

**#2005-109**

AGREEMENT BY AND BETWEEN  
Los Angeles National Bank  
Buena Park, California  
and  
The Office of the Comptroller of the Currency

Los Angeles National Bank, Buena Park, California (“Bank”), and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules, and regulations.

The Comptroller has found that the Bank engaged in unsafe and unsound banking practices with respect to the Bank Secrecy Act, 31 U.S.C. §§ 5311 et seq. The Bank neither admits nor denies these findings.

In consideration of the above premises, it is agreed, between the Board, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

Article I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). *See* 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) This Agreement shall cause the Bank to be designed as in “troubled condition” as set forth in 12 C.F.R. § 5.51(c)(6). In addition, this Agreement shall cause the Bank not to be designated as an “eligible bank” for purposes of 12 C.F.R. § 5.3(g).

(6) All reports or plans that the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to the:

Assistant Deputy Comptroller  
Southern California – South Field Office  
1925 Palomar Oaks Way, Suite 202  
Carlsbad, CA 92008-6526

## ARTICLE II

### COMPLIANCE COMMITTEE

(1) Within thirty (30) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors, of which no more than one (1) shall be employees of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the names of any new member shall be submitted in writing to the Assistant Deputy Comptroller. The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Agreement.

(2) The Compliance Committee shall meet at least monthly.

(3) Within forty-five (45) days of the date of this Agreement and every ninety (90) days thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the action needed to achieve full compliance with each Article of this Agreement;
- (b) actions taken to comply with each Article of this Agreement; and
- (c) the results and status of those actions.

(4) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

### ARTICLE III

#### BANK SECRECY ACT - AUDIT FUNCTION

(1) Within one hundred-twenty (120) days of the date of this Agreement, the Board shall retain the services of a qualified, independent, external auditor to develop written findings, observations, and recommendations concerning the Bank's internal controls that address compliance with the Bank Secrecy Act, 31 U.S.C. §§ 5311 et seq., as amended, the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, and 12 C.F.R. Part 21, Subparts B and C, and the rules and regulations of the Office of Foreign Assets Controls (“OFAC”) (collectively referred to as the “Bank Secrecy Act” or “BSA”). These findings, observations, and recommendations, along with the Bank's response to any such concerns, shall be reviewed by the independent auditor on an annual basis for the term of this Agreement.

(2) The Board shall submit the name and qualifications of any auditor specified in

paragraph (1) of this Article, the proposed terms of employment, the scope of the proposed audit, and any amendments thereto, to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(3) Within one hundred-fifty (150) days of the date of this Agreement, the auditor specified in paragraph (1) of this Article shall conduct a review of account activity at the Bank since January 1, 2005. This review shall include deposit accounts, loan transactions, wire activity, certified check activity, Currency Transaction Report (“CTR”) activity (including structuring), and traveler's check activity, in order to ascertain any unusual or suspicious transactions that may have occurred at the Bank during this period. Upon completion of this review, the written report of the auditor shall be provided to the Board and a copy shall be provided to the Assistant Deputy Comptroller within ten (10) days of the Board receiving such report. Within thirty (30) days of receiving the written report, the Bank shall file Suspicious Activity Reports, in accordance with 12 C.F.R. § 21.11, for any previously unreported suspicious activity identified during this review.

#### ARTICLE IV

##### BANK SECRECY ACT – INTERNAL CONTROLS

(1) Within sixty (60) days of the date of this Agreement, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program of policies and procedures to ensure compliance with the Bank Secrecy Act. At a minimum, this written program shall establish:

- (a) a system of internal controls (including independent testing and auditing) to ensure ongoing compliance with the Bank Secrecy Act;

