

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

In the Matter of:)
Far East National Bank)
Los Angeles, California)

CONSENT ORDER

The Acting Comptroller of the Currency of the United States of America ("Comptroller"), through her National Bank Examiner, has examined Far East National Bank, Los Angeles, California ("Bank"), and has concluded that the Bank violated 12 C.F.R. Part 21; 31 U.S.C. § 5318; and 31 C.F.R. Part 103.

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a "Stipulation and Consent to the Issuance of a Consent Order," signed by the Comptroller's authorized representative on June 13, 2005. 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 her by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

COMPLIANCE COMMITTEE

(1) Within fifteen (15) days, the Board shall appoint a Compliance Committee of at least three (3) directors, of which no more than two (2) shall be an employee 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 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 Order.

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

(3) Within fifteen (15) days of the appointment of the Committee and every thirty (30) days thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the actions needed to achieve full compliance with each Article of this Order;
- (b) actions taken to comply with each Article of this Order; and
- (c) the results 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, Southern California North Field Office, 550 North Brand Boulevard, Suite 500, Glendale, California 91203.

ARTICLE II

BANK SECRECY ACT - INTERNAL CONTROLS

(1) Within sixty (60) days, the Board shall review and revise the Bank's written program of policies and procedures to ensure compliance with the Bank Secrecy Act. At a minimum, this written program shall include the following:

- (a) a system of internal controls and independent testing and auditing to ensure ongoing compliance with the Bank Secrecy Act and the Bank's Bank Secrecy Act compliance program required by this Article;

- (b) policies, operating procedures, due diligence programs, and quality control systems that ensure:
- (i) an ongoing risk-focused assessment of the Bank's customer base;
 - (ii) the appropriate level of due diligence is applied when opening and monitoring all accounts;
 - (iii) high-risk accounts are accurately identified at the time of account-opening;
 - (iv) translation of significant documents necessary to ensure the identity of individuals and corporations at the time of account-opening;
 - (v) enhanced due diligence and monitoring of high-risk accounts;
 - (vi) procedures for evaluating, documenting, and monitoring BSA risk in the Bank's existing customer base;
 - (vii) monthly review and analysis of aggregate cash activity for structuring and periodic reviews of aggregate cash activity for longer periods (quarterly) relating to transactions in the Bank's Global Remittance Unit;
 - (viii) monthly review and analysis of transactions associated with accounts domiciled in the Bank's Intercontinental Financial Services Department (including, but not limited to, Cross Pacific Accounts);

- (ix) monthly review and analysis of incoming and outgoing wire activity by geographic location, volume, and customer velocity patterns;
 - (x) monthly review and analysis of wire transfers or book entry transfers that are received or disbursed inconsistent with the anticipated use of the account;
 - (xi) consideration of all regulatory guidance addressing BSA risks, including, but not limited to, guidance pertaining to the opening and maintaining of accounts for non-United States residents;
 - (xii) periodically review, not less than each calendar year, account documentation for all higher risk accounts and all other related accounts of those customers at the Bank to determine whether the account activity is consistent with the customer's business and the stated purpose of the account;
 - (xiii) timely independent review of the findings required by subparagraph (xii) of this Paragraph to ensure compliance with the Bank Secrecy Act and the Bank's Bank Secrecy Act compliance program; and
 - (xiv) immediate correction of any deficiencies identified by the reviews required by subparagraphs (xii) and (xiii) of this Paragraph.
- (c) comprehensive procedures to identify and report to appropriate management personnel:

- (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;
 - (iv) receipt and disbursement of wire transfers or book entry transfers when they are inconsistent with the customer's business;
 - (v) receipt and disbursement of currency or monetary instruments when they are inconsistent with the customer's business;
 - (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.); and
 - (vii) bank accounts opened or maintained by or on behalf of non-United States persons, including foreign individuals visiting the United States, or representatives of non-United States persons.
- (d) 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, the Bank's Bank Secrecy Act compliance program, including the currency reporting and monetary

instrument and funds transfer recordkeeping requirement, identification of high-risk accounts or activities, enhanced due diligence as required, know your customer procedures, the Office of Foreign Assets Control ("OFAC"), 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.

(2) Upon completion, a copy of the Bank's revised written compliance program shall be submitted to the Assistant Deputy Comptroller for prior written determination of no supervisory objection. In the event the Assistant Deputy Comptroller objects in writing to the program or provides written comments, the Board shall immediately make the necessary revisions to the program. Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall immediately implement the program and thereafter adhere to and ensure compliance with the program.

