

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)
)
)
STANDARD BANK,)
Monterey Park, California.)
(OTS No. 07865))
_____)

Order No.: SF-05-002
Date: March 10, 2005

STIPULATION AND CONSENT TO THE ISSUANCE OF AN
ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF

This Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation), which concerns the accompanying and above-referenced Order to Cease and Desist (Order), is submitted by STANDARD BANK (Bank), OTS Docket No. 07865, to the Office of Thrift Supervision (OTS), which is acting through the OTS West Regional Director (Regional Director).

WHEREAS, the Office of Thrift Supervision (OTS), based upon information derived from the exercise of its regulatory responsibilities, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against the Bank, pursuant to 12 U.S.C. § 1818(b);¹ and

WHEREAS, the Bank desires to cooperate with OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist, or the Findings of Fact or opinions and conclusions of the OTS, except as to Jurisdiction, Paragraph 1, below, which is admitted, hereby stipulates and agrees to the following:

¹ All references to the United States Code (U.S.C.) are as amended, unless otherwise indicated.
STANDARD BANK
Stipulation/Consent to Issuance of
Order to Cease and Desist

1. Jurisdiction.

A. The Bank is a “savings association” within the meaning of 12 U.S.C. § 1813(b), and 12 U.S.C. § 1462(4). Accordingly, it is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).

B. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal Banking agency” to maintain an administrative cease and desist proceeding against such savings association. Therefore, the Bank is subject to the jurisdiction of OTS to initiate and maintain a cease and desist proceedings against it pursuant to 12 U.S.C. § 1818(b). The Deputy Director of OTS, pursuant to delegated authority from the Director of OTS, has delegated to the OTS West Regional Director (Regional Director) the authority to issue cease and desist orders where the savings association has consented to the issuance of the orders.

2. OTS Findings of Fact.

A. The OTS finds that the Bank violated several regulations adopted to implement the Currency and Foreign Transactions Reporting Act, as amended by the USA PATRIOT Act and other laws (collectively referred to as the Bank Secrecy Act), 31 U.S.C. §§ 5311 *et seq.*

These violations include, but are not limited to, violations of:

1. 12 C.F.R. § 563.177(b)(2) and 31 C.F.R. § 103.121(b) (implementation of customer identification program (CIP) and incorporation of CIP program into the Bank’s anti-money laundering program);
2. 12 C.F.R. § 563.177(c)(1) and 12 C.F.R. Part 570, Appendix A, § II.A (maintenance of a system of internal controls to ensure ongoing compliance);
3. 12 C.F.R. § 563.177(c)(2) (independent testing); and
4. 12 C.F.R. § 563.177(c)(4) (training of appropriate personnel).

B. The OTS finds that the Bank violated 12 C.F.R. § 563.180(d) (suspicious activity reports).

C. The OTS finds that the Bank violated 12 C.F.R. Part 564 (appraisals).

D. The OTS finds evidence of conflicts of interest involving a Bank officer, as well as weaknesses and unsatisfactory procedures regarding: (1) internal controls; (2) credit administration; (3) appraisal practices; (4) troubled debt restructuring; and (5) internal asset review.

3. **Consent.** The Bank consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). It further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. **Finality.** The Order is issued under 12 U.S.C. § 1818(b). Upon its issuance by the Regional Director, it shall be a final order, effective and fully enforceable by OTS under the provisions of 12 U.S.C. § 1818(i).

5. **Waivers.**

The Bank waives the following:

A. The right to be served with a written notice of OTS's charges against it as provided by 12 U.S.C. § 1818(b);

B. The right to an administrative hearing of OTS's charges against it as provided by 12 U.S.C. § 1818(b);

C. The right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order;

D. Any and all claims against OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS

enforcement matter and/or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412; and

E. The right to assert this proceeding, its consent to the issuance of the Order, the issuance of the Order, the payment of any monies or the provision of any other financial relief as contemplated by the Order as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

6. **Other Governmental Actions Not Affected.** The Bank acknowledges and agrees that its consent to the issuance of the Order is for the purpose of resolving this OTS enforcement matter only. The Bank acknowledges and agrees that its consent to the issuance of the Order does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against or other proceeding, civil or criminal, that may be or has been brought by OTS or another governmental entity. Further, the issuance of this Order does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against or other proceeding, civil or criminal, that may be or has been brought by OTS or any other governmental entity against any institution-affiliated party of the Bank. The issuance of this Order also does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions for civil or criminal penalties against the Bank or any other governmental entity.

