

OptimumBank Holdings, Inc.
Form S-3
February 15, 2012
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SEC File No. 333-[]

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM S-3
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933
OPTIMUMBANK HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Florida

55-0865043

*(State or other jurisdiction of
incorporation or organization)*

(I.R.S. Employer

Identification Number)

2477 East Commercial Blvd., Fort Lauderdale, FL 33308

(954) 776-2332

(Address, including zip code, and telephone number,

including area code, of registrant's principal executive offices)

Richard L. Browdy

OptimumBank Holdings, Inc.

2477 East Commercial Blvd., Fort Lauderdale, FL 33308

(954) 776-2332

(Name, address, including zip code, and telephone number,

including area code, of agent for service)

Copies to:

Alfred G. Smith

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Shutts & Bowen LLP

1500 Miami Center, 201 South Biscayne Boulevard

Miami, FL 33131

(305) 379-9147

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than the securities offered only in connection with dividend or interest reinvestment plan, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box: "

If this Form is a post effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box: "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer "

Accelerated filer "

Non-accelerated filer " (Do not check if a smaller reporting company)

Smaller reporting company x

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum		Amount of Registration Fee
		Aggregate	Offering Price ⁽¹⁾⁽²⁾	
Common Stock, \$.01 per share	21,591,750 shares	\$	15,546,060	\$ 1,782.00

(1) All 21,591,750 shares of Common Stock registered pursuant to this registration statement are to be offered by the selling stockholders.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act on the basis of the average of the high and low prices per share of our common stock, as reported on the NASDAQ Capital Market, on February 13, 2012.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED FEBRUARY 15, 2012

PRELIMINARY PROSPECTUS

21,591,750 Shares

OPTIMUMBANK HOLDINGS, INC.

Common Stock

This prospectus relates to the resale of an aggregate of up to 21,591,750 shares of our common stock, representing approximately 96% of our total outstanding shares, all of which shares were issued to the selling stockholders in connection with an equity financing transaction in the fourth quarter of 2011 (the Private Offering). 16,940,000 of the shares of our common stock being registered pursuant to this registration statement are held by directors, officers or significant shareholders of the Company. We are required to file this registration statement, of which this prospectus is a part, under the terms of a Registration Rights Agreement with each of the selling stockholders to register for resale the shares of common stock issued by the Company to investors in the Private Offering. The common stock may be sold by or on behalf of such selling stockholders named in this prospectus or in supplements to this prospectus.

We will not receive any proceeds from the sale of the shares of common stock by the selling stockholders.

Our common stock is traded on the NASDAQ Capital Market under the symbol OPHC. The last reported sale price of our common stock on the NASDAQ Capital Market on February 14, 2012 was \$0.69 per share.

These shares of common stock are not savings accounts, deposits, or other obligations of our bank subsidiary and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Investing in our common stock involves a high degree of risk. See Risk Factors on page 5 for a discussion of information that should be considered in connection with an investment in our common stock.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2012

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including information included or incorporated by reference, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and intentions that are not historical facts, and other statements identified by words such as expects, anticipates, intends, plans, believes, should, projects, seeks, estimates or words of similar meaning. These forward-looking statements are based on current beliefs and expectations of management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. In addition to the factors set forth in this prospectus, including the sections titled Business and Management's Discussion and Analysis of Financial Condition and Results of Operations from our 2010 Annual Report on Form 10-K and the other documents incorporated by reference in this prospectus, the following factors, among others, could cause actual results to differ materially from the anticipated results:

our inability to comply with the consent order with the Federal Deposit Insurance Corporation (FDIC) and the Florida Office of Financial Regulation (OFR) (the Consent Order), under which we are currently operating, could lead to further regulatory sanctions or orders, which could further restrict our operations and negatively affect our results of operations and financial condition;

local and national economic conditions could be less favorable than expected or could have a more direct and pronounced effect on us than expected and adversely affect our results of operations and financial condition;

the local housing/real estate market could continue to decline for a longer period than we anticipate;

the risks presented by a continued weak economy, which could continue to adversely affect credit quality, collateral values, including real estate collateral and OREO properties, investment values, liquidity and loan originations, reserves for loan losses and charge offs of loans and loan portfolio delinquency rates and may be exacerbated by our concentration of operations in South Florida;

we may be compelled to seek additional capital in the future to augment capital levels or ratios or improve liquidity, but capital or liquidity may not be available when needed or on acceptable terms;

interest rate changes could significantly reduce net interest income and negatively affect funding sources;

competition among financial institutions could increase significantly;

competition or changes in interest rates could negatively affect net interest margin, as could other factors discussed from time to time in the Company's Securities and Exchange Commission (SEC) reports;

the reputation of the financial services industry could further deteriorate, which could adversely affect our ability to access markets for funding and to acquire and retain customers; and

existing regulatory requirements, changes in regulatory requirements and legislation and our inability to meet those requirements, including capital requirements and increases in our deposit insurance premium, could adversely affect the businesses in which we are engaged, our results of operations and financial condition.

