GOVERNMENT OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF FINANCIAL INSTITUTIONS
SAN JUAN, PUERTO RICO

OCIF-Secretaria'26SEP22PM3:07

In the matter of: **BANEX INTERNATIONAL BANK, INC.**	**CASE NO. C26-D-003** **RE: Violations of Act No. 273-2012, as amended, known as the "International Financial Center Regulatory Act," of Regulation No. 5653, and of the Consent Order issued on October 16, 2025 in Case No. OCFI-2025-D-IFE-37-3082-03.**

SUMMARY CEASE AND DESIST ORDER,
REVOCATION OF LICENSE AND
ADMINISTRATIVE COMPLAINT

I. INTRODUCTION

The Summary Cease and Desist Order, Revocation of License and Administrative Complaint (the "**Order**") captioned above is issued pursuant to Article 3(d) of Act No. 273-2012, as amended, known as the "International Financial Center Regulatory Act" ("**Act No. 273-2012**"), Article 10(a)(10)(i) of Act No. 4 of October 11, 1985, as amended ("**Act No. 4-1985**"), Section 3.17 of Act No. 38-2017, as amended, known as the "Uniform Administrative Procedure Act of the Government of Puerto Rico" ("**Act No. 38-2017**"), and Chapter III of Regulation No. 9551 of April 11, 2024, known as the "OCIF Adjudicative Procedures Regulation" ("**Regulation No. 9551**"), concurrently with the Order Appointing Receiver issued by OCIF on this same date in Case No. C26-D-002 (the "**Receivership Order**"), by which the Commissioner of Financial Institutions (the "**Commissioner**") appointed Driven, P.S.C. as receiver of Banex International Bank, Inc. (the "**Receiver**") and decreed its liquidation and dissolution pursuant to Article 18(e) and (f) of Act No. 273-2012. This Order constitutes a summary emergency action intended to avert an imminent danger to the safety of the international financial entity industry operating from the jurisdiction of Puerto Rico and to protect the public interest in guaranteeing full and strict compliance with all laws and regulations applicable to the licenses issued by the Office of the Commissioner of Financial Institutions ("**OCIF**").

Banex International Bank, Inc. ("**Banex**" or the "**EFI**"), formerly known as Euro Exchange International Bank, Inc., is an international financial entity ("**IFE**") holding license number IFE-37, issued by OCIF to operate from the jurisdiction of Puerto Rico under Act No. 273-2012, as amended, known as the "International Financial Center Regulatory Act" ("**Act No. 273-2012**"), 7 L.P.R.A. § 3081 *et seq.*, among other applicable statutes. The governing statute imposes clear and specific mandates regarding the minimum capital required for an IFE to guarantee its financial safety and operational soundness before OCIF, which holds broad delegated powers to oversee, supervise, monitor and examine these entities so that they comply with the applicable laws and regulations.

Since the inception of its banking operation in Puerto Rico, OCIF has guaranteed Banex due process of law in the course of every administrative proceeding before the regulator. Banex was examined, was afforded the opportunity to respond to the Report of Examination, voluntarily consented to a corrective action plan, was granted repeated extensions and repeated audiences, and was finally placed under the supervision of an independent Compliance Monitor paid for by the institution itself. Each of those opportunities was wasted. The documentation and information available in Banex's administrative record before OCIF — including the audited financial statements, the regulatory reports submitted by the institution, the trial balances produced at OCIF's request, and the Monitorship Report submitted by the Compliance Monitor on September 14, 2026 (the "**Monitor's Report**") — establish with meridian clarity that Banex faces a scenario of **insolvency**, as that term is defined in Act No. 273-2012. Consequently, there presently exists an imminent danger: (i) to the safety and operational soundness of Banex, including but not limited to the deposits in its possession; and (ii) to the public interest OCIF must protect, consisting of ensuring that IFEs comply with the parameters and legal requirements applicable to a sound, responsible and viable operation. The foregoing extraordinary circumstances, standing alone and analyzed together, justify that OCIF issue this Order summarily, so that what is provided herein takes effect immediately, as permitted by Act No. 273-2012 and by Act No. 4-1985.

Additionally, the independent verification performed by the Monitor established that the very capital Banex reported to OCIF as evidence of its compliance was funded with **depositors' money**; that in excess of twenty-four million dollars ($24,000,000.00) carried on Banex's books as an "In Transit Account" cannot be located, traced or confirmed; that assets were manufactured on the balance sheet by reclassifying entries out of that same account; and that more than eighteen million dollars ($18,000,000.00) of the institution's receivables are owed by its sole shareholder and by entities he controls, with no repayment date, no repayment plan, minimal evidence of repayment and, as to a substantial portion, no reasonable expectation of recovery whatsoever. Banex is not an institution that fell short of a capital target. It is an insolvent institution whose remaining liquid assets have been and continue to be consumed by the very persons who control it.

This Order has three operative parts. Section VI orders Banex to cease and desist, effective immediately, from conducting business as an international financial entity and from the specific acts enumerated therein. Section VII revokes license number IFE-37, effective immediately upon notification, summarily and subject to the hearing scheduled in Section IX. Section VIII sets forth the administrative complaint by which OCIF proposes the imposition of administrative fines under Article 19(e) of Act No. 273-2012, which shall become final and payable only upon the final order entered after that hearing. Pursuant to Section 25.5 of Regulation No. 9551, this Order constitutes the complaint that initiates the formal adjudicative proceeding under Chapter II of that Regulation, and the date, time and place of the hearing are set forth in Section IX, as Section 25.2 requires. The appointment of the Receiver and the decree of liquidation and dissolution are not the subject of this Order or of that proceeding; they are governed by the Receivership Order, and their review is governed exclusively by Article 18(f) of Act No. 273-2012, as set forth therein.

OCIF expressly reserves the right and the authority to issue any provisional remedies and orders that may be necessary and convenient to enforce the provisions of Act No. 273-2012 and OCIF's Organic Act in light of the scenario of insolvency presented by Banex.

II. JURISDICTION

Act No. 4 of October 11, 1985, as amended, known as the "Office of the Commissioner of Financial Institutions Act" ("**Act No. 4-1985**"), imposes upon OCIF the responsibility of overseeing and supervising the financial institutions that operate or do business in Puerto Rico. As provided by Act No. 4-1985, OCIF has the ministerial duty to administer and implement Act No. 273-2012. Pursuant thereto, OCIF supervises and oversees the international financial entities organized thereunder.

Act No. 4-1985, Act No. 273-2012 and Act No. 38-2017, as amended, known as the "Uniform Administrative Procedure Act of the Government of Puerto Rico" ("**Act No. 38-2017**"), as well as Regulation No. 9551 of April 11, 2024, known as the "OCIF Adjudicative Procedures Regulation" ("**Regulation No. 9551**"), empower the Commissioner to issue any order that is necessary, appropriate and convenient to enforce the laws and regulations under her jurisdiction.

As of the date of issuance of this document, OCIF has sufficient evidence to establish that Banex incurred in serious violations of Act No. 273-2012, of Regulation No. 5653 of July 23, 1997, known as the "International Banking Center Regulation" ("**Regulation No. 5653**"), adopted by OCIF under Act No. 52-1989, as amended, known as the "International Banking Center Regulatory Act," and whose provisions are applicable to international financial entities to the extent not inconsistent with Act No. 273-2012, pursuant to Articles 28 and 30 thereof, and of the Consent Order issued on October 16, 2025 in Case No. OCFI-2025-D-IFE-37-3082-03 (the "**Consent Order**"), which Banex executed voluntarily.

As a consequence of the foregoing, and in accordance with the applicable legal provisions, OCIF issues this Order. It is further provided that, pursuant to Articles 3(a)(11) and 21 of Act No. 273-2012, the confidential documents referenced in this Order, including the Monitor's Report, shall be kept in a sealed confidential envelope for the sole benefit of Banex and its legal representation, subject to the disclosure exceptions in Article 21(a) and (b) of Act No. 273-2012.

III. INFORMATION OF THE PARTY AGAINST WHOM THIS ORDER IS ISSUED

Name: Banex International Bank, Inc.
Physical address: 654 Ave. Luis Muñoz Rivera, Suite 1720
San Juan, Puerto Rico 00918
Mailing address: 654 Ave. Luis Muñoz Rivera, Suite 1720
San Juan, Puerto Rico 00918
License number: IFE-37
Contact person: Luis A. Gasparini, Chairman of the Board of Directors and sole shareholder
Contact person's e-mail addresses:
lgasparini@euroexchangebank.com
lgasparini@banex.com

IV. FINDINGS OF FACT

A. The International Financial Entity

1. Banex is an international financial entity organized under Act No. 273-2012. Banex operates under a license issued by OCIF effective February 9, 2017, and maintains its principal office at 654 Ave. Luis Muñoz Rivera, Suite 1720, San Juan, Puerto Rico 00918.

2. Banex was originally organized on June 30, 2016 under the name Vigan Banco International, Inc. It changed its name to Presto Bank International, Inc. in October 2017, to Euro Exchange International Bank, Inc. on October 8, 2019, and subsequently to Banex International Bank, Inc. At all times relevant to the facts set forth herein, Banex is the same juridical entity licensed by OCIF as an IFE under license number IFE-37.

3. According to the corporate documents in OCIF's record, Banex is owned one hundred percent (100%) by Mr. Luis A. Gasparini ("**Mr. Gasparini**"), who also serves as Chairman of the Board of Directors. Mr. Gasparini and Luis Gasparini Jr. acted as authorized representatives of Banex at the time the Consent Order was executed. The Board of Directors presently consists of Mr. Gasparini; Luis Gasparini Jr., as Special Consultant for the U.S.A.; Mr. Sasha Ramjiawan, President and Chief Executive Officer; and Mr. Ariel Acosta, as Independent Director.

4. Banex's business model consists primarily of providing correspondent banking services to foreign financial institutions, including international banking entities and other IFEs. Under that model, Banex operates as a correspondent bank offering payment processing services, correspondent account openings and other financial facilities to foreign entities that lack direct access to the United States banking system.

B. Regular Examination and Consent Order

5. On August 21, 2023, OCIF commenced a safety and soundness examination of the operations of Banex, then known as Euro Exchange International Bank, Inc. That examination included an evaluation of capital adequacy, asset quality, management performance, the level and trend of earnings, operations, and Banex's compliance program under the Bank Secrecy Act ("**BSA**"), the anti-money laundering statutes ("**AML**") and the compliance standards of the Office of Foreign Assets Control ("**OFAC**"). The examination concluded on December 12, 2023.

6. The examination findings were discussed with Banex's Management and Board of Directors at a meeting held on February 2, 2024 at the EFI's facilities. The Report of Examination was separately transmitted to Banex, which responded on April 29, 2024.

7. As a result of the examination findings, on October 16, 2025 OCIF issued the Consent Order, imposing upon Banex a corrective action plan to remedy the deficiencies and violations identified in the Report of Examination. The Consent Order was voluntarily consented to by Banex through its authorized representatives, Messrs. Luis A. Gasparini and Luis Gasparini Jr.