7. **Miscellaneous.**

A. The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America.

B. In case any provision of the Stipulation or Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and

enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

C. All references to OTS or the Bank in this Stipulation and the Order shall also mean any of OTS's or Bank's predecessors, successors, and assigns.

D. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the construction hereof.

E. The terms of this Stipulation and the Order represent the final written agreement of the parties with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters.

F. This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by OTS, acting through its Director, Deputy Director, Regional Director, or other authorized representative. The assigned Regional Deputy Director or Assistant Director may extend timeframes for compliance with this Order.

8. Signature of Directors.

Each Director of the Bank's Board of Directors signing this Stipulation attests that he or she voted in favor of a resolution authorizing the execution of the Stipulation. A copy of the resolution of the Board of Directors of Standard Bank authorizing execution of this Stipulation shall be delivered to OTS, along with the executed original of this Stipulation.

WHEREFORE, Standard Bank, Monterey Park, California, by a majority of its directors, execute this Stipulation and Consent to the issuance of an Order to Cease and Desist, intending to be legally bound hereby.

Accepted by:

OFFICE OF THRIFT SUPERVISION

By:



Michael E. Finn
Regional Director

Effective Date: 3/10/05

STANDARD BANK
MONTEREY PARK, CA

Date

Accepted by a majority of its directors:
By:

John M. Lee, President,
Chairman of the Board, Chief
Executive Officer, and Director

Dan Louie, Jr., Director

Alice K. Jue, Director

Tom Woo, Director

Vincent W. Lee, Director

Francis K. Wong, Director

WHEREFORE, Standard Bank, Monterey Park, California, by a majority of its directors, execute this Stipulation and Consent to the issuance of an Order to Cease and Desist, intending to be legally bound hereby.

Accepted by:

OFFICE OF THRIFT SUPERVISION
By:

Michael E. Finn
Regional Director

Effective Date: _____

STANDARD BANK
MONTEREY PARK, CA

March 3, 2005

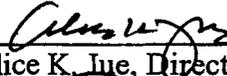
Date

Accepted by a majority of its directors:
By:

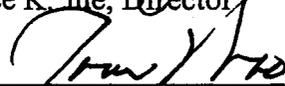


John M. Lee, President,
Chairman of the Board, Chief
Executive Officer, and Director

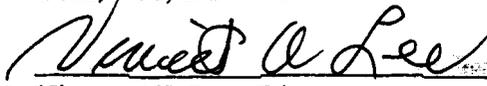
Dan Louie, Jr., Director



Alice K. Iue, Director



Tom Woo, Director



Vincent W. Lee, Director



Francis K. Wong, Director

WHEREFORE, Standard Bank, Monterey Park, California, by a majority of its directors, execute this Stipulation and Consent to the issuance of an Order to Cease and Desist, intending to be legally bound hereby.

Accepted by:

OFFICE OF THRIFT SUPERVISION
By:

Michael E. Finn
Regional Director

Effective Date: _____

STANDARD BANK
MONTEREY PARK, CA

March 3rd, 2005

Date

Accepted by a majority of its directors:
By:

John M. Lee, President,
Chairman of the Board, Chief
Executive Officer, and Director



Dan Louie, Jr., Director

Alice K. Jue, Director

Tom Woo, Director

Vincent W. Lee, Director

Francis K. Wong, Director

1. The Currency and Foreign Transactions Reporting Act, as amended by the USA PATRIOT Act and other laws (the Bank Secrecy Act or BSA), 31 U.S.C. §§ 5311 *et seq.*, and the regulations issued thereunder by the U. S. Department of the Treasury, 31 C.F.R. §§ 103.11 *et seq.*, and the related BSA regulations issued by the OTS, 12 C.F.R. § 563.177 (collectively with the aforementioned laws and regulations, the BSA Laws and Regulations);
2. 31 U.S.C. § 5318(h), 31 C.F.R. § 120(b), requiring an effective anti-money laundering program;
3. 12 C.F.R. § 563.180 and 31 C.F.R. § 103.18, regarding Suspicious Activity Reports (the SAR Regulations);
4. 12 C.F.R. § 563.161, requiring savings associations to be well-managed;
5. Safety and Soundness Standards set forth in Appendix A of 12 C.F.R. Part 570 (Interagency Guidelines Establishing Standards for Safety and Soundness); and
6. 12 C.F.R. § 563.200, regarding conflicts of interest.