Please take into account that forward-looking statements speak only as of the date of this prospectus or, in the case of any documents incorporated by reference in this prospectus, the date of such document. We do not undertake any obligation to publicly correct or update any forward-looking statement whether as a result of new information, future events or otherwise, except to the extent required by law.

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ABOUT THIS PROSPECTUS

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are not offering to sell, or seeking offers to buy, shares of common stock in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus and in the documents incorporated by reference is accurate only as of their respective dates, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, financial condition, results of operations, prospects and risks may have changed since those dates.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy, at prescribed rates, any documents we have filed with the SEC at its Public Reference Room located at 100 F Street, N.E., Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We also file these documents with the SEC electronically. You can access the electronic versions of these filings on the SEC's Internet website found at <http://www.sec.gov>.

We have filed with the SEC a registration statement on Form S-3 relating to the securities covered by this prospectus. This prospectus is a part of the registration statement and does not contain all the information in the registration statement. Whenever a reference is made in this prospectus to a contract or other document, the reference is only a summary and you should refer to the exhibits that are a part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC's Public Reference Room in Washington, D.C., as well as through the SEC's Internet website.

Our website is located at www.optimumbank.com. The information contained on our website does not constitute part of this prospectus. Through our website, we make available free of charge our Annual Reports on Form 10-K, our proxy statements, our Quarterly Reports on Form 10-Q, our current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act). These reports are available as soon as reasonably practicable after we electronically file those materials with the SEC. We also post on our website the charters of our Audit and Compensation Committees, our Corporate Governance Guidelines, our Whistleblower Policy, our Chief Executive Officer and Senior Financial Officer Code of Ethics, and any amendments or waivers thereto, and any other corporate governance materials contemplated by SEC or NASDAQ regulations. The documents are also available in print by contacting our president at our executive offices.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We have incorporated by reference into this prospectus certain information that we file with the SEC. This means that we can disclose important business, financial and other information in this prospectus by referring you to the documents containing this information. All information incorporated by reference is deemed to be part of this prospectus, unless and until that information is updated and superseded by the information contained in this prospectus or any information filed with the SEC and incorporated later. Any information that we subsequently file with the SEC that is incorporated by reference as described below will automatically update and supersede any previous information that is part of this prospectus.

We incorporate by reference into this prospectus our documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), or 15(d) of the Exchange Act until this offering is completed:

our Annual Report on Form 10-K for the year ended December 31, 2010, filed on April 16, 2011, and the amendments thereto filed on April 29, 2011 and June 3, 2011;

our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, filed on May 12, 2011;

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our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, filed on August 15, 2011, and the amendment thereto filed on August 30, 2011;

our Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, filed on November 14, 2011;

our definitive proxy statement on Schedule 14A filed on December 14, 2011;

our Current Reports on Form 8-K filed on January 3, 2011, January 7, 2011, January 13, 2011, January 31, 2011, May 23, 2011, May 27, 2011, June 27, 2011, July 25, 2011, September 16, 2011 (and amendment thereto filed on September 20, 2011) September 21, 2011, October 4, 2011, October 31, 2011 (and amendment thereto filed on November 2, 2011), November 4, 2011, November 14, 2011, December 9, 2011, January 3, 2012, January 6, 2012, January 19, 2012, and January 30, 2012.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, upon his or her written or oral request, a copy of any or all of the reports or documents referred to above that have been or may be incorporated by reference into this prospectus, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You may request a copy of these filings, at no cost, by contacting Richard L. Browdy, President, at our executive offices located at 2477 East Commercial Blvd., Fort Lauderdale, FL 33308, or by telephone at (954) 776-2332.

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THE COMPANY

OptimumBank Holdings, Inc. (the "Company") is a Florida corporation formed in 2004 for the purpose of acting as a bank holding company for OptimumBank (the "Bank"). The Bank is a Florida chartered bank established in 2000, with deposits insured by the Federal Deposit Insurance Corporation. The Bank is headquartered and has its corporate office in Fort Lauderdale, Florida, and operates three full service branch offices located in Broward County, Florida.

At September 30, 2011, the Company had total assets of \$167.1 million, net loans of \$95.8 million, and stockholder's deficit of \$1.7 million. During the fourth quarter of 2011, the Company received net proceeds of \$8,597,000 from the sale of shares of its common stock, after the deduction of \$40,000 in offering expenses. See "Background of the Private Offering" below.

