

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.
NEVADA FINANCIAL INSTITUTIONS DIVISION
LAS VEGAS, NEVADA

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In the Matter of)	
)	
FIRST ASIAN BANK)	ORDER TO
LAS VEGAS, NEVADA)	CEASE AND DESIST
)	
(INSURED STATE NONMEMBER BANK))	Docket FDIC-08-239b
)	
_____)	

First Asian Bank, Las Vegas, Nevada ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices alleged to have been committed by the Bank and of its right to a hearing on the alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b)(1), and Nevada Revised Statutes, § 658.115, and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC"), and with the Nevada Financial Institutions Division ("NFID"), by and through its counsel, dated September 23, 2008, whereby solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and the NFID.

The FDIC and the NFID considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe or unsound banking practices. The FDIC and the NFID, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns, cease and desist from the following unsafe and unsound banking practices, as more fully set forth in the joint FDIC and NFID Report of Examination (“ROE”) dated April 28, 2008:

- (a) operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;
- (b) operating with a board of directors which has failed to provide adequate supervision over and direction to the active management of the Bank;
- (c) operating with inadequate capital to support the bank’s increased risk profile and to adequately sustain capital through the bank’s third year of operations;
- (d) engaging in unsatisfactory underwriting and credit administration practices;
- (e) operating in such a manner as to produce operating losses;
- (f) operating with inadequate provisions for liquidity in relation to the bank’s reputation risk in the community;
- (g) operating in contravention to the FDIC Order Granting Approval for Deposit Insurance and the NFID’s Opening Order;
- (h) operating in contravention of the January 26, 2008 Board Resolution;
- (i) operating in apparent violation of FDI Act Section 32 problem bank notification requirements;
- (j) operating in contravention of the NFID’s May 28, 2008 Cease and Desist Order;
- (k) operating in apparent violation of FDIC Rules and Regulations Parts 309 and Part 323;

(l) operating in contravention of Part 364 Appendix B-Interagency Guidelines Establishing Information Security Standards for Safeguarding Customer Information;

(m) operating in contravention of the 2006 Revised Interagency Policy Statement on the Allowance for Loan and Lease Losses;

(n) operating in contravention of the 2001 Policy Statement on Allowance for Loan and Lease Loss Methodologies and Documentation for Banks and Savings Associations; and

(o) operating with weak corporate governance practices.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

1. Within 90 days from the effective date of this Order, the Bank shall have and retain qualified management.

(a) Each member of management shall have qualifications and experience commensurate with his or her duties and responsibilities at the Bank. Management shall include a chief executive officer with proven ability in managing a bank of comparable size, and experience in upgrading a low quality loan portfolio, improving earnings, and other matters needing particular attention. Management shall also include a senior lending officer with significant appropriate lending, collection, and loan supervision experience and experience in upgrading a low quality loan portfolio. In addition, management shall also include a chief financial officer with significant appropriate asset/liability management, financial reporting, accounting and operational experience. Each member of management shall be provided appropriate written authority from the Bank's Board to implement the provisions of this ORDER subject to the Bank Board's oversight.

(b) The qualifications of management shall be assessed on its ability to:

(i) comply with the requirements of this ORDER;

- (ii) operate the Bank in a safe and sound manner;
- (iii) comply with applicable laws and regulations; and
- (iv) restore all aspects of the Bank to a safe and sound condition,

including asset quality, capital adequacy, earnings, management effectiveness, liquidity, and sensitivity to market risk.

(c) During the life of this ORDER, the Bank shall notify the Regional Director of the FDIC's San Francisco Regional Office ("Regional Director") and the Commissioner of the NFID ("Commissioner") in writing before it adds any individual to the Bank's Board or employs any individual as a senior executive officer. The notification must be received at least 30 days before such individual is added or employed and should include a description of the background and experience of the individual or individuals to be added or employed.