II. THE BSA CONSULTANT'S REPORT.

A. Within thirty (30) days, the Bank shall engage the services of an independent, external BSA consultant (the BSA Consultant), who must be acceptable to the OTS, for the following purposes:

1. To evaluate and prepare a report and recommendations (the BSA Consultant's Report) on the Bank's BSA Compliance Program; and
2. To assist the Bank in amending its BSA Compliance Program so that the program is fully effective and causes the Bank to fulfill its responsibilities under this Order and the BSA Laws and Regulations.

B. Prior to becoming contractually obligated to a BSA Consultant, the Bank shall submit to the OTS Assistant Regional Director (ARD) for review and non-objection the name and curriculum vitae of the proposed BSA Consultant.

C. The BSA Consultant shall complete and deliver the BSA Consultant's Report to the Bank within sixty (60) days of engagement.

III. THE BSA COMPLIANCE PROGRAM.

A. Within thirty (30) days of receipt of the BSA Consultant's Report, the Board shall submit to the OTS ARD for review and non-objection the Bank's Amended BSA Compliance Program.

B. The Bank's Amended BSA Compliance Program shall include adoption of all recommendations in the BSA Consultant's Report or, for each recommendation not adopted, an explanation why it was not adopted.

C. The Bank's Amended BSA Compliance Program, at a minimum, shall:

1. Provide for internal controls reasonably designed to ensure that the Bank complies with the BSA Laws and Regulations and the SAR Regulations, including policies and procedures to monitor all transactions and to ensure that they are not being conducted for illegitimate purposes.
2. Provide for independent testing of compliance with all applicable BSA Laws and Regulations and the SAR Regulations, and ensure that compliance audits are performed regularly, are fully documented, and are conducted with the appropriate segregation of duties.

3. Ensure that the Bank's designated BSA Officer manages, coordinates, and monitors the Bank's day-to-day compliance with the BSA Laws and Regulations, the SAR Regulations, and the Bank's BSA Compliance Program. The Bank's designated BSA officer shall have day-to-day responsibility for all BSA compliance and related matters, including, without limitation: (a) filing Currency Transaction Reports when required; (b) identifying and timely, accurately, and completely reporting to law enforcement and supervisory authorities unusual or suspicious activity or known or suspected criminal activity perpetrated against or involving the Bank; and (c) monitoring the Bank's compliance and ensuring that the Bank takes full and complete corrective action for previously identified violations and deficiencies.
4. Ensure that the Compliance Officer and BSA Officer each have sufficient authority, independence, competency, time, staff (which may include outsourced staff), and resources to perform his or her assigned BSA-related and other compliance management responsibilities on a day-to-day basis.
5. Provide an effective system (SAR System) to ensure that all known or suspected violations of law are properly identified and reported in accordance with the SAR Regulations (see Paragraph IA(3) above). The SAR System, at a minimum, must provide for:
 - (a) Collection of Sufficient Identifying Information. The Bank shall provide for a Customer Identification Procedure that meets or exceeds the requirements of 31 C.F.R. § 103.121;

- (b) Consideration of Activity Flagged as Unusual or Inconsistent with the Transaction Profile. The SAR System should allow the Bank to understand the types of transactions applicable to a particular customer. Therefore, the Bank must collect sufficient information to develop an understanding of the types of transactions the customer is likely to be engaged in (*i.e.*, Transaction Profile) to assist the Bank in detecting suspicious transactions. The Bank shall consider all transactions that are flagged as being unusual or inconsistent with a customer's Transaction Profile, review the flagged transactions, and file a SAR when required by the SAR Regulations;
- (c) Compliance With SAR Instructions. The Bank shall fully comply with applicable SAR instructions, including without limitation: (i) the entry into each SAR of the full name(s), address(es), and official identification number(s) required by items 19 and 29 of the SAR form for each person identified as engaging in a suspicious activity; and (ii) a meaningful detailed narrative description in each SAR of the suspicious activity in conformity with the instructions set out in Part V of the SAR form;
- (d) Reports to the Board of Directors. The Bank's management shall monthly provide the Bank's Board of Directors with a written report: (i) that identifies the number of SARs prepared during the previous calendar month; (ii) that provides a meaningful summary of information with respect to each of the SARs prepared by the Bank during the previous calendar month; and (iii) that shall be attached to the minutes of the Board meeting; and

(e) Electronic Filing of SARs. The Bank shall file all SARs electronically.

