

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

In the Matter of:)	
)	
Mission National Bank)	AA-WE-2020-16
San Francisco, California)	
)	

CONSENT ORDER

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) has supervisory authority over Mission National Bank, San Francisco, California (“Bank”);

WHEREAS, the OCC intends to initiate cease and desist proceedings against the Bank pursuant to 12 U.S.C. § 1818(b), through the issuance of a Notice of Charges, for engaging in unsafe or unsound practice(s) and violation(s) of law, rule, or regulation, including those relating to the Bank’s failure to establish and maintain a Bank Secrecy Act/Anti-Money Laundering (“BSA/AML”) compliance program in accordance with 12 U.S.C. § 1818(s) and its implementing regulation, 12 C.F.R. § 21.21.

WHEREAS, in the interest of cooperation and to avoid additional costs associated with administrative and judicial proceedings with respect to the above matter, the Bank, by and through its duly elected and acting Board of Directors (“Board”), consents to the issuance of this Consent Order (“Order”) by the OCC through the duly authorized representative of the Comptroller of the Currency (“Comptroller”); and

NOW, THEREFORE, pursuant to the authority vested in the OCC by Section 8(b) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), the OCC hereby orders that:

ARTICLE I

JURISDICTION

- (1) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).
- (2) The Bank is a national banking association within the meaning of 12 U.S.C. § 1813(q)(1)(A) and is chartered and examined by the OCC. *See* 12 U.S.C. § 1 *et seq.*
- (3) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this cease and desist action against the Bank pursuant to 12 U.S.C. § 1818(b).

ARTICLE II

COMPTROLLER’S FINDINGS

The Comptroller finds, and the Bank neither admits nor denies, the following:

- (1) The OCC’s examination findings from 2019 establish that the Bank had deficiencies in its BSA/AML compliance program. The Bank had failed to adopt and implement a BSA/AML compliance program that adequately covered the required BSA/AML program elements. The Bank had also failed to correct a problem with its BSA/AML compliance program that the OCC previously reported to it. These deficiencies have resulted in a BSA/AML compliance program violation under 12 U.S.C. § 1818(s) and its implementing regulation, 12 C.F.R. § 21.21.

ARTICLE III

COMPLIANCE COMMITTEE

- (1) Within thirty (30) days of the date of this Order, the Board shall maintain a Compliance Committee of at least three (3) members. The Compliance Committee shall consist

of directors who are not employees, officers, or controlling shareholders of the Bank or any of its subsidiaries or affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)). The Board shall submit in writing to the Assistant Deputy Comptroller the names of the members of the Compliance Committee within ten (10) days of the date of this Order. In the event of a change of the membership, the Board shall submit in writing to the Assistant Deputy Comptroller within ten (10) days the name of any new or resigning committee member. The Compliance Committee shall monitor and oversee the Bank’s compliance with the provisions of this Order. The Compliance Committee shall meet at least monthly and maintain minutes of its meetings.

(2) Within ten (10) days of each monthly meeting, the Compliance Committee shall submit to the Board a written progress report setting forth in detail:

- (a) a description of the corrective actions needed to achieve compliance with each Article of this Order;
- (b) the specific corrective actions undertaken to comply with each Article of this Order; and
- (c) the results and status of the corrective actions.

(3) Upon receiving each written progress report, the Board shall forward a copy of the report, with any additional comments by the Board, to the Assistant Deputy Comptroller by the 10th day of each month.

ARTICLE IV

STRATEGIC PLAN

(1) Within ninety (90) days of the date of this Order, the Board shall forward to the Assistant Deputy Comptroller, pursuant to paragraph (2) of this Article, a revised, written Strategic Plan for the Bank, covering at least a three-year period. The Strategic Plan shall

establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, and liability structure, together with strategies to achieve those objectives, and shall, at a minimum, include:

- (a) a mission statement that forms the framework for the establishment of strategic goals and objectives;
- (b) the strategic goals and objectives to be accomplished, including key financial indicators and risk tolerances;
- (c) an assessment of the Bank's strengths, weaknesses, opportunities, and threats that impact its strategic goals and objectives;
- (d) an accurate assessment of the Bank's overall risk profile;
- (e) an evaluation of the Bank's internal operations, staffing requirements, board and management information systems, policies, and procedures for their adequacy and contribution to the accomplishment of the strategic goals and objectives developed under paragraph (1)(b) of this Article;
- (f) a board and management employment and succession plan designed to promote adequate staffing and continuity of capable management and board supervision;
- (g) a realistic and comprehensive budget that corresponds to the Strategic Plan's goals and objectives;
- (h) an action plan to improve and sustain the Bank's earnings and accomplish identified strategic goals and objectives;
- (i) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the period

covered by the Strategic Plan;

