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UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)
)
Executive Bank, F.S.B.)
Marina del Rey, California)
)
)

Re: Resolution No. SF-90-014

Dated: November 9, 1990

STIPULATION AND CONSENT TO ISSUANCE
OF ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Western Regional Office, OTS, and Executive Bank, F.S.B., Marina del Rey, California ("Executive Bank"), stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against Executive Bank pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA") (to be codified at 12 U.S.C. § 1818(b)). Executive Bank desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative cease-and-desist litigation against Executive Bank with respect to the matters

covered in the accompanying Order to Cease and Desist ("Order").

2. Jurisdiction.

(a) Executive Bank is a "savings association" within the meaning of Section 3 of the FDIA and Section 2 of the Home Owners' Loan Act, as amended by FIRREA. Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(c)).

(b) Pursuant to Section 3 of the FDIA, as amended by FIRREA, the Director of OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such a savings association. Therefore, Executive Bank is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to Section 8(b) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(b)).

3. Consent. Executive Bank consents to the issuance by the OTS of the 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 Section 8(b) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(b)). Upon its issuance by the Regional Director for the Western Regional Office, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(i)).

5. Waivers. Executive Bank waives its right to a notice of charges and the administrative hearing provided by Section 8(b) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(b)), and further waives any right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(h)), or otherwise to challenge the validity of the Order.

6. Other Regulatory Action. By executing this Agreement, the OTS does not relinquish the right to take any additional regulatory action. Executive Bank hereby stipulates that it has not received any oral or written representations from the OTS, its agents or employees, that the OTS has relinquished any other rights it may have to pursue other regulatory actions.

WHEREFORE, in consideration of the foregoing, the OTS, by and through its Regional Director for the Western Regional Office, OTS, and Executive Bank, by a majority of its directors, execute this Stipulation and Consent to Issuance of Order to Cease and Desist.

OFFICE OF THRIFT SUPERVISION

Executive Bank, F.S.B.
by a majority of its directors

By: 15/

Michael Patriarca
Regional Director
Western Regional Office,
Office of Thrift Supervision

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UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of
Executive Bank, F.S.B.
Marina del Rey, California

Re: Resolution No. SF-90-014

ORDER TO CEASE AND DESIST

WHEREAS, Executive Bank, F.S.B., Marina del Rey, California ("Executive Bank"), through its directors, has executed a Stipulation and Consent to Issuance of Order to Cease and Desist, which is incorporated herein by reference ("Stipulation") and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Western Regional Office; and

WHEREAS, Executive Bank, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act, as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA") (to be codified at 12 U.S.C. § 1818(b)).

NOW THEREFORE, IT IS ORDERED that Executive Bank and its directors, officers, employees, agents and service corporations shall cease and desist from any violation of, or the aiding and abetting of any violation of:

Sections 22 (g) and (h) of the Federal Reserve Act as

implemented by 10 C.F.R. Part 215 ("Regulation O"), 12 C.F.R. §§ 563.41, 563.43, 571.7, and 571.9.

IT IS FURTHER ORDERED that:

Conflict of Interest Policy/Insider Lending Policy

1. Within 45 days from the effective date of this Order, the Board shall develop, adopt and submit to the Assistant District Director, for review and approval, an amended Conflict of Interest Policy and Insider Lending Policy ("Policies") to be used by the institution to ensure that its directors, officers, and employees comply with 12 C.F.R. §§ 563.41, 563.43, 571.7, and 571.9, and Sections 23A, 23B, 22(g) and 22(h) of the Federal Reserve Act. The institution shall not engage or participate in any transaction with any "affiliate" or "affiliated person" of the institution as defined in 12 C.F.R. §§ 561.4 and 561.5, except for existing legally binding commitments that may have been entered into by Executive Bank prior to the date of this Order. A list of the legally binding commitments shall also be provided to the Assistant District Director within 45 days of the effective date of this Order.

