar informada, siempre que resulte relevante, de las observaciones, los requerimientos, las propuestas de sanciones y, en general, cualquier medida tomada por la ASPA en relación con las entidades participadas o sus directivos;
 - (d) estar informada de cualquier autorización concedida por la ASPA, incluidos planes especiales, mediante los cuales se otorguen calendarios de adaptación o exenciones al cumplimiento de normas locales;
 - (e) estar informada por la ASPA sobre cualquier hecho significativo que llegue a su conocimiento que haga dudar de que la gestión del grupo se lleva a cabo de forma prudente;
 - (f) estar informada por la ASPA - al objeto de conocer su efecto a nivel consolidado- del coeficiente obligatorio de solvencia local, incluido el detalle de los requerimientos según tipo de riesgo y la composición de los recursos propios computables por tramos relevantes;
 - (g) obtener de las entidades matrices la información contable o de cualquier naturaleza de las empresas participadas necesaria para el control de sus riesgos y para su adecuada consolidación

contable y, en particular, la información pormenorizada incluyendo el nombre de los titulares de la inversión crediticia y de las carteras de valores precisa para valorar la calidad de dichos activos; a tal fin la ASPO podrá recabar el apoyo de la ASPA para que dichas entidades participadas suministren a sus entidades matrices tales informaciones.

La ASPA, por su parte, está particularmente interesada en conocer la calidad de la gestión y de los controles internos establecidos por el banco matriz, así como los problemas de los grupos en su conjunto o las medidas tomadas por la ASPO, siempre que puedan tener repercusión en la estabilidad de las entidades locales.

Ambas autoridades están interesadas en conocer la situación y evolución de los mercados financieros respectivos y la posición competitiva de los grupos con presencia en el otro país y de las filiales que forman parte de los mismos.

Ambas autoridades reconocen que no existen obstáculos legales para la adecuada consecución de los objetivos anteriores.

4- CONFIDENCIALIDAD DE LA INFORMACIÓN

La información que se intercambie se utilizará únicamente a efectos de supervisión bancaria y estará sujeta a las restricciones legales del secreto profesional de acuerdo con las regulaciones existentes en cada país.

La información seguirá siendo propiedad de la autoridad que la haya facilitado. En este sentido, en el caso de que alguna información obtenida en virtud de este protocolo tuviese que ser revelada a otra autoridad en cumplimiento de un mandato legal, ambas autoridades se comprometen a notificarse previamente tal circunstancia y a cooperar para preservar, por los medios que estén legalmente a su alcance, la confidencialidad de tal información.

4.1- En España, la Disposición Adicional Primera de la Ley 26/1988 de 29 de julio de Disciplina e Intervención de las Entidades de Crédito establece que éstas están obligadas a guardar reserva de las operaciones con sus clientes excepto frente a las autoridades de supervisión o entre entidades pertenecientes al mismo grupo financiero.

Por su parte, la autoridad supervisora española está legalmente obligada al secreto profesional, si bien tiene permitido el intercambio de información con otros supervisores de acuerdo con lo establecido en el artículo 6º del Real Decreto Legislativo 1298/1966 de 28 de junio, cuyo segundo párrafo del número 1 dice: "En el caso de que las autoridades competentes no pertenezcan a otro Estado miembro de la Comunidad Europea, el suministro de estas informaciones exigirá que exista reciprocidad y que las autoridades competentes estén sometidas al secreto profesional en condiciones que, como mínimo, sean equiparables a las establecidas por las leyes españolas."

En consecuencia, la información que se proporcione a la OCIF deberá quedar sujeta en ésta al mismo régimen de secreto profesional aplicable al Banco de España establecido en el artículo 6º del Real Decreto Legislativo arriba indicado.