D. The Board shall monitor and update the Amended BSA Compliance Program as necessary to adjust to:

1. Changes in the Bank's operations that may impact compliance with the BSA Laws and Regulations, and

2. Changes to the BSA Laws and Regulations (as well as related forms).

IV. BSA TRAINING.

A. Within thirty (30) days of receipt of the BSA Consultant's Report, the Board shall adopt and submit to the OTS ARD for review and non-objection a comprehensive training program for all appropriate personnel, including all management and the Board, to ensure their awareness of their responsibility for compliance with the requirements of all applicable BSA Laws and Regulations, OFAC Regulations, and SAR Regulations.

B. The required comprehensive training program shall include strategies for mandatory attendance, the frequency of training, procedures and timing for updating training programs and materials, and the method for delivering training.

V. BOARD OVERSIGHT.

A. Within sixty (60) days, the Board shall adopt and submit to the OTS ARD for non-objection a written plan to enhance and strengthen the Board's oversight of the Bank (the Board Oversight Plan) in accordance with the responsibilities outlined in the Director's Responsibility Guide² and Section 310 of the OTS Examination Handbook.³

B. The Bank shall immediately seek at least two (2) new, qualified members for the Board, who are not members of Management (defined herein as the officers of the Bank, as the

² This document may be found at <http://www.ots.treas.gov/docs/4/48090.pdf>.

³ This document may be found at <http://www.ots.treas.gov/docs/4/422110.pdf>.

term “officer” is defined at 12 C.F.R. § 561.35) with specific experience, expertise, or training in the operation and corporate governance of a federally insured financial institution. The Bank shall ensure that each of the Board’s committees includes one of the new Board members. The minutes of the meetings of the Board shall fully document these efforts. The Bank shall submit bi-weekly to the OTS ARD a written update describing the efforts the Bank has undertaken to comply with this paragraph.

C. Within thirty (30) days, the Bank shall submit to the OTS ARD for review an appropriate “Notice of Change of Director or Senior Executive Officer” for the new directors in accordance with 12 C.F.R. §§ 563.550, *et seq.*

D. The Board Oversight Plan shall contain policies and procedures establishing clear lines of authority, responsibility, and reporting for all operations of the Bank. The Board shall ensure that the authority, responsibilities, and reporting requirements of each position and committee are clearly defined and communicated to each employee as appropriate. The Board shall ensure the coordination and oversight of all activities and operations of the Bank. The Board shall include procedures to ensure that all matters are presented to the Board for review and approval as appropriate.

VI. STAFFING AND MANAGEMENT SUCCESSION PLAN.

A. Within thirty (30) days, the Bank shall engage the services of a qualified, independent third party (Management Consultant) to develop a plan to strengthen the Bank’s current management. In addition, the Management Consultant shall review all aspects of the Bank’s existing organizational structure, determine the Bank’s current and future staffing needs based upon the Bank’s current and projected operations, and prepare a Staffing and Management Succession Plan designed to meet the Bank’s future needs (collectively, the Staffing Report). Prior to becoming contractually obligated to the Management Consultant, the Bank shall submit

to the OTS ARD for review and non-objection the name and curriculum vitae of the proposed Management Consultant.

B. The Management Consultant shall complete and deliver its Staffing Report to the Bank within sixty (60) days of engagement.

C. Within thirty (30) days of receipt of the Staffing Report, the Board shall adopt and submit to the OTS ARD for review and non-objection a Staffing Plan and Training Plan.

D. The Staffing Plan, at a minimum, shall include:

1. Adoption of all recommendations in the Staffing Report, or for each recommendation not adopted, an explanation why it was not adopted; and
2. A management succession plan for the Bank's senior executive officers to promote the retention and continuity of capable management.