The Company is a reporting company under the Securities Exchange Act of 1934, and files periodic reports with the Securities and Exchange Commission. The Company's common stock currently trades on the NASDAQ Capital Market under the symbol "OPHC".

Corporation Information

The address of our principal executive offices is 2477 East Commercial Blvd., Fort Lauderdale, FL 33308 and our telephone number is (954) 776-2332. Our website is located at www.optimumbank.com. The information contained on our website does not constitute part of this prospectus.

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RISK FACTORS

You should carefully consider the following risk factors together with the other information contained in this prospectus before you decide to invest in our common stock. If any of the events or risks described below actually occurs, the Company's business, financial condition and operating results could be materially and adversely affected. This could cause the value of your shares of common stock to decline and you could lose part or all of your investment.

Risks Relating to Our Business

OptimumBank is subject to a Consent Order issued by the FDIC and the OFR which contains significant operating restrictions and increases its minimum capital requirements.

In April 2010, OptimumBank agreed to the issuance by the FDIC and the OFR of a Consent Order, pursuant to which the Bank is required to implement a number of corrective measures intended to improve the Bank's condition. These requirements include significant operating restrictions that may limit the ability of the Bank to respond to changing economic conditions and may adversely affect the Bank's ability to compete in its local market. Among these operating restrictions are restrictions on asset growth, material changes in asset or liability composition, employment of senior executive officers, and payment of dividends.

The Consent Order also requires the Bank to attain and maintain a Tier I leverage ratio of 8% and a total risk-based capital ratio of 12%, which are higher than the regulatory minimum capital ratios. The Bank is not in compliance with the regulatory capital requirements set forth in the Consent Order. As of September 30, 2011, after giving effect to \$8.6 million in new capital raised in the fourth quarter of 2011, the Bank would have needed approximately \$0.7 million in additional capital in order to comply with the capital requirements of the Consent Order. Failure of the Bank to attain and maintain its capital requirements under the consent Order could result in further sanctions or orders which could further restrict our operations and negatively affect our results of operations and financial condition.

Our high level of non-performing assets will continue to adversely affect our results of operation and financial condition and will take significant time to resolve.

At September 30, 2011, our non-performing loans were \$28.5 million, or 29% of our total loan portfolio, and our non-performing assets (which include non-performing loans and foreclosed real estate assets) were \$35.7 million, or 21% of total assets. Until we are able to reduce our non-performing assets to a lower percentage of our total assets, either through improved economic and real estate market conditions in Florida, or through other means, we expect to continue to incur losses relating to our high level of non-performing assets.

Our non-performing assets adversely affect our net income in various ways. We do not record interest income on non-accrual loans or real estate owned. We incur the costs of funding these non-accrual loans and other real estate owned, however. We must also reserve for probable losses, which is established through a current period charge to the provision for loan losses as well as the periodic write down of the value of properties in our other real estate owned portfolio to reflect reduced market values. Additionally, there are significant legal fees and management time associated with the resolution of problem assets. Given the increased levels of mortgage foreclosures in our market areas, the foreclosure process is now taking longer than it has in the past. These delays have served to increase the cost of foreclosures and the time needed to take title to the underlying property. Further, we incur carrying costs such as taxes, insurance and maintenance related to our other real estate owned. Finally, if our estimate for the recorded allowance for loan losses proves to be incorrect and our allowance is inadequate, we will have to increase the allowance accordingly.

Non-accrual loans and real estate owned also increase our risk profile, and increases in the level of non-performing assets impact our regulators view of appropriate capital levels, which was the major contributing factor to the imposition by the FDIC and the OFR of the Consent Order. Our regulators will likely require us to maintain enhanced capital levels until, at a minimum, our levels of non-performing assets are substantially reduced.

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Our loan portfolio is heavily concentrated in mortgage loans secured by commercial and residential properties in the distressed markets of South Florida, as well as the State of Florida.

Our interest-earning assets are heavily concentrated in commercial and residential mortgage loans secured by properties located in South Florida, primarily in Palm Beach, Miami-Dade and Broward Counties, Florida. Additionally, at September 30, 2011, our total loan portfolio included \$95.6 million of loans concentrated in Florida, which represented approximately 97% of our total loan portfolio.

The concentration of our loans in South Florida, as well as the State of Florida, subjects us to risk that a continued downturn in the area economy, such as the one the area is currently experiencing, could result in further increases in delinquencies and foreclosures, which would more greatly affect us than if our lending were more geographically diversified. We expect that our earnings and financial condition will continue to be unfavorably impacted if market conditions do not improve or deteriorate further in the South Florida, as well as the State of Florida.