4.2- En Puerto Rico no hay regulación específica sobre el secreto bancario. Sin embargo, el Tribunal Supremo del Estado Libre Asociado de Puerto Rico ha decidido que resulta confidencial toda aquella información que sea así declarada por leyes específicas que regulen la materia y bajo la cual se suministra tal información. Así pues, en el caso de las instituciones bancarias que operan en Puerto Rico, es confidencial toda aquella información que se suministra a OCIF bajo leyes o reglamentos que definen la misma como confidencial. Para implementar la facultad de compartir información confidencial sobre los bancos con otras agencias supervisoras de dichos bancos, la ley que crea la OCIF, Ley Número 4 de 11 de octubre de 1985, según enmendada (en adelante, la "Ley Núm. 4") en su artículo 10(a)(15), faculta al Comisionado de Instituciones Financieras (en adelante, el "Comisionado") para otorgar contratos o convenios de cooperación con agencias supervisoras de otras jurisdicciones para, entre otras cosas, llevar a cabo exámenes conjuntos y compartir información confidencial...[y obtener] de dichas agencias supervisoras un compromiso de mantener el carácter confidencial de tal información...."

En consecuencia, la información que se proporcione al Banco de España deberá quedar sujeta al mismo régimen de confidencialidad aplicable a la OCIF establecido en la Ley de Bancos de Puerto Rico, Ley Núm. 33 de 12 de mayo de 1933, según enmendada, (en adelante la "Ley de Bancos de Puerto Rico") y en la Ley Núm. 4, antes citada.

4.3- Ambas autoridades manifiestan que, en virtud de este Protocolo de Cooperación, las sucursales y subsidiarias de entidades extranjeras pueden facilitar información sobre titulares de sus créditos e inversiones a sus entidades bancarias matrices del grupo en el país de origen, pudiendo, consiguientemente, la ASPO acceder a la misma a efectos supervisores.

5- INSPECCIONES "IN-SITU".

5.1- En Puerto Rico, de acuerdo a la Ley de Bancos de Puerto Rico, corresponde a la OCIF el inspeccionar todos los bancos e instituciones bancarias organizadas de acuerdo con las Leyes de Puerto Rico y los bancos e instituciones bancarias extranjeras operando en Puerto Rico. En el caso de los bancos e instituciones bancarias organizadas de acuerdo con las Leyes de Puerto Rico, la facultad de inspeccionar se extiende a cualquier sucursal, oficina u otra dependencia de dichas instituciones bancarias sitas fuera de la demarcación geográfica de Puerto Rico. Por su parte, la Ley Núm. 52 de 11 de agosto de 1989, según enmendada, conocida como la "Ley Reguladora del Centro Bancario Internacional" (la "Ley 52") dispone que el Comisionado tiene el deber de supervisar, fiscalizar y auditar las entidades bancarias internacionales. Además, dispone que la información provista por una entidad bancaria internacional

al Comisionado bajo dicha Ley Núm. 52 y los reglamentos adoptados por el Comisionado al amparo de la misma, deberá mantenerse confidencial...." Sin embargo establece que la información se podrá entregar por requerimiento formal de una agencia gubernamental, por orden judicial o ley o cuando el Comisionado tenga motivos fundados para entender que redundará en pro del mejor interés público, bajo un acuerdo obligatorio de mantener el carácter confidencial de tal información. Disponiéndose que esta facultad no se extenderá en ningún caso a información sobre los clientes de la entidad bancaria internacional.

En la práctica, la decisión sobre la realización de inspecciones a filiales en el extranjero de bancos e instituciones bancarias organizadas de acuerdo con las Leyes de Puerto Rico depende de la importancia relativa de la entidad supervisada, la posibilidad de disponer de información contrastada suficiente, la existencia de informes de auditoría interna confiables, la confianza obtenida de los informes anuales de auditoría externa, y, de manera destacada, la existencia de supervisión por otras autoridades supervisoras y la posibilidad de acceder a sus informes.

5.2- En España, de acuerdo con el artículo 43(bis) de la Ley 26/1988 de 29 de julio, corresponde al Banco de España "el control e inspección de las entidades de crédito, extendiéndose esta competencia a cualquier oficina o centro dentro o fuera del territorio nacional y, en la medida en que el cumplimiento de las funciones encomendadas al Banco de España lo exija, a las sociedades que se integren en el grupo de la afectada. También le corresponderá la supervisión de los grupos consolidables de entidades de crédito".

En la práctica, la decisión sobre la realización de inspecciones a filiales en el extranjero depende de la importancia relativa de la entidad supervisada, la posibilidad de disponer de información contrastada suficiente, la existencia de informes de auditoría interna fiables, la confianza obtenida de los informes anuales de auditoría externa, y, de manera destacada, la existencia de supervisión por otras autoridades supervisoras y la posibilidad de acceder a sus informes.