2. (a) Within 30 days from the effective date of this ORDER, the Board shall assume full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size. This shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged-off, and recovered loans; investment activity; operating policies; individual committee actions; personnel actions, and audit and regulatory reports. The Bank's Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within 90 days of the date of this ORDER, the Bank shall add a minimum of three independent directors to the Bank's Board. The additional independent directors shall possess prior banking and/or bank board experience. The addition of any new Bank directors

required by this paragraph may be accomplished, to the extent permissible by state statute or the Bank's by-laws, by means of appointment or election at a regular or special meeting of the Bank's shareholders. For purposes of this ORDER, an independent director shall be any individual who is not an officer of the Bank, any subsidiary, or any of its affiliated organizations; who does not own more than 10 percent of the outstanding shares of the Bank; who is not related by blood or marriage to an officer or director of the Bank or to any shareholder owning more than 10 percent of the Bank's outstanding shares and does not otherwise have a common financial interest with such officer, director or shareholder; who is not indebted to the Bank directly or indirectly, including the indebtedness of any entity in which the individual has a substantial financial interest, in an amount exceeding 10 percent of the Bank's total Tier 1 capital and allowance for loan and lease losses; or who is deemed to be an independent director for purposes of this ORDER by the Regional Director and the Commissioner. The FDIC Regional Director and the Commissioner must be notified in accordance with paragraph 1(c) above.

(c) Within 30 days of the date of this ORDER, the Bank shall cancel the "Special Approval Committee" and ensure that all matters are presented to the full Board for review, discussion, and approval or denial.

(d) Within 30 days of the date of this ORDER, the Bank shall implement procedures to document all board and committee meetings with thorough and accurate minutes. The Bank shall ensure all minutes contain a complete and correct summary of each meeting that official bank business is discussed, including special board meetings and meetings held during non-business hours.

(e) Within 30 days of the date of this ORDER, the Board shall follow its by-laws regarding board and committee meeting notices so all directors have ample and adequate notice of ordinary and extraordinary meetings. Board members are reminded that regular

attendance at board and committee meetings is critical to adequately fulfill their duties and responsibilities as directors.

(f) Within 30 days of the date of this ORDER, each Board member shall honestly and diligently administer the affairs of the Bank. The Board shall effectively supervise and monitor the affairs of the Bank and properly delegate the day-to-day bank business to senior officers. In carrying out these responsibilities, the Board must act within all applicable laws, rules, and regulations, as well as the Bank's own by-laws and corporate governance standards.

3. (a) Within 120 days from the effective date of this ORDER, the Bank shall develop and adopt a capital plan that

(i) requires the maintenance of the bank's Tier 1 Leverage Capital ratio above 11 percent through the bank's third year of operations and throughout the life of this ORDER, and

(ii) requires the maintenance of the minimum risk-based capital requirements as described in the FDIC's Statement of Policy on Risk-Based Capital contained in Appendix A to Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325, Appendix A. The Plan shall be in a form and manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations.

(b) The level of Tier 1 capital to be maintained during the life of this ORDER pursuant to Subparagraph 3(a) shall be in addition to a fully funded allowance for loan and lease losses, the adequacy of which shall be satisfactory to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

(c) Any increase in Tier 1 capital necessary to meet the requirements of Paragraph 3(a) of this ORDER may be accomplished by the following:

(i) the sale of common stock; or

- (ii) the sale of noncumulative perpetual preferred stock; or
- (iii) any other means acceptable to the Regional Director and the Commissioner; or
- (iv) any combination of the above means.

Any increase in Tier 1 capital necessary to meet the requirements of Paragraph 3(a) of this ORDER may not be accomplished through a deduction from the Bank's allowance for loan and lease losses.

(d) If all or part of the increase in Tier 1 capital required by Paragraph 3(a) of this ORDER is accomplished by the sale of new securities, the Bank's Board shall forthwith take all necessary steps to adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with the Federal securities laws. Prior to the implementation of the plan and, in any event, not less than 15 days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the FDIC, Registration and Disclosure Unit, Washington, D.C. 20429, for review. Any changes requested to be made in the plan or materials by the FDIC shall be made prior to their dissemination. If the increase in Tier 1 capital is provided by the sale of noncumulative perpetual preferred stock, then all terms and conditions of the issue, including but not limited to those terms and conditions relative to interest rate and convertibility factor, shall be presented to the Regional Director and the Commissioner for prior approval.

(e) In complying with the provisions of Paragraph 3(e) of this ORDER, the Bank shall provide to any subscriber and/or purchaser of the Bank's securities, a written notice of any planned or existing development or other changes which are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within 10 days from the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every subscriber and/or purchaser of the Bank's securities who received or was tendered the information contained in the Bank's original offering materials.

(f) For the purposes of this ORDER, the terms "Tier 1 capital" and "total assets" shall have, the meanings ascribed to them in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. §§ 325.2(v) and 325.2(x).