Our loan portfolio includes a substantial amount of commercial real estate and land loans that have higher risks.

We have significant exposure to commercial real estate and land loans. These types of loans generally involve higher credit risk than single or multi-family residential lending. Such loans generally involve larger loan balances to a single borrower or related borrowers.

At September 30, 2011, we had \$49.1 million in commercial real estate loans, or 50% of our total loans, and \$11.1 million in land loans, or 11% of our total loans. At September 30, 2011, \$15.6 million, or 32% of our commercial real estate loans and \$6.4 million or 58% of our land loans were non-performing.

Commercial real estate loans and land loans can be affected to a greater extent than residential loans by adverse conditions in real estate markets or the economy because the borrowers' ability to repay their loans depends on successful operation or development of their properties, as well as the factors affecting residential real estate borrowers. These loans also involve greater risk because they generally are not fully amortizing over the loan period and have a balloon payment due at maturity. A borrower's ability to make a balloon payment typically will depend on the borrower's ability to either refinance the loan or sell the underlying property in a timely manner.

Because commercial real estate and land loans are more susceptible to a risk of loss during a downturn in the business cycle, we are subject to greater risk that these loans will become non-performing.

An inadequate allowance for loan losses would increase our losses.

Our success depends to a significant extent upon the quality of our assets, particularly loans. In originating loans, there is a substantial likelihood that credit losses will be experienced. The risk of loss will vary with, among other things, general economic conditions, the type of loan being made, the creditworthiness of the borrower over the term of the loan and, in the case of a collateralized loan, the quality of the collateral for the loan. Management maintains an allowance for loan losses based on, among other things, anticipated experience, an evaluation of economic conditions, and regular reviews of delinquencies and loan portfolio quality. Based upon such factors, management makes various assumptions and judgments about the ultimate collectability of the loan portfolio and provides an allowance for probable loan losses based upon a percentage of the outstanding balances and for specific loans when their ultimate collectability is considered questionable.

As of September 30, 2011, our allowance for loan losses was approximately \$3.1 million, which represented 3.2% of the total amount of our loans, and 11.0% of our non-performing loans as of September 30, 2011. We manage any nonperforming loans in an effort to minimize credit losses and monitor our asset quality to maintain an adequate loan loss allowance. The allowance may not prove sufficient to cover future loan losses. Further, although management uses the best information available to make determinations with respect to the allowance for loan losses, future adjustments may be necessary if economic conditions differ substantially from the assumptions used or adverse developments arise with respect to our nonperforming or performing loans. Accordingly, the allowance for loan losses may not be adequate to cover loan losses or significant increases to the allowance may be required in the future if economic conditions should worsen. Material additions to our allowance for loan losses would result in a decrease of our net income and our capital, among other adverse consequences.

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We intend to issue additional shares of common stock in the near term which will result in dilution of our shareholders' ownership interests.

We currently need additional capital in order to have the funds required to absorb current operating losses, meet the capital requirements of the Consent Order and implement our business plan.

We have entered into an agreement with Moishe Gubin, the Chairman of our Board of Directors, to sell 6,750,000 shares to Mr. Gubin at a price of \$.40 per share, or a total of \$2.7 million. The transaction is subject to approval by the Federal Reserve Board and the OFR and is scheduled to close on or before June 30, 2012. This amount is expected to be sufficient to allow the Bank to meet the capital requirements of the Consent Order at the time of the closing of the transaction. We also expect that we will need to raise additional capital in the future in order to grow all banking operations and to implement our business plan.

The sale of shares under these transactions would dilute the ownership interest of our then-current shareholders and may dilute the per share book value of our common stock.

We may not be able to raise additional capital.

Our ability to raise additional capital, when and if needed, will depend on conditions in the capital markets, general economic conditions and a number of other factors, including investor perceptions regarding the banking industry, and governmental activities, many of which are outside our control, and on our financial condition and performance. Accordingly, we cannot assure you that we will be able to raise additional capital if needed or on terms acceptable to us. If we fail to meet these capital and other regulatory requirements, our financial condition, liquidity and results of operations would be materially and adversely affected.

The resale of shares by the selling shareholders may result in a change of control or change in management of the Company and the Bank.

Upon registration of the shares of our common stock pursuant to this registration statement of which this prospectus forms a part, the selling shareholders may resell up to 21,591,750 shares in the open market, which represents approximately 96% of the shares of the common stock currently outstanding. As a result, the new shareholders may have the ability to replace all of the directors of the Company and the Bank and to effect other changes in the management of the Company and the Bank. The Company is unable to predict the number of shares that will be sold by the selling shareholders or whether such changes will occur.