- (j) an identification and prioritization of initiatives and opportunities, including time frames that comply with the requirements of this Order;
- (k) a description of the Bank's target market(s) and competitive factors in its identified target market(s), and a description of controls systems to mitigate risks in the Bank's target market(s);
- (l) an identification and assessment of the present and planned product lines (assets and liabilities) and the identification of appropriate risk management systems to identify, measure, monitor, and control risks within the product lines;
- (m) objectives for loan growth commensurate with the Bank's risk management systems;
- (n) concentration limits commensurate with the Bank's strategic goals and objectives and risk profile;
- (o) an analysis of the Bank's BSA/AML risk assessment and a statement of the Bank's BSA/AML risk appetite, including a detailed assessment of the Bank's desired number and type of high-risk customers;
- (p) assigned roles, responsibilities, and accountability for the strategic planning; and
- (q) a description of systems and metrics designed to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives.

(2) Prior to adoption by the Board, a copy of the revised Strategic Plan, and any subsequent amendments, revisions, or updates, shall be submitted to the Assistant Deputy

Comptroller for prior written determination of no supervisory objection. At the next Board meeting following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection, the Board shall adopt, and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and ensure adherence to the Strategic Plan and any amendments or revisions thereto.

(3) The Bank may not initiate any action that significantly deviates from a Strategic Plan (that has received written determination of no supervisory objection from the Assistant Deputy Comptroller and has been adopted by the Board) without a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(4) Until the Strategic Plan required under this Article has received a written determination of no supervisory objection from the Assistant Deputy Comptroller and has been adopted by the Board, the Bank shall not open any new accounts for:

- (a) commercial customers the Bank designates as medium risk or higher. This includes, but is not limited to, all money service businesses, foreign or domestic correspondent banks, payment processors, or cash-intensive businesses; and
- (b) individual customers the Bank designates as medium risk or higher.

(5) Any request by the Bank for prior written determination of no supervisory objection to a significant deviation described in paragraph (3) of this Article shall be submitted in writing to the Assistant Deputy Comptroller at least sixty (60) days in advance of the proposed significant deviation. Such written request by the Bank shall include an assessment of the effects of such proposed change on the Bank's condition and risk profile, including a profitability analysis and an evaluation of the adequacy of the Bank's organizational structure, staffing,

management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the proposed change.

(6) For the purposes of this Article, changes that may constitute a significant deviation include, but are not limited to: a change in the Bank's marketing strategies, products and services, marketing partners, underwriting practices and standards, credit administration, account management, collection strategies or operations, fee structure or pricing, accounting processes and practices, or funding strategy, any of which, alone or in aggregate, may have a material effect on the Bank's operations or financial performance; or any other changes in personnel, operations, or external factors that may have a material effect on the Bank's operations or financial performance. However, closing accounts of customers described in paragraphs (4)(a) and (4)(b) does not constitute a significant deviation for the purposes of this Article.

(7) At least monthly, a written evaluation of the Bank's performance against the Strategic Plan shall be prepared by Bank management and submitted to the Board. Within ten (10) days after submission of the evaluation, the Board shall review the evaluation and determine the corrective actions the Board will require Bank management to take to address any identified shortcomings. The Board's review of the evaluation and discussion of any required corrective actions to address any identified shortcomings shall be documented in the Board's meeting minutes. Upon completion of the Board's review, the Board shall submit to the Assistant Deputy Comptroller a copy of the evaluation as well as a detailed description of the corrective actions the Board will require the Bank to take to address any identified shortcomings.

(8) The Board shall review and update the Strategic Plan, including after expiration of the three-year period referenced in paragraph (1) of this Article, at least annually and more

frequently if necessary or if required by the Assistant Deputy Comptroller in writing.

ARTICLE V

BOARD AND MANAGEMENT SUPERVISION

(1) Within sixty (60) days of this Order, the Board shall ensure that the Bank has competent management and staff in place on a full-time basis to carry out the Board's policies, ensure compliance with this Order, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner.