The Policies will: (a) identify, by name and title, all directors, officers and other affiliated persons (as defined by 12 C.F.R. Section 561.5) and their respective occupations and significant business interests; (b) identify all existing conflicts of interest and usurpations of corporate opportunities and describe

the areas in which such abuses might occur in the future; (c) identify all insider lending relationships with executive officers, directors, and principal shareholders (as defined in Regulation "O" (12 C.F.R. Part 215)); (d) establish specific policies and strategies for implementation designed to avoid potential conflicts of interest, abuses of insider lending transactions, and usurpations or corporate opportunity; (e) establish specific self-enforcement procedures to deal with those directors, officers, and affiliated persons who violate the policy and (f) specifically describe the steps the institution will take to prevent: any conflicts of interest and prohibited insider lending transactions, violations of regulations, any usurpations of corporate opportunities, and any appearances thereof.

Internal Control Policy

2. Within 45 days from the effective date of this Order, the Board shall develop, adopt and submit to the Assistant District Director, for review and approval, policies and procedures to be used by the institution to monitor and ensure compliance with all laws, rules, regulations, Executive Bank's internal policies and procedures ("Internal Control Policy"), and provisions of this Order. At a minimum these policies and procedures shall address those deficiencies identified in the OTS Report of the Federal Regular Examination of Executive Bank commenced on July 16, 1990. Specifically, the policies and procedures shall address: (a) reporting of payments of overdrafts on an account of any executive

officer, director, principal shareholder and/or the related interests of such individuals as such terms are defined by Regulation "O" (12 C.F.R. Part 215); (b) reimbursing expenses incurred by any executive officer, director, principal shareholder and/or related interest of any such individual; (c) closing accounts maintained at Executive Bank; (d) ascertaining funds availability; (e) processing wire transfers and (f) processing lines of credit. The institution's Audit Committee shall provide the Board and the Assistant District Director with monthly status reports, commencing December 1990, detailing the condition of the institution's internal control system instituted by an Internal Control Policy and shall include in its reports a detailed explanation for each noted deficiency or violation. The Internal Control Policy shall specifically provide for the development and maintenance of controls as necessary to prevent a breach of the wire transfer and checking account systems by institution directors, executive officers, or principal shareholders.

3. For good cause shown, the Assistant District Director may extend the time to complete any act required by this Order, specifically;

a. If the Assistant District Director disapproves any policy, plan, or act submitted for approval under the terms of this Order, the Association shall submit a revision of the policy, plan, or act, to the Assistant District Director within 15 days after it receives written notice of disapproval;

b. No policy, plan, or act, approved by the Assistant District Director may be amended, suspended, or revoked without the prior written approval of the Assistant District Director. However, the Assistant District Director may terminate any requirement imposed on the Association by this Order after receiving a written request to do so and if the Association has been in substantial compliance with the provision.

4. All technical words or terms used in this Order, for which meanings are not defined or otherwise provided by the provisions of this Order, shall, insofar as applicable, have the meanings set forth in Chapter V of Title 12 of the Code of Federal Regulations and any such technical words or terms used in this Order and undefined in said Code of Federal Regulations shall have meanings that accord with the best custom and usage in the savings and loan industry.

5. This Order shall remain in effect until terminated by the OTS. All requests for termination of the Order shall be submitted to the Assistant District Director. Upon review of any such request, the Assistant District Director may make a recommendation to the Regional Director for denial or approval of the request. The Regional Director may grant a written request for termination or modification of the Order if, in his opinion, Executive Bank has satisfactorily complied with the terms of this Order for an appropriate period of time. The Regional Director's grant of such written request shall only be evidenced by the issuance of a

written amendment to this Order executed by a duly authorized representative of the OTS.

6. The Assistant District Director may extend time frames in all applicable provisions of this Order for good cause shown.

7. This Order shall be effective as of the date it is issued by the Office of Thrift Supervision.

THE OFFICE OF THRIFT SUPERVISION

By: 151

Michael Patriarca
Regional Director
Western Regional Office,
Office of Thrift Supervision

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