5.3- Sobre la base de las premisas anteriores y, por tanto, con carácter de excepcionalidad y subsidiariedad y de común acuerdo entre las partes, la ASPO podrá realizar inspecciones "in-situ" a las entidades participadas por los grupos bancarios que supervisa consolidadamente. En cada caso concreto que se presente, ambas autoridades fijarán la forma de llevar a cabo dichas inspecciones admitiendo la posibilidad de que, cuando sea aconsejable, se realicen de forma conjunta.

Ambas autoridades manifiestan que no conocen impedimento legal alguno para la realización de tales inspecciones ni para el acceso por la ASPO a las informaciones de las filiales en los términos indicados en el número 4 de este protocolo. En todo caso, ambas autoridades se comprometen a colaborar, en la medida de sus posibilidades, para facilitar el acceso de la ASPO a las entidades participadas, pertenezcan o no al ámbito de las competencias de la ASPA.

En el caso de inspecciones realizadas exclusivamente por la ASPO, la ASPA advertirá a aquélla de los procedimientos necesarios para cumplir con la legislación local vigente y, cuando sea necesario, ayudará a tramitarlos.

Antes del comienzo de las visitas, los representantes de la ASPO se reunirán con los de la ASPA para que éstos les informen de cualquier particularidad de interés para la realización del trabajo. Una vez finalizado el mismo se procederá a una nueva reunión para comentar los resultados más importantes. El informe de la inspección de la ASPO, una vez elaborado, o bien un resumen de sus aspectos más significativos, será remitido a la ASPA.

En cuanto a las inspecciones que la ASPA realice a las entidades participadas, ésta se compromete a informar a la ASPO enviando un resumen de los aspectos más significativos del informe resultante.

6- ASPECTOS RELACIONADOS CON LAS SUCURSALES.

En España, la apertura de sucursales de bancos españoles en el extranjero está sujeta a autorización previa del Banco de España. Dicha autorización se concede sobre la base de la situación financiera de la entidad, su capacidad organizativa, y la disponibilidad en España de la información sobre la sucursal para que sus actividades puedan ser adecuadamente controladas por la dirección del banco y por las autoridades supervisoras.

En Puerto Rico, la apertura de sucursales en el extranjero de bancos organizados bajo las Leyes de Puerto Rico está sujeta a autorización previa de la OCIF. Dicha autorización se concede sobre la base de la situación financiera de la entidad, su capacidad organizativa, y la disponibilidad en Puerto Rico de la información sobre la sucursal en el extranjero para que sus actividades puedan ser adecuadamente controladas por la dirección del banco y por las autoridades supervisoras.

Las sucursales de cualquier entidad, por su propia naturaleza, están gestionadas conjuntamente con el resto de sucursales y la oficina central de la persona jurídica autorizada en un país. Por tanto, ambas autoridades reconocen la autoridad de los gestores de la entidad o de los supervisores de la ASPO para efectuar auditorías o inspecciones directas y para acceder a toda la información de dichas sucursales.

7- CONTACTOS Y REUNIONES ENTRE AMBAS AUTORIDADES.

Las autoridades responsables de la supervisión en ambos países podrán, en todo momento, solicitar asesoramiento y aclaraciones de la otra parte así como la realización de las reuniones que se consideren necesarias. A los anteriores efectos, ambas autoridades de supervisión acuerdan designar, y notificarse mutuamente, uno o varios funcionarios de sus respectivas organizaciones como punto de contacto para la canalización de las relaciones ordinarias que emanen del presente protocolo de colaboración.

**8- COMPROMISO GENERAL DE INTERCAMBIO DE INFORMACIÓN
SOBRE LOS RESPECTIVOS SISTEMAS BANCARIOS.**

Ambas autoridades se comprometen a atender las solicitudes mutuas de información sobre aspectos concretos de sus respectivos sistemas financieros, legislativos y de normativa y política prudencial que les afecte, así como informarse mutuamente de cualquier cambio relevante en dicho sentido y, en particular, de aquellos cambios que puedan tener un efecto significativo en las actividades de las entidades gestionadas o controladas en el otro país.

9- RECIPROCIDAD Y ACTUALIZACIÓN DEL DOCUMENTO.