8. Among the material obligations imposed upon Banex by the Consent Order are, without limitation, the following:

a. Strengthen the Board of Directors' oversight of Banex's compliance risk management program.
b. Submit an updated organizational chart with the name, position and place of residence of each employee, within thirty (30) days of the effective date of the Consent Order.
c. Implement a reliable accounting system adequate for the complexity and size of Banex, within ninety (90) days of the effective date of the Consent Order.
d. Develop and implement a comprehensive Strategic Plan with a minimum term of three (3) years and a Capital Plan to reach paid-in capital of not less than ten million dollars ($10,000,000.00), within sixty (60) days of the effective date of the Consent Order.
e. Develop and implement effective internal controls and policies and procedures that guarantee the correct functioning of Banex, the safeguarding of its assets and the production of reliable and accurate financial records.
f. Adopt and execute a plan to reduce, within one hundred eighty (180) days, the concentration of bank accounts or loans to related parties to no more than twenty-five percent (25%) of Banex's total capital and reserves.
g. Develop and implement a revised and comprehensive BSA/AML/OFAC compliance program within ninety (90) days of the effective date of the Consent Order, including enhanced due diligence programs for foreign financial institution correspondent accounts and strengthened transaction monitoring controls and suspicious activity reporting procedures.
h. Retain an independent third party to perform a Look-Back Review of all of Banex's accounts and transaction and wire transfer activity, including internal transfers and negative SAR investigations, from January 1, 2020 through March 31, 2023, to identify and report any suspicious activity. The independent third party, the procedures and the Look-Back Review timetable required OCIF's prior non-objection.
i. Establish a BSA Directors' Committee within sixty (60) days of the effective date of the Consent Order, which was required to include at least one independent member residing in Puerto Rico, and to hold monthly meetings, keeping minutes available for OCIF's review.
j. Submit quarterly progress reports to OCIF, within thirty (30) days following the close of each quarter, detailing the status of all required corrective actions.
k. Notify OCIF of any criminal, civil, administrative or regulatory investigation related to Banex's operations or to its directors, officers, employees or agents in connection with compliance with anti-money laundering and sanctions laws.

9. Additionally, as a precautionary measure resulting from the findings of the Report of Examination, by communication dated October 27, 2025, OCIF imposed upon Banex a restriction on the incorporation of new correspondent banking account relationships (the "**Correspondent Restriction**"), until such time as Banex demonstrated, through independent certification, substantial compliance with the corrective measures required by the Consent Order.

C. <u>Potential Violations and Deficiencies Identified After the Consent Order</u>

10. On February 11, 2026, OCIF and representatives of Banex held an in-person meeting. During that meeting, OCIF raised the differences presented in the Easy Call Report as of December 31, 2025 as compared with the prior year's Easy Call Report. Banex reiterated its commitment to comply with the Consent Order and verbally requested that the Correspondent Restriction be lifted. The following day, February 12, 2026, President and CEO Sasha Ramjiawan transmitted a formal letter to OCIF requesting that the restriction be lifted and describing Banex's due diligence framework for new correspondent accounts.

11. On March 18, 2026, OCIF issued a written communication to Banex denying the lifting of the Correspondent Restriction and requiring additional information to evaluate the progress of the remediation. On March 25, 2026, Mr. Carlos Monserrate, Banex's Head of Finance, responded with supporting documentation as to the additional information requested, together with information regarding two (2) new prospective clients for correspondent banking services.

12. In the course of evaluating the information provided by Banex, OCIF identified the following additional deficiencies and irregularities:

    a. The absence of permanent information technology (IT) personnel remained unresolved: Banex had omitted those employees from the updated organizational chart as employees of the institution, notwithstanding that the requirement had been imposed by the Consent Order since October 16, 2025.

b. Significant unexplained discrepancies between the figures reported in the Easy Call Report for the fourth quarter of fiscal year 2025 (as of the close of December 31, 2025) and the prior year's figures. The EFI admitted that the Easy Call Report as of December 31, 2025 initially submitted did not include all of the information for the month of December "due to an error on our part," requiring the filing of amendments to that same report. The justification offered by the Head of Finance was unsatisfactory from a supervisory standpoint.

c. The irregularities in the financial reports generated serious doubts as to the reliability of Banex's internal controls, the integrity of its accounting records following the purported change of accounting system, and the accuracy of the daily reconciliations Banex represented it maintained current.

13. From a review of the audited financial statements as of the close of December 31, 2024 and of the subsequent accounting information, OCIF identified related-party transactions presenting significant indicia of concern from a supervisory, fiduciary and regulatory compliance perspective, namely:

 a. Mr. Luis A. Gasparini, Chairman of the Board of Directors, executed in his personal capacity a purchase offer contract for real property under construction, dated October 12, 2023 and accepted by the seller on October 16, 2023 (Unit 1504, 1428 Brickell Condominium, Miami, Florida), in the amount of two million three hundred fifty thousand dollars ($2,350,000.00). Under that personal contract, Mr. Gasparini made three (3) payments of two hundred thirty-five thousand dollars ($235,000.00) each, for a total of seven hundred five thousand dollars ($705,000.00), which were recorded in the EFI's accounting books as "Other Real Estate Owned" (OREO) as of March 31, 2024.

 b. Likewise, Mr. Giancarlo Gasparini, then a member of the Board of Directors, made in his personal capacity an investment in the acquisition of a hospital (through the purchase of shares), under a Membership Interest Purchase Agreement effective March 24, 2022 for the acquisition of the membership interests of Southern Plains Medical Center of Garvin County, LLC, in which Mr. Giancarlo Gasparini appears as a buyer together with two other purchasers and which states a purchase price of one million seventy-nine thousand one hundred nineteen dollars ($1,079,119.00) in addition to a non-refundable deposit of five hundred thousand dollars ($500,000.00). That investment was recorded in the EFI's accounting books, as of March 31, 2024, in the amount of two million dollars ($2,000,000.00).

 c. In the audited financial statements as of the close of December 31, 2024, both transactions were reclassified under the line item "Due from related parties." From a supervisory perspective, that information raises substantial concerns regarding the possible use of institutional funds to finance the personal investments of directors, as well as compliance with the EFI's fiduciary responsibility to its clients and with the applicable provisions of Act No. 273-2012 governing related-party transactions.

 d. As of May 31, 2026, Banex's Trial Balance reflects that accounts receivable from directors, officers and affiliates amount to eleven million four hundred six thousand two hundred fifty-seven dollars and forty-eight cents ($11,406,257.48), including two million one hundred forty-one thousand seven hundred twenty dollars and nineteen cents ($2,141,720.19) owed specifically by directors and officers of the EFI. The Trial Balance also identifies an entity named "Forsecure" as an affiliated debtor, as to which OCIF has no sufficient information in its administrative record.

D. <u>Look-Back Review</u>

14. Section K(i)(h) of the Consent Order required Banex to retain an independent third party to perform the Look-Back Review. On March 18, 2026, Banex requested OCIF's non-objection to retain the firm Kaufman Rossin to perform it, extending the review period through December 31, 2025. The relevant period proposed by Banex ran from January 1, 2020 through December 31, 2025.

15. On April 10, 2026, OCIF communicated to Banex its observations regarding the proposed methodology for the Look-Back Review. On May 11, 2026, Banex responded to those observations,

by letter dated May 4, 2026, and submitted its analysis and supporting documentation, including the revised methodology required by the Consent Order.

16. On May 19, 2026, OCIF issued its non-objection to the retention of Kaufman Rossin to perform the Look-Back Review under the proposed methodology. Banex acknowledged receipt that same day. Notwithstanding the issuance of that non-objection, OCIF has received no status or progress report on the Look-Back Review, as required and authorized, and as of the date of this Order the review remains without demonstrated progress.

E. **Requests to Lift the Correspondent Restriction**

17. On various occasions between February and May 2026, Banex reiterated to OCIF its request that the Correspondent Restriction be lifted. In response, OCIF noted on each occasion that the review of Banex's Easy Call Report had revealed significant discrepancies that had not been satisfactorily addressed from a supervisory and regulatory compliance standpoint, and that OCIF was therefore not in a position to authorize the lifting of the restriction.

18. On May 21, 2026, Mr. Gasparini transmitted to the Commissioner an open letter ("Open Letter to OCIF: BANEX International Bank Progress Update"), in which he claimed that Banex had achieved significant progress in its remediation and improvement initiatives in the areas of compliance, governance and internal oversight, and implicitly requested a favorable review of Banex's situation.

19. On May 29, 2026, the Commissioner responded to Mr. Gasparini's letter, expressly noting that: (i) the remediation efforts described by Banex had not been independently verified or certified by an external service provider or by OCIF itself; (ii) the review of the Easy Call Report had identified significant discrepancies that had not been satisfactorily addressed; (iii) OCIF was not in a position to lift the Correspondent Restriction; and (iv) the Office would not hold meetings with Banex absent the prior submission of an independent third-party certification evidencing compliance with all of the requirements of the Consent Order.

F. **Collapse of Euro Exchange Securities UK Ltd. and Banex's Financial Exposure**

20. Euro Exchange Securities UK Ltd. ("**EES UK**") is a financial entity organized in the United Kingdom, related to Banex and controlled by the Gasparini family. According to the information in OCIF's record, Banex was EES UK's most significant client, and Banex maintained significant deposits and funds at that institution, reflected in its legal reserve reports.

21. During the first week of June 2026, the United Kingdom's Financial Conduct Authority ("**FCA**") intervened EES UK as a consequence of serious money laundering concerns, having determined that the entity's assets could be linked to criminal activity. The FCA proceeded to place the entity into special administration under United Kingdom law.

22. On June 4, 2026, foreign representatives of EES UK appointed in the special administration proceedings in England filed in the United States Bankruptcy Court for the Eastern District of New York a petition under Chapter 15 of the United States Bankruptcy Code, seeking judicial recognition of the insolvency proceedings pending in the United Kingdom. A hearing on that petition was set for June 11, 2026.

23. On June 11, 2026, Joint Special Administrators ("**JSAs**") were appointed for the management of EES UK. Following their appointment, the JSAs assumed responsibility for managing the affairs, business and property of EES UK, and the management powers previously held by EES UK's officers, directors and members no longer apply.

24. The FCA's intervention of EES UK and the ensuing insolvency proceedings resulted in the effective immobilization of EES UK's assets, including the funds Banex held on deposit or in transit at that institution.

25. In Banex's legal reserve report as of the close of December 31, 2025 (as amended), as of March 31, 2026 and as of May 31, 2026, Banex reflected an account denominated "In Transit Account" (Account No. 10043) with the following balances: (i) as of December 31, 2025, twenty-nine million two hundred fifty-seven thousand dollars ($29,257,000.00); (ii) as of March 31, 2026, twenty-seven

million eight hundred fifty-nine thousand twenty-one dollars ($27,859,021.00); and (iii) as of May 31, 2026, twenty-four million fifty-three thousand seven hundred eighty-six dollars and forty-six cents ($24,053,786.46).

26. The funds recorded in the In Transit Account (No. 10043) appear to be amounts that should have been transferred from EES UK to Banex and that, as a consequence of the FCA's intervention and the insolvency proceedings, remain effectively immobilized and inaccessible to Banex. OCIF identified that account as a matter of grave concern with respect to Banex's liquidity position and the integrity of its financial statements. **As of the date of this Order, OCIF has no evidence of the location or actual availability of the funds recorded in that account since December 31, 2025**, notwithstanding the requirements made of Banex.

27. Given the magnitude of the event, OCIF requested urgent information from Banex, including: (i) a Trial Balance as of June 5, 2026; (ii) a list of its correspondent banks and the cash balances maintained at each; (iii) the names of the IBEs and IFEs with which it has agreements in effect; and (iv) an explanation of the nature of the In Transit Account (No. 10043). OCIF likewise required Banex to refrain from communicating to its clients any information regarding the EES UK situation without prior coordination with OCIF.

