

Liquidation Receiver – Trustee Report on Work Performed From Appointment Date to March 31, 2024

To Customers, Creditors and Parties in Interest to
First Finance International Bank, Inc., the Entity on Liquidation

A. PROCEDURAL BACKGROUND:

On October 22, 2022, the Office of the Commissioner of Financial Institutions of Puerto Rico (“OCIF”) filed a Complaint and Order to Cease and Desist and Provisional Order of Appointment of Trustee (the “Order”) against First Finance International Bank, Inc. (“First Finance”). In such Order OCIF appointed the undersigned, Wigberto Lugo Mender, Esq. CPA as the Liquidating Receiver – Trustee of First Finance (hereinafter “Receiver” or “Trustee”).

On November 4, 2022, the Officers of First Finance filed its answer to OCIF’s complaint. Upon receipt of the answer to the complaint and the challenge by First Finance to the Order, OCIF held an evidentiary hearing from November 7 through 9, 2022, to consider the motions pending. The Final Order on this administrative hearing was entered on March 27, 2023, with a ruling confirming substantially all findings and remedies detailed on October 22, 2022.

Following the entry of the Final Order by OCIF, the Officers of First Finance appealed to the Puerto Rico Appeals Court and most recently to the Supreme Court for the Commonwealth of Puerto Rico. In essence, to this date the liquidation process of First Finance has not started as this remains under judicial review by the Puerto Rico Supreme Court.

A summary of the preliminary work performed following the provisions set forth in the Interim Cease and Desist Order Liquidation and Dissolution of International Financial Entity for the period from October 22, 2022, to March 31, 2024, is as follows.

B. Assets as per the Audited Financial Statements as of December 31, 2021:

Assets	
Cash Accounts	\$1,600,160
Restricted Cash	300,000
Accounts receivable, net of allowance for doubtful accounts \$110,000	110,000
Property and Equipment, net	495,833
Intangible Asset, Net	80,000
Deferred Tax asset, net	
Security Deposit and Other	324,193
Other Asset	11,382
Total Assets	\$2,921,568

As per the Independent Auditors' Report as of December 31, 2021, cash balances in the amount of \$1,461,275, with a foreign financial institution which represents 50 percent of the total assets could not be supported with sufficient audit evidence.

C. Customer Report Submitted by First Finance as of October 20, 2022¹

	Balance in USD	No. of Customers
Greater than \$500,000 ²		
Corporate	\$ 2,708,782	1
Individual		
Less than \$500,000		
Corporate	421,083	2
Individual		
Less than \$100,000		
Corporate	227,275	4
Individual		
Less than \$10,000		
Corporate	22,817	8
Individual	12,232	3
Less than \$1,000		
Corporate	6,742	16
Individual	9,996	57
Less than \$100		
Corporate	1,022	21
Individual	9,877	346
Total	\$ 3,419,826	458

Regarding the cash and assets reported by First Finance, the Trustee states that other than \$5,395.88 received from the closing of the bank account with Grove Bank, as of the date of this report the availability of any of these funds could not be verified and remains uncertain.

On November 3, 2023, at the request of FFIBI and in conjunction with the Order entered on October 22, 2022, the bank voluntarily delivered a check for the deposit in the same Axos Bank account related to office equipment sales, with a total amount of \$375.00.

As was stated in the Order, Grupo Santander de Puerto Rico, now FirstBank, should deliver to OCIF the amount of \$300,000.00 due on a certificate of deposit held at this bank which remained

¹ The total number of FFIBI customers is 448, with a combined value of \$3,419,826 based on the FX rate of October 20, 2022.

The count of the customers may not be the same due to overlapping of the accounts across different categories.

² A customer with an account exceeding \$500,000 has been identified as contested and is subject to review.

encumbered in favor of OCIF. Upon payment of the fines imposed on the entity any remainder funds should be remitted to the undersigned for distribution to creditors.

Finally, First Finance management has informed that while the Appeals process remained in progress all business activities for the bank were terminated. Business premises located at Hato Rey, Puerto Rico were surrendered to the landlord, and the limited equipment found sold. All employees of First Finance were also terminated as well.

D. Cash and Assets Managed During the Reporting Period:

	Quarter	Cumulative
Cash Reserve Account per Liquidation Order		
Plus: Receipts		
Liquidation or Transfer of FFIBI Assets	\$ 5,396	\$ 5,396
Deposit for Office Equipment Sales	375	375
Less: Disbursements:		
Liquidating Expenses		
Wind Down Banking Operation		
Trustee Liquidation		
Trustee Compensation		
Ending Balance	\$ 5,771	\$ 5,771

The Receiver states that in addition to the assets under his control there remain other accounts and assets subject to liquidation that remain deposited in other correspondent banks and entities. Said assets and related transactions will be reported once the information and supporting documentation is provided by former management subject to the provisions of the Order.

E. Actual Disbursements and Distributions during the reporting period are as follows:

The Receiver states that to the date of this report there has been no actual disbursements nor distribution to any customer, creditor or vendor of First Finance.

SN	Order of Priority	Disbursed	Reported
1	Administrative Expenses of the Trustee-Receiver related to the Liquidation Order.	\$	\$ 22,242
2	Any deposit of Euro Pacific clients, excluding any deposited, debt or obligation, payable.		
3	Any other "senior" or general debt of the institution.		
4	Any other obligation that has been subordinated to the payment of the deposits of clients or general creditors.		209,108
5	Any deposit, debt or obligation to shareholders, affiliates, subsidiaries or member of the IFE.		
Total		\$	\$ 231,350

F. Receiver – Trustee Compensation:

I certify that I have complied and remitted that request for compensation billed for the services rendered in this case this in compliance with the Agreement for Professional Services and Billing Guidelines required by the Commissioner of Financial Institutions of Puerto Rico and the Puerto Rico Fiscal Agency and Financial Advisory Authority. During this reporting period I have billed for services and compensation incurred during the period from appointment date to March 31, 2024, the amount of **\$22,242**. There has been no payment on these services and the amounts billed remain outstanding.

Attestation

I, Wigberto Lugo Mender, certify that I have reviewed the information and statements detailed above as well as all related attachments and that these are true and correct to the best of my knowledge and believe.



Wigberto Lugo Mender, Esq. CPA

Acknowledged and subscribed before me by Wigberto Lugo Mender, of legal age, married, in his capacity as appointed Receiver-Trustee of the First Finance International Bank, Inc. and resident of San Juan, Puerto Rico, who is personally known by me,

In Guaynabo, Puerto Rico, this 9th day of April of 2024.

Affidavit Num: 1894



NOTARY PUBLIC