We may incur additional losses if we are unable to successfully manage interest rate risk.

Our profitability depends to a large extent on our net interest income, which is the difference between income on interest-earning assets such as loans and investment securities, and expense on interest-bearing liabilities such as deposits and borrowings. We are unable to predict changes in market interest rates, which are affected by many factors beyond our control, including inflation, recession, unemployment, money supply, domestic and international events and changes in the United States and other financial markets. Our net interest income may be reduced if: (i) more interest-earning assets than interest-bearing liabilities repriced or mature during a time when interest rates are declining or (ii) more interest-bearing liabilities than interest-earning assets repriced or mature during a time when interest rates are rising.

Changes in the difference between short- and long-term interest rates may also harm our business. For example, short-term deposits may be used to fund longer-term loans. When differences between short-term and long-term interest rates shrink or disappear, as is likely in the current interest rate policy environment, the spread between rates paid on deposits and received on loans could narrow significantly, decreasing our net interest income.

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If market interest rates rise rapidly, interest rate adjustment caps contained on in our residential loans and a portion of our commercial real estate loans may limit increases in the interest rates on adjustable rate loans, thereby reducing our net interest income.

The banking industry is very competitive.

The banking industry is highly competitive and we compete directly with financial institutions that are more established and have significantly greater resources and lending limits. As a result of those greater resources, the larger financial institutions may be able to provide a broader range of products and services to their customers than us and may be able to afford newer and more sophisticated technology than us. Our long-term success will be dependent on our ability to compete successfully with other financial institutions in its service areas.

We are subject to extensive governmental regulation.

In addition to the provisions of the Consent Order, we are subject to extensive governmental regulation. The Company is a bank holding that is regulated primarily by the Federal Reserve. The Bank is a commercial bank chartered by the State of Florida that is regulated by the FDIC and the OFR. As a member of the Federal Home Loan Bank (FHLB), the Bank must also comply with applicable regulations of the Federal Housing Finance Board and the Federal Home Loan Bank. As a result, we are subject to extensive federal and state regulations which impose significant restrictions and requirements on the operations of bank holding companies and commercial banks. Although these regulations are generally designed to insure the safety and soundness of the banking system, we may incur significant costs in complying with them, which may adversely affect our profitability.

The Dodd Frank Wall Street Reform and Consumer Protection Act (Pub.L. 111-203, H.R. 4173) is a federal statute in the United States that was signed into law by President Obama on July 21, 2010. The Act is a product of the financial regulatory reform agenda of the 111th United States Congress and the Obama administration. The Act is categorized into sixteen titles and by one law firm's count, it requires that regulators create 243 rules, conduct 67 studies, and issue 22 periodic reports. The stated aim of the legislation is to promote the financial stability of the United States by improving accountability and transparency in the financial system, to end "too big to fail", to protect the American taxpayer by ending bailouts, to protect consumers from abusive financial services practices, and for other purposes. To the extent that the Act impacts all Federal financial regulatory agencies, eliminating one (the Office of Thrift Supervision) and creating two (Financial Stability Oversight Council and the Office of Financial Research) in addition to several consumer protection agencies, including the Bureau of Consumer Financial Protection, this legislation in many ways represents a paradigm shift in the way America's financial markets will operate in the future. Few provisions of the Act became effective when the bill was signed. Only as the various regulatory agencies write rules that implement various sections of the Act will the full importance and significance of the Act be revealed.

The prospects for our future success could be damaged by the effects of government policy, future legislation and changing financial markets.

One of the primary determinants of our future success and profitability will be the interest rate differential we obtain. Our earning capacity will be largely controlled by the difference between the interest rate paid on its deposits and other borrowings and the interest rates received on loans to clients and securities held in its investment portfolio. The value and yields of our assets and the rate paid on our liabilities are sensitive to changes in prevailing rates of interest. Consequently, our earnings and growth will be influenced by general economic conditions, the monetary and fiscal policies of the federal government and policies of regulatory agencies which implement national monetary policy. The nature and impact of any future changes in monetary policies cannot be predicted.

The entire regulatory environment which controls the banking industry in the United States is undergoing significant change, both as to the banking industry itself and the permissible competition between banks and non-banking financial institutions. There have been significant regulatory changes in the areas of bank mergers and acquisitions, the products and services offered by banks and the non-banking activities in which bank holding companies and financial holding companies may engage. Partly as a result of these changes, banks are now actively competing with other types of depository institutions and with nonbank financial institutions such as money market funds, brokerage firms, insurance companies and other financial services organizations. It is not possible at this

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time to assess what impact these changes will ultimately have on us and our operations. Certain legislative and regulatory proposals that could affect us are pending, or may be introduced, in the United States Congress, the Florida legislature and various other governmental agencies. These proposals could further alter the structure, regulation and competitive relationship of financial institutions and may subject the Company to increased regulation, disclosure and reporting requirements. In addition, the various banking regulatory agencies frequently propose rules and regulations to implement and enforce already existing legislation. The Company cannot predict whether or in what form any future legislation or regulations will be enacted or to the extent to which the business of the Company will be affected by these matters.

