

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

<u>In the Matter of:</u>)	
Asia Bank, N.A.)	NE 2004-100
Flushing, N.Y.)	

CONSENT ORDER

The Comptroller of the Currency of the United States of America (“Comptroller”), through his/her National Bank Examiner, has examined Asia Bank, N.A., Flushing, N.Y. (“Bank”), and his findings are contained in the Report of Examination (“ROE”) for the examination that commenced on March 29, 2004.

The Bank, by and through its duly elected and acting Board of Directors (“Board”), in the interest of compliance and cooperation, has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated December 17, 2004, which is accepted by the Comptroller. By this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order (“Order”) by the Comptroller.

Pursuant to the authority vested in him/her by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

BOARD BANK SECRECY ACT (“BSA”)/COMPLIANCE OVERSIGHT COMMITTEE

(1) The Board’s BSA/Compliance Oversight Committee (“Compliance Committee”) shall be charged with the responsibility of monitoring and coordinating the Bank's adherence to the provisions of this Order.

(2) The Compliance Committee shall meet at least monthly. The Compliance Committee shall keep written minutes of each of its meetings.

(3) Within thirty (30) days of the date of this Order and monthly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) actions taken to comply with each Article of this Order;
- (b) the results of those actions; and
- (c) a description of all additional actions that will need to be taken so as to achieve full compliance with each Article of this Consent Order

(4) The Board shall forward a copy of the Compliance Committee's written progress report, with any additional comments by the Board, and the minutes of each of the Compliance Committee's meetings to the Assistant Deputy Comptroller, Office of the Comptroller of the Currency, 1114 Avenue of the Americas, New York, NY 10036.

ARTICLE II

STUDY OF BANK SECRECY ACT COMPLIANCE

(1) Within thirty (30) days of the effective date of this Order, the Board shall submit the name and qualifications of an independent, outside management consultant to be employed by the Board and the proposed terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. The Assistant Deputy Comptroller shall submit a response to the Bank within sixty (60) days of receiving the submission.

(2) Within ninety (90) days of receiving the written determination of no supervisory objection, the Board shall employ the consultant specified in paragraph (1) of this Article and

such consultant shall complete a review of the Bank's revised BSA /Anti-Money Laundering ("AML")(collectively, "BSA/AML") program and develop findings, observations and recommendations for assuring compliance with the BSA, as amended (31 U.S.C. §§ 5311-5330), the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, and 12 C.F.R. Part 21, Subparts B and C, including all amendments thereto that were created as a result of the enactment of the USA PATRIOT Act (all collectively referred to as the "Bank Secrecy Act" or "BSA"), and the rules and regulations of the Office of Foreign Assets Control ("OFAC").

(3) The consultant shall conduct a review of all the Bank's products and services offered, covering each of the Bank's five offices, in order to determine whether existing systems and controls are commensurate with the risk exposure created by such activities. This review shall include, but not be limited to, risk-based transactional testing of customer deposit accounts, loan transactions, wire transfer activities, monetary instrument sales, safe-deposit, and trade-finance services, in order to ascertain any unusual or suspicious transactions that may have occurred at the Bank.

(4) Within ninety (90) days of receiving the Assistant Deputy Comptroller's written determination of no supervisory objection, the findings, observations and recommendations of the consultant shall be set forth in a written report to the Board, with a copy submitted to the Assistant Deputy Comptroller immediately after its completion.

(5) Within thirty (30) days of receiving the written report of the consultant, the Bank shall file Suspicious Activity Reports ("SARs"), in accordance with 12 C.F.R. § 21.11 for any previously unreported suspicious activity identified during this review.

(6) Within thirty (30) days of receiving the written report of the consultant, the Bank's Board, its management and the Compliance Committee shall cause to be prepared and submitted to the Assistant Deputy Comptroller a written response to the consultant's findings, observations and recommendations regarding the Bank's BSA program, which written response shall detail proposed changes, if any, to the Bank's policies, procedures, training and staffing to be implemented by the Bank to assure ongoing BSA compliance. Should the Board decide not to implement a recommendation of the consultant, the Board shall outline, in its written response, its rationale for rejecting the consultant's recommendation. The Assistant Deputy Comptroller shall submit comments to such submission to the Bank within sixty (60) days of receiving the submission. The Bank shall incorporate any comments made by the Assistant Deputy Comptroller into the proposed changes and promptly implement such changes, as so modified