(3) The Board shall review and update the Bank's written Bank Secrecy Act compliance program on an annual basis, or more frequently if necessary. Any proposed revisions shall immediately be submitted to the Assistant Deputy Comptroller for prior written determination of no supervisory objection. In the event the Assistant Deputy Comptroller objects in writing to the program or provides written comments, the Board shall immediately make the necessary revisions to the program. Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall immediately implement the program and thereafter adhere to and ensure compliance with the program.

(4) 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.

(5) The requirement to submit information and the provision for a prior written determination of no supervisory objection in this Article are based upon the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Assistant Deputy Comptroller to complete and act upon any such information or authority within ninety (90) days.

ARTICLE III

COMPLIANCE FUNCTION

(1) Within sixty (60) days, the Board shall review the Bank's Compliance Department to determine if the current reporting lines for all of the Compliance Department personnel, and their respective assigned responsibilities, are effective in ensuring compliance with the Bank Secrecy Act.

(2) Within sixty (60) days, the Board shall review all job descriptions of personnel in the Compliance Department to ensure that they are consistent with the expected job functions.

(3) The Board shall submit a report to the Assistant Deputy Comptroller detailing the findings of the review, any expected change in the Compliance Department's function, and the time frame in which the changes shall be implemented.

ARTICLE IV

INTERCONTINENTAL FINANCIAL SERVICES ("ICFS") DEPARTMENT

(1) Within thirty (30) days, the Board shall review the capabilities of the Bank's ICFS

staff and assess their experience, other qualifications, and performance compared to the position's description, duties, and responsibilities.

(2) If the Board determines that the current ICFS Department staff shall continue in their respective positions, but that the depth of skills of these individuals needs improvement, the Board shall within thirty (30) days review and approve a written schedule and program, with specific time frames, to improve their skills and knowledge in areas of weaknesses in the Bank Secrecy Act program noted by the Comptroller or any audit or assessment of the Bank's Bank Secrecy Act compliance function. At a minimum the written program shall include:

- (a) an education program designed to ensure that the ICFS Department staff has the skills and abilities necessary to assist the Bank in achieving compliance with all areas of the Bank Secrecy Act;
- (b) objectives by which the ICFS Department staff's effectiveness will be measured, which may be done via an internal audit of the Bank Secrecy Act function and annual independent testing; and
- (c) a performance appraisal program for evaluating performance according to the position's description and responsibilities.

(3) Within thirty (30) days the Board shall ensure that the ICFS Department has competent and adequate staff in place vested with sufficient authority to monitor and ensure the Bank's compliance with the Bank Secrecy Act and OFAC. The Board shall designate a staff member who shall be responsible for the day-to-day monitoring of activity in the ICFS Department. This individual shall be responsible for the following:

- (a) complete and timely filing of all reports required under the Bank Secrecy Act, including, but not limited to, SARs;

- (b) test for adherence to policy and procedures, especially with respect to account due diligence and the Customer Identification Program; and
- (c) perform transaction testing in the areas covered by subparagraphs (a) and (b) above in accordance with the specifications herein and as more fully set forth in the Bank's Bank Secrecy Act Policy, Customer Identification Program, Risk Assessment, and related documents.

(4) Upon completion, a copy of the written program shall be submitted to the Assistant Deputy Comptroller for review and prior determination of no supervisory objection.

ARTICLE V

BANK SECRECY ACT - AUDIT FUNCTION

(1) Within thirty (30) days, the Board shall ensure that the Bank's audit function includes periodic testing and processes that include the review of Foreign Correspondent Bank ("FCB") accounts. This review shall include testing of transactions to and from the FCB accounts. These transactions include wire transfers, book transfers, bank drafts/checks, and miscellaneous credits and debits.

(2) The audit function shall, within thirty (30) days, incorporate a review and periodic testing process that will test the completeness and accuracy of established reports (including, but not limited to, Regional Service Platform reports, wire transaction monitoring reports, and foreign correspondent bank accounts reports).

(3) Upon implementation of these processes, the audit function shall submit a report to the Board detailing its findings. The Bank shall submit a report to the Assistant Deputy

Comptroller describing the action taken to correct any deficiencies within thirty (30) days of receiving the written report of the auditor.