G. <u>Banex's Liquidity Deficiency</u>

28. Prior to the Trial Balance of June 5, 2026, Banex had reported in its Legal Reserve report as of May 31, 2026 total deposits of fifty million nine hundred thirty-five thousand two hundred seventy dollars and forty-eight cents ($50,935,270.48), against apparently available cash of eighteen million seven hundred twenty thousand eight hundred fifty dollars and eighty-seven cents ($18,720,850.87), distributed among six (6) correspondent institutions. In addition, the EFI reflected thirty-seven million six hundred fourteen thousand eight hundred forty-five dollars and sixty-three cents ($37,614,845.63) in assets whose availability was uncertain or suspended, broken down as follows: (i) funds at EES UK, an affiliated entity, in the amount of two million one hundred fifty-four thousand eight hundred one dollars and seventy cents ($2,154,801.70); (ii) funds in In Transit Account No. 10043 in the amount of twenty-four million fifty-three thousand seven hundred eighty-six dollars and forty-six cents ($24,053,786.46), whose location has not been determined since December 2025; and (iii) accounts receivable from directors, officers and affiliates in the amount of eleven million four hundred six thousand two hundred fifty-seven dollars and forty-eight cents ($11,406,257.48), of which two million one hundred forty-one thousand seven hundred twenty dollars and nineteen cents ($2,141,720.19) correspond specifically to directors and officers of the EFI.

29. Thereafter, Banex's Trial Balance as of June 5, 2026, submitted to OCIF by Banex, reflected the following financial condition: (i) Total Cash of thirty million two hundred ninety-two thousand five hundred ninety-seven dollars and forty-two cents ($30,292,597.42), distributed among various accounts at correspondent institutions, including twenty-six million three hundred twenty-five thousand three hundred eighteen dollars and forty cents ($26,325,318.40) at Commerce One Bank and two hundred fifty-one thousand nine hundred eighty dollars and nineteen cents ($251,980.19) at EES UK; (ii) Total investments in money market instruments of two million eight hundred thirty-four thousand thirty-seven dollars and fifty-six cents ($2,834,037.56); (iii) Total Deposit Accounts of sixty-one million one hundred eighty-two thousand two hundred forty-eight dollars ($61,182,248.00); (iv) a **Liquidity Deficiency of twenty-eight million fifty-five thousand six hundred thirteen dollars and two cents ($28,055,613.02)**; and (v) Total Capital of seven million five hundred five thousand seven hundred seventy-five dollars and forty-four cents ($7,505,775.44).

30. The foregoing data reveal that Banex faces a liquidity deficiency of approximately twenty-eight million dollars ($28,055,613.02), inasmuch as its available liquid assets are insufficient to cover the total of its clients' deposits. That deficiency is attributable in substantial part to the immobilization of the funds Banex presents as in-transit accounts, whose whereabouts are unknown to OCIF. That situation presents a material and immediate risk to Banex's ability to satisfy its obligations to its depositors and correspondent clients.

31. As of the date of the information evaluated by OCIF, Banex had submitted, on December 11, 2025, a Liquidity Policy, a Contingency Funding Plan and an Internal Control Plan. However, the administrative record contains no evidence sufficient to permit OCIF to determine that those

documents are adequate for the nature, size, complexity, risk profile and current financial condition of Banex, or that they have been effectively implemented. In particular, OCIF has no sufficient evidence that Banex has in place policies, procedures, controls, liquidity sources or effective operational strategies to identify, manage and address a liquidity crisis of the magnitude reflected in the financial information submitted by the EFI.

32. Prior to the issuance of the Monitoring Order, OCIF learned that Banex had received a federal subpoena during the month of May 2026. The law firm Holland & Knight, through attorney Andrés Fernández, represents Banex in Miami in connection with that matter. **Banex did not notify OCIF of that subpoena**, in violation of Section O of the Consent Order, which requires notice to OCIF of any criminal, civil, administrative or regulatory investigation, inquiry or action concerning the EFI or its current directors, officers, employees, consultants, representatives and agents related to the EFI's compliance with sanctions and anti-money laundering laws, to the extent permitted by the investigating agency and applicable law.

H. Appointment of the Compliance Monitor

33. On June 24, 2026, and acting pursuant to the powers conferred by Article 10(a)(5) of Act No. 4-1985 and Article 3(a)(11) of Act No. 273-2012, OCIF issued an Order Appointing Compliance Monitor (the "**Monitoring Order**"), designating **Driven, P.S.C.** ("**Driven**" or the "**Monitor**") as Compliance Monitor of Banex. The Monitoring Order was notified to Banex on June 26, 2026, and the Monitor's functions commenced upon notification.

34. Under the Monitoring Order, the Monitor operates with full independence, reports directly and exclusively to the Commissioner or her designee, and is not subordinate to Banex's board of directors, management, officers, shareholders or affiliates. The Monitoring Order granted the Monitor full, unrestricted, immediate and continuous access to Banex's books, records, systems, personnel and facilities, required Banex and its directors, officers, employees, advisors and agents to cooperate fully and actively with the Monitor, and provided that all of the Monitor's reasonable fees and expenses would be borne by Banex pursuant to Article 3(a)(11) of Act No. 273-2012, 7 L.P.R.A. § 3082(a)(11).

35. The Monitoring Order further required the Monitor to submit, within sixty (60) days of the commencement of its functions, an initial report describing Banex's status of compliance with each section of the Consent Order, identifying the areas of deficient, incomplete or merely formal compliance, and evaluating the impact of the events relating to the European affiliated entity and the freeze of related funds upon the Capital Plan, capital adequacy and overall financial condition of the EFI.

36. The Monitoring Order expressly provided that, upon notification by the Monitor that Banex lacks a sound economic and financial condition, is being operated or managed in a manner such that the public or the persons holding funds or securities in its custody are in danger of being defrauded, has materially breached one or more terms of the Consent Order, or has experienced a significant deterioration of its capital position, **OCIF reserved the right to assume the direction and administration of Banex and to appoint a receiver** pursuant to Article 10(b) of Act No. 4-1985 and Articles 17 and 18 of Act No. 273-2012, with or without a prior hearing, as permitted by law and as required by the urgency of the situation. That contingency has now materialized.

I. The Monitor's Report of September 14, 2026

37. On September 14, 2026, Driven issued its Monitorship Report to OCIF. The general findings were discussed with OCIF at a meeting held on September 11, 2026, and the final Report was transmitted to OCIF on September 15, 2026. The Monitor's Report is confidential and has not been shared with Banex. Its findings, which OCIF adopts as findings of fact for purposes of this Order, are summarized below.

(i) Capital Adequacy and Liquidity

38. On August 30, 2024, Banex submitted a capital increase plan to OCIF in response to Circular Letter No. CIF-CC-2024-002, which established a minimum capital requirement of ten million dollars ($10,000,000.00) for the entity. In its letter, Banex confirmed that it had already made two (2)

capital contributions during 2024: (i) two million dollars ($2,000,000.00) on March 28, 2024, fulfilling a commitment made following that year's examination; and (ii) one million dollars ($1,000,000.00) on August 21, 2024, reported within the ten-day notification period required by law.

39. To reach the full ten-million-dollar requirement, Banex proposed a schedule of five (5) additional annual contributions of one million dollars ($1,000,000.00) each, to be made no later than June 30 of 2025, 2026, 2027, 2028 and 2029, respectively. The letter was signed by Mr. Gasparini, then Chairman of the Board of Directors and current shareholder, who reaffirmed Banex's commitment to regulatory compliance and characterized the capitalization plan as consistent with its broader goal of expanding operations while maintaining service quality.

40. Banex's balance sheet reflects an additional paid-in capital amount of four million dollars ($4,000,000.00) as of June 30, 2026. The Monitor inspected the movement of the equity accounts and the bank statements in order to conclude whether the funds came from an account owned by Mr. Gasparini, and identified the following: (i) **lack of appropriate source of funds evidence** — the Monitor could not obtain evidence showing that the funds identified as "capitalizations" were transferred from an account owned by Mr. Gasparini; and (ii) **transfer from Commerce One Bank** — during 2026 the Commerce One Bank account was closed and the funds held in that account were used to open the TuCoop Capital account, and, as confirmed by Banex's Head of Finance, the funds held in the Commerce One account were **depositor-related funds**.

41. Based on the foregoing, the Monitor concluded that **the capitalization was performed using depositors' funds**, subject to additional investigation.

42. The Monitor further found that Banex is currently experiencing a **severe lack of liquidity**, evidenced by a significant mismatch between available cash and outstanding obligations. As of June 30, 2026, Banex's balance sheet reflects cash and cash equivalents of ten million two hundred thousand dollars ($10,200,000.00), of which two million nine hundred thousand dollars ($2,900,000.00) are currently frozen and the remaining seven million three hundred thousand dollars ($7,300,000.00) were confirmed available — and even that figure includes funds currently restricted by OCIF. In addition, Banex holds an obligation of forty-six million nine hundred thousand dollars ($46,900,000.00), including "In Transit" balances, payable to depositors. **The current liquid assets are therefore entirely insufficient to meet total customer deposit liabilities**, and the liquidity position is further constrained by the fact that most of Banex's receivables are not expected to be repaid in the near term.

43. The Monitor concluded that **the Capital Plan presented by Banex is neither executable nor feasible** without a significant improvement in the institution's operating results or a repayment of the balances due from related parties or entities.

(ii) Impact of the EES UK Intervention

44. Due to Mr. Gasparini's sole ownership of both institutions, the Monitor analyzed the effect of the EES UK intervention on Banex's operations. To assess the impact on client deposits, the Monitor calculated an average monthly balance for each demand deposit account ("**DDA**") line item for the seventeen months preceding the June 2026 regulatory intervention (January 2025 to May 2026), and compared actual June, July and August 2026 balances against that pre-intervention average and against the immediately preceding month.

45. Against a seventeen-month average of sixty-one million six hundred eleven thousand two hundred six dollars ($61,611,206.00) in total DDA accounts, actual balances were forty-three million four hundred thirty-one thousand eight hundred eighty-nine dollars ($43,431,889.00) in June 2026, a variance of ($18,179,317.00) or 29.5%; fifty-three million two hundred thirty-one thousand nine hundred thirty-four dollars ($53,231,934.00) in July 2026, a variance of ($8,379,272.00) or 13.6%; and fifty million eight hundred six thousand five hundred thirteen dollars ($50,806,513.00) in August 2026, a variance of ($10,804,693.00) or 17.5%. Measured against the May 2026 baseline of sixty-four million seven hundred seventy-six thousand eight hundred forty-nine dollars ($64,776,849.00), the June 2026 decline was ($21,344,960.00), or 33.0%.

46. The Monitor analyzed the monthly income statements from May through August 2026 and found a marked and sustained deterioration beginning immediately after May 2026. **Customer Payment Fees declined from $132,176.31 in May to $72,712.98 in June, $21,026.45 in July and $17,221.79 in August, representing baseline-relative decreases of 45.0%, 84.1% and 87.0%, respectively.** That revenue reduction coincided with a shift from profit to sustained losses, with Net Income falling from a positive $18,050.60 in May to ($84,591.68) in June and ($212,919.84) in July, before partially recovering to ($25,943.55) in August. The consistency and magnitude of the decline are consistent with the timing of the United Kingdom regulatory intervention and indicate a direct operational impact on Banex's payment-related revenue stream.

47. As of June 30, 2026, Banex had a balance, converted to U.S. dollars, of approximately two hundred fifty thousand dollars ($250,000.00) in its account at EES UK. Due to the intervention and the regulatory process the United Kingdom institution is facing, those funds and access to them have been frozen and restricted. **The Monitor concluded that the probability of recovering those funds is uncertain.**

48. In addition, Banex's board of directors informed the Monitor that the JSA had requested an immediate payment on June 16, 2026 in the total amount of six hundred thirty-three thousand one hundred seventy-nine dollars and twenty-four cents ($633,179.24).