ARTICLE III

BSA – POLICIES AND PROCEDURES

(1) Within sixty (60) days after receiving the written report of the independent consultant that was hired pursuant to Article II of this Order, and in response to the risks that were identified in that report, the Board shall review the Bank's revised written BSA policies and procedures and revise and strengthen them as necessary to ensure that the revised written policies and procedures are comprehensive and effective for promoting ongoing compliance with the suspicious activity monitoring and reporting requirements of the BSA. At a minimum, the revised written policies and procedures shall address and accomplish the following:

- (a) strengthen the Bank's Customer Identification Program to ensure that appropriate information is secured from all Bank customers;
- (b) for each of the Bank's products and services, identify what should be deemed to be a suspicious activity;
- (c) ensure proper filing of SARs for both the Bank's account and non-account holders when the activity in which the party engages is determined to be suspicious or unusual;
- (d) provide guidance for Bank personnel in their determination of whether to close or maintain customer accounts that previously were the subject of SAR filings;
- (e) ensure that all future SAR filings are comprehensive and properly report the suspicious activity so that law enforcement personnel may effectively utilize such information;
- (f) monitor safe deposit activities and withdrawals from automatic teller machines ("ATMs") located outside the United States;
- (g) provide guidance for Bank personnel on the USA PATRIOT Act's (i) Section 314(a) requirements related to Financial Crime Enforcement Network ("FinCEN") requests and information sharing and (ii) Section 311 requirements related to special measures against jurisdictions and financial institutions of primary money laundering concern; and
- (h) provide for sanctions to be imposed against appropriate Bank personnel for noncompliance with BSA, OFAC and USA PATRIOT Act requirements.

(2) Significant departmental policies and procedures, such as those related to lending activities, wire funds transfers, and operations, shall be reviewed and further expanded as appropriate to incorporate BSA, OFAC, and USA PATRIOT Act requirements. Also, examples of suspicious activities or red flags specific to the respective department shall be incorporated into written guidance made available to Bank personnel with compliance responsibilities so as to ensure that potential suspicious activities are recognized and reported to the Bank's BSA Compliance Officer.

(3) Immediately after their completion, copies of these revised written policies and procedures shall be submitted to the Assistant Deputy Comptroller for review and prior written determination of no objection. The Assistant Deputy Comptroller shall submit comments to such submission to the Bank within sixty (60) days of receiving the submission. In the event the Assistant Deputy Comptroller recommends changes to the revised policies and procedures, the Board shall immediately incorporate those changes into the policies and procedures.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies and procedures developed pursuant to this Article.

ARTICLE IV

BSA – INTERNAL CONTROLS

(1) Within ten (10) days of the effective date of this Order, the Board shall submit to the Assistant Deputy Comptroller its revised written risk-based methodology for reviewing the activities of customers that either maintain deposit accounts or lending relationships with the Bank, which includes the frequency for account(s) review assigned to each risk category.

The Assistant Deputy Comptroller shall submit comments to such submission to the Bank within sixty (60) days of receiving the submission. In the event the Assistant Deputy Comptroller recommends changes to the risk-based methodology, the Board shall immediately incorporate those changes into the methodology and implement the risk-based methodology, as so modified.

(2) Within one hundred eighty (180) days of the effective date of this Order, the Board shall provide for a written review of the activities of the deposit and lending relationship customers. This review shall include assigning a risk rating to each customer following an analysis of the customers' respective account(s) activities conducted during the previous calendar quarter. Consideration should be given to the types, amounts and volumes of transactions being conducted, including the counterparties and geographies involved in such transactions.

(3) Within thirty (30) days of the effective date of this Order, the Board shall provide for a written quarterly review of wire transfer activities by country, especially to high-risk and/or non-cooperative jurisdictions, to identify any unusual or suspicious funds movements. In addition, the Bank's written or electronic customer remittance logs must be expanded to capture address and phone numbers for all remitters.

(4) Within thirty (30) days following the completions of the respective written reviews required by paragraphs (2) and (3) of this Article, the Bank shall file SARs, in accordance with 12 C.F.R. § 21.11, for any previously unreported suspicious activity identified during those reviews.

