

Texas Department of Banking

Press Release

Commissioner Issues Emergency Cease and Desist to Unlicensed Bank

Date: March 11, 2008

On March 11, 2008, Banking Commissioner Randall S. James issued an Emergency Cease and Desist Order against Houston Petroleum Bank, Inc., dba Houston Petroleum Bank, LLC, dba Houston Petroleum Bank ("HPB"), as well as John J. Gallagher, its Chairman and Chief Executive Officer, and William L. Smith, its President and Chief Operating Officer, 4606 FM 1960 West, Suite 400, Houston, Texas 77069.

Commissioner James found that HPB (a company purportedly licensed as a bank in Nauru), Gallagher, and Smith, have used and are using the term "bank" in their name and website in a manner that implies to the public that HPB, Gallagher, and Smith are engaged in the business of banking in Texas in violation of Texas law.

Commissioner James further found that HPB, Mssrs. Gallagher and Smith are not a depository institution authorized to conduct business in Texas and are representing to the public via their website that they are conducting the business of banking in Texas and soliciting deposits in violation of Texas law, and that HPB has an office located in Houston, Texas.

Under the State's Order, HPB, Mssrs. Gallagher and Smith may not use the term "Bank," in their name, stationary, website or advertising materials, and may not solicit deposits, nor conduct the business of banking in Texas, or represent in any way that they are authorized to do so.

Persons seeking more information regarding this matter or wishing to file a complaint against Houston Petroleum Bank should contact:

Serena Kuvet, Assistant General Counsel
Texas Department of Banking
2601 North Lamar Blvd. Austin, Texas 78705-4294
Toll-free: 877-276-5554
Direct: 512-475-1282
Consumer.Complaints@banking.state.tx.us