

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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	)	
In the Matter of	)	
	)	SUPERVISORY
VENTURE BANK	)	PROMPT CORRECTIVE
LACEY, WASHINGTON	)	ACTION DIRECTIVE
	)	
	)	FDIC-09 – 058 PCAS
_____	)	

WHEREAS, Venture Bank, Lacey, Washington (the "Bank") is an undercapitalized depository institution as that term is defined in Section 38(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. §1831o(b)(1), and Section 325.103 of the Federal Deposit Insurance Corporation ("FDIC") Rules and Regulations, 12 C.F.R. §325.103;

WHEREAS, pursuant to a letter, dated November 4, 2008, notifying the Bank of its undercapitalized capital category, the FDIC required the Bank to submit an acceptable capital restoration plan within 45 days;

WHEREAS, the Bank submitted a capital restoration plan on December 23, 2008 which the FDIC determined was unacceptable pursuant to section 38(e)(2) of the Act, 12 U.S.C. § 1831o(e)(2), and section 325.104 of the FDIC Rules and Regulations, 12 C.F.R. § 325.104;

WHEREAS, by letter dated February 9, 2009, the FDIC and the Washington Department of Financial Institutions (the "WA DFI") issued a letter notifying the Bank that despite the filing of a Consolidated Report of Condition and Income (Call Report) as of December 31, 2008, showing the Bank to be adequately capitalized, both FDIC and the WA DFI deemed the Bank to be undercapitalized due to significant concerns regarding the reliability of the Bank's financial statements, including a potential impairment in the Bank's securities portfolio and a continued decline in asset quality.

WHEREAS, the Bank's condition continues to deteriorate;

WHEREAS, the Bank's management has not demonstrated the ability to return the Bank to a safe and sound condition;

WHEREAS, while the FDIC afforded the Bank additional time to submit another capital restoration plan, the Bank's deteriorating condition and management's inability to return the Bank to safe and sound condition require that the prompt corrective action be taken immediately;

WHEREAS, the actions in this directive are necessary to carry out the purposes of Section 38 of the Act including Section 38(e)(5), 12 U.S.C. § 1831o(e)(5);

THEREFORE, the FDIC finds it necessary, in order to carry out the purposes of Section 38 of the Act, to issue this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE without providing notice as set forth in Section 308.201(a)(1) of the FDIC's Rules of Practice and Procedure, 12 C.F.R. §308.201(a)(1), and hereby issues this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE pursuant to Section 38 of the Act, 12 U.S.C. §1831o, and Section 308.201(a)(2) of the FDIC's Rules of Practice and Procedure, 12 C.F.R. §308.201(a)(2).

SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE

IT IS HEREBY DIRECTED, that within 60 days of the effective date of this Directive, the Bank shall take one or more of the following actions to recapitalize the Bank:

1. The Bank shall sell enough voting shares or obligations of the Bank so that the Bank will be adequately capitalized after the sale; and/or
2. The Bank shall accept an offer to be acquired by a depository institution holding company or to combine with another insured depository institution;

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank

restrict the interest rates that the Bank pays on deposits to the prevailing rates of interest on deposits of comparable amounts and maturities paid by FDIC insured depository institutions in the State of Washington;

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank may not accept, renew or roll over any brokered deposit;

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank shall comply with Section 23A of the Federal Reserve Act as if subsection (d)(1) of that section (exempting transactions with certain affiliated institutions) did not apply;

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank shall make no capital distributions or dividend payments to its parent or any affiliate of the Bank or its parent, nor shall the Bank pay any bonuses to, or increase the compensation of, any director or officer of the Bank without prior approval from the FDIC and the WA DFI. The term “capital distribution” shall be defined as at Section 38(b)(2)(B) of the Act (12 U.S.C. § 1831o(b)(2)(B));

FURTHER DIRECTED, that the Bank shall employ and retain qualified senior executive officers subject to approval by FDIC and the WA DFI;

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank shall submit an application to engage in branching or solicit FDIC’s approval prior to the sale or disposition of any existing branch;

FURTHER DIRECTED, that the provisions of this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE shall not affect the obligations of the Bank pursuant to any other action issued against the Bank by the FDIC;

FURTHER DIRECTED, that this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE shall become effective immediately upon its receipt by the Bank.

Each provision of this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE shall be binding upon the Bank, its directors, officers, employees, agents, successors, assigns, and other institution-affiliated parties of the Bank.

Each provision of this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE shall remain effective and enforceable until the Bank has been adequately capitalized on average for four (4) consecutive calendar quarters, except to the extent that any provision shall be modified, terminated, suspended, or set aside by the FDIC.

The Bank may file a written appeal of this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE within fourteen (14) calendar days from the date of the issuance of this Directive as provided in section 308.201(a)(2) of the FDIC's Rules of Practice and Procedure, 12 C.F.R. §308.201(a)(2). The appeal shall be filed with Stan Ivie, Regional Director, Federal Deposit Insurance Corporation, San Francisco Regional Office, 25 Jessie Street at Ecker Square, San Francisco, California 94105, with a copy to Joseph J. Sano, Regional Counsel, Federal Deposit Insurance Corporation, San Francisco Regional Office, 25 Jessie Street at Ecker Square, San Francisco, California 94105.

Pursuant to delegated authority.

Dated this 13th day of February, 2009.

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Stan Ivie  
Regional Director  
Division of Supervision and Consumer Protection