<u>(iii) Accuracy of the Quarterly Compliance Reports Submitted to OCIF</u>

49. With respect to the OCIF Call Report as of March 31, 2026, the Monitor identified a journal entry recorded as of that date which caused a full reduction of the accounts receivable balance between Banex and Forsecure, a related entity. That accounts receivable balance was neither considered nor presented as part of the receivables filed in the March 31, 2026 Call Report; the balance was later reestablished as of April 1, 2026 to reflect the previous balance outstanding during FY2026.

50. The "Cash and due from depository institutions" balance reported in the Call Report (which includes the In Transit account) and the Receivables balances were **overstated and understated, respectively, by four million dollars ($4,000,000.00)** when compared to the source report extracted from Banex's enterprise resource planning system, NetSuite.

51. The Deposits reported in the Call Report reflect an approximate difference of three hundred seventy-six thousand dollars ($376,000.00) when compared to the balances per source information. The Net Income of approximately one hundred thirty-seven thousand dollars ($137,000.00) reported in the Call Report reflects a difference of approximately one hundred fifty thousand dollars ($150,000.00) when compared to the Net Loss of ($12,000.00) included within the support provided by the Banex accounting team.

52. The Head of Finance stated that an amended Call Report as of March 31, 2026 was subsequently filed, and that Call Reports are submitted in order to comply with due dates, with changes later made after year-end audits are submitted. **The issues identified affect both the Call Report as of March 31, 2026 and the Call Report as of June 30, 2026.**

53. With respect to the balance sheet, the Monitor identified an asset account denominated "Currency Valuation," used to reflect the differences between U.S. dollars and Mexican pesos, UAE dirhams and Swedish kronor. Any other foreign currency — including euros, pounds sterling, Canadian dollars and Swiss francs — is neither considered within that account nor converted into U.S. dollars for financial statement presentation. The resulting journal entries decrease cash balances in the foreign currency, recognize the expense in U.S. dollars, and increase asset balances for the difference; consequently, **the asset side of the balance sheet does not reflect the effect of the transaction accurately**, because Banex is merely executing a reclassification of cash balances to the currency valuation account without performing any foreign exchange conversion to dollarize the amounts presented in the financial reports.

54. The Monitor identified inconsistencies in the reconciliation process for the demand deposit accounts, including their presentation and disclosure in the balance sheets and the foreign exchange rates used in Macrobank. The rates used to execute currency conversions within Macrobank are extracted from the websites www.tradingview.com and www.netdania.com; the conversion to U.S. dollars reflected in the report used by the accounting department to present

deposit balances is not completely accurate in terms of the spot rate used; and **no periodic reviews of the currency conversion rates are performed to confirm accuracy**. While deposit balances on the liability side are reported in U.S. dollars, a valuation discrepancy exists on the asset side, where cash account balances are not accurately presented in the institution's base currency.

55. As to the reconciliations between the core banking system (Macrobank) and the accounting ERP (NetSuite), the Monitor confirmed that one of the month-end adjustments performed by the accounting department to reconcile both systems is to record manually, as a debit or credit to the **"In Transit" account**, any existing difference between the DDA accounts in NetSuite and the month-end balances reported in Macrobank. The Head of Finance further confirmed that **there is an outstanding balance of unidentified transactions carried over several prior periods which has not been reconciled**, and whose amount has not been confirmed by the Banex accounting department.

56. The Monitor confirmed that recurring journal entries — such as depreciation, amortization, accrued payables and accrued income — **are not performed during the year**. Those balances are adjusted at year-end during the financial statement audit, and the journal entries performed are suggested by the auditors as part of the audit adjustments. The Banex accounting team is not involved in the calculation of such carrying balances, nor does it perform any analysis for the confirmation of the book balances.

57. Upon inspecting petty cash at Banex headquarters, the Monitor found that **only twenty dollars ($20.00) of the two-hundred-dollar ($200.00) balance reported on the balance sheet as of June 30, 2026 was in the storage bag, and no supporting receipts were found**. The petty cash process is deficient from a management and reconciliation perspective.

58. The Head of Finance confirmed that there was uncertainty regarding the specific information required to complete certain fields within the quarterly Call Report submitted to OCIF. That confirmation indicates a lack of sufficient understanding of the applicable reporting requirements and the absence of formalized guidance to support accurate preparation of the report, increasing the risk that inaccurate, incomplete or inconsistent information may be submitted to the regulator.

59. Finally, the Monitor noted that several expenses paid by Banex were **personal expenses incurred by the institution's owner and other Directors**. The Head of Finance represented that on some occasions the evidence to confirm whether such expenses are personal or Bank-related is not submitted for evaluation by the Directors or the owner. The Monitor concluded that the lack of a formal reimbursement policy, or the failure to adhere to any existing policy, **increases the risk of misappropriation**.

<u>(iv) The "In Transit" Account</u>

60. The In Transit account is reported under the Assets section of Banex's balance sheet. However, due to the nature of the balances included within that account — customer deposits or incoming transactions — those balances **should be re-classified to the liabilities section**, because those deposits or incoming transfers are owned by the customers and payable if requested by Banex's clients. The Head of Finance further confirmed that certain transactions included within the In Transit account balance are not related to customer deposits at all, including accounts receivable, month-end adjustments and currency exchange effects.

61. The Monitor found that the In Transit account operates as a **repository of month-end adjustments and other transactions**: several adjustments for month-end closing procedures are performed using the In Transit account, including the identification of differences between Macrobank and NetSuite, which are adjusted in the NetSuite balances using the In Transit account as the offsetting account in the journal entry.

62. More seriously, the Monitor identified transactions relating to the **reclassification, or creation, of certain assets that were not part of the balance sheet** upon the Monitor's arrival, but were created by reclassifying balances from the In Transit account to the "Other Assets" account. Those assets were: (i) a BMAD Certificate of Deposit; (ii) Dominican Republic properties; and (iii) Cash Funds – France. **In total, these newly created assets totaled approximately ten million three hundred thousand dollars ($10,300,000.00).**

63. The Monitor also confirmed that modifications are performed to original journal entries. When an incoming transfer is received and the customer has not yet been identified, the transfer is recorded as a debit to cash and a credit to the in-transit account; however, if the client is identified during the same month and the balance is deposited into the customer's account before month-end, the original entry is adjusted to change the credit to the in-transit account, and it is recorded directly in the customer's DDA — with the result that the accounting records do not reflect the complete transaction history or the clearing of such transactions from the In Transit account to the corresponding customer's account.

(v) Related-Party Transactions

64. The Monitor developed an organizational chart, effective as of July 2, 2026, identifying the entities related to Banex by reason of Mr. Gasparini's ownership, together with the jurisdiction in which each operates: Euro Exchange Corp. (Miami, United States); Euro Exchange Securities UK and Forsecure (United Kingdom); Euro Exchange Securities (Madrid) and Universal Madrid (Spain); Euro Exchange Latvia (Latvia); and Banex (Puerto Rico). The chart was created with information provided by Mr. Luis Gasparini, Jr., Director; Mr. Sasha Ramjiawan, Chief Executive Officer; and Mr. Carlos Monserrate, Head of Finance, at a meeting held with the Monitor in Miami, Florida. **Euro Exchange Latvia's stated purpose is IT and technology, and it is the third-party technology provider to the group.**

65. As of June 30, 2026, the total Accounts Receivable balance within Banex's financial statements totaled twenty-five million seven hundred six thousand fifty-eight dollars and eighty-five cents ($25,706,058.85), distributed as follows: (i) A/R – Forsecure, $3,037,633.45 (12%); (ii) A/R – Directors & Officers, $3,991,400.00 (16%); (iii) **A/R – Luis Gasparini, Sr., $13,779,753.36 (54%)**; (iv) A/R – EE Corp., $4,766,000.00 (19%); and (v) Accrued Interest Receivable, $131,272.04 (1%).

66. **The amounts reported under Accounts Receivable for Mr. Luis Gasparini, for Directors and Officers, and for Euro Exchange Corp. do not have an estimated date of repayment, nor is there any plan agreed with Banex with respect to such debt.**

67. The Monitor identified a transaction for twenty thousand dollars ($20,000.00) paid to Mr. Sasha Ramjiawan, Banex's Chief Executive Officer, as an incentive for his performance during the previous year. That expense should have been recorded as a payroll-related or professional services expense and should not have been considered or presented as an Account Receivable.

68. The Monitor identified several transactions during 2026 recorded in Accounts Receivable which appeared to be expenses not incurred by Banex but paid on behalf of Banex's owner or a related third party, namely: (i) **Farnese Building Enterprise** — six (6) transactions totaling two hundred fifty-five thousand dollars ($255,000.00) for the period from January 1 through August 31, 2026, as to which Banex's representatives confirmed that the property in which the fixtures and improvements are being carried **is personally owned by Mr. Luis Gasparini**; (ii) **Club Hemingway** — four (4) transactions totaling five thousand two hundred eighty-nine dollars and forty-two cents ($5,289.42) paid on behalf of Mr. Luis Gasparini; (iii) **AMEX credit card payments** — five (5) transactions totaling fourteen thousand five hundred thirty-five dollars and thirty-eight cents ($14,535.38), for which no supporting documentation was provided upon request; (iv) **Porsche Financial** — one (1) transaction totaling three thousand one hundred fifty-nine dollars and fifty-six cents ($3,159.56), notwithstanding that Banex has no vehicles registered under its property and its employees have neither allowances nor company cars; and (v) **Barclay credit card** — one (1) transaction totaling five hundred dollars ($500.00), for which no supporting documentation was provided upon request.

69. The Monitor identified several journal entries performed throughout the periods that adjust balances with the description "**to correct data entry error.**" One of them, recorded as of June 30, 2026, was explained by the Head of Finance as having been recorded to present only three specific items in that account: (i) a two-million-dollar ($2,000,000.00) balance due from Mr. Giancarlo Gasparini used for purchasing shares of a hospital in the United States; (ii) one million two hundred thousand dollars ($1,200,000.00) used for **family home renovations**; and (iii) seven hundred five thousand dollars ($705,000.00) used as an upfront payment to purchase an apartment in Miami valued at $2.3 million, with $1.6 million remaining to be paid. The net effect of all of the previous transactions recorded in that account, amounting to approximately four million dollars

($4,000,000.00), was reclassified to the In-Transit account while the accounting department investigates further. **In consequence, the amounts presented as Accounts Receivable as of June 30, 2026 are understated.**

70. Mr. Gasparini's accounts receivable balance as of June 30, 2026 was thirteen million eight hundred thousand dollars ($13,800,000.00), with an opening balance for FY2026 of sixteen million one hundred thousand dollars ($16,100,000.00). That reduction of two million three hundred thousand dollars ($2,300,000.00) was recorded in March 2026, when the Head of Finance recorded a journal entry against the receivables account with the description "to correct data entry error." **Mininum evidence of repayment made during 2026 was available during the Monitor's review.** Of the detail of repayments from Mr. Gasparini maintained by the Head of Finance, totaling $1.3 million, the only repayments reflected in Banex's bank statements were for a total of $308,000.00 during March and April 2025, as to which the source of funds has not been validated, together with additional claimed repayments of $1,000,000.00 during 2024 which are **not reflected in Banex's bank statements at all.**

71. The Monitor further identified a **potential management override**. Mr. Gasparini's accounts receivable are mostly related to two (2) transactions of approximately $7.6 million each executed in previous periods. The Monitor observed an e-mail received by the Head of Finance on May 22, 2024, sent by Mr. Enrique Becerra, then Euro Exchange Group Operations Manager, stating that a transfer (ID #813793) totaling **$7,570,937.85** was created within the operations system as "instructed and approved by the Board of Directors with the purpose of the repayment of Mr. Gasparini's A/R account that he holds with EES." That e-mail refers to a previous transfer made in September 2023 (ID #776267) which, per Banex's financial records, totaled **$7,557,269.36**. As represented by the Head of Finance, **it was never clarified or explained whether the purpose of such transactions was related to Banex's operations**; the transactions were recorded in the A/R account as instructed by the EES Group representative.