Certain provisions of Florida and Federal law may discourage or prevent a takeover of our Company and result in a lower market price for our common stock.

Florida and Federal law contain anti-takeover provisions that apply to us. These provisions could discourage potential buyers from seeking to acquire us in the future, even though certain shareholders may wish to participate in such a transaction. These provisions could also adversely affect the market price of our common stock.

Risks Related to an Investment in our Common Stock

Your shares of common stock will not be an insured deposit.

The shares of our common stock are not a bank deposit and will not be insured or guaranteed by the FDIC or any other government agency. Your investment will be subject to investment risk, and you must be capable of affording the loss of your entire investment.

We are subject to extensive reporting requirements.

We are required to comply with various corporate governance and financial reporting requirements under the Sarbanes-Oxley Act of 2002, as well as rules and regulations adopted by the SEC, the Public Company Accounting Oversight Board and NASDAQ. In addition, pursuant to the Consent Order and the Written Agreement, we are required to prepare and submit various reports to our regulators. We expect to continue to spend significant amounts of time and money on compliance with these rules and reporting requirements. Our failure to track and comply with the various rules and regulatory requirements may materially adversely affect our reputation and ability to obtain the necessary certifications to financial statements, may lead to additional regulatory enforcement actions, and could adversely affect the value of our common stock.

We may not be able to maintain our listing on NASDAQ.

We are a reporting company whose shares are traded on The NASDAQ Capital Market.

In September 2011, we received a letter from The Nasdaq Stock Market (NASDAQ) indicating that we were not in compliance with NASDAQ's minimum bid price listing rule because the closing bid price per share of our common stock had been below \$1.00 per share for 30 consecutive business days.

We were provided with a 180 calendar day grace period, or until March 13, 2012, to regain compliance with the bid price rule. To regain compliance, the closing bid price of our common stock must remain at \$1.00 per share or more for a minimum of ten consecutive business days.

Thereafter, we can receive an additional 180-day grace period if we meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The NASDAQ Capital Market, except for the minimum bid price requirement. We must also notify NASDAQ of our intent to cure the deficiency during the second grace period, by effecting a reverse stock split, if necessary. If we meet these requirements, NASDAQ will grant us an additional 180 calendar days, or until September 9, 2012, to regain compliance with the bid price rule. However, if it appears to NASDAQ that we will not be able to cure the deficiency, or if we are otherwise not eligible, NASDAQ will provide notice that our common stock will be subject to delisting. At that time, we may appeal the delisting determination.

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In January 2012, we also received a letter from NASDAQ indicating that we were not in compliance with the NASDAQ listing rule requiring a majority of the Company's directors to be independent. Currently, the Company has only three independent directors on its six member board. We must achieve compliance with this rule by June 29, 2012. If we do not regain compliance by the stated deadline, NASDAQ will provide notice that our common stock will be subject to delisting. At that time, we may appeal the delisting determination.

We intend to effect a reverse stock split if we fail to meet the minimum bid share price requirement within the period permitted by NASDAQ. We are also actively seeking a qualified independent director to fill the vacancy on our board of directors. However, it is possible that our common stock will be delisted either as a result of a failure to comply with the foregoing listing requirements or any other of NASDAQ's listing requirements.

Sales of substantial amounts of our common stock in the open market by the selling shareholders could depress our stock price.

Once registered pursuant to the registration statement of which this prospectus forms a part, an aggregate of 21,591,750 shares of our common stock will be freely tradable by the selling shareholders. If the selling shareholders sell substantial amounts of our common stock in the public market, the market price of our common stock may decrease. These sales might also make it more difficult for the Company to sell equity or equity-related securities at a time and price that we otherwise would deem appropriate.

Limited trading activity for shares of our common stock may contribute to price volatility and difficulty selling shares.

While our common stock is listed and traded on The NASDAQ Capital Market, there has been limited trading activity in our common stock. The average daily trading volume of our common stock over the twelve months ending January 31, 2012, was approximately 2,210 shares. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, and our shareholders may not be able to sell their shares at the volumes, prices, or times that they desire, or at all. Further, due to the limited trading activity of our common stock, relatively small trades may have a significant impact on the price of our common stock.

We have no plans to pay future cash dividends.