ARTICLE VI

FOREIGN CORRESPONDENT BANK ("FCB") ACCOUNTS

(1) Within ninety (90) days, the Board shall develop and implement policies and procedures that establish a process for periodic testing for all FCB accounts at the Bank. This process shall ensure that all necessary account opening documentation is obtained and verified. Additionally, the process shall ensure transactions are appropriate for the nature and purpose of the FCB accounts. The Board shall also ensure:

- (a) an individual who has the necessary knowledge and skill sets relating to the functionality of FCB accounts is assigned the responsibility of on-going monitoring and testing of transactions in the FCB accounts;
- (b) periodic training is available to all individuals involved in the establishment of, and monitoring of, FCB accounts. This includes, but is not limited to, the individual described in sub-paragraph (a) above, compliance function personnel, Bank Secrecy Act personnel, and audit personnel; and
- (c) a process is established to ensure compliance with the requirements to file Suspicious Activity Reports set forth in 12 C.F.R. § 21.11, as amended.

(2) Upon completion, a copy of this process 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.

ARTICLE VII

VIOLATIONS OF LAW

(1) The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule, or regulation cited in the May 10, 2005 Bank Secrecy Act Review Supervisory Letter ("Supervisory Letter"), and in any subsequent supervisory communication to the Bank, including but not limited to Supervisory Letters and Reports of Examination (hereinafter "Supervisory Communication"). The monthly progress reports required by Article I of this Order shall include the date and manner in which each correction has been effected during that reporting period.

(2) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the Supervisory Letter and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(3) Within sixty (60) days of receipt of any subsequent Supervisory Communication that cites violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the Supervisory Communication and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(4) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.

ARTICLE VIII

DEFINITIONS

- (1) As used in this Order, the term "Bank Secrecy Act" or "BSA" means:
- (a) 31 U.S.C. §§ 5311 – 5330, as amended, including, but not limited to amendments made by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act ("USA PATRIOT Act") of 2001, Public Law 107-56;
 - (b) the regulations promulgated pursuant to 31 U.S.C. §§ 5311 – 5330, as found in 31 C.F.R. Part 103, as amended, including, but not limited to the regulations implementing the USA PATRIOT Act;
 - (c) 12 C.F.R. Part 21, Subparts B and C, as amended; and
 - (d) the rules and regulations of the Office of Foreign Assets Control, as amended.
- (2) As used in this Order, the term USA PATRIOT Act means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act ("USA PATRIOT Act") of 2001, Public Law 107-56, as amended, and its implementing regulations, as amended.

ARTICLE IX

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 time frame 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, that require the Assistant Deputy Comptroller to exempt the Bank from any provision, or that require an extension of any time frame within this Order. All such requests shall be accompanied by relevant supporting documentation.

(3) The Assistant Deputy Comptroller's decision regarding the request is final and not subject to further review.

ARTICLE X

CLOSING

(1) Although the Board is by this Order required to submit certain proposed actions and programs for the review or approval 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 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 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) 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 Office of the Comptroller of the Currency or the United States.

Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Office of the Comptroller of the Currency 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 OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no OCC officer or employee has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities. The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or arrangements, or negotiations between the parties, whether oral or written.

IT IS SO ORDERED, this 13th day of June, 2005.

/s/ Dorothy A. Sander-Ziegler

6-13-05

Dorothy A. Sander-Ziegler
Assistant Deputy Comptroller
Southern California North Field Office

Date

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

In the Matter of:)
Far East National Bank)
Los Angeles, California)

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

The Acting Comptroller of the Currency of the United States of America ("Comptroller") has initiated cease and desist proceedings against Far East National Bank, Los Angeles, California ("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 June 13, 2005 ("Order");

In consideration of the above premises, the Comptroller, through 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, she deems it appropriate to do so to fulfill the responsibilities placed upon her by the several laws of the United States of America.

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

/s/ Dorothy A. Sander-Ziegler

6-13-05

Dorothy A. Sander-Ziegler
Assistant Deputy Comptroller
Southern California North Field Office

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.

Signed	6/13/05
Robert T. Chang	Date
Signed	6/13/05
Angus Chen	Date
Signed	6/13/05
Frederick C. Copeland	Date
Signed	6/13/05
Eugene Hong	Date
Signed	6/13/05
Sheu Jong-Ming	Date
Signed	6-13-05
Paul C. Lo	Date
Signed	6-13-05
Robert B. Oehler	Date
Signed	6-13-05
Robert W. Sweeney	Date