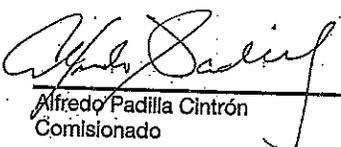
Aunque en la actualidad no se tiene constancia de presencia de las entidades financieras puertorriqueñas en el territorio español, ambas autoridades acuerdan que los contenidos del presente protocolo se aplicarán recíprocamente en todos sus extremos, si dicha situación llegara a producirse.

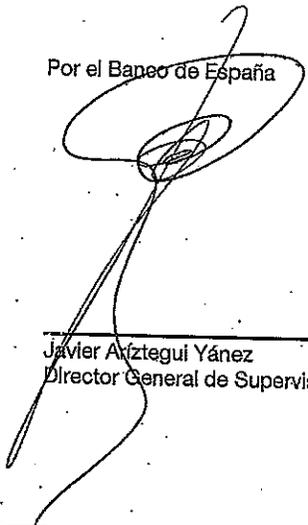
Ambas autoridades de supervisión acuerdan que los términos generales del presente protocolo podrán detallarse de común acuerdo mediante adendums que desarrollen programas específicos establecidos para la supervisión de entidades expresamente identificadas por ambas partes.

Firmado por duplicado el 12 de Junio de 2008.

Por la Oficina del Comisionado de
Instituciones Financieras del Estado Libre
Asociado de Puerto Rico

Por el Banco de España


Alfredo Padilla Cintrón
Comisionado


Javier Arztegui Yáñez
Director General de Supervisión

**CSBS/AARMR NATIONWIDE COOPERATIVE
PROTOCOL
FOR MORTGAGE SUPERVISION**

JANUARY 15, 2008

CSBS/AARMR NATIONWIDE COOPERATIVE PROTOCOL FOR MORTGAGE SUPERVISION

I. Statement of Purpose

The purpose of this Protocol is to assist state mortgage regulators by outlining a basic framework for the coordination and supervision of Multi-State Mortgage Entities ("MMEs").

II. Coordinated Goals

A. The Coordinated Goals of the State Regulators are to protect consumers; to ensure the safety and soundness of MMEs; to identify and prevent mortgage fraud; to supervise and examine in a seamless, flexible and risk-focused manner; to minimize regulatory burden and expense; and to foster consistency, coordination and communication among the State Regulators.

B. To achieve the Coordinated Goals, the State Regulators resolve to:

1. Establish a Committee comprised of State Regulators to coordinate the supervision of MMEs.
2. Determine which multi-state mortgage entities will be identified as MMEs for the purposes of this Protocol.
3. Develop a Supervisory Program that is tailored to the MMEs' condition and risk profile.
4. Participate in and support the effective implementation of the Supervisory Program.

III. Coordinated Supervisory Process

A. Determination of Multi-State Mortgage Entities by Risk Profile

The Committee will identify MMEs by risk profile based on origination and/or lending volume, scope of operations, allegations of fraud, complaints, and other risk factors as deemed relevant.

B. Joint and Concurrent Examinations

Due to the confidential nature of information obtained and produced during the examination of MMEs, only State Regulators having agreed to the Confidentiality Section of the Nationwide Cooperative Agreement for Mortgage Supervision will be authorized to participate in Joint Examinations. These State Regulators shall be known as "Joint Examination State Regulators." State Regulators signing the Nationwide Cooperative Agreement for Mortgage Supervision without agreeing to the Confidentiality Section will be limited to coordinated participation in the examination of an MME through a Concurrent Examination. These State Regulators shall be known as "Concurrent Examination State Regulators." For Concurrent Examinations each state is responsible for conducting its examination.

C. Scheduling of Examinations

The Committee will set examination schedules based upon assessed risk, available resources, State Regulator requests and other relevant factors. The Committee will communicate this schedule to State Regulators in a timely fashion.

The Committee will communicate the examination schedule to both Joint Examination State Regulators and Concurrent Examination State Regulators. In order to more effectively achieve the Coordinated Goals, Joint Examination State Regulators and Concurrent Examination State Regulators will exchange Non-Confidential Information on a regular basis through the Committee.

D. Establishment of Examination Teams

The Committee will contact participating Joint Examination State Regulators to staff Joint Examination Teams. The Committee will designate an Examiner-in-Charge ("EIC") for each Joint Examination Team. The EIC will serve as the primary point of contact between the MME and the Joint Examination Team.

