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PRESS RELEASE

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[FORMER HAMILTON BANK CHAIRMAN AND CEO FOUND GUILTY OF ALL CHARGES AFTER TRIAL](#)

R. Alexander Acosta, United States Attorney for the Southern District of Florida, and Thomas C. McDade, Special Agent in Charge, Federal Deposit Insurance Corporation, Office of Inspector General ("FDIC-OIG"), announced today that **Eduardo A. Masferrer**, former Chairman of the Board of Directors and Chief Executive Officer of Hamilton Bank and its publicly traded bank holding company, Hamilton Bancorp, has been found guilty by a jury of sixteen counts of fraud.

Specifically, Masferrer was convicted of: (1) wire fraud in connection with Hamilton Bancorp's press releases and other communications with shareholders and the investing public between October, 1998 and October, 1999 (Counts 2 - 4); (2) financial institution fraud concerning false filings to bank regulatory agencies and the Securities and Exchange Commission ("SEC") between October, 1998 and November, 1999 (Counts 5 -10); (3) financial institution fraud concerning Masferrer's 1998 bonus payment (Counts 11 - 12); (4) securities fraud involving Hamilton Bancorp's solicitations in connection with proposed stock purchases, including to a Fidelity mutual fund, during 1998 through 1999 (Count 13); (5) obstruction of a bank examination of Hamilton Bank conducted by the Office of the Comptroller of the Currency ("OCC") in the fall of 1999 (Count 16); (6) making false statements to the OCC in connection with that same bank examination (Count 17); (7) obstruction by false sworn statement during a formal investigation by the OCC (Count 18); and (8) conspiracy to violate each of these and other offenses, as well as to defraud federal government regulatory agencies in performing their regulatory functions

The Indictment alleged that in 1998 and 1999, Masferrer and former co-defendants **Carlos Bernace**, Hamilton Bank's former President, and **John Jacobs**, the Bank's former Chief Financial Officer, fraudulently inflated the reported income, earnings and financial condition of Hamilton Bank, and defrauded the investing public and bank and securities regulators, so as to influence potential investors to purchase Hamilton Bancorp stock. The inflated reported income also resulted in a larger bonus paid to Masferrer for the 1998 calendar year.

Hamilton Bancorp, a publicly-traded company in Miami-Dade County, Florida (listed on NASDAQ under the symbol "HABK"), was a bank holding company and conducted operations principally through its wholly-owned subsidiary, Hamilton Bank, N.A.. Hamilton Bank, N.A. was a trade finance bank in Miami-Dade County. In September 1999, during the annual bank examination of Hamilton Bank, OCC bank examiners discovered questionable transactions in connection with Hamilton Bank's books and records. The transactions in question dealt with the Bank's involvement in various asset swap transactions during the fall of 1998 and 1999 relating to the sale of \$20 million of the Bank's Russian loans in exchange for the Bank's simultaneous purchase of approximately \$94 million of Latin American and other non-Russian securities. The OCC began to investigate, and, in January 2002, after determining that Hamilton Bank had operated in an unsafe and unsound manner, the OCC closed Hamilton Bank.

Masferrer, who was remanded to the custody of the U.S. Marshals Service, faces a maximum statutory imprisonment term totaling 300 years in connection with the counts of conviction, as well as substantial fines and restitution. Sentencing is scheduled before United States District Judge K. Michael Moore for July 26, 2006.

Mr. Acosta commended the investigative efforts of the FDIC - OIG. He also commended the outstanding cooperative efforts of the Office of the Comptroller of Currency, the U.S. Securities and Exchange Commission - Southeast Regional Office, and the NASD-Criminal Prosecution Assistance Group. This case is being prosecuted by Assistant United States Attorneys Peter B. Outerbridge, Benjamin G. Greenberg, and Andrew K. Levi.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at www.usdoj.gov/usao/fls. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at www.flsd.uscourts.gov or on <http://pacer.flsd.uscourts.gov>.

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