72. There were additional journal entries recorded in that account during FY2026, for a total of approximately one million dollars ($1,000,000.00), which relate to another payable to Euro Exchange Securities arising from an agreement purportedly made in November 2023, **a copy of which has never been produced.**

73. With respect to **Forsecure**, a Simple Intercompany Services Acceptance Form dated December 10, 2020 records an intercompany agreement between Banex (then Euro Exchange International Bank) and Forsecure, under which the parties agreed to support each other in internal operations related to FOREX and other operations, and under which Banex provides "Overdraft Account Services." The agreement has a five-year term, was signed by Mr. German de La Torre on behalf of Forsecure, and is governed by conditions that include (i) consistent repayments to keep the overdraft account in good standing, (ii) reduction of the overdraft balance to zero by the end of each calendar year, (iii) a fee applied to each debit transaction, (iv) Banex's right to require full payment when necessary, (v) designation of the funds for internal operational purposes such as FOREX trading, (vi) Banex's right to cancel at any time, and (vii) an overdraft limit ranging from $5,000,000 to $10,000,000. **As of June 30, 2026, the related entity's accounts receivable balance totaled $3 million, and no payments were received from January 1 through June 30, 2026**, in direct contravention of the agreement's own terms. The Monitor confirmed receipt of one (1) payment of $370,607.93 traced to the corresponding July bank statement, and Management reported two (2) additional payments totaling $184,000.00 during August 2026 which have not been confirmed against bank statements. Banex Director Luigi Gasparini stated that, due to legal matters, the amount expected to be collected from the Forsecure receivable is **close to $1 million.**

74. With respect to **Euro Exchange Corp.**, a Simple Intercompany Services Acceptance Form dated December 4, 2020 records a materially identical intercompany agreement, signed by Mrs. Elisa Valdez on behalf of Euro Exchange Corp., with the same overdraft conditions and the same $5,000,000 to $10,000,000 limit. As of June 30, 2026, the related entity's accounts receivable balance totaled approximately four million seven hundred thousand dollars ($4,700,000.00), and **there is no reasonable expectation of recoverability of this balance due to the company's financial position.**

75. Finally, the Monitor reviewed the operational expenses recorded in Banex's financial records during FY2026 to identify expenses that could have been paid by Banex on behalf of any related or third

party. Those expenses include automatic credit card payments without proper evaluation of each expense, transfers to Mr. Luis Gasparini Sr. to potentially cover other credit card account expenses without proper evaluation, reimbursements to certain directors for credit card expenses, and personal car payments. **For FY2026, these expenses come to a total of approximately two hundred ten thousand dollars ($210,000.00)** and are currently under evaluation, which could lead to a further reclassification and increase to the accounts receivable balances.

(vi) Consent Order Compliance and Look-Back Review Implementation

76. As to the areas of Consent Order compliance and Look-Back Review implementation, the Monitor reported that the requirements covered under the Monitoring Order were revised, resulting in the deferral of their implementation, **given that many of the requirements outlined are in non-compliance**. Those items were accordingly treated as not applicable during the current period, subject to further guidance or direction from OCIF.

(vii) Cooperation

77. The Monitor reported that, throughout the course of the engagement, the institution and its representatives cooperated with the requests made, and that the following three (3) individuals were available to the Monitor at all times: Mr. Luis Gasparini Jr., Director; Mr. Sasha Ramjiawan, President and Chief Executive Officer; and Mr. Carlos Monserrate, Head of Finance.

V. CONCLUSIONS OF LAW

A. Duty to Maintain Adequate Capital and the Scenario of Insolvency

1. The Statement of Motives of OCIF's Organic Act provides that "[i]t is the inescapable responsibility of the State to ensure that the interests of those who are connected to these industries as depositors ... are protected," among others. Act No. 4-1985, Statement of Motives. (Translation ours.)

2. Article 4(b)(3) and (4) of Act No. 273-2012 provides, in pertinent part, as follows:

> (b) The articles of incorporation or bylaws in the case of a corporation, the articles of organization or the limited liability company agreement in the case of a limited liability company, the partnership agreement in the case of a partnership, or any other document by which an international financial entity is organized shall specify:
> ...
> (3) The initial paid-in capital. In the case of a corporation or a person other than a corporation, the amount of its paid-in capital shall not be less than ten million dollars ($10,000,000). Said amount shall be deemed the initial paid-in capital for all purposes of this Act and shall be fully paid at the time the license is issued. ... Notwithstanding the foregoing, in no case shall the amount of paid-in capital be less than ten percent (10%) of the deposits accepted by the IFE, unless such deposits are insured. ...
> (4) IFEs holding a license in effect as of the effective date of this Act shall increase their paid-in capital on a staggered basis until reaching a paid-in capital amount of at least ten million dollars ($10,000,000) in accordance with a capitalization plan prepared by each IFE and filed with the Commissioner for evaluation ...
> [...] (Translation ours.)

3. Article 2(m) of Act No. 273-2012 defines **insolvency** as follows:

> (m) Insolvency or Insolvent. — Refers to the financial situation in which an international financial entity, or the person of which an international financial entity is a unit, may find itself when **its liabilities exceed its assets, or it is unable to pay its debts as they mature, or when its paid-in capital has been reduced to less than one-third (1/3).**
> 7 L.P.R.A. § 3081. (Translation ours; emphasis supplied.)

4. Banex satisfies not one but **all three** statutory prongs of insolvency, and the administrative record admits no other conclusion.

5. **First**, Banex's liabilities exceed its assets. Banex reported total customer deposit accounts of $61,182,248.00 against total cash of $30,292,597.42 as of June 5, 2026, and itself computed a Liquidity Deficiency of $28,055,613.02. That figure, damning as it is, materially understates the extent of the deficiency, because the asset side of Banex's balance sheet is populated with items that are neither collectible nor, in several instances, locatable: (i) $24,053,786.46 carried in an "In Transit Account" whose whereabouts OCIF has been unable to determine since December 2025 and which the Monitor was likewise unable to verify; (ii) $13,779,753.36 receivable from Mr. Gasparini personally, with no repayment date, no repayment plan, no evidence of repayment during 2026 and $1,000,000.00 of claimed prior repayments that appear nowhere in Banex's bank statements; (iii) $4,766,000.00 receivable from Euro Exchange Corp., as to which the Monitor found **no reasonable expectation of recoverability**; (iv) $3,037,633.45 receivable from Forsecure, of which Banex's own Director expects to collect approximately one million dollars; and (v) approximately $10,300,000.00 of "Other Assets" — a BMAD certificate of deposit, Dominican Republic properties and French cash funds — that did not exist on the balance sheet until they were **manufactured by reclassification out of the same In Transit account.** Strip from Banex's assets that cannot be found and that which will not be paid, and the institution's liabilities exceed its assets by a margin that is not arguable.

6. **Second,** Banex is unable to pay its debts as they mature. The Monitor found that, as of June 30, 2026, Banex held cash and cash equivalents of $10.2 million, of which $2.9 million are frozen and the remaining $7.3 million includes funds restricted by OCIF, against an obligation of **$46.9 million payable to depositors**. The Monitor expressly concluded that "the current liquid assets are entirely insufficient to meet total customer deposit liabilities" and that Banex's liquidity position "is further constrained by the fact that most of its receivables are not expected to be repaid in the near term." The JSA of EES UK has already demanded immediate payment of $633,179.24. An institution that holds seven million dollars against forty-seven million dollars of demand liabilities is not illiquid; it is insolvent.

7. **Third**, Banex's paid-in capital has been reduced below the statutory threshold, and what remains of it is illusory. Banex committed to OCIF, in writing and over the signature of its Chairman and sole shareholder, to reach the $10,000,000.00 minimum required by Circular Letter No. CIF-CC-2024-002 through staggered annual contributions. Its balance sheet reflects $4,000,000.00 of additional paid-in capital as of June 30, 2026. The Monitor, however, could obtain **no evidence whatsoever** that those funds came from any account owned by Mr. Gasparini, and confirmed — through Banex's own Head of Finance — that the funds used were **depositor-related funds**. Capital contributed with depositors' money is not capital. It is a circular entry that leaves the institution exactly as undercapitalized as it was before, while converting the depositors' own money into the purported cushion that is supposed to protect them. Total Capital of $7,505,775.44 reported on the June 5, 2026 Trial Balance is therefore overstated to the extent of the funds so misapplied, and the Capital Plan on which Banex asked OCIF to rely is, in the Monitor's words, **"not executable nor feasible."**

8. Banex will no doubt urge that the EES UK intervention is an external event beyond its control. That argument fails on its own terms. EES UK is not an unrelated counterparty; it is an entity controlled by the same family that owns Banex, to which Banex — its "most important client" — exposed tens of millions of dollars of depositor funds without any of the diversification, documentation or independent verification that elementary prudence, let alone the Consent Order, required. Moreover, the deficiencies catalogued in the Monitor's Report — receivables to the owner, personal expenses charged to the institution, unreconciled systems, manufactured assets, unperformed recurring entries, a petty cash fund missing ninety percent of its balance, and Call Reports that the Head of Finance concedes are filed to meet deadlines and corrected later — predate the FCA's intervention entirely and have nothing to do with it.

B. <u>OCIF's Authority to Issue this Order Summarily and Without Prior Hearing</u>

9. Article 3 of Act No. 273-2012, 7 L.P.R.A. § 3082, provides as follows:

(d) In addition to all the powers and authority conferred upon it by this Act, as supervisor of the international financial entities, the Commissioner shall have all the powers that are conferred upon it by Act No. 4 for the supervision and oversight of financial institutions, including, but not limited to, the power of investigation, examination, voluntary or involuntary liquidation proceedings and the prosecution of various actions to enforce compliance with this Act or penalize its violation. Among such actions, and upon a prior determination that a person or international financial entity has incurred in a violation of this Act or of a Regulation of the Commissioner, as well as of an order or administrative resolution issued by OCIF, the Commissioner may issue against it such orders as it deems convenient and necessary to safeguard the public interest, such as cease and desist orders, orders to show cause, agreements or memoranda of understanding, and may initiate proceedings in accordance with the provisions of the LPAU; **however, when in the judgment of the Commissioner such violation causes or could cause grave immediate harm to the industry, the citizenry or particular persons, the Commissioner may issue such order summarily, dispensing with the requirement of notice and hearing, until any proceeding instituted pursuant to this Article is finally disposed of.**

(e) The Commissioner may, in addition, impose fines, restitution and administrative sanctions for violations of this Act, the Regulations of the Commissioner and its orders.

(f) **The Commissioner may, when it deems it pertinent, in the process of cease and desist or of involuntary liquidation of the international financial entity, retain and appoint a receiver to take charge of the involuntary liquidation process.**

7 L.P.R.A. § 3082. (Translation ours; emphasis supplied.)

10. Article 10(a)(10)(i) of Act No. 4-1985, 7 L.P.R.A. § 2010(a)(10)(i), which Article 3(d) of Act No. 273-2012 incorporates, provides in pertinent part that "[w]hen, in the judgment of the Commissioner, such violation causes or may cause grave immediate harm to the industry, the citizenry or particular persons, [the Commissioner] may issue such order summarily, dispensing with the requirement of notice and hearing, until any proceeding instituted pursuant to this Article is finally disposed of," and that upon issuing such an order the Commissioner shall promptly give notice that it has been issued, of the reasons therefor, and that "within fifteen (15) days from receipt of a written request the matter shall be set for hearing." (Translation ours.) Article 10(a)(12)(v) of the same Act expressly exempts orders issued under that provision from the requirements of prior notice and opportunity to be heard.