(2) Within sixty (60) days of this Order, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a written program (including appropriate policies and procedures) designed to correct the Bank's deficiencies in Board and management oversight and corporate governance, including, but not limited to:

- (a) ensuring officers, including senior executive officers defined in 12 C.F.R. § 5.51(c)(4), are capable of performing present and anticipated duties, factoring in each officer's past actual performance, experience, and qualifications, compared to their position description, duties, and responsibilities, with particular emphasis on their proposed responsibilities to execute the Strategic Plan required by Article IV of this Order;
- (b) developing revised internal controls to monitor policy adherence;
- (c) assigning accountability for processes;
- (d) plans to ensure the Board maintains a majority of board members that are not employees, officers, or controlling shareholders of the Bank or any of its affiliates, or family members of any such person;

- (e) plans to ensure the Board has a director with experience in reviewing or approving commercial credit transactions;
- (f) plans to ensure the Board has a director with experience in BSA compliance; and
- (g) developing a training schedule, including details on the frequency and extent of training and requirements for ongoing training, to ensure the Board receives adequate training.

(3) If a senior executive officer (as defined in 12 C.F.R. § 5.51(c)(4)) position is vacant now or in the future, including if the Board realigns an existing senior executive officer's responsibilities, the Board shall within forty-five (45) days of such vacancy identify a capable person vested with sufficient authority to ensure the Bank's compliance with this Order and the safe and sound operation of functions within the scope of that position's responsibility. This paragraph does not waive any applicable provisions in 12 C.F.R. § 5.51 requiring prior notice to the OCC of changes in directors and senior executive officers

ARTICLE VI

BSA OFFICER AND STAFF

(1) The Board shall ensure that the Bank has a permanent, qualified, and experienced BSA Officer who shall be vested with sufficient authority, time, and resources to fulfill the duties and responsibilities of the position and ensure compliance with the requirements of the BSA. Bank Secrecy Act (31 U.S.C. §§ 5311 et seq.), the regulations promulgated thereunder at 31 C.F.R. Part 103, 12 C.F.R. Part 21, Subparts B and C, and the rules and regulations of the Office of Foreign Assets Control ("OFAC") (collectively, the "Bank Secrecy Act" or "BSA").

(2) If the BSA Officer position is vacated, the Board shall, within sixty (60) days, identify a proposed new BSA Officer and submit the name, resume, and other such information as the Assistant Deputy Comptroller may request, for review and non-objection by the Assistant Deputy Comptroller.

(3) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed BSA Officer. However, the lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed BSA Officer.

(4) The requirement to submit information and the prior disapproval provisions of this Article are based solely on the authority of 12 U.S.C. § 1818(b)(6)(E).

(5) Within ninety (90) days of this Order, the Board shall conduct a formal written assessment of the capabilities and qualifications of the Bank's BSA Officer and BSA Department staff to perform present and anticipated duties, and determine whether changes will be made, including, but not limited to, the need for additions to current BSA Department staff. This review must be conducted by an independent third party and, upon completion, must be submitted to the Assistant District Comptroller.

(6) Within sixty (60) days after completing the assessment under paragraph (5) of this Article, the Board shall ensure that the Bank implements any changes that are needed in the Bank's BSA Officer and supporting staff, including their responsibilities, authority, structure, independence, competencies, or capabilities. In particular, the Board shall ensure that the BSA Officer and supporting staff have sufficient training, authority, resources, and skill to perform their assigned responsibilities. The Board shall further ensure that it and Bank management have the necessary knowledge to effectively oversee the Bank's compliance with the BSA and that management information systems are effective.

(7) The Board shall periodically (no less than annually) review the adequacy of the Bank's BSA Officer and supporting staff and shall document its determination(s) in writing. The periodic reviews shall consider the factors described in paragraph (5) of this Article.

(8) The Bank shall ensure that the BSA Officer and corresponding staff are held accountable for effectively implementing Bank policies and procedures and fulfilling BSA/AML/OFAC obligations.

ARTICLE VII

BSA INTERNAL CONTROLS

(1) Within ninety (90) days of this Order, the Board shall ensure the Bank develops, implements, and thereafter adheres to a written program of policies and procedures to provide for compliance with the BSA and the appropriate identification and monitoring of transactions that pose greater than normal risk for compliance with the BSA. This program shall include the following:

- (a) an evaluation of existing internal controls to mitigate the identified risks, taking into account weaknesses noted in the most recent examination findings;
- (b) procedures for periodically updating the Bank's BSA and OFAC risk assessments to cover the risks associated with current, or subsequently proposed, Bank products, services, customers, entities, and geographies served, and including the dollar volume, number, and countries associated with Bank products, services, customers and transactions;

- (c) well-defined policies and procedures for investigating and responding to transactions that have been identified as posing greater than normal risk for compliance with the BSA;
- (d) adequate controls and procedures to ensure the accurate and timely filing of Suspicious Activity Reports (“SARs”);
- (e) procedures to ensure the Board receives adequate information on the Bank’s BSA Program, as detailed in Article VIII of this Order; and
- (f) procedures for performing Customer Due Diligence (“CDD”) as detailed in Article XI of this Order.