Our ability to pay dividends on our common stock is primarily dependent on the payment of dividends from the Bank to our Company. We expect that the Bank will retain its earnings in order to increase its capital. Furthermore, the Bank's ability to pay dividends is restricted under the Consent Order and banking laws. The Company's ability to pay dividends on our common stock is also restricted under the Written Agreement with the Federal Reserve Bank of Atlanta. As a result, we have no plans to pay future cash dividends on our common stock.

Because we have no plans to pay future cash dividends, holders of our common stock will experience a gain on their investment only in the case of an appreciation of value of our common stock. You should neither expect to receive dividend income from investing in our common stock nor an appreciation in value.

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BACKGROUND OF THE PRIVATE OFFERING

The significant downturn in economic activity and declining real estate values that commenced in late 2008 had a direct and adverse effect on our financial condition and results of operations, including substantial reductions in our capital level. The impact includes an elevated level of non-performing assets and charge-offs and associated increases in the provision for loan losses, leading to a decrease in total stockholders' equity from \$22.8 million at December 31, 2008 to \$(1.7) million at September 30, 2011.

On April 16, 2010, the Bank agreed to the issuance of the Consent Order by the FDIC and the OFR, which required the Bank to take certain measures to improve its safety and soundness.

Under the Consent Order, the Bank was required to take certain measures to improve its capital position, reduce its level of problem assets, reduce its loan concentrations in certain portfolios, improve management practices and board supervision and assure that its reserve for loan losses is maintained at an appropriate level. Among the corrective actions required were for the Bank to have and maintain a Tier 1 leverage ratio of at least 8% and a total risk-based capital ratio of 12% beginning 90 days from the issuance of the Consent Order.

In addition to the Consent Order, on June 22, 2010, the Company entered into the Written Agreement, with the Federal Reserve Bank of Atlanta, which required the Company to take certain measures to ensure the Bank complied with the Consent Order. Under the Written Agreement, the Company was subject to restrictions on paying interest on debt, or paying dividends or distributions on stock, including its common stock, as well as incurring additional debt or redeeming stock.

To meet and maintain the capital requirements of the Consent Order, in October 2010, the Bank estimated that it needed a minimum of approximately \$10 million of additional equity capital. The economic environment in the Company's market areas and the duration of the downturn in the real estate market continued to have a significant impact on the implementation of the Bank's business plan. Failure to increase capital levels in compliance with the requirements of the Consent Order and the Written Agreement could have resulted in further enforcement actions by our regulators, including placing the Bank into conservatorship or receivership, and could affect the Company's ability to continue as a going concern.

During the second half of 2010 and most of 2011, the Company attempted to raise capital through the sale of its common stock on a private placement basis. During the summer of 2011, the Company undertook an offering of 37,500,000 shares at a price of \$.40 per share (the Private Offering). The shares were offered on behalf of the Company by its officers and directors, none of whom received any compensation in connection with the offering of the shares.

As a result of these efforts, during the fourth quarter of 2011, the Company sold a total of 21,591,750 shares in the Private Offering. The Company received net proceeds of \$8,597,000, after the deduction of \$40,000 in offering expenses. The Private Offering involved two closings. At the first closing, which occurred on October 27, 2011, the Company sold 21,002,250 shares to 36 accredited investors and four employees of the Company who were not accredited investors. At the second closing, which occurred on December 29, 2011, the Company sold 589,500 shares to 10 accredited investors. On October 26, 2011 (the day prior to the first closing of the Private Offering), the closing price of the Company's common stock on the NASDAQ Capital Market was \$.49 per share.

Substantially all of the net proceeds of the Private Offering were invested in the Bank. If this transaction had been consummated as of September 30, 2011, the Bank's Tier 1 leverage capital ratio and total risk based capital ratios as of September 30, 2011, would have been 7.6% and 11.6%, respectively. These ratios were slightly less than the corresponding 8% and 12% capital ratios required under the terms of the Consent Order issued by the FDIC and the OFR.

On October 25, 2011, the Company entered into a stock purchase agreement with Moishe Gubin, the Chairman of the Board of the Company. Under this agreement, Mr. Gubin has agreed to purchase, subject to certain conditions, 6,750,000 newly issued shares of common stock of the Company for a price of \$0.40 per share. If this transaction is consummated, the Company will receive gross proceeds of \$2.7 million. These shares are in addition to 1,800,000 shares purchased by Mr. Gubin in the Private Offering. On December 5, 2011, the Company and Mr. Gubin

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amended the stock purchase agreement to provide the parties with additional time to obtain the regulatory approvals required for the purchase of the shares. If the transaction with Mr. Gubin is consummated, Mr. Gubin would own 8,550,000 shares, or approximately 29% of the Company's outstanding common stock. The closing of this transaction is subject to regulatory approval from the Federal Reserve Board and the OFR. The purchase agreement may be terminated by the Company or Mr. Gubin if the closing does not occur by June 30, 2012, but not by any party whose failure to perform any obligations under the agreement required to be performed on or prior to such date has been the cause of, or results in, the failure of the transaction to close on or before such date.