E. The Training Plan, at a minimum, shall:

1. Ensure that employees receive the necessary training based upon their respective positions and responsibilities;
2. Include a requirement for mandatory attendance at training;
3. Specify the frequency of training;
4. ~~Include procedures and timeframes for updating training programs and materials;~~
and
5. Identify the method for delivering training.

The Bank shall maintain adequate documentation and records of all training attended by each employee.

VII. CONFLICTS OF INTEREST POLICY.

A. Within sixty (60) days, the Board shall adopt and submit to the OTS ARD for review and non-objection a written, comprehensive Conflict of Interest Policy applicable to

directors, officers, and employees of the Bank (Affected Parties). The policy, in addition to defining a conflict of interest consistent with 12 C.F.R. § 563.200, shall:

1. Prohibit insiders who may benefit directly or indirectly from the granting of a loan from involvement in the loan's approval;
2. Prohibit any involvement of any Affected Party in the loan approval process for extensions of credit to borrowers in which the Affected Party has a financial interest;
3. Require disclosure of actual and potential conflicts of interest to the Board, and periodic disclosure to the Board of "related interests" as defined at 12 C.F.R. § 215.2(n);
4. Require Affected Parties to avoid conflicts of interest, the appearance of conflicts of interest, and violations of fiduciary duty;
5. Require arms-length dealing in any transactions by Affected Parties involving the Bank's sale or purchase of property or services;
6. Establish the Bank's policy on the usurpation of corporate opportunities;
7. Require disclosure of any material interest, including serving as officer, director, employee, or shareholder (except shareholders in any company whose common stock or analogous equity interests are listed on the New York Stock Exchange or the American Stock Exchange or whose common stock or analogous equity interests have been designated as a Nasdaq Stock Market Security listed on the Nasdaq National Market (but stock or interests listed under the separate "Nasdaq Small-Cap Issues heading" are not within this exception.)) in the business of a borrower, an applicant, or other customer of the Bank; and

8. Restrict, and require disclosure to the Board of, receipt of anything of more than nominal value by Affected Parties, directly or indirectly, from borrowers, loan applicants, other customers, or suppliers of the Bank. Provided the Bank adopts reasonable procedures for the detection of suspicious transactions by such Affected Parties, the Bank's policy may make reasonable exceptions to this requirement, such as: (a) in connection with gifts and other consideration that are based on obvious family or personal relationships (such as those between Affected Party and the parents, children, or spouse of the Affected Party) where the circumstances make it clear that it is those relationships rather than the business of the Bank which are the motivating factors; and (b) the acceptance of discounts or rebates on merchandise or services that do not exceed those available to other customers.

B. Within sixty (60) days after adopting the Conflicts of Interest Policy, the Board shall review the Bank's existing relationships with its directors, officers, employees, or principal shareholders and their related interests to identify relationships not in conformity with the policy. Thereafter, the Board shall review all proposed transactions or modifications of existing relationships between the Bank and any of its directors, officers, employees, or principal shareholders and their related interests. The Bank shall use its best efforts to bring any nonconforming relationships into conformity with the Conflicts of Interest Policy.

VIII. APPRAISAL POLICY.

A. Within sixty (60) days, the Board shall adopt and submit to the OTS ARD for review and non-objection a written, comprehensive Appraisal Review Policy consistent with the OTS appraisal regulations set forth at 12 C.F.R. §§ 563.4 *et seq.*, the Real Estate Lending Standards set forth at 12 C.F.R. §§ 560.101 *et seq.*, and the Statement on Real Estate Appraisal

Standards (issued as OTS CEO Memorandum No. 134, dated January 29, 2001). The Appraisal Review Policy, at a minimum, shall include:

1. Procedures for an independent, written review by a qualified and competent, certified appraiser of each real estate appraisal obtained for real estate related transactions of one million dollars (\$1,000,000) or more;
2. A requirement that each independent appraisal review be written, well-documented, and comply with the Uniform Standards of Professional Appraisal Practice (USPAP);
3. A requirement that each independent appraisal review include a complete written rationale in support of the conclusions provided and specifically analyze and address, in narrative form, the reasonableness of the appraisal assumptions, including current and projected vacancy and absorption rates, lease renewal trends, anticipated rents, volume and trends in past due leases, effective rental rates or sale prices (taking into account all concessions), net operating income of the property as compared with budget projections, and discount rates and direct capitalization rates;
4. Procedures to ensure the appraiser(s) selected to perform the appraisal reviews are competent; and
5. A requirement that each independent appraisal review be conducted prior to the final credit decision and that unreliable appraisals be replaced prior to the final credit decision.