11. Section 3.17 of Act No. 38-2017, 3 L.P.R.A. § 9657, provides that an agency "may use emergency adjudicative procedures in a situation in which there exists an imminent danger to the public health, safety and welfare or which requires immediate action by the agency," that the agency "may take only such action as is necessary within the circumstances ... and as justifies the use of immediate adjudication," that the agency "shall issue an order or resolution that includes a concise statement of the findings of fact, conclusions of law and the public policy reasons that justify the agency's decision to take specific action," that "[t]he order or resolution shall be effective upon issuance," and that "[a]fter an order or resolution is issued pursuant to this Section, the agency shall promptly proceed to complete any proceeding that would have been required if no imminent danger existed." (Translation ours.)

12. Chapter III of Regulation No. 9551 implements that authority for OCIF. Section 25.1 provides that "[w]hen, in the judgment of the Office, there exists an imminent danger to the safety of the industry, the citizenry or the public order which requires immediate action, the Commissioner may issue an order or resolution of a summary nature," that such order "shall be issued without the need for notice and a prior hearing," and that after its issuance "OCIF shall promptly proceed to complete any proceeding that would have been required if no imminent danger existed." Section 25.2 requires that the summary order include "a concise statement of the findings of fact, conclusions of law, the date, time and place of the hearing, the sanctions imposed and the public policy reasons that justify the decision of the Office to take specific action." Section 25.3 provides that the order "shall be effective upon issuance and shall continue in force until modified or set aside by the Commissioner." Section 25.5 provides that "[o]nce the summary order or resolution is issued, it shall be deemed to constitute a complaint under Chapter II of this Regulation, thereby initiating the formal adjudication process." (Translation ours.)

13. Each of those requirements is satisfied here. The findings of fact set forth in Section IV, made on the basis of Banex's own reports, trial balances and personnel and independently verified by the Monitor, establish that Banex is insolvent under each of the three prongs of Article 2(m) of Act No. 273-2012; that in excess of twenty-four million dollars ($24,000,000.00) of depositor funds carried as "in transit" cannot be located; that the institution's remaining liquid assets are being consumed by advances to its sole shareholder, directors and officers; and that the reports on which OCIF must rely to monitor the safety of depositors are inaccurate. Every day on which Banex remains authorized to accept deposits, to execute transfers and to hold itself out to the public as a licensed international financial entity is a day on which the persons and entities having funds in its custody stand in danger of being defrauded. That is a "grave immediate harm to ... particular persons" within Article 3(d) of Act No. 273-2012 and Article 10(a)(10)(i) of Act No. 4-1985, and an "imminent danger to the ... safety of the industry [and] the citizenry" within Section 3.17 of Act No. 38-2017 and Section 25.1 of Regulation No. 9551. The measures adopted in Sections VI and VII are limited to what those circumstances require: they stop the conduct that creates the danger and withdraw the authorization under which it is conducted; they impose no fine and collect no money. The date, time and place of the hearing are set in Section IX; this Order constitutes the complaint under Section 25.5; and OCIF will proceed promptly to complete the proceedings required by Articles 17(a), 19(e) and 20 of Act No. 273-2012, as Section 3.17 and Section 25.1 direct.

14. The procedure so established satisfies the requirements of due process of law under Article II, Section 7 of the Constitution of Puerto Rico and Act No. 38-2017. The Supreme Court of Puerto Rico has held that a party adversely affected by an administrative sanction is entitled, before the sanction becomes final, to a process that provides, as a minimum: (1) adequate notice; (2) a proceeding before an impartial adjudicator; (3) the opportunity to be heard; (4) the right to cross-examine witnesses and to examine the evidence presented against it; (5) the opportunity to be assisted by counsel; and (6) a decision based on the record. *Katiria's Café, Inc. v. Municipio Autónomo de San Juan*, 2025 TSPR 33. Banex is afforded each of those guarantees at the hearing scheduled in Section IX, before the revocation ordered in Section VII becomes final and before any fine proposed in Section VIII is imposed; what the summary character of this Order withholds from Banex is not the hearing, but the opportunity to continue accepting and disposing of depositors' funds while the hearing is held.

C. <u>Grounds for the Revocation of License IFE-37</u>

15. Article 17(a) of Act No. 273-2012, 7 L.P.R.A. § 3095(a), provides, in pertinent part, as follows:

> (a) The license issued under Article 6 of this Act shall be subject to revocation, cancellation or suspension by the Commissioner, upon prior notice and hearing in accordance with the regulation provided in Article 20 of this Act, if:
> (1) an international financial entity, or the person of which such international financial entity is a unit, contravenes or fails to comply with any of the provisions of this Act, any Regulation of the Commissioner, circular letters, guidance documents applicable to IFEs, any order issued by the Commissioner or memoranda of understanding established pursuant to this Act, or any of the terms and conditions of the license to operate an international financial entity;
> ...
> (3) the Commissioner finds that the business or affairs of an international financial entity are conducted in a manner inconsistent with the public interest; or
> (4) if it determines that there exists any fact which, had it existed or been known at the time the license was issued or renewed, would have been sufficient cause to deny it, or if it discovers that the international financial entity has submitted false, incorrect or misleading information, OCIF shall carry out the actions relating to the revocation, cancellation or suspension of the license in accordance with the powers and authority conferred upon it by Act No. 4 and pursuant to the LPAU.
> Act No. 273-2012, Article 17(a)(1), (3) and (4), 7 L.P.R.A. § 3095. (Translation ours.)

16. Each of those three grounds is established on the record. Under Article 17(a)(1), Banex has contravened and failed to comply with the Act (Articles 4(b)(3)–(4), 11(6), 13(a)(1)–(2) and (b), and 15(a) and (b)), with Regulation No. 5653 (Article 11(2)), and with an order issued by the Commissioner — the Consent Order of October 16, 2025, including Sections B, F, K, M and O

thereof — as set forth in Section IV and in subsections D and E below. Under Article 17(a)(3), the business and affairs of Banex are conducted in a manner inconsistent with the public interest: an institution that reports as capital funds taken from its depositors, that cannot locate twenty-four million dollars of the funds entrusted to it, that applies depositors' money to the personal obligations of its owner, and that files regulatory reports its own Head of Finance concedes are inaccurate, is the antithesis of the sound, responsible and viable operation that the license presupposes. Under Article 17(a)(4), Banex has submitted to OCIF false, incorrect and misleading information — Call Reports and Easy Call Reports misstated by four million dollars, an Easy Call Report that omitted an entire month, a Legal Reserve report irreconcilable with the Easy Call Report by twenty-seven million dollars in cash and thirty-four million dollars in deposits, and a capital contribution presented as the shareholder's own funds that was made with depositors' money — and the facts so concealed, had they been known at the time of the last renewal of the license, would have been sufficient cause to deny it.

17. Article 17(a) contemplates that revocation be preceded by notice and hearing under Article 20. Article 3(d) of the same Act, Article 10(a)(10)(i) of Act No. 4-1985, Section 3.17 of Act No. 38-2017 and Section 25.1 of Regulation No. 9551 authorize the Commissioner, where the violation causes or may cause grave immediate harm, to issue the order summarily and to afford the hearing afterward, "until any proceeding instituted pursuant to this Article is finally disposed of." The revocation ordered in Section VII is issued on that basis: it is effective upon notification, so that Banex may not hold itself out as a licensed international financial entity, accept a single additional deposit or invoke the license before any correspondent bank, client or authority for a single day longer; and it remains subject to the hearing scheduled in Section IX and to the final order to be entered thereafter in accordance with Articles 17(a) and 20 and Regulation No. 9551. The license is the instrument by which Banex is authorized to receive and hold the public's funds; where the record establishes that the holder of that license is insolvent and has applied those funds to the private purposes of its owner, the continued effectiveness of the license during the pendency of the hearing is itself the harm that the summary power exists to prevent. Pursuant to Article 17(c) of Act No. 273-2012, the revocation does not diminish or affect the obligations arising from any valid contract between Banex and other persons, all of which are administered by the Receiver under the Receivership Order.

D. <u>Reports and Financial Statements Required by Law</u>

18. Article 13(a)(1)–(2) and (b) of Act No. 273-2012 provides that international financial entities shall be obligated to "[s]ubmit accurate and timely reports of their operations, as requested by the Commissioner," and to "[k]eep available those documents determined by the Commissioner through the Commissioner's Regulations, circular letters or guidance documents applicable to IFEs," and that every IFE operating in Puerto Rico shall submit to OCIF the reports required of it in the form and with the content established by the Commissioner. (Translation ours.)

19. Article 15(a) and (b) of Act No. 273-2012 further requires every IFE to submit all reports required by the Commissioner's Regulations, circular letters or guidance documents, and to remit to the Commissioner an annual report of its financial condition and results of operations within ninety (90) days following the close of each fiscal year, including audited annual financial statements accompanied by a certification that the entity is in compliance with the terms of the Act and the Commissioner's Regulations. Article 11(2)(a) of Regulation No. 5653 imposes the parallel obligation to remit a report of condition and results of operations as of the last day of each quarter, within thirty (30) days of the close of each quarter, in the form prescribed by the Commissioner.

20. The obligation to report is not discharged by filing something on time. It is discharged by filing something **accurate**. Banex's Head of Finance has conceded that Call Reports are submitted "to comply with due dates" and corrected afterward; that he was uncertain what information certain fields of the report even required; that the December 31, 2025 Easy Call Report omitted an entire month "due to an error on our part"; and that recurring accruals are simply not performed during the year and are left to the external auditors. The Monitor independently verified that cash and receivables were misstated by four million dollars against the institution's own ERP, that deposits differ by approximately $376,000.00 from source data, and that a reported net income of $137,000.00 was in truth a net loss. Reports of that character do not merely fail the statute; they deprive the regulator of the single instrument by which the safety of depositors is monitored.

Banex violated Articles 13(a)(1)–(2) and (b) and 15(a) and (b) of Act No. 273-2012 and Article 11(2) of Regulation No. 5653.

E. Related-Party Transactions, Fiduciary Duty and Criminal Exposure

21. Fifty-four percent of Banex's entire accounts receivable portfolio is owed by its sole shareholder. Another nineteen percent is owed by a company he controls, and which cannot pay. Another sixteen percent is owed by directors and officers. In the aggregate, **approximately eighty-nine percent of the institution's receivables are owed by insiders**, none of it subject to a repayment date or a repayment plan, and a substantial portion of it representing renovations to a family home, shares in a hospital, an apartment in Miami, country club dues, credit card balances and payments to Porsche Financial made by an institution that owns no vehicles. The Consent Order gave Banex one hundred eighty days to reduce related-party concentrations to twenty-five percent of total capital and reserves. Banex did the opposite.

22. More fundamentally, Article 11 of Act No. 273-2012, 7 L.P.R.A. § 3090, provides that an international financial entity shall not:

> (6) **Grant any type of financing or credit to any of its directors, officers, employees, shareholders, members or partners, except when previously authorized in writing by the Commissioner;**
> (Translation ours; emphasis supplied.)

23. No such authorization was ever requested, and none was ever granted. Every dollar of the $13,779,753.36 receivable from Mr. Gasparini, of the $3,991,400.00 receivable from directors and officers, and of the advances that paid for a family home, a hospital investment, an apartment in Miami, club dues, credit card balances and a vehicle is an extension of credit to an insider made in violation of an express statutory prohibition.

24. These are not accounting irregularities. They are the application of depositors' money to the private purposes of the persons entrusted with it, papered over by journal entries bearing the description "to correct data entry error" and by reclassifications into an account whose contents no one at the institution can identify. The Monitor's own conclusion is that the absence of a reimbursement policy "increases the risk [of] misappropriation," and that the $7.6 million transfers executed on the instruction of a Euro Exchange Group operations manager, for the stated purpose of repaying the shareholder's personal receivable, constitute a **potential management override**. Banex thereby violated its fiduciary duty to its depositors and the provisions of Act No. 273-2012 and of the Consent Order governing related-party transactions and internal controls.