Concurrent Examination State Regulators will independently staff their own Concurrent Examination Teams.

The Joint Examination EIC and Concurrent Examination EIC(s) will exchange Non-Confidential Information during the examination process for the purpose of furthering the Coordinated Goals.

Nothing in this Protocol shall prohibit a Joint Examination State Regulator from choosing to conduct a Concurrent Examination.

E. Complaints

Each State Regulator is responsible for processing, investigating and resolving consumer complaints filed against MMEs by residents of its own state. However, the State Regulators consider complaint activity to be one of the most relevant factors in assessing the need for coordinated consumer protections. The Committee will determine a reporting mechanism to and from the State Regulators to summarize the volume, nature and resolution of consumer complaints. As part of the supervision of MMEs these reports may be used by the Committee in identifying MMEs and scheduling examinations, and by the EICs of Joint Examination Teams and Concurrent Examination Teams in establishing the examination plan. State Regulators may use these reports as necessary in the supervision of MMEs and the mortgage industry

F. Examinations

1. The Joint Examination Teams and Concurrent Examination Teams assigned to a MME examination will develop their examination plans independently. When in the furtherance of the Coordinated Goals, the Joint Examination Team, at the direction of the Committee, will coordinate with Concurrent Examination Teams. The plan will take into consideration the institution's organizational structure and risk profile. Consideration should also be given to the institution's regulatory history, the quality of the institution's internal control/compliance functions, as well as any external audit. The examination plan, including the scope, shall be approved by the Committee prior to implementation.

2. Based on the examination plan, the Joint Examination Team will prepare a single entry letter and information request. If the Committee has determined that no confidentiality issues will arise by serving the entry letter and information request under a single cover, both the Joint Examination Team and the Concurrent Examination Team(s) may present the MME with the same entry letter and information request. However, if any Joint Examination State Regulator objects to the use of a shared entry letter and information request, the Committee shall instruct the Joint Examination Team to produce and deliver a separate entry letter and information request.

3. Inclusion of complaint information in the examination plan is considered a critical part of a comprehensive Supervisory Program. The EICs, Joint Examination Team and Concurrent Examination Teams will give complaint activity due consideration when establishing the examination plan and scope of the examination.

4. The State Regulators consider physical, onsite examinations to be an integral part of a comprehensive Supervisory Program. Therefore, unless the Committee determines otherwise, an onsite examination will be included as part of each examination plan.

5. The findings of the examination shall be reported in a formal exit conference and a final written report. The content and format of the final written report in a Joint Examination shall be approved by the Committee. Each State Regulator who has agreed to the Confidentiality Section of the Nationwide Cooperative Agreement for Mortgage Supervision and who has jurisdiction over the MME shall be provided a copy of the draft examination report prior to approval by the Committee. Each State Regulator who has agreed to the Confidentiality Section of the Nationwide Cooperative Agreement for Mortgage Supervision and who has jurisdiction over the MME shall be provided a copy of the final examination report prior to presentation to the MME. No Concurrent Examination State Regulator shall be provided the examination report; however, nothing in this Protocol shall prevent a Concurrent Examination State Regulator from sharing its examination report with the Joint Examination Team and/or the Committee.

6. The MME's response to the Joint Examination report shall not be shared with any State Regulator who has not agreed to the Confidentiality Section of the Nationwide Cooperative Agreement for Mortgage Supervision .

G. Supervisory Actions

1. State Regulators will, whenever possible, consult one another regarding supervisory actions (i.e. administrative, civil or criminal actions) considered or taken against MMEs. The Committee will facilitate communications between State Regulators on any such supervisory actions considered or taken against MMEs.

2. When State Regulators together determine that a supervisory action is warranted, the State Regulators will take any necessary steps to develop and implement a joint and/or concurrent action(s). The Committee will facilitate such development and implementation of joint and/or concurrent action(s).

3. Nothing in this Protocol limits, suspends or prohibits any State Regulator from exercising its authority or discretionary power to enforce its own laws or protect consumers.