If the transaction with Mr. Gubin is consummated, it is anticipated that substantially all of the proceeds would be invested in the Bank and the Bank's capital would be increased by approximately \$11.3 million. With \$11.3 million in additional capital, the Bank's Tier 1 leverage and total risk based capital ratios at September 30, 2011, on a pro forma basis, would have been 9.2% and 13.7%, respectively. These ratios would exceed the corresponding 8% and 12% ratios imposed under the Consent Order. There can be no assurance, however, that the sale to Mr. Gubin will be consummated, or that the capital received in the sale will be sufficient to meet the Bank's capital requirements under the Consent Order at the time of the consummation of the sale.

USE OF PROCEEDS

This prospectus relates to 21,591,750 shares of our common stock which may be sold from time to time by the selling stockholders. We will not receive any part of the proceeds from the sale of common stock by the selling stockholders.

DETERMINATION OF OFFERING PRICE

This offering is being made solely to allow the selling stockholders to offer and sell shares of our common stock to the public. The selling stockholders may offer for resale some or all of their shares at the time and price that they choose. On any given day, the price per share is likely to be based on the bid price for our common stock, as quoted on the NASDAQ Capital Market on the date of sale, unless shares are sold in private transactions. Consequently, we cannot currently make a determination of the price at which shares offered for resale pursuant to this prospectus may be sold.

SELLING STOCKHOLDERS

The selling stockholders identified below, or their respective pledgees, donees, assignees, transferees or their successors in interest, are selling all of the common shares being offered under this prospectus.

On October 27, 2011 and December 29, 2011, we issued to private investors (the Investors) an aggregate of 21,591,750 shares of common stock in the Private Offering.

In connection with the closings of the Private Offering, we entered into a Registration Rights Agreement with each Investor (the Registration Rights Agreement). Under the Registration Rights Agreement, the Company is required to use its reasonable best efforts to promptly file with, and cause to be declared effective by, the SEC, not later than 30 days after the date thereof, a shelf registration statement providing for the resale by the Investors of the shares of common stock of the Company issued by the Company to the Investors in connection with closing of the Private Offering.

We are registering, on behalf of the selling stockholders, 21,591,750 shares of our common stock, of which 16,940,000 are held by directors, officers and significant shareholders of the Company. The following table sets forth, as of February 14, 2012, the name of each of the selling stockholders, the number of shares of common stock owned by each selling stockholder that may be offered for sale from time to time pursuant to this prospectus and the number of shares of common stock to be held by each selling stockholder assuming the sale of all the common stock being registered hereby.

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Some of the selling stockholders may distribute their shares, from time to time, to their limited and/or general partners and members, who may sell shares pursuant to this prospectus. Each selling stockholder may also transfer shares owned by it, and upon any such transfer the transferee may have the same right of sale as the selling stockholder. None of the selling stockholders has had a material relationship with us within the past three years other than as a result of the ownership of our common stock, except as set forth below or under the heading "Certain Relationships and Related Transactions" of our definitive proxy statement on Schedule 14A filed on December 14, 2011 which is incorporated herein by this reference. We may amend or supplement this prospectus from time to time to update the disclosure set forth in this prospectus.

The shares of common stock being registered hereby were acquired from us in transactions which were exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") under Section 4(2) and Rule 506 of Regulation D thereof.

Name of Selling Stockholder	Number of Shares Being Offered	Shares Beneficially Owned Prior to the Offering ⁽¹⁾		Shares Beneficially Owned After the Offering ⁽¹⁾⁽²⁾	
		Number	%	Number	%
Officers and Directors of the Company and the Bank					
Sam Borek, Vice Chairman of the Board	2,000,000	2,050,508	9.15	50,508	*
Moishe Gubin, Chairman of the Board (3)	2,050,000	2,050,000	9.15	0	0
Seth Gillman, Director	750,000	750,000	3.35	0	0
Wendy Mitchler, Director (4)	125,000	132,395	*	7,395	*
Thomas A. Procelli, Executive Vice President and Director of OptimumBank	25,000	34,061	*	9,061	*
Howard Zusman, SVP of Lending of OptimumBank	15,000	15,000	*	0	0

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Cheryl Folino, Vice President and Branch Manager of OptimumBank