(5) The Board shall take all steps necessary to increase the Bank's monitoring efficiency and to strengthen the processes that it uses to identify suspicious activities, including:

- (a) within sixty (60) days of the effective date of this Order, submit to the Assistant Deputy Comptroller for approval a contract to purchase software to automate the Bank's BSA and OFAC monitoring systems. The software selected shall be commensurate with the nature and volume of the Bank's activities. The Assistant Deputy Comptroller shall submit comments to such submission to the Bank within sixty (60) days of receiving the submission. The Board shall promptly implement the use of the new software;
- (b) within ninety (90) days of the contract date, create a written implementation plan for the selected BSA software, which plan outlines, at a minimum, employee responsibilities, implementation tasks and timeframes; and
- (c) within sixty (60) days of the effective date of this Order, develop and submit to the Assistant Deputy Comptroller for approval a high-level Management Information System (MIS) to periodically review the account activities of customers representing lower risks. The MIS selected shall be capable of generating, inter alia, velocity reports, which capture the aggregate number and amounts of transactions conducted through an account, which can be used to identify any customers warranting a more thorough review. The Assistant Deputy Comptroller shall submit comments to such submission to the Bank within sixty (60) days of receiving the submission. The Board shall modify

the MIS to incorporate changes recommended by the Assistant Deputy Comptroller and promptly implement the MIS, as so modified.

ARTICLE V

BSA - AUDIT FUNCTION

(1) The Board has determined to seek the services of new third party provider to conduct the Bank's BSA audit. Within one hundred twenty (120) days of the effective date of this Order, the Board shall retain a new third party provider for the internal audit function. The Board's selection of the third party provider shall be subject to the approval of the Assistant Deputy Comptroller. Within ten (10) days of the effective date of this order the Board shall submit to the Assistant Deputy Comptroller a written proposal from a new third party provider. The Assistant Deputy Comptroller shall submit comments to such submission to the Bank within sixty (60) days of receiving the submission. In the event the Assistant Deputy Comptroller recommends changes to scope of the audit services or audit procedures or does not approve the third party provider, the Bank shall make appropriate changes.

(2) Within one hundred twenty (120) days of effective date of this Order, the Board shall ensure that (i) the scope of the audit coverage of the Bank's BSA program is comprehensive, and that risk-based testing is conducted in accordance with 12 C.F.R. § 21.21; (ii) the audit program reviews the Bank's overall risk management program; and (iii) the Bank's existing audit procedures are expanded to include:

- (a) A risk-based approach to BSA compliance that includes transactional testing and verification of data for higher risk businesses or accounts or geographic areas of specific concern;

- (b) Procedures to review lending activities, wire transfer activities, activities involving pouches and safe deposit boxes, and transactions conducted through automated teller machines (ATMs) located outside the U.S.; and
- (c) Procedures to review the Bank's compliance with all applicable sections of the USA PATRIOT Act.

(3) The Board shall ensure, on an on-going basis, that auditors selected to conduct the Bank's BSA audits have the requisite expertise to develop findings, observations and recommendations so as to ensure the Bank's on-going compliance with its BSA obligations.

ARTICLE VI

BSA COMPLIANCE OFFICER

(1) Within thirty (30) days of the date of the effective date of this Order, the Board shall formally assess the competency of the Bank's BSA Compliance Officer and her staff.

The Board shall:

- (a) assess whether these individuals possess the experience and other qualifications required to (i) correct the deficiencies that were identified in the Bank's BSA compliance program and (ii) ensure the ongoing effectiveness of the Bank's revised BSA compliance program;
- (b) determine whether staffing changes should be made to any of these positions;
- (c) determine whether these individuals are vested with sufficient authority to appropriately monitor and ensure the Bank's BSA compliance;

- (d) assess the adequacy of current reporting lines to ensure that the BSA Compliance Officer and her staff are completely independent of the Bank's management;
- (e) determine whether the BSA Compliance Officer and her staff have the necessary resources, including specialized training, to keep abreast of regulatory changes and industry practices; and
- (f) outline the manner in which the Board will hold the BSA Compliance Officer and her staff accountable for (i) correcting the deficiencies outlined in this Order and in the ROE and (ii) for ensuring that these (or similar) deficiencies do not recur.

The findings and recommendations of the Board shall be set forth in a written report, which shall be provided to the Assistant Deputy Comptroller immediately after its completion, but in no event later than forty five (45) days from the effective date of this Order.