4. Within 60 days of the date of this ORDER, the Bank shall develop, adopt, and implement a comprehensive policy for the appropriateness of the allowance for loan and lease losses. The policy shall include requirements for complying with the standards and guidelines in the 2001 Policy Statement on the Allowance for Loan and Lease Loss Methodology and Documentation for Bank and Savings and Loans dated July 2, 2001, and the Interagency Policy Statement on the Allowance for Loan and Lease Losses dated December 13, 2006.

5. (a) Within 90 days from the effective date of this ORDER, the Bank shall improve the policies, procedures, and practices over the lending function as follows:

(i) The Bank's loan policy should be revised and improved to include all critical sections, including appraisal standards and the allowance for loan and lease losses;

(ii) The Bank's loan underwriting and credit administration practices shall be improved to ensure the adequacy and creditworthiness of the loan portfolio;

(iii) The Bank shall obtain adequate and current documentation for all loans in the Bank's loan portfolio; and

(iv) The Bank shall implement a loan portfolio review program.

(b) These improvements shall be implemented in a form and manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

6. Within 120 days of the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and the Commissioner a written three-year strategic plan. Such plan shall include specific goals for the dollar volume of total loans, total investment securities, and total deposits as of December 31, 2008; December 31, 2009; and December 31, 2010. For each time frame, the plan will also specify the anticipated average maturity and average yield on loans and securities; the average maturity and average cost of deposits; the level of earning assets as a percentage of total assets; and the ratio of net interest income to average earning assets. The plan shall be in a form and manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

7. Within 120 days from the effective date of this ORDER, the Bank shall formulate and implement a written profit plan. This plan shall be forwarded to the Regional Director and the Commissioner for review and comment and shall address, at a minimum, the following:

(a) goals and strategies for improving and sustaining the earnings of the Bank, including:

(i) an identification of the major areas in, and means by which, the Bank's Board will seek to improve the Bank's operating performance;

(ii) realistic and comprehensive budgets;

(iii) a budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections; and

(iv) a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components.

(b) coordination of the Bank's loan, investment, and operating policies, and budget and profit planning, with the funds management policy.

8. Within 120 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law, as more fully set forth in the ROE dated April 28, 2008. In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable laws and regulations.

9. Within 120 days from the effective date of this ORDER, the Bank shall develop or revise, adopt, and implement a written liquidity and funds management policy. Such policy and its implementation shall be in a form and manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

10. The Bank shall not pay cash dividends without the prior written consent of the Regional Director and the Commissioner.

11. Within 90 days of the date of this ORDER, the Bank shall implement and improve its policies and procedures to ensure full compliance with Bank Secrecy Act / Anti-Money Laundering (BSA/AML) regulations. The Bank's policies and procedures shall address, at a minimum, the customer identification program, customer due diligence procedures, suspicious activity reporting, BSA/AML risk assessment procedures, information sharing between law enforcement and the Bank, and training.

12. Within 120 days of the date of this ORDER, the Bank shall improve the risk management program over the information technology (“IT”) function. The Bank should address the following:

(a) Improve Board oversight and monitoring of IT operations. This includes reviewing and approving IT policies and procedures, IT audits, and disaster recovery test results.

(b) Implement procedures to comply with Part 364, Appendix B, of the FDIC's Rules and Regulations, which requires the development, implementation, and maintenance of an information security program.

(c) Finalize the risk assessment process to ensure that all critical information systems and IT operations are appropriately identified and controlled.

(d) Improve the disaster recovery plan and the incident response plan.

(e) Provide information security training for all employees.

(f) Complete the audit risk assessment and establish a scope for the independent IT audit.

(g) Correct the remaining IT deficiencies disclosed in the April 28, 2008, joint Report of Examination.

13. Within 30 days of the end of the first quarter, following the effective date of this ORDER, and within 30 days of the end of each quarter thereafter, the Bank shall furnish written progress reports to the Regional Director and the Commissioner detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports shall include a copy of the Bank's Report of Condition and the Bank's Report of Income. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and the Commissioner have released the Bank in writing from making further reports.

14. Following the effective date of this ORDER, the Bank shall send to its shareholder(s) or otherwise furnish a description of this ORDER in conjunction with the Bank's next shareholder communication and also in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Accounting and Securities Section, Washington, D.C. 20429, at least 15 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

This ORDER will become effective upon its issuance by the FDIC and the NFID. The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC and the NFID.

Pursuant to delegated authority.

Dated at San Francisco, California, this 25th day of September, 2008.

Stan R. Ivie
Regional Director
Division of Supervision and Consumer Protection
San Francisco Region
Federal Deposit Insurance Corporation

George E. Burns
Commissioner
Nevada Financial Institutions Division