

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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	)	
In the Matter of	)	
	)	
OPEN BANK	)	CONSENT ORDER
LOS ANGELES, CALIFORNIA	)	
	)	
(INSURED STATE NONMEMBER BANK)	)	
	)	FDIC-11-062b
	)	
_____	)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency under Section 3(q) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1813(q), for Open Bank, Los Angeles, California (“Bank”).

The Bank, by and through its duly elected and currently acting Board of Directors (“Board”), has executed a Stipulation to the Issuance of a Consent Order (“Stipulation”), dated February 10, 2011, that is accepted by the FDIC. With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law and/or regulations, to the issuance of this Consent Order (“Order”) by the FDIC.

Having determined that the requirements for issuance of an order under Section 8(b) of the Act, 12 U.S.C. § 1818(b), have been satisfied, the FDIC hereby orders that:

OVERSIGHT

1. From the effective date of this Order, the Board shall participate fully in the oversight of the Bank's compliance management system, to include assuming full responsibility for sound policies, practices, and supervision of all the Bank's compliance-related activities, consistent with the role and expertise commonly expected for directors of banks of comparable size and complexity.

BOARD OF DIRECTORS

2. From the effective date of this Order, the Board shall continue to have and maintain a compliance committee comprised of at least three directors who are not officers of the Bank ("Compliance Committee").

(i) The Compliance Committee shall meet at least monthly and, at a minimum, the following areas shall be reviewed and approved: minutes of the Compliance Committee, Compliance Officer reports, Compliance Program audit reports, compliance program policies, and compliance with this Order.

(ii) The Compliance Committee shall report its monthly discussions to the Board, and the Board minutes shall document the review and approval of all items before the Board, including the names of any dissenting directors. Nothing shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this Order.

(iii) The Board, in conjunction with the Compliance Committee, shall allocate resources that are:

(A) Commensurate with the level of complexity of the Bank's operations to ensure the establishment and implementation of an adequate Compliance

Management System, including procedures ensuring the Bank's compliance with all applicable state and federal consumer protection laws and all implementing rules and regulations, regulatory guidance, and statements of policy ("Consumer Protection Laws"); and

(B) Sufficient to ensure the Bank's compliance with this Order.

(iv) The Board, in conjunction with the Compliance Committee, shall:

(A) Ensure that the duties and responsibilities of the

Compliance Officer are clearly defined and provide for accessibility to both the Board and the Compliance Committee;

(B) Require the Compliance Officer to provide to the Compliance Committee monthly written reports, including, but not limited to, the enactment and/or promulgation of new Consumer Protection Laws and changes to existing Consumer Protection Laws, training performed, monitoring and audits performed, corrective action taken, and compliance with this Order;

(C) Ensure that the Compliance Officer has and retains sufficient authority and independence to implement policies related to Consumer Protection Laws and to institute corrective action as needed. This authority shall include the ability to cross departmental lines, have access to all areas of the Bank's operations, and effectuate corrective action upon discovering deficiencies; and

(D) Ensure that the Compliance Officer receives ongoing training, sufficient time, and adequate resources to effectively oversee, coordinate, and implement the Bank's Compliance Management System.

3. Within 90 days from the effective date of this Order, the Board shall develop and adopt a comprehensive educational program for periodic training for each member of the Board. The educational program shall specifically address Consumer Protection Laws.

The Bank's actions as required by this paragraph shall be satisfactory to the Regional Director as determined at subsequent examinations and/or visitations.

COMPLIANCE OFFICER

4. During the life of this Order, the Bank shall have a qualified Compliance Officer who possesses the requisite knowledge and experience to administer an effective Compliance Management System. The Compliance Officer shall be given stated written authority by the Bank's Board to implement and supervise the Bank's Compliance Program, including but not limited to providing training for the Bank's employees in all Consumer Laws, establishing internal controls and procedures reasonably designed to prevent violations of Consumer Laws, and performing or supervising periodic internal audits to ascertain compliance with Consumer Laws and/or the Bank's Compliance Program.

COMPLIANCE PROGRAM

5. Within 90 days from the effective date of this Order, the Bank shall re-develop and implement a Compliance Management System that is commensurate with the level of complexity of the Bank's operations. The Compliance Management System shall:

(i) Include the development and implementation of a comprehensive written compliance program ("Compliance Program") which shall embrace all of the Consumer Laws to which the Bank is subject. At a minimum, the Compliance Program shall provide for and include:

(A) Development and implementation of operating procedures for each compliance and fair lending law and regulation to which the Bank is subject. Operating procedures should be distributed to all employees having responsibilities that relate to applicable Consumer Laws.

(B) Development and implementation of a formal training

program for the Board and all personnel who have compliance responsibilities to ensure that all such personnel are thoroughly knowledgeable of applicable compliance requirements. The program should include the following: (i) training on all applicable laws and regulations; (ii) training on the procedural details required to perform transactions specific to the Bank; (iii) adequate in-person training to the lending staff to ensure that transactions specific to the Bank are conducted in compliance with applicable regulations; (iv) documentation of training provided, a list of personnel that attended the training, and copies of training materials used. The program shall be reviewed and updated at least annually.