ARTICLE VIII

BOARD REPORTING & REVIEW OF BSA/AML RISKS

(1) The Board shall ensure that written Bank policies and procedures provide for meaningful, accurate, and timely reporting to the Board and management of suspicious activity investigations and SAR filings. Written policies and procedures must also clearly define the types of information that must be reported to the Board and senior management on a monthly basis including, but not limited to:

- (a) changes in risk profiles, significant activities, and findings from periodic reviews relating to high risk customers;
- (b) any trends in unusual or suspicious activity that have been identified and reported by the Bank, as well as the product lines and departments in which suspicious activity has occurred;
- (c) detailed information regarding SAR filings including, but not limited to:
 - (i) the number of SARs filed in an applicable month;

- (ii) the nature of the underlying activity;
 - (iii) when appropriate, whether insiders or their related interests are directly or indirectly included in any section of the SAR;
 - (iv) whether the SAR filing is a new or continuous SAR; and
- (d) any additional information deemed necessary or appropriate by the BSA Officer.

(2) Within ninety (90) days of this Order, the Board shall establish written policies and procedures governing when multiple SAR filings trigger an internal review for potential account closure. The policies and procedures, at a minimum, must include:

- (a) criteria for how management and the Board will identify customers with multiple SAR filings;
- (b) specific individuals responsible for reviewing the SAR filings and corresponding accounts, and for determining the appropriate risk mitigation controls. These designated individuals must at minimum include an independent director with requisite BSA knowledge, the CEO and the BSA Officer;
- (c) clear requirements for documentation of the internal review including the rationale explaining why the applied risk mitigation controls allow specific customers with multiple SAR filings to remain within the Bank's risk appetite; and
- (d) requirements for the frequency and depth of information reported to the Board.

ARTICLE IX

SUSPICIOUS ACTIVITY MONITORING AND REPORTING

(1) Within ninety (90) days of this Order, the Board shall ensure that Bank management develops, implements, and thereafter maintains adherence to an enhanced written risk-based program of internal controls and processes to ensure compliance with the requirements to file SARs set forth in 12 C.F.R. § 21.11. At a minimum, this written program shall:

- (a) include procedures for identifying, monitoring, and reporting suspicious activity, known or suspected violations of Federal law, violations of the BSA, or suspicious transactions related to potential money laundering activity across all lines of business, including suspicious activity relating to the opening of new accounts, the monitoring of current accounts, and the transfer of funds through the Bank. Refer to the Suspicious Activity Reporting section of OCC Bulletin 2014-60, “Revised FFIEC BSA/AML Examination Manual” (“FFIEC BSA/AML Examination Manual”), for more information;
- (b) include the application of appropriate thresholds and filters for automated surveillance systems in monitoring all types of transactions, accounts, customers, products, services, and geographic areas that include, at a minimum:
 - (i) meaningful thresholds and alert scenarios for filtering accounts and customers for further monitoring, review, and analyses;
 - (ii) an analysis of the thresholds and filters established by the Bank;

- (iii) maintenance of documentation supporting the Bank's methodology for establishing and altering thresholds and filters; and
 - (iv) periodic independent validation of thresholds and filters for their appropriateness to the Bank's customer base, products, services, and geographic area;
- (c) ensure that BSA/AML staff is aware of all criteria included in the suspicious activity monitoring system's rules;
- (d) identify areas outside of any automated system's analysis and implementing appropriate procedures and testing to ensure the Bank identifies any potential suspicious activity not reviewed by an automated system;
- (e) establish appropriate linkage between CDD information and suspicious activity monitoring functions to ensure BSA Department staff appropriately use CDD information in suspicious activity investigations;
- (f) provide for review of any new surveillance systems to ensure it has the capacity to operate on multiple platforms and is appropriate for the Bank's size and complexity;
- (g) ensure the Bank files SARs within the time frames specified in the applicable rules, regulations, and regulatory guidance and files follow-up SARs every ninety (90) days in cases where suspicious activity is ongoing; and
- (h) ensure the Bank thoroughly documents individual SAR decisions.

