

OFFICE OF THRIFT SUPERVISION

Receivership of a Federal Savings Bank

Date: July 16, 2010
Order No.: 2010-42
OTS No.: 02517

The Acting Director of the Office of Thrift Supervision (OTS), or his designee, in cooperation with the Federal Deposit Insurance Corporation (FDIC), has determined to appoint the FDIC as receiver of Olde Cypress Community Bank, Clewiston, Florida (Savings Bank).

GROUND FOR APPOINTMENT OF FDIC AS RECEIVER FOR THE SAVINGS BANK

The Acting Director, or his designee, based upon the administrative record finds and determines the following:

- (i) The Savings Bank is in an unsafe and unsound condition to transact business;
- (ii) The Savings Bank has consented to the appointment of a receiver; and
- (iii) The Savings Bank has substantially insufficient capital.

The Savings Bank is a Deposit Insurance Fund-insured, federally chartered stock savings bank headquartered in Clewiston, Florida. In addition to its home office, the Savings bank has two branch offices in Hendry County, Florida, and one branch office in Polk County, Florida.

As of March 31, 2010, the Savings Bank reported in its Thrift Financial Report (TFR) that it had approximately \$168.7 million in assets, \$162.8 million in liabilities, \$5.8 million in stockholders' equity, and net losses for the quarter ended March 31, 2010, of approximately \$1.2 million, and for the fiscal year ended December 31, 2009, of approximately \$6.4 million. In its March 31, 2010, TFR, the Savings Bank reported tier one (core), and total risk-based capital of 3.35 percent, and 6.25 percent, respectively. Based on the capital ratios in the Savings Bank's March 31, 2010, TFR, the Savings Bank is undercapitalized. The Savings Bank subsequently advised OTS that its core and total risk-based capital ratios at June 30, 2010, were approximately 1.71 percent and 3.85 percent, respectively.

The Savings Bank had classified assets of \$26.4 million as of March 31, 2010, which equaled 355 percent of core capital plus adjustments for loan and lease losses (ALLL). As of the same date, the Savings Bank had nonperforming assets of \$24 million, which equaled 323 percent of core capital plus ALLL.

The Savings Bank has submitted to OTS a board of directors' resolution dated June 18, 2010, in which the Savings Bank's board of directors consented to OTS's appointment of a conservator or receiver for the Savings Bank. The resolution requests that OTS appoint the FDIC as conservator or receiver as soon as possible. In addition, on June 24, 2010, each of the Savings Bank's directors resigned. Accordingly, the Savings Bank is unable to take corporate action.

DISCUSSION OF GROUNDS FOR APPOINTMENT OF A RECEIVER FOR THE SAVINGS BANK

Section 5(d)(2)(A) of the Home Owners' Loan Act (HOLA), 12 U.S.C. § 1464(d)(2)(A), provides that OTS may appoint a receiver for any insured savings association if OTS determines that one or more grounds specified in section 11(c)(5) of the FDIA, 12 U.S.C. § 1821(c)(5), exist.

Unsafe and Unsound Condition to Transact Business

Under section 11(c)(5)(C) of the FDIA, OTS may appoint a receiver for a savings association if it is in an unsafe and unsound condition to transact business. An unsafe or unsound condition has been identified as one where an institution is operated in a manner that causes an unacceptable risk to its depositors' funds. See Franklin Savings Association v. Director, OTS, 934 F.2d 1127, 1145 (10th Cir. 1991), cert. denied, 503 U.S. 937 (1992).

The Savings Bank is in an unsafe and unsound condition due to its lack of a board of directors, its capital deficiency, critically deficient asset quality and significant losses. Therefore, the Acting Director, or his designee, concludes that the Savings Bank is in an unsafe and unsound condition to transact business.

Consent

Under section 11(c)(5)(I) of the FDIA, OTS may appoint a receiver if the institution, by resolution of its board of directors, consents to the appointment. The Acting Director, or his designee, finds that the board of directors of the Savings Bank, by resolution dated June 18, 2010, consented to the appointment of a conservator or receiver by OTS.

Substantially Insufficient Capital

Under section 11(c)(5)(L)(ii), OTS may appoint a receiver for a savings association if it has substantially insufficient capital. Pursuant to the authority granted in sections 5(t)(1)(A)(i) and 5(t)(2)(A) of the HOLA, OTS has promulgated 12 C.F.R. Part 567, requiring all savings associations that are not "1" rated to maintain a core capital ratio of 4 percent and all savings associations to maintain a minimum total risk-based capital ratio of 8 percent of the institution's risk-based assets, as defined. OTS has concluded previously that failure to maintain at least two-thirds of any capital required by 12 C.F.R. Part 567 constitutes a substantial capital insufficiency within the meaning of 12 U.S.C. § 1821(c)(5)(L)(ii). See, *e.g.*, OTS Orders No. 2009-21 (April 17, 2009) and No. 2008-33 (September 19, 2008).

The Savings Bank is not "1" rated and had a core capital ratio and a total risk-based capital ratio of 1.71 percent and 3.85 percent, respectively, as of June 30, 2010. Accordingly, the Savings Bank's core capital ratio and total risk-based capital ratio both are less than two-thirds of the applicable capital requirements. Accordingly, the Acting Director, or his designee, concludes that the Savings Bank has substantially insufficient capital.

The Acting Director, or his designee, therefore, has determined that grounds for the appointment of a receiver for the Savings Bank exist under section 5(d)(2) of the HOLA, and sections 11(c)(5)(C), (I), and (L)(ii) of the FDIA, 12 U.S.C. §§ 1821(c)(5)(C), (I), and (L)(ii).

ACTIONS ORDERED OR APPROVED

Appointment of a Receiver

The Acting Director, or his designee, hereby appoints the FDIC as receiver for the Savings Bank, for the purpose of liquidation or winding up the affairs of the Savings Bank, pursuant to section 5(d)(2) of the HOLA, 12 U.S.C. § 1464(d)(2), and section 11(c)(6)(B) of the FDIA, 12 U.S.C. § 1821(c)(6)(B).

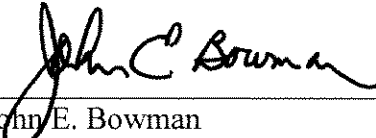
Delegation of Authority to Act for OTS

The Acting Director, or his designee, hereby authorizes the OTS Southeast Regional Director, or his designee, and the Deputy Chief Counsel for Business Transactions of the Chief Counsel's Office, or his designee, to: (i) certify orders; (ii) sign, execute, attest, or certify other documents of OTS issued or authorized by this Order; (iii) designate the persons or entity that will give notice of the appointment of a receiver for the Savings Bank and serve the Savings Bank with a copy of this Order pursuant to 12 C.F.R. § 558.2; and (iv) perform such other functions of OTS necessary or appropriate

for implementation of this Order. All documents to be issued under the authority of this Order must be first approved, in form and content, by the Chief Counsel's Office. In addition, the Acting Director, or his designee, hereby authorizes the Deputy Chief Counsel for Business Transactions, or his designee, to make any subsequent technical corrections, that might be necessary, to this Order, or any documents issued under the authority of this Order.

By Order of the Acting Director of OTS, or his designee, effective: (a) as to the above matters regarding the delegation of authority, immediately upon signature; and (b) as to the above matters regarding the appointment of the FDIC as receiver, immediately upon service of this Order on the Savings Bank.

Executed this 16th day of July, 2010.



John E. Bowman
Acting Director