25. It bears emphasis that the capital deficiencies that place Banex in non-compliance are matters of the first order. So much so that Article 19(b) of Act No. 273-2012 makes it a felony for an officer or employee of an international financial entity, or of a person of which it is a unit, to receive on behalf of the entity any deposit or contract for a loan knowing that the entity or such person is insolvent. Article 19(d) separately makes it a felony for a director, officer or employee to willfully misrepresent the entity's financial condition or a transaction, or to refuse to provide information lawfully required by the Commissioner. Article 19(c) makes it a felony for any director, officer or employee to unlawfully appropriate, embezzle, withdraw or willfully misuse the entity's money, funds, credits or securities. In other words, faced with a scenario of insolvency, Act No. 273-2012 does not contemplate that the international financial entity may continue its ordinary course of operations. Nothing in this Order shall be construed to limit any referral OCIF may make to the appropriate prosecutorial authorities.

F. OCIF's Authority to Impose Administrative Fines

26. Article 19(e) of Act No. 273-2012 provides as follows:

> (e) The foregoing provisions of this Article shall not be construed as limiting in any manner the power of the Commissioner to impose administrative fines for violations of this Act or of the Commissioner's regulations. The Commissioner is authorized to:

(1) Impose and collect administrative fines of not less than five thousand dollars ($5,000.00) nor more than twenty-five thousand dollars ($25,000) for each violation of the provisions of this Act or the provisions contained in the Commissioner's Regulations.
(2) Impose any other remedy deemed necessary to enforce the purposes of this Act.
(3) Impose and collect administrative fines of not less than one thousand dollars ($1,000) nor more than ten thousand dollars ($10,000) for each day on which the international financial entity fails to comply with the requirements or orders issued by the Commissioner.
Act No. 273-2012, Article 19(e), 7 L.P.R.A. § 3097. (Translation ours.)

27. The administrative fines proposed in Section VIII are proposed under Article 19(e)(1) and (3) of Act No. 273-2012 exclusively, each at the minimum amount that Article authorizes, and not under Article 20(c) of Act No. 4-1985 or Article 13(2) of Regulation No. 5653. Article 19(e)(3), added to Act No. 273-2012 by Act No. 44-2024, authorizes a fine of not less than one thousand dollars ($1,000.00) for each day on which an international financial entity fails to comply with the requirements or orders issued by the Commissioner, without any limitation on its accumulation; the Consent Order is an order issued by the Commissioner, and each period of accrual stated in Section VIII commenced after the effectiveness of Act No. 44-2024. The limitation on the accumulation of daily fines contained in Article 20(c) of Act No. 4-1985 therefore has no application to the fines proposed herein.

28. Consistent with the guarantees described in subsection B above, the fines proposed in Section VIII are not imposed by this Order. They shall be adjudicated at the hearing scheduled in Section IX, upon the evidence presented and the record made, and shall become final and payable only upon the final order entered in this proceeding. Pursuant to Section 3.20 of Act No. 38-2017, any fine so imposed shall accrue interest from the date on which its payment is ordered in the final order until satisfied, at the rate fixed by regulation of the Financial Board for civil judicial judgments and in effect at the time the final order is rendered.

G. <u>The Extraordinary Circumstances Warrant Immediate and Summary Action</u>

29. As appears from the administrative record of the captioned proceeding, Banex has failed to comply with the Consent Order it voluntarily executed, has failed to maintain the capital required by law, and has placed in jeopardy the deposits of the institution's clients — with the aggravating circumstance that those deposits are not insured. The operational problems Banex faces, which have resulted in recurring and continuing operating losses, have the adverse effect of impairing the interests of the institution's depositors in recovering the funds entrusted to Banex. Operational and financial uncertainty of this magnitude is irreconcilable with the parameters of a depository institution and with the fiduciary relationship such an entity bears toward its clients. Given that Banex's financial insolvency continues to worsen with the passage of time, and that the entity has proven incapable of remedying that condition even under the supervision of an independent Monitor paid for out of its own funds, OCIF, in the discharge of its broad powers, is compelled to take extraordinary measures to address this situation with the urgency it requires.

30. Moreover, permitting an international financial entity presenting a capital profile such as Banex's to continue operating — without having designed and successfully implemented a capitalization plan for its operations, in violation of Act No. 273-2012 — calls into question and undermines public confidence in the jurisdiction of Puerto Rico as a banking system of law and order that ensures strict compliance with the applicable regulatory framework. To fail to act decisively and promptly would be the equivalent of taking a step backward in Puerto Rico's financial recovery, and could impair the Island's reputation as an international financial destination in which to do business.

31. Accordingly, the Commissioner has ample ground in law to conclude that Banex's situation has become so precarious and of such a nature that it is causing and has caused irreparable harm to the interests of the institution itself and of the persons and entities holding funds or securities in it. Banex has failed to comply with the minimum capital requirements, has concealed from OCIF a federal subpoena it was contractually and statutorily bound to disclose, has reported to OCIF financial information that its own personnel concede is inaccurate, has allowed twenty-four million dollars of depositor funds to become untraceable, and has permitted its controlling

shareholder to become its largest single debtor. There is more than sufficient legal basis to determine that this entity must cease operating as an international financial entity and be placed, immediately, in the hands of a receiver.

VI. SUMMARY CEASE AND DESIST ORDER

Pursuant to Article 3(d) of Act No. 273-2012, Article 10(a)(10)(i) of Act No. 4-1985, Section 3.17 of Act No. 38-2017 and Section 25.1 of Regulation No. 9551, and on the basis of the findings of fact and conclusions of law set forth above, this ORDER is hereby issued to Banex, effective immediately upon notification, so that it:

(A) **Immediately cease and desist** from conducting business as an international financial entity, having: (i) failed to maintain the minimum capital and solvency required by Articles 2(m) and 4(b)(3)–(4) of Act No. 273-2012; (ii) failed to comply with the terms and conditions of the Consent Order issued on October 16, 2025 in Case No. OCFI-2025-D-IFE-37-3082-03; (iii) submitted to OCIF inaccurate, incomplete and unreliable reports in violation of Articles 13(a)(1)–(2) and (b) and 15(a) and (b) of Act No. 273-2012 and Article 11(2) of Regulation No. 5653; (iv) failed to notify OCIF of a federal subpoena received in May 2026, in violation of Section O of the Consent Order; and (v) applied funds of the institution to the personal obligations and investments of its shareholder, directors and officers, in breach of its fiduciary duties and of Article 11(6) of Act No. 273-2012 and of the Consent Order. Without limiting the generality of the foregoing, Banex shall immediately cease and desist from: (a) accepting any deposit; (b) opening, funding or servicing any correspondent banking relationship; (c) executing, processing or authorizing any transfer, payment, withdrawal or disbursement of any kind, except as expressly authorized in writing by the Receiver appointed by the Receivership Order; (d) selling, assigning, pledging, encumbering, transferring or otherwise disposing of any asset; and (e) making any payment, distribution, dividend, advance, reimbursement, loan, compensation or transfer of any kind to or for the benefit of any shareholder, director, officer, employee, affiliate, related entity or ultimate beneficial owner.

(B) **Refrain from holding itself out** to the public, to any client, correspondent bank, financial institution, regulator or authority, in Puerto Rico or elsewhere, as an international financial entity licensed by OCIF, and from using, displaying, invoking or representing license number IFE-37 or the designation "International Financial Entity" or "IFE" in any communication, contract, account opening, transaction, advertisement or other document, except as the Receiver may require for the purposes of the liquidation.

(C) **Preserve** every document, record, communication, accounting entry, transaction record, banking information, system, database, backup and other evidence relating to its operations, assets, liabilities and transactions, in physical or electronic form and wherever located, and **cooperate with and assist the Receiver** in the terms set forth in Section VIII of the Receivership Order, which is incorporated herein by reference. The alteration, destruction, concealment, unauthorized transfer, deletion, loss, manipulation or disposition of any such document, information, asset or evidence shall constitute an independent violation of this Order.

(D) **Refrain from communicating** with its clients, depositors, correspondent banks or the public regarding this Order, the Receivership Order or the condition of the institution, except through, and with the prior written approval of, the Receiver.

(E) **Comply** with the Receivership Order and with every directive of the Receiver issued thereunder, and cause its shareholder, directors, officers, employees, advisors and agents to do likewise.

The measures ordered in this Section are effective upon issuance and shall continue in force until modified or set aside by the Commissioner, pursuant to Section 25.3 of Regulation No. 9551. They are independent of the revocation ordered in Section VII and of the fines proposed in Section VIII, and shall remain in force notwithstanding any stay, modification or reversal of either.

VII. REVOCATION OF LICENSE

On the basis of the findings of fact set forth in Section IV and the conclusions of law set forth in Section V, and having determined that the violations found cause and may continue to cause grave immediate harm to the persons and entities having funds in the custody of Banex, to the international financial entity industry and to the public interest, it is hereby ORDERED that:

(A) License number **IFE-37** issued to Banex International Bank, Inc. (formerly Euro Exchange International Bank, Inc.) is hereby **REVOKED**, effective immediately upon notification of this Order, pursuant to Article 17(a)(1), (3) and (4) of Act No. 273-2012, summarily and without prior hearing as authorized by Article 3(d) of Act No. 273-2012, Article 10(a)(10)(i) of Act No. 4-1985, Section 3.17 of Act No. 38-2017 and Section 25.1 of Regulation No. 9551.

(B) As of the effective date of this revocation, Banex is not authorized to hold itself out as, or to conduct any business as, an international financial entity, and may not accept deposits, open or service accounts, execute transfers or engage in any activity enumerated in the license or in Article 12 of Act No. 273-2012, except through and as directed by the Receiver for the sole purposes of the liquidation decreed in the Receivership Order.

(C) Banex shall deliver the original certificate of license IFE-37 to the Receiver, who shall hold it in custody as ordered in Section VI(B) of the Receivership Order, within five (5) days of notification of this Order.

(D) The revocation ordered herein is a summary measure. It is subject to the hearing scheduled in Section IX of this Order, at which Banex may contest it with the full guarantees set forth therein, and to the final order to be entered in this proceeding in accordance with Articles 17(a) and 20 of Act No. 273-2012 and Regulation No. 9551, by which the revocation shall be confirmed, modified or set aside. OCIF shall proceed promptly to complete that proceeding. Pending the final order, the revocation shall remain in full force and effect, and no motion, request, answer or petition filed by Banex shall suspend it, except by express order of OCIF or of a court of competent jurisdiction.

(E) Pursuant to Article 17(c) of Act No. 273-2012, the revocation ordered herein shall not diminish or affect the obligations arising from any valid contract existing between Banex and other persons, which shall be administered, honored or resolved by the Receiver in accordance with the Receivership Order.

(F) The revocation ordered herein is independent of the appointment of the Receiver and of the decree of liquidation and dissolution made in the Receivership Order, which rest on Articles 3(f) and 18(e) and (f) of Act No. 273-2012 and not on Article 18(a)(i). The stay, modification or reversal of the revocation shall not affect the Receivership Order in any respect.