ARTICLE X

AUTOMATED MONITORING SYSTEM

(1) Within ninety (90) days of this Order, the Board shall ensure the Bank develops, implements, and thereafter adheres to appropriate policies and procedures for ensuring that the Bank adequately addresses its model risk management for any automated monitoring system, including, but not limited to, automated suspicious activity monitoring systems. Refer to OCC Bulletin 2011-12, “Sound Practices for Model Risk Management,” for guidance. At a minimum, these policies and procedures shall include:

- (a) validation of the data input into its monitoring systems, including documentation of the methodology used, the input sources tested, and other information as necessary;
- (b) assessment of the adequacy of monitoring systems’ ability to evaluate and monitor the risks posed by the Bank’s products, services, transactions, geographies, and customers;
- (c) timeframes, including timeframes for periodic independent validations as appropriate, for completing an independent validation of the model used in the suspicious activity monitoring system which includes:
 - (i) data inputs from all products, services, and transactions;
 - (ii) evaluating the criteria for identifying potential suspicious activity in all these areas to ensure it is effective, appropriate, and comprehensive in the characteristics used;
 - (iii) statistically valid processes to validate and optimize the suspicious activity monitoring system settings and thresholds and to measure

- the effectiveness of the suspicious activity monitoring system and individual scenarios, where appropriate;
- (iv) evaluating the appropriateness of thresholds in criteria used to identify potential suspicious activity by conducting above-the-line and below-the-line testing and documentation;
 - (v) testing to ensure that potentially suspicious activity correctly generates alerts as intended; and
 - (vi) documentation of filtering criteria and thresholds and the appropriateness of these criteria and thresholds;
- (d) sufficient management information and metrics to manage and adjust monitoring systems, as necessary; and
 - (e) a model optimization process that includes a framework for ongoing tuning and testing of the monitoring system model.

ARTICLE XI

CUSTOMER DUE DILIGENCE

(1) Within ninety (90) days of this Order, the Board shall ensure the Bank develops and submits to the Assistant Deputy Comptroller for prior written determination of no supervisory objection appropriate policies and procedures for performing customer due diligence on all customers to understand the nature and purpose of the customer in order to generate a customer risk profile. The Bank should identify those customers that pose greater than normal risk for compliance with the BSA, including, but not limited to, money service businesses, foreign or domestic correspondent banks, payment processors, or cash-intensive businesses. At a minimum, these policies and procedures must provide for:

- (a) the collection of additional information for medium- and high-risk customers and/or products and services, including, but not limited to, expected activity prior to onboarding such medium- and/or high-risk customers. Refer to the FFIEC BSA/AML Examination Manual for guidance;
- (b) an accurate and complete list of medium- and high-risk customers that identifies current customers and accounts exhibiting high risk characteristics for money laundering, terrorist financing, or other illicit activity;
- (c) conducting ongoing monitoring of customer information to reflect changes in the customer's behavior, activity profile, derogatory information, or other factors that impact the BSA/AML risk score for the customer;
- (d) collecting additional information on medium- and high-risk customers when additional information is not present in customers' files;
- (e) a methodology for identifying additional information requirements when sufficient information is not present in customer files to enable the Bank to understand the nature and purpose of the customer relationship;
- (f) periodic reports on all medium- and high-risk customers that include:
 - (i) an assessment of the customer's operations, BSA/AML risks, and BSA/AML controls;
 - (ii) critical analysis of all significant information in the file, including the identification of significant disparities, investigation and

- documentation of high-risk indicators and potentially suspicious activity, and well-supported conclusions;
- (iii) a comparison of expected, historical, and current activity, including analyzing activity for seasonality;
 - (iv) documentation of conclusions to support management's analysis of why the flow of funds is consistent with the expected activity for the customer and accounts are being used as intended; and
 - (v) supporting documentation used in the analysis, including any specific transactions reviewed or investigated.

(2) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall ensure the Bank immediately implements and thereafter adheres to the customer information policies and procedures required under paragraph (1) of this Article.

(3) The BSA Officer or his/her designee shall review account documentation for all medium- and high-risk customers and the related accounts of those customers at the Bank to determine whether the account activity is consistent with the customer's business and the stated purpose of the account. The frequency of review shall be determined by individual customer risk determinations but shall occur at a minimum on a semi-annual basis. The reviews shall include the requirements detailed in paragraph (1)(f) of this Article.