IV. Support

Support to the Committee and Joint Examination Teams and Concurrent Examination Teams will be provided by CSBS and AARMR upon request and direction of the Committee. Joint Examination Teams and Concurrent Examination Teams will be provided administrative, technical, strategic and logistic support as approved by the Committee. In furtherance of the Coordinated Goals, the Committee may establish a separate protocol and agreement between CSBS/AARMR and the Committee/State Regulators.

V. Amendment

Any party to this Protocol may propose an amendment at any time, but this Protocol may be amended only by a written instrument signed by each of the signatory State Regulators.

VI. Definitions

"Committee" means the body recognized and authorized by the State Regulators in the Nationwide Cooperative Agreement for Mortgage Supervision as responsible for guiding coordinated supervision with MMEs.

"Concurrent Examination" means an examination of a Multi-State Mortgage Entity under a Supervisory Program developed for such MME, whereby one or more State Regulators conduct parallel but separate examinations from the Joint Examination.

"Concurrent Examination State Regulator" means a State Regulator who has not agreed to the Confidentiality Section of the Nationwide Cooperative Agreement for Supervision.

“Concurrent Examination Team” means a State Regulator examination team conducting a concurrent examination.

“Coordinated Goals” means the goals stated under section II.A. of this Protocol.

“Examiner-In-Charge (EIC)” means an examiner assigned by the Committee to lead a Joint Supervisory Team or the examiner leading a Concurrent Supervisory Team.

“Examination Team” means an examination team assigned to a specific MME examination, investigation or other related assignment. An Examination Team may be comprised of a team of examiners or other personnel from multiple states or a single state’s examiners or other personnel authorized to conduct a multi-state examination or investigation. An Examination Team may be either a Joint Examination Team or a Concurrent Examination Team.

“Joint Examination” means an examination of a Multi-State Mortgage Entity under a Supervisory Program developed for such MME conducted by two or more State Regulators that have agreed to the Confidentiality Section of this Agreement and that share information and combine examination and other resources under a single Committee-appointed EIC.

“Joint Examination State Regulator” means a State Regulator who has agreed to the confidentiality section of the Nationwide Cooperative Agreement for Mortgage Supervision.

“Joint Examination Team” means an examination team assigned to conduct a joint examination.

“Multi-State Mortgage Entity (MME)” means any multi-state, nondepository mortgage business with operations in two or more states identified by the Committee as an MME for purposes of this Protocol and the Nationwide Cooperative Agreement for Mortgage Supervision. At the discretion of the Committee, MME may also include multi-jurisdictional entities under the supervisory authority of more than one regulatory body. For example: the Committee may determine for the purposes of multi-jurisdiction coordination under this Protocol to identify an institution operating under the authorities of both a State Regulator and the Office of Housing and Urban Development, the Veterans Administration, the Federal Trade Commission, or other agency with supervisory or law enforcement authority, as a MME.

“Nationwide Cooperative Agreement for Mortgage Supervision” means the formal agreement entered between State Regulators for the purpose of fulfilling the Coordinated Goals.

“Non-Confidential Information” means information not covered and protected under the Confidentiality Section of the Nationwide Cooperative Agreement for Mortgage Supervision. In general, Non-Confidential Information is information, the disclosure of which would not violate any confidentiality statutes applicable to State Regulators.

“State Regulator” means a state regulatory agency with legal jurisdiction over one or more Multi-State Mortgage Entities. A State Regulator as used in this Protocol has agreed to this Protocol and the Nationwide Cooperative Agreement for Mortgage Supervision.

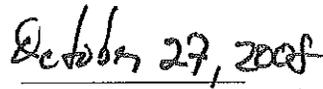
“Supervisory Program” means a program of regulatory supervision for an MME designed to achieve the Coordinated Goals established in this Protocol. The Supervisory Program includes examination scheduling, on-site examination, off-site monitoring and review, complaint reporting and profiling, report follow up, and where necessary, supervisory action.

CSBS/AARMR NATIONWIDE COOPERATIVE
PROTOCOL
FOR MORTGAGE SUPERVISION



Alfredo Padilla, Commissioner

Puerto Rico Office of the Commissioner of Financial Institutions



Date

CSBS/AARMR NATIONWIDE COOPERATIVE
AGREEMENT
FOR MORTGAGE SUPERVISION



Alfredo Padilla, Commissioner

Puerto Rico Office of the Commissioner of Financial Institutions

October 27, 2008.

Date