VIII. ADMINISTRATIVE COMPLAINT — PROPOSED ADMINISTRATIVE FINES

Pursuant to Article 19(e) of Act No. 273-2012, Article 3(d) and (e) of the same Act, and Sections 2.4 and 25.5 of Regulation No. 9551, OCIF hereby charges Banex with the violations set forth in Sections IV and V of this Order and proposes the imposition of the following administrative fines, each at the minimum amount authorized by Article 19(e), in recognition that every dollar collected in fines is a dollar unavailable for the depositors of Banex:

(A) A fine of **FIVE THOUSAND DOLLARS ($5,000.00)** is proposed, pursuant to Article 19(e)(1) of Act No. 273-2012, for failing to comply with the level of solvency and minimum capital required by Articles 2(m) and 4(b)(3)–(4) of Act No. 273-2012.

(B) A fine of **FIVE THOUSAND DOLLARS ($5,000.00)** is proposed, pursuant to Article 19(e)(1) of Act No. 273-2012, for submitting to OCIF inaccurate, incomplete and unreliable reports, in violation of Articles 13(a)(1)–(2) and (b) and 15(a) and (b) of Act No. 273-2012 and Article 11(2) of Regulation No. 5653.

(C) A fine of **FIVE THOUSAND DOLLARS ($5,000.00)** is proposed, pursuant to Article 19(e)(1) of Act No. 273-2012, for the related-party transactions described in Section IV of this Order, in violation of Article 11(6) of Act No. 273-2012, and for the failure to reduce related-party concentrations as required by the Consent Order.

(D) A fine of **FIVE THOUSAND DOLLARS ($5,000.00)** is proposed, pursuant to Article 19(e)(1) of Act No. 273-2012, for failing to notify OCIF of the federal subpoena received in May 2026, in violation of Section O of the Consent Order and of Article 13(b) of Act No. 273-2012.

(E) A fine of ONE THOUSAND DOLLARS ($1,000.00) per day is proposed, pursuant to Article 19(e)(3) of Act No. 273-2012, for each day of non-compliance with the requirement of the Consent Order to implement a reliable accounting system adequate for the complexity and size of Banex within ninety (90) days of its effective date, computed from January 15, 2026 through the date of this Order, September 18, 2026, that is, two hundred forty-seven (247) days, for a total of **TWO HUNDRED FORTY-SEVEN THOUSAND DOLLARS ($247,000.00)**.

(F) A fine of ONE THOUSAND DOLLARS ($1,000.00) per day is proposed, pursuant to Article 19(e)(3) of Act No. 273-2012, for each day of non-compliance with the requirement of the Consent Order to reduce, within one hundred eighty (180) days of its effective date, the concentration of bank accounts or loans to related parties to no more than twenty-five percent (25%) of Banex's total capital and reserves, computed from April 15, 2026 through the date of this Order, September 18, 2026, that is, one hundred fifty-seven (157) days, for a total of **ONE HUNDRED FIFTY-SEVEN THOUSAND DOLLARS ($157,000.00)**.

(G) A fine of ONE THOUSAND DOLLARS ($1,000.00) per day is proposed, pursuant to Article 19(e)(3) of Act No. 273-2012, for each day of non-compliance with the requirement of Section O of the Consent Order to notify OCIF of the federal subpoena received during May 2026, computed from June 1, 2026 through the date of this Order, September 18, 2026, that is, one hundred ten **(110) days, for a total of ONE HUNDRED TEN THOUSAND DOLLARS ($110,000.00)**.

The total of the fines proposed amounts to **FIVE HUNDRED THIRTY-FOUR THOUSAND DOLLARS ($534,000.00)**, consisting of twenty thousand dollars ($20,000.00) in fixed fines under Article 19(e)(1) and five hundred fourteen thousand dollars ($514,000.00) in daily fines under Article 19(e)(3), computed through the date of this Order. The daily fines proposed in paragraphs (E), (F) and (G) above continue to accrue at the rate of one thousand dollars ($1,000.00) per day for each violation from the date of this Order until the Receiver certifies to OCIF that the corresponding requirement has been satisfied or has become moot by reason of the liquidation, and the amount so accrued shall be quantified in the final order. The fines are proposed under Article 19(e)(1) and (3) of Act No. 273-2012 exclusively and not under Article 20(c) of Act No. 4-1985.

No fine proposed in this Section is imposed by this Order. The fines shall be adjudicated at the hearing scheduled in Section IX and imposed, if at all, by the final order entered in this proceeding. Any fine so imposed shall be payable by certified check in favor of the Secretary of the Department of the Treasury within ten (10) days from the date of notification of the final order, shall accrue interest pursuant to Section 3.20 of Act No. 38-2017 from that date until satisfied at the rate fixed by regulation of the Financial Board for civil judicial judgments and in effect at the time the final order is rendered, and shall be paid by the Receiver as an administrative expense of the first rank in accordance with Section VII(C)(1) of the Receivership Order. The Receiver shall reserve funds sufficient for that purpose pending the final order.

IX. HEARING AND PROCEDURE

Pursuant to Section 25.2 of Regulation No. 9551, the adjudicative hearing in this proceeding is hereby scheduled for **October ___, 2026, at 9:00 a.m.**, at the offices of the Office of the Commissioner of Financial Institutions, 1492 Ave. Ponce de León, Suite 600, Edif. Centro Europa, San Juan, Puerto Rico 00907. The hearing may be held, in whole or in part, by videoconference in accordance with Section 12 of Regulation No. 9551, upon request of Banex or by order of the presiding officer.

Pursuant to Section 25.5 of Regulation No. 9551, this Order constitutes the complaint that initiates the formal adjudicative proceeding under Chapter II of that Regulation. Pursuant to Section 2.16, Banex shall file its answer to this Order within twenty (20) days from the date of filing in the record of the notification hereof, including the defenses available to it and a copy of every document it intends to offer in evidence, and shall serve a copy of its answer upon OCIF's counsel of record. The proceeding shall be resolved within the term provided in Section 2.14 of Regulation No. 9551, and shall be presided over by the examining officer or administrative judge designated by the Commissioner pursuant to Sections 2.6 through 2.9 thereof, who shall not have participated in the investigation of the matters charged herein.

The subject matter of the hearing shall be: (i) whether the cease-and-desist measures ordered in Section VI shall be continued, modified or set aside; (ii) whether the revocation of license IFE-37 ordered in Section VII shall be confirmed, modified or set aside; and (iii) whether the administrative fines proposed in Section VIII shall be imposed, and in what amount. The appointment of the Receiver and the decree of liquidation and dissolution made in the Receivership Order are not within the subject matter of the hearing.

At the hearing Banex shall have the right: (1) to adequate notice of the charges, which this Order provides; (2) to a proceeding before an impartial adjudicator; (3) to be heard and to present evidence and argument in its defense; (4) to cross-examine the witnesses presented by OCIF and to examine the evidence presented against it, including the Monitor's Report, which shall be made available to Banex and its counsel under the confidentiality provisions of Article 21 of Act No. 273-2012; (5) to be assisted by counsel of its choice; and (6) to a decision based exclusively on the record of the proceeding. Discovery shall be governed by Section 6 of Regulation No. 9551. Should Banex fail to answer or to appear at the hearing, the presiding officer may proceed in its absence, and the Commissioner may enter a final order upon the record, pursuant to Section 18 of Regulation No. 9551.

OCIF shall appear in this proceeding through its counsel of record, Heriberto López Guzmán, Esq. and Jan Carlos Bonilla Silva, Esq., upon whom all filings shall be served at the addresses stated in the certificate of notification of this Order.

X. GENERAL NOTICES AND WARNINGS

This Order is effective upon issuance and shall continue in force until modified or set aside by the Commissioner, pursuant to Section 25.3 of Regulation No. 9551. The filing of an answer, of a request or motion of any kind, of a motion for reconsideration or of a petition for judicial review shall not have the effect of suspending, staying or limiting the validity, effectiveness or compliance with this Order, except by express order of OCIF or of a court of competent jurisdiction, pursuant to Sections 23.1 and 24.1 of Regulation No. 9551 and Section 3.17 of Act No. 38-2017.

Banex is advised that, once the final order in this proceeding is entered and notified, any party adversely affected may file a motion for reconsideration before the Commissioner within twenty (20) days from the date of filing in the record of the notification of the final order, pursuant to Section 23.1 of Regulation No. 9551 and Section 3.15 of Act No. 38-2017, and may file a petition for judicial review before the Court of Appeals within thirty (30) days from the date of filing in the record of the notification of the final order, or from the applicable date provided in Section 23.1 of Regulation No. 9551 where a timely motion for reconsideration has been filed, pursuant to Section 24.1 of Regulation No. 9551, Section 4.2 of Act No. 38-2017 and Article 20 of Act No. 273-2012. If the date of filing in the record of the notification differs from the date of deposit in the mail or of transmission by electronic means, the term shall be computed from the latter.

Banex is further advised that the Commissioner's determination to appoint the Receiver, made in the Receivership Order, may be reviewed solely by petition filed before the Court of First Instance, San Juan Superior Part, within the term of ten (10) days provided in Article 18(f) of Act No. 273-2012, as set forth in the Receivership Order. Nothing in this Order, and no answer, motion, request for hearing, motion for reconsideration or petition for judicial review filed in this proceeding, shall suspend, interrupt or extend that term.

This Order is notified to Banex on the date of its issuance by electronic mail to the addresses stated in Section III and by personal delivery at its principal office, pursuant to Section 25.4 of Regulation No. 9551, with copy to the Receiver.

This Order does not relieve Banex of other violations arising as a result of this Order or of those of which OCIF becomes aware after the signature of this Order. In such case, OCIF reserves the right to amend this Order to include additional allegations, violations, fines and remedies, subject to applicable law. Nothing in this Order shall be construed as a waiver of any civil, administrative or criminal remedy available to OCIF, or of any referral OCIF may make to federal or Commonwealth prosecutorial or regulatory authorities with respect to the matters described herein.

Banex is warned that, pursuant to Article 20(c) of Act No. 4-1985, OCIF may impose an administrative fine of not more than FIVE THOUSAND DOLLARS ($5,000.00) for each day of non-compliance with the orders issued under the provisions of law, up to a maximum of FIFTY THOUSAND DOLLARS ($50,000.00), which is independent of, and in addition to, the fines proposed in Section VIII under Article 19(e) of Act No. 273-2012. In the event of total or partial non-compliance with this Order, OCIF, in aid of the statutory jurisdiction conferred by Act No. 4-1985, may request that the Court of First Instance, San Juan Superior Part, enforce the same, under penalty of contempt, and impose such additional fines and sanctions as OCIF understands to be appropriate, together with any other pronouncement that may lie at law.

The provisions of this Order are severable. Should any provision of this Order be held invalid, unenforceable or stayed by a court or forum of competent jurisdiction, the remaining provisions shall remain in full force and effect, and nothing herein shall affect the Receivership Order.

Given in San Juan, Puerto Rico, this 22nd day of September, 2026.

REGISTER AND NOTIFY.

Lcda. Mónica Rodríguez Villa
Commissioner of Financial Institutions

NOTIFICATION

I CERTIFY that the original of the foregoing **BANEX INTERNATIONAL BANK, INC. (IFE-37) – SUMMARY CEASE AND DESIST ORDER, REVOCATION OF LICENSE AND ADMINISTRATIVE COMPLAINT** has been filed today in the administrative record maintained by the Office of the Commissioner of Financial Institutions. A true and exact copy has been notified by electronic mail and by certified mail to the following parties of record, at the addresses stated below:

Banex International Bank, Inc. - 654 Ave. Luis Muñoz Rivera, Suite 1720, San Juan, Puerto Rico 00918, Certified Mail no. 9589 0710 5270 0187 6453 98.

Banex International Bank, Inc through its chairman **Luis Alberto Gasparini,** via email at: lgasparini@banex.com and lgasparini@euroexchangebank.com.

In San Juan, Puerto Rico, on September 22, 2026.

Linnette Fernández Velázquez

LINNETTE FERNÁNDEZ VELÁZQUEZ
Secretary