ARTICLE XII

WIRE TRANSFER CONTROLS

(1) Within ninety (90) days of the date of this Order, the Board shall ensure the Bank adopts, implements, and thereafter adheres to a program to manage BSA/AML and OFAC risk

involved in processing wire transfers. This program shall be risk-based and include:

- (a) an evaluation of the Bank’s risk appetite with respect to processing wire transfers;
- (b) procedures to ensure that the Bank has systems and processes in place to flag potential OFAC matches;
- (c) developing a methodology to identify and analyze wire transfers with higher than normal risk;
- (d) procedures to ensure that appropriate staff has authority to release wire transfers with higher than normal risk; and
- (e) appropriate training for BSA staff.

ARTICLE XIII

SUSPICIOUS ACTIVITY REVIEW “LOOKBACK”

(1) Within sixty (60) days of the date of this Order, the Board shall submit to the Assistant Deputy Comptroller, for a prior written determination of no supervisory objection, the name and qualifications of a proposed independent, third-party consultant to review and provide a written report on the Bank’s suspicious activity monitoring (“SAR Look-Back”). Refer to OCC Bulletin 2013-33, “Use and Review of Independent Consultants in Enforcement Actions: Guidance for Bankers,” for guidance.

(2) Within thirty (30) days following receipt of the written determination of no supervisory objection to the qualified independent consultant to conduct the SAR Look-Back (“Look-Back Consultant”), the Board shall submit, for a prior written determination of no supervisory objection, a proposed scope and timeline for completion of the engagement that addresses the requirements of paragraph (3) of this Article and includes a list of the customers,

accounts, and alerts selected, and the methodologies, factors, and other considerations used to select the customers, account, and alerts. The submission shall also discuss the analytical techniques, methodologies and tools that will be used to conduct the SAR Look-Back as well as the Look-Back Consultant's process for investigation customers and customer activities. Refer to OCC Bulletin 2013-33, "Use and Review of Independent Consultants in Enforcement Actions: Guidance for Bankers," for guidance.

(3) The purpose of the SAR Look-Back is to determine whether additional SARs should be filed for any previously unreported suspicious activity, including cases in which the BSA Officer or BSA staff identified suspicious activity but failed to support a decision not to file a SAR, to review the quality and accuracy of previous SAR filings to determine whether corrections or amendments are necessary to ensure that the suspicious activity identified was accurately reported in accordance with 12 C.F.R. § 21.11 and to identify any accounts that represent excessive BSA/AML risk.

(4) Within ten (10) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the proposed consultant and proposed timeline for completion of the review, the Board shall engage the Look-Back Consultant to perform the SAR Look-Back pursuant to the proposed terms.

(5) Within thirty (30) days of completion of the SAR Look-Back, the Look-Back Consultant shall provide the Board with a written report that contains a list of any SARs that the Look-Back Consultant recommends that the Bank should file or existing SARs that the Bank should modify to comply with the requirements of 12 C.F.R. § 21.11, a list of accounts that represent excessive risk for BSA/AML compliance, and a conclusion about the effectiveness of

the Bank's suspicious activity monitoring. This SAR Look-Back report should also, among other things, describe:

- (a) a summary of the number and types of customers and accounts reviewed;
- (b) the number of customers and accounts requiring additional investigation;
- (c) the number of customers the Look-Back Consultant recommended to the Bank that warranted SAR filings or modifications to existing SAR filings;
and
- (d) the number of customers where the Bank determined not to file a SAR.

(6) When providing the written report to the Board, the Look-Back Consultant shall, at the same time, directly provide a copy of the written report of the findings and recommendations from the SAR Look-Back to the Assistant Deputy Comptroller. The supporting materials and work papers associated with the SAR Look-Back shall be made available to the OCC upon request.

(7) Based upon the results of the SAR Look-Back, the OCC, at its sole discretion, may expand or broaden the scope of the initial SAR Look-Back period. If an additional look-back period is deemed appropriate, the additional look-back will be completed in accordance with the requirements of this Article.

ARTICLE XIV

BSA/AML AUDIT

(1) Within ninety (90) days of the date of this Order, the Board shall ensure the Bank adopts, implements, and thereafter adheres to an independent BSA/AML audit program that includes the minimum requirements for adequate independent testing. Refer to the FFIEC BSA/AML Examination Manual for guidance. The independent BSA/AML audit program shall:

- (a) detect irregularities in the Bank's operations;
- (b) determine the Bank's level of compliance with applicable laws, rules, and regulations;
- (c) evaluate the Bank's adherence to established policies and procedures;
- (d) perform an appropriate level of testing to support the audit findings;
- (e) ensure adequate audit coverage in all areas; and
- (f) establish an annual audit plan using a risk-based approach sufficient to achieve these objectives.