IX. CREDIT ADMINISTRATION POLICY.

- A. Within sixty (60) days, the Board shall adopt and submit to the OTS ARD for review and non-objection a written, comprehensive Credit Administration Policy

designed to ensure that the Bank monitors the creditworthiness and repayment capacity of its borrowers on an ongoing basis and timely identifies problem credits. At a minimum, the Credit Administration Policy shall include:

1. Procedures for a semi-annual independent assessment of current financial information on any borrower whose aggregate loans exceed \$1,000,000;
2. Procedures to obtain and evaluate the minimally acceptable information;
3. Processes to assure the timely identification and categorization of problem credits; and
4. Procedures for a semi-annual independent assessment of the lending activities of each Bank loan officer and of the Bank's Loan Committee to determine compliance with the Bank's loan policy.

X. IMPLEMENTATION AND ADHERENCE TO PROGRAMS, PLANS, AND POLICIES.

A. Within fifteen (15) days of the OTS ARD's notice of objection, if any, to any aspect of the foregoing Programs, Plans, or Policies, the Bank shall submit a revised Program, Plan, or Policy to the OTS ARD addressing any objections or comments of the OTS ARD.

B. Once a Program, Plan, or Policy is submitted pursuant to this Order and any objections from the OTS ARD, have been satisfactorily resolved, the Bank may not amend, suspend, or revoke the Program, Plan, or Policy without the prior written non-objection of the OTS ARD.

C. Within fifteen (15) days of receiving notice of the OTS ARD's non-objection to the Program, Plan, or Policy, the Bank shall implement the Program, Plan, or Policy and ensure that all directors, officers, employees, and agents adhere to it.

XI. REGULATORY COMPLIANCE COMMITTEE.

A. Within thirty (30) days, the Board shall appoint a formal committee (the Regulatory Compliance Committee) comprised of three or more directors, the majority of whom shall be Independent of Management,⁴ to monitor and coordinate the Bank's compliance with the provisions of this Order. Written minutes of the meetings of the Committee shall be maintained.

B. By April 30, 2005 and thereafter within thirty (30) days after the end of each calendar quarter, the Regulatory Compliance Committee shall submit a written progress report to the Board detailing the actions taken to comply with each provision of this Order and the results of those actions.

C. By April 30, 2005 and thereafter within forty five (45) days after the end of each calendar quarter, the Board shall submit to OTS: (i) a copy of the Regulatory Compliance Committee's quarterly progress report required by the foregoing subparagraph, with any additional comments made by the Board, to the Regional Director; and (ii) a written certification that each director has reviewed the report.

XII. DEFINITIONS.

All technical words or terms used in this Order for which meanings are not specified or otherwise provided by the provisions of this Order shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, the Home Owners' Loan Act (HOLA), the Federal Deposit Insurance Act (FDIA), OTS Memoranda, or other published OTS guidance. Any technical words or terms used in this Order and undefined in the Code of

⁴ As used in this Order, the phrase "Independent of Management" means that the person: (i) is not an officer, employee or consultant of the Bank; (ii) is not, either by blood or marriage, related to any existing Bank director, officer or their attorneys or consultants; (iii) does not currently have a business or professional relationship with any existing Bank director, officer or their attorneys or consultants; and (iv) to the extent not inconsistent with the foregoing, meets the criteria set forth at 12 C.F.R. Part 363 and Appendix A thereof.

Effective Date, unless otherwise noted.

B. In case any provision in this Order is ruled to be invalid, illegal, or unenforceable by the decision of any court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

C. The Stipulation is made a part hereof and is incorporated herein by this reference.

XVI. EFFECTIVE DATE; DURATION.

This Order is and shall become effective on the date it is issued, *i.e.*, the Effective Date as shown on the first page hereof. This Order (including the related Stipulation) shall remain in effect until terminated, modified, or suspended, in writing by the OTS, acting through its Director, Regional Director, or other authorized representative.

OFFICE OF THRIFT SUPERVISION

By: 
MICHAEL E. FINN
Regional Director, West Region

(Standard CD Order 3-2-05 FINAL)

STANDARD BANK
Order to Cease and Desist