



GOVERNMENT OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS
Commissioner | Natalia I. Zequeira Díaz, Esq. | nataliaz@ocif.pr.gov

PRESS RELEASE

Contact: José Luis Cedeño
787.717.2429

COMMISSIONER OF FINANCIAL INSTITUTIONS ISSUES COMPLAINT AND ORDERS SUSPENSION OF FIRST FINANCE'S BANKING OPERATIONS

Charges insufficient capital, violations to Consent Order, insolvency and other violations to the local International Financial Center Regulatory Act; issues Temporary Order Designating Trustee

San Juan, P.R., June 30, 2022 —The Office of the Commissioner of Financial Institutions (“OCIF”, by its Spanish acronym), through its Commissioner, Natalia Zequeira Díaz, today issued a Complaint and Cease and Desist Order (the “Order”) and a Temporary Order Designating Trustee (the “Temporary Order”), effective immediately, against First Finance International Bank, Inc. (“First Finance”) an International Financial Entity (“EFI”, by its Spanish acronym) organized and doing business under the Puerto Rico International Financial Center Regulatory Act (Act 273-2012, or the “Act”).

The Order mandates the suspension of First Finance’s operations as an EFI due to its gross non-compliance with the minimum capital requirements set for in both the Act and the Consent Order issued by OCIF on June 10, 2019, its non-compliance with the requirements established in the license renewal process, and its hiding of relevant information about its audited financial statements. Further, the Order imposes on First Finance administrative fines totaling \$775,000.00 for various violations to the laws and regulations administered by OCIF, demands payment of \$300,000.00 corresponding to a certificate of deposit previously pledged to OCIF and orders it to submit to a dissolution and liquidation process that safeguards its customers’ deposits.

The Order indicates that since the beginning of First Finance’s banking operation in Puerto Rico, OCIF has guaranteed it the due process of law in the course of all administrative procedures before the regulatory entity. However, “in spite of multiple opportunities to demonstrate its faithful compliance with the Law, First Finance incurred in a systemic pattern of non-compliance with the legal requirements regarding the minimum capital necessary to operate an EFI in a viable fashion. The documentation and/or information, including business records and

audited financial statements, contained in First Finance's administrative file before OCIF, establish beyond any doubt that the financial entity faces an insolvency scenario, as defined in the Law," reads the Order in its Spanish original.

According to OCIFs Order, "at present, there exists an imminent danger: (i) to the security and operational soundness of First Finance including, but not limited to, the deposits in its possession; and (ii) to the public interest that OCIF must protect by ensuring that EFIs comply with the parameters and/or applicable legal requirements for a sound, responsible and viable operation."

"The foregoing extraordinary circumstances, individually and/or taken as a whole, justify the issuance by OCIF of the foregoing Order, effective immediately, such that what is set forth herein shall enter into effect immediately, as provided by Law," the Order mandates.

To safeguard adequately the rights of all interested parties, OCIF designated attorney and CPA Wigberto Lugo Mender, a professional with vast experience in these processes, to serve as First Finance's Trustee, effective immediately.

The Trustee will take immediate possession of First Finance's assets and liabilities, books, registries, documents and files and will undertake and exercise the functions that the international finance entity's Board of Directors exercised at present. Further, it will be the Trustee's primary objective to organize the entity's affairs such that its dissolution and liquidation may be completed without delay.

Furthermore, First Finance is summoned to a hearing at OCIF within ten (10) days to (i) determine whether the Temporary Order is to be made permanent or lifted and (ii) give First Finance an opportunity to be heard regarding the Order and confirm, modify or void the same. Should the entity not appear, OCIF will continue the processes to confirm, modify or void both the Temporary Order and the Order.

"With the actions we have taken today in the First Finance matter we comply fully with our duty as regulator, pursuant to OCIF's laws and regulations, to protect against irreparable harm not only the interests of the entity and/or the persons or entities that own funds or assets in the institution but, ultimately, the soundness and reputation of Puerto Rico's financial system. Although OCIF has guaranteed the entity's due process under law and regulation, including giving it multiple opportunities to undertake corrective actions, First Finance, unfortunately, has a long history of gross non-compliance with the Law and regulations that govern the Puerto Rico International Financial Center. OCIF will not allow or tolerate any financial entity with a license issued by the Government of Puerto Rico to operate outside the Law or ignore the clear mandates of applicable laws and regulations," said Commissioner Zequeira.