(2) The Board shall ensure appropriate oversight of the BSA/AML audit program and ensure that BSA/AML auditors have the requisite knowledge and expertise to implement a comprehensive BSA/AML audit.

(3) The Board shall ensure that the audit program is independent. The persons responsible for implementing the BSA audit program described above shall report directly to the Board, or a designated committee of the Board, which shall have the sole power to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board and not through any intervening party.

(4) All audit reports shall be in writing and supported by adequate workpapers, which must be provided to the Bank. The Bank must document its quality control review of audit work papers and maintain a record of its review, including a clear statement on the adequacy of the audit work performed. The audit work papers must include a planning document that clearly communicates the audit scope. The audit conclusions must be clearly documented, supported by sufficient narrative analysis that explains the rationale for such conclusions, and must include supporting audit procedures.

(5) The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports. The Board shall maintain a written record of its response to audit findings. This record shall include a detailed narrative of steps the Board has taken to remedy deficiencies, Bank staff responsible for remedying deficiencies, and the rationale for the Board's responses.

(6) The Board shall evaluate the audit reports of any party providing services to the Bank and shall assess the impact on the Bank of any audit deficiencies cited in such reports.

ARTICLE XV

BSA/AML TRAINING

(1) Within ninety (90) days of this Order, the Board shall ensure the Bank develops, implements, and thereafter adheres to a comprehensive training program for all appropriate Bank employees, including members of the Board and management, to ensure their awareness of their responsibility for compliance with the requirements of the BSA. This comprehensive training program shall:

- (a) provide for more extensive BSA training for all operational and supervisory personnel assigned to the Bank's BSA compliance function;
- (b) provide for more targeted training for other personnel focusing on the individual's specific duties and responsibilities; and
- (c) include strategies for mandatory attendance, the frequency of training, procedures, timing for updating the training program and materials, and the method for delivering training.

ARTICLE XVI

GENERAL BOARD RESPONSIBILITIES

(1) The Board shall ensure that the Bank has timely adopted and implemented all corrective actions required by this Order and shall verify that the Bank adheres to the corrective actions and they are effective in addressing the Bank's deficiencies that resulted in this Order.

(2) In each instance in which this Order imposes responsibilities upon the Board, it is intended to mean that the Board shall:

- (a) authorize, direct, and adopt corrective actions on behalf of the Bank as may be necessary to perform the obligations and undertakings imposed on the Board by this Order;
- (b) ensure the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Order;
- (c) require that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Order;
- (d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Order;
- (e) require appropriate, adequate, and timely reporting to the Board by Bank management of corrective actions directed by the Board to be taken under the terms of this Order; and
- (f) address any noncompliance with corrective actions in a timely and appropriate manner.

ARTICLE XVII

WAIVERS

- (1) The Bank, by executing and consenting to this Order, waives:
 - (a) any and all rights to the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818;
 - (b) any and all procedural rights available in connection with the issuance of this Order;
 - (c) any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818 and 12 C.F.R. Part 19;
 - (d) any and all rights to seek any type of administrative or judicial review of this Order;
 - (e) any and all claims for fees, costs, or expenses against the OCC, or any of its officers, employees, or agents related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412;
 - (f) any and all rights to assert this proceeding, the consent to and/or the issuance of this 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; and
 - (g) any and all rights to challenge or contest the validity of this Order.

ARTICLE XVIII

OTHER PROVISIONS

- (1) Regarding the effect of this Order, and unless the OCC informs the Bank otherwise in writing with respect to any or all of the subparts below:
- (a) pursuant to 12 C.F.R. § 5.3(g)(5), the Bank may be treated as an “eligible bank” for the purposes of 12 C.F.R. Part 5, subject to the requirements contained in 12 C.F.R. § 5.3(g)(1)-(4);
 - (b) pursuant to 12 C.F.R. § 5.51(c)(7)(ii), the Bank is not subject to the restrictions in 12 C.F.R. § 5.51 requiring prior notice to the OCC of changes in directors and senior executive officers or the limitations on golden parachute payments set forth in 12 C.F.R. Part 359, subject to the requirements contained in 12 C.F.R. § 5.51(c)(7)(i), (iii); and
 - (c) pursuant to 12 C.F.R. § 24.2(e)(4), the Bank may be treated as an “eligible bank” for the purposes of 12 C.F.R. Part 24, subject to the requirements contained in 12 C.F.R. § 24(e)(1)-(3).