ARTICLE VII

BSA – EMPLOYEE TRAINING

(1) Within ninety (90) days of the date of the effective date of this Order, the Board shall implement a BSA employee training program that is customized for each area of the Bank's operations. The Board shall make a written determination as to which Bank existing employees must receive this training. After making that determination, these Bank employees shall successfully complete their respective training program within sixty (60) days of the date of the effective date of this Order. Going forward, all new employees of the Bank who should be so trained shall successfully complete their respective training program

not later than sixty (60) days after joining the Bank, and all existing employees shall re-take, and successfully complete, their respective training program on not less than an annual basis.

This program shall include:

- (a) a discussion of known money laundering and terrorist-financing schemes pertaining to each respective department in order to facilitate the recognition of such activities by departmental personnel;
- (b) a discussion of key statutory requirements and penalties for noncompliance and internal policies and procedural requirements; and
- (c) appropriate periodic testing of personnel to assess (i) their comprehension of the subject material and (ii) their application of the learned material.

ARTICLE VIII

ADMINISTRATIVE APPEALS AND EXTENSIONS OF TIME

(1) If the Board determines that an exception to any provision of this Order is in the best interests of the Bank, or requires an extension of any timeframe within this Order, the Board shall submit a written request to the Assistant Deputy Comptroller asking for relief.

(2) Any written requests submitted pursuant to this Article shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with any provision of this Order, that require the Assistant Deputy Comptroller to exempt the Bank from any provision of this Order, or that require an extension of any timeframe provided for by this Order. All such requests shall be accompanied by relevant supporting documentation.

(3) The Assistant Deputy Comptroller's decision in granting or denying the requested relief is final and not subject to further review.

ARTICLE IX

CLOSING

(1) Although the Board is by this Order required to submit certain proposed actions and programs for the review or prior determination of no supervisory objection of the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him/her by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Order shall begin to run from the effective date of this Order. Such time limitations may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his/her authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Order in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Order;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States.

(7) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IT IS SO ORDERED, this 17th day of December 2004.

/s/ Betty Lane Bowman

12/17/04

Betty Lane Bowman
Assistant Deputy Comptroller
New York Metro East Field Office

Date

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

In the Matter of:)
Asia Bank, N.A.)
Flushing, N.Y.)

**STIPULATION AND CONSENT TO THE ISSUANCE
OF A CONSENT ORDER**

The Comptroller of the Currency of the United States of America (“Comptroller”) has initiated cease and desist proceedings against Asia Bank, N.A., Flushing, N.Y. (“Bank”) pursuant to 12 U.S.C. § 1818(b).

The Bank, in the interest of compliance and cooperation consents to the issuance of a Consent Order, dated December 17, 2004 (“Order”);

In consideration of the above premises, the Comptroller, through his/her authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

Jurisdiction

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

(2) The Comptroller is “the appropriate Federal banking agency” regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1818(b)(1).

ARTICLE II

Agreement

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees that said Order shall be deemed an “order issued with the consent of the depository institution” as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i). Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(i), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(3) The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller’s exercise of its supervisory responsibilities.

ARTICLE III

Waivers

(1) The Bank, by signing this Stipulation and Consent, hereby waives:

(a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);

- (b) any and all procedural rights available in connection with the issuance of the Order;
- (c) all rights to seek any type of administrative or judicial review of the Order;
and
- (d) any and all rights to challenge or contest the validity of the Order.

ARTICLE IV

Other Action

(1) The Bank agrees that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, he/she deems it appropriate to do so to fulfill the responsibilities placed upon him/her by the several laws of the United States of America.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his/her representative, has hereunto set his/her hand on behalf of the Comptroller.

/s/ Betty Lane Bowman

BettyLane Bowman
Assistant Deputy Comptroller
New York Metro East Field Office

12/17/04

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

_____ Raymond S. Chan	_____ Date
_____ /S/	_____ December 17, 2004
_____ Kathy Lin-Huang	_____ Date
_____ /S/	_____ December 17, 2004
_____ Wu-Hsing Liao	_____ Date
_____ /S/	_____ December 19, 2004
_____ Yung-Hsiung Lin	_____ Date
_____ /S/	_____ December 17, 2004
_____ James I. McDermott, Jr.	_____ Date
_____ /S/	_____ December 17, 2004
_____ Christine Shih	_____ Date
_____ /S/	_____ December 17, 2004
_____ Jentai Tsai	_____ Date
_____ /S/	_____ December 17, 2004
_____ Yu-Shyang Tsai	_____ Date
_____ 	_____ Date
_____ 	_____ Date