(C) Development and implementation of procedures for monitoring the Bank's compliance with Consumer Laws.

(D) Development and implementation of procedures to ensure follow-up actions and corrective attention are provided to exceptions identified during monitoring.

(E) Development of specific provisions to preclude future violations of Consumer Laws cited in the FDIC's Compliance ROE dated December 13, 2010 and to ensure substantial future adherence to all laws and regulations.

6. The Board shall approve the written Compliance Program and/or any subsequent modification thereto, which approval shall be recorded in the minutes of the Board. Thereafter, the Bank shall follow the written Compliance Program and/or any subsequent modification thereto. The Bank's actions as required by this paragraph shall be satisfactory to the Regional Director as determined at subsequent examinations and/or visitations.

#### COMPLIANCE TRAINING PROGRAM

7. Within 90 days from the effective date of this Order, the Board shall develop and implement a formal training program for all personnel who have compliance

responsibilities to ensure that such personnel are thoroughly knowledgeable of applicable compliance requirements. The program should include the following:

- (i) training on all applicable laws and regulations;
- (ii) training on the procedural details required to perform transactions specific to the Bank;
- (iii) adequate in-person training to the lending staff to ensure that transactions specific to the Bank are conducted in compliance with applicable regulations; and
- (vi) documentation of training provided a list of personnel that attended the training, and copies of training materials used.

The program shall be reviewed and updated at least annually. The program and its implementation shall be in a form and manner acceptable to the Regional Director, as determined at subsequent examinations and/or visitations.

#### COMPLIANCE MONITORING PROCEDURES

8. Within 90 days after the effective date of this Order, the Bank shall develop and implement enhanced internal Compliance Management System monitoring procedures. The procedures should be designed to detect compliance weaknesses within the institution and should be incorporated into the daily work of Bank personnel. Any weaknesses identified shall be reported directly to the Board Audit Committee, and immediate corrective action shall be taken. Additional training shall be provided to ensure exceptions are correct. Such procedures and their implementation shall be in a form and manner satisfactory as determined at subsequent examinations and/or visitations.

#### AUDIT PROGRAM

9. Within 90 days from the effective date of this Order, the Board shall develop or revise, adopt and implement a written audit plan and, at a minimum, shall require

comprehensive coverage of areas related to Consumer Protection Laws and corrective action to identify audit exceptions. The Bank's actions as required by this paragraph shall be satisfactory to the Regional Director as determined at subsequent examinations and/or visitations.

#### CORRECTIONS OF VIOLATIONS OF LAWS

10. Within 60 days of the effective date of this Order, the Bank shall correct all violations of law, as more fully set forth in the FDIC's Compliance Report of Examination ("ROE") dated September 20, 2010, and implement procedures to prevent their recurrence. The Bank's actions as required by this paragraph shall be satisfactory to the Regional Director as determined at subsequent examinations and/or visitations.

#### PROGRESS REPORTS

11. On or before the 30th day after the end of the first calendar quarter following the effective date of this Order, and on or before the 30th day after the end of every calendar quarter thereafter, the Bank shall furnish written progress reports to the Regional Director which detail the form and manner of any actions taken to secure compliance with this Order and the results thereof. The Bank may discontinue submitting such reports when the corrections required by this Order have been accomplished and the Regional Director has expressly released the Bank in writing from making any further reports.

#### DISCLOSURE

12. Within 15 days of the effective date of this Order, the Bank shall send to its shareholder(s) a copy of this Order or the Bank shall send a description of this Order in conjunction both with the Bank's next shareholder communication and with its notice and/or proxy statement preceding the Bank's next shareholder meeting. If the Bank sends its shareholders a description of this Order rather than a copy of it, the description shall fully describe this Order in all respects.

SAVINGS CLAUSE & EFFECTIVE DATE OF ORDER

13. The provisions of this Order shall not bar, estop or otherwise prevent the FDIC or any other federal or state agency or department from taking any action against the Bank, any of the Bank's current or former institution-affiliated parties, as that term is defined in Section 8(u) of the FDI Act, 12 U.S.C. § 1813(u), including third-parties and/or agents, for violations of any laws, for engaging in unsafe or unsound banking practices, for engaging in unfair or deceptive practices, or for making false or misleading representations.

14. This Order will become effective upon its issuance by the FDIC. The provisions of this Order shall be binding on the Bank, its institution-affiliated parties, and their successors and assigns. 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.

Issued pursuant to delegated authority.

Dated at San Francisco, California, this 16<sup>th</sup> day of February, 2011.

/s/

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Frank A. Hartigan  
Deputy Regional Director  
Division of Supervision and Consumer Protection  
San Francisco Region  
Federal Deposit Insurance Corporation