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\$30 million judgment

Salvadoran family ordered to repay loans obtained from Miami's now-defunct Hamilton Bank

by **Jaime O. Hernandez**
johernandez@alm.com

A Miami-Dade circuit judge has awarded \$30 million to an international investment company and ordered a wealthy Salvadoran family to repay loans received from Miami's Hamilton Bank before it failed.

Judge Mindy Glazer granted summary judgment and the award Wednesday against the Safie family and its telecommunications and textile businesses.

Laws in El Salvador allow final judgments issued by U.S. courts to be applied in the Central American country to gain prejudgment garnishment and the appointment of a receiver, said attorney Leoncio de la Pena of de la Pena & Associates, who represented the plaintiff, Valat International Holdings.

Attorney Carolann Swanson of Santos Stokes in Coral Gables represented the family and their holdings. She did not return a call for comment before deadline.

De la Pena said he plans to file a writ of

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Plaintiff attorney Leoncio de la Pena wants a receiver appointed to ensure the Safie family doesn't liquidate its assets.

HAMILTON

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garnishment against El Salvador Networks, the family's telecom company. He also wants a receiver appointed by a Salvadoran court to ensure the family does not liquidate its corporate assets before the judgment is paid.

Valat, which is based in Northern Ireland, sued the family in 2004 for breach of contract, claiming the Safies personally guaranteed payment of the loans.

Along with the telecom, the suit named two Salvadoran textile companies, Rayones de El Salvador and Hilanderias de Exportacion. It also named Oscar Antonio Safie Zacarias, Leyla Emilia Hasbun de Safie, Oscar Antonio Safie Hasbun and Beatriz Eugenia Hasbun de Safie.

The suit said the unpaid principal exceeded \$15 million. With interest, the suit estimated \$23 million was at stake when the suit was filed two years ago.

The judge awarded damages on 10

counts in the complaint accusing different family members and companies of breach of contract, breach of promissory notes and breach of loan guarantees.

The award included \$16.5 million for three counts against Salnet and family members, \$12.9 million involving the two textile companies and \$428,979 involving Rayones. The totals include principal and interest calculated at an annual rate of 9 percent.

De la Pena said both sides spent much of the past two years arguing whether U.S. courts had jurisdiction. The Safies said the case belonged in their home country because they lived there when they received the loan from Hamilton. They filed a motion to dismiss early in

the case.

Glazer heard oral arguments on a dismissal motion May 5 and denied it a month later. De la Pena filed for summary judgment Aug. 17, and the judge issued the order at a hearing Wednesday.

Damages were awarded on 10 counts accusing different Safie family members and companies of breach of contract, breach of promissory notes and breach of loan guarantees.

"The court had to find that there were contracts that they agreed to here," said de la Pena, who was part of a team of consultants retained by regulators to assist in the liquidation of Hamilton Bank. "The contracts and promissory notes were signed

here."

Valat bought several loans that Hamilton made to the Safies and their companies from 1999 to 2001 when the Federal Deposit Insurance Corp. auctioned off the assets of the seized bank.

The suit claimed Valat received no payments after the loan purchase.

Hamilton assets totaled \$1.3 billion when the bank was shut down in 2002 because of fraudulent activity by its senior management.

In May, a jury convicted Eduardo Masferrer, Hamilton's former chairman and chief executive, for wire fraud, making false regulatory filings, obstruction by making false sworn statements and conspiracy. He was sentenced in July to 30 years in prison.

The case was the largest corporate fraud to be prosecuted by the U.S. attorney's office in Miami since the savings and loan crisis in the late 1980s and early 1990s. Former CenTrust Savings Bank chairman David Paul was successfully prosecuted during that period. ♦

Jaime O. Hernandez can be reached at (305) 347-6645.