- (b) operating procedures for the monitoring of existing accounts, which shall at a minimum ensure compliance with the Customer Identification Program, due diligence requirements, enhanced due diligence for higher-risk accounts including non-resident alien accounts and money service businesses, and account activity analysis for higher-risk accounts. Due diligence shall include establishing anticipated kind and levels of activities for particular accounts;
- (c) adequate controls and procedures to ensure that all suspicious and large currency transactions are identified and reported. Procedures should be comprehensive as to all points of cash entry and exit;
- (d) procedures to ensure that records are maintained on monetary instrument transactions and funds transfers, as required by the Bank Secrecy Act;
- (e) comprehensive procedures to identify and report to appropriate management personnel on at least a monthly basis:
  - (i) frequent or large volume cash deposits or wire transfers or book entry transfers to or from offshore or domestic entities or individuals;
  - (ii) wire transfers or book entry transfers that are deposited into several accounts;
  - (iii) receipt and disbursement of wire transfers or book entry transfers without an apparent business reason or apparent lawful purpose;
  - (iv) receipt and disbursement of wire transfers or book entry transfers when they are inconsistent with the customer's business or anticipated account activity;
  - (v) receipt and disbursement of currency or monetary instruments when they

are inconsistent with the customer's business or anticipated account activity; and

- (vi) bank accounts opened in the name of any “financial institution” as defined in 31 C.F.R. § 103.11(n) (bank, broker/dealer, currency dealer or exchanger, issuer or seller or redeemer of traveler’s checks or money orders, transmitter of funds, telegraph company, casino, etc.);
  - (f) a comprehensive training program for all appropriate operational and supervisory personnel to ensure their awareness of and compliance with the requirements of the Bank Secrecy Act, including the currency reporting and monetary instrument and funds transfer recordkeeping requirements, and the reporting requirements associated with Suspicious Activity Reports (SARs) pursuant to 12 C.F.R. Part 21, Subpart B;
  - (g) designation of a Bank officer who shall be responsible for filing Currency Transaction Reports (CTRs), Reports of International Transportation of Currency or Monetary Instruments (CMIRs), and Reports of Foreign Bank and Financial Accounts (FBARs); and
  - (h) comprehensive guidelines, procedures, and systems for compliance with the rules and regulations of the Office of Foreign Assets Control (OFAC).
- (2) Within one hundred twenty (120) days of the date of this Agreement, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program of policies and procedures regarding new account opening, which shall at a minimum ensure compliance with the Customer Identification Program, due diligence requirements, enhanced due diligence for higher-risk accounts including non-resident alien accounts and money service businesses, and

account activity analysis for higher-risk accounts. Due diligence shall include establishing anticipated kind and levels of activities for particular accounts.

(3) Upon completion, a copy of these programs shall be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. In the event the Assistant Deputy Comptroller recommends changes to the programs, the Board shall immediately incorporate those changes into the programs.

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

## ARTICLE V

### SUSPICIOUS ACTIVITY REPORTS

(1) Within sixty (60) days of the date of the Agreement, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to establish a system of internal controls and processes to ensure compliance with the requirements to file Suspicious Activity Reports set forth in 12 C.F.R. § 21.11, as amended. At a minimum, this written program shall establish procedures for identifying and reporting known or suspected violations of Federal law; violations of the Bank Secrecy Act; or suspicious transactions related to money laundering activity, including suspicious activity relating to the opening of new accounts, the monitoring of current accounts, and the transfer of funds through the Bank.

(2) Upon completion, a copy of this program shall be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. In the event the Assistant Deputy Comptroller recommends changes to the program, the Board shall immediately incorporate those changes into the program.

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

## ARTICLE VI

### CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, 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 by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

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

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1),



and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. 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 his supervisory powers, including 12 U.S.C. § 1818(b)(1), 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. 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 his supervisory responsibilities. The terms of this Agreement, 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.

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

/s/ Kay E. Kowitt  
Kay E. Kowitt  
Deputy Comptroller  
Western District  
Office of the Comptroller of the Currency

August 12, 2005  
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.

<u>/s/</u> Kevin Chen	<u>08-12-05</u> Date
<u>/s/</u> Steve Chen	<u>08-12-05</u> Date
<u>/s/</u> L. Robert Lay	<u>Aug. 12, 2005</u> Date
<u>/s/</u> Bright Wang	<u>8/12/05</u> Date
<u>/s/</u> Johnson Tsai	<u>8/12/05</u> Date
<u>/s/</u> Ming Mu Tsai	<u>8/12/05</u> Date