

#2005-64

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

In the Matter of:)
United National Bank)
San Marino, CA)

CONSENT ORDER

The Acting Comptroller of the Currency of the United States of America (Comptroller), through her National Bank Examiner, has examined United National Bank, San Marino, CA (Bank), and her findings are contained in the Report of Examination, dated February 7, 2005 (ROE).

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," dated June 16, 2005, that is accepted by the Comptroller. By this Stipulation and Consent, that 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 one 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) actions taken to comply with each Article of this Order; and

(b) 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.

ARTICLE II

BANK SECRECY ACT - INTERNAL CONTROLS

(1) Within ninety (90) days, 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, 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 (collectively referred to as the Bank Secrecy Act). This written program shall establish:

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

(b) procedures to ensure effective identification and ongoing monitoring of

high risk accounts and areas. This includes, but is not limited to:

- (i) consistent monthly review of aggregate cash activity for structuring and periodic reviews of aggregate cash activity for longer periods (quarterly/annually)
 - (ii) monthly analysis of incoming and outgoing wire activity by geographic location, volume, and outgoing wire activity by geographic location, volume, and customer velocity patterns;
 - (iii) monthly review of monetary instruments for unusual activity; and
 - (iv) monthly analysis of wire transfers or book entry transfers that are received or disbursed inconsistent with the anticipated use of the account (non-resident alien/offshore accounts).
- (c) operating procedures for both the opening of new accounts and the monitoring of high risk accounts;
- (d) adequate controls and procedures that are reasonably designed to ensure that suspicious and large currency transactions are identified and reported. Procedures should be comprehensive as to all points of cash entry and exit;
- (e) procedures to ensure that due diligence performed on higher risk accounts, including non-resident aliens, is sufficient and commensurate with the risk associated with those accounts;
- (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 and 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 this program shall be submitted to the Assistant Deputy Comptroller for review. 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 III

BANK SECRECY ACT - COMPLIANCE OFFICER

(1) Within thirty (30) days the Board shall ensure that the Bank has a Bank Secrecy Act (BSA) compliance officer in place who shall be vested with sufficient authority to monitor and ensure the Bank's compliance with the Bank Secrecy Act, as amended (31 U.S.C. §§ 5311 - 5330), the regulations promulgated there under at 31 C.F.R. Part 103, as amended, and 12 C.F.R. Part 21, Subparts B and C (collectively referred to herein as the Bank Secrecy Act), and the rules and regulations of the Office of Foreign Assets Control (OFAC). This compliance officer shall report directly to the Board and shall be completely independent of the Bank's management. Such independence is to be evidenced by such person reporting at regularly scheduled sessions of the Board on BSA matters. Notwithstanding the foregoing, the BSA Officer may report on a day-to-day basis to a member of the executive management team. This officer 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, Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs);

(b) performing periodic reviews of the Bank's entire BSA processes and reporting those findings to the board;

(c) testing for adherence to policy and procedures, especially with respect to account due diligence and the Customer Identification Program; and

(d) performing transaction testing in the areas covered by subparagraphs (a) - (c) above in accordance with the specifications herein and as more fully set forth in the Bank's BSA Policy, Customer Identification Program, Risk Assessment, and related documents.

(2) Within thirty (30) days, the Board shall review the capabilities of the Bank's BSA compliance officer and assess his experience, other qualifications, and performance compared to the position's description, duties, and responsibilities.

(3) If the Board determines that the BSA compliance officer's depth of skills needs improvement, the Board shall within thirty (30) days review and approve a written schedule and program, with specific time frames, to improve the BSA compliance officer's skills and knowledge in areas of weaknesses in the BSA program noted by the Comptroller or any audit or assessment of the Bank's BSA compliance function. At a minimum the written program shall include:

(a) an education program designed to ensure that the officer has skills and abilities necessary to achieve Bank compliance with all areas of the BSA;

(b) objectives by which the officer's effectiveness will be measured, which may be done via an internal audit of the BSA function and annual independent testing; and

(c) a performance appraisal program for evaluating performance according to the position's description and responsibilities.

(4) Upon Completion, a copy of the written program shall be submitted to the Assistant Deputy Comptroller.

ARTICLE IV

BANK SECRECY ACT - AUDIT FUNCTION

(1) Within one hundred twenty (120) days, the Board shall retain the services of a qualified independent auditor to develop findings, observations and recommendations on the Bank's internal controls addressing compliance with the Bank Secrecy Act, 12 C.F.R. Part 21, Subpart B (including the Suspicious Activity Report requirements) and the rules and regulations of the Office of Foreign Assets Control, including related regulatory reporting on those subjects.

(2) A copy of the Bank's proposed "Engagement Letter" with this independent auditor, and any amendments thereto, shall be subject to a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(3) Within one hundred-fifty (150) days, the independent auditor shall conduct a risk-based review of account activity at the Bank since January 1, 2005. This review shall include all applicable areas of the bank 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 findings of the auditor shall be reported to the Board, with a copy to the Assistant Deputy Comptroller. Within thirty (30) days of receiving the written report of the auditor, 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 V

SUSPICIOUS ACTIVITY REPORTS

(1) Within ninety (90) days, 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. 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

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 Supervisory Correspondence and in any subsequent Report of Examination. The monthly progress reports required by Article One of this Order shall include the date and manner in which each correction

has been effected during that reporting period.

(2) Within ninety (90) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the Supervisory Correspondence 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 Report of Examination which 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 ROE 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.

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

ARTICLE VII

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 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) 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 OCC or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC 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 16th day of June, 2005.

/s/ Dorothy A. Sander-Ziegler

6-16-2005

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:)
United National Bank)
San Marino, CA)

**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 United National Bank, San Marino, CA (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 16, 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. 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).

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

6-16-05

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

Edward Lo

6-16-2005

Date

Signed

Andy Chih-Jen Yen

6-16-05

Date

Signed

Dick C. Lao

6-16-05

Date

Signed

David M. Liu

6-16-05

Date

Signed

Christopher K. Li

6-16-05

Date