ARTICLE XIX

CLOSING

- (1) This Order is a settlement of the cease and desist proceeding against the Bank contemplated by the OCC, based on the violations of law described in the Comptroller’s Findings set forth in Article II of this Order. The OCC releases and discharges the Bank from all potential liability for a cease and desist order that has been or might have been asserted by the OCC based on the violations described in Article II of this Order, to the extent known to the

OCC as of the effective date of this Order. Nothing in this Order, however, shall prevent the OCC from:

- (a) instituting enforcement actions other than a cease and desist order against the Bank based on the Comptroller's Findings set forth in Article II of this Order;
- (b) instituting enforcement actions against the Bank based on any other findings;
- (c) instituting enforcement actions against institution-affiliated parties (as defined by 12 U.S.C. § 1813(u)) based on the Comptroller's Findings set forth in Article II of this Order, or any other findings; or
- (d) utilizing the Comptroller's Findings set forth in Article II of this Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

(2) Nothing in this Order is a release, discharge, compromise, settlement, dismissal, or resolution of any actions, or in any way affects any actions that may be or have been brought by any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice.

(3) This Order is:

- (a) a "cease-and-desist order issued upon consent" within the meaning of 12 U.S.C. § 1818(b);
- (b) a "cease-and-desist order which has become final" within the meaning of 12 U.S.C. § 1818(e);

- (c) an “order issued with the consent of the depository institution” within the meaning of 12 U.S.C. § 1818(h)(2);
- (d) an “effective and outstanding . . . order” within the meaning of 12 U.S.C. § 1818(i)(1); and
- (e) a “final order” within the meaning of 12 U.S.C. § 1818(i)(2) and (u).

(4) This Order is effective upon its issuance by the OCC, through the Comptroller’s duly authorized representative. Except as otherwise expressly provided herein, all references to “days” in this Order shall mean calendar days, and the computation of any period of time imposed by this Order shall not include the date of the act or event that commences the period of time. The provisions of this Order shall remain effective except to the extent that, and until such time as, such provisions are amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller’s duly authorized representative. If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of this Order, or within any plan or program submitted pursuant to this Order, the Board or a Board-designee shall submit a written request to the Assistant Deputy Comptroller asking for relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with the relevant provision(s) of the Order or plan or program submitted pursuant to this Order and shall be accompanied by relevant supporting documentation. The OCC’s decision concerning a request submitted pursuant to this paragraph, which will be communicated to the Board in writing, is final and not subject to further review.

(5) The Bank will not be deemed to be in compliance with this Order until it has adopted, implemented, and adhered to all of the corrective actions set forth in each Article of

this Order; the corrective actions are effective in addressing the Bank's deficiencies; and the OCC has verified and validated the corrective actions. An assessment of the effectiveness of the corrective actions requires sufficient passage of time for the Bank to demonstrate the sustained effectiveness of the corrective actions.

(6) This Order is not a contract binding on the United States, the United States Treasury Department, the OCC, or any officer, employee, or agent of the OCC and neither the Bank nor the OCC intends this Order to be a contract.

(7) Each citation, guidance, or issuance referenced in this Order includes any subsequent citation, guidance, or issuance that replaces, supersedes, amends, or revises the referenced cited citation, guidance, or issuance.

(8) No separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to consent to the issuance of this Order.

(9) All reports, plans, or programs submitted to the OCC pursuant to this Order shall be forwarded, by overnight mail or via email, to the following:

Assistant Deputy Comptroller
Office of the Comptroller of the Currency
San Francisco Field Office
25 Jessie Street, 16th Floor
San Francisco, California 94105

(10) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his duly authorized representative, has hereunto set his signature on behalf of the Comptroller.

//s// Digitally Signed, Dated: 2020.04.14

Johnny Stanley
Assistant Deputy Comptroller
San Francisco Field Office

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of Mission National Bank have hereunto set their signatures on behalf of the Bank

/s/	04/14/2020
_____ Cesar Alegria	_____ Date
/s/	April 14, 2020
_____ William Chan	_____ Date
/s/	4.14.20
_____ JoAnne Loughlin	_____ Date
/s/	4/14/2020
_____ Ruell Medina	_____ Date
/s/	4/14/2020
_____ David Choi	_____ Date
/s/	4/14/2020
_____ Julio Prada	_____ Date
/s/	4/14/20
_____ Robert Sweeney	_____ Date
/s/	4/14/20
_____ Alma Vivar	_____ Date