



Comptroller of the Currency
Administrator of National Banks

Washington DC 20219

Corporate Decision 2003-8
July 2003

June 18, 2003

Mr. Henry Y. Hwang
Spokesperson
245 South Los Robles Avenue, Suite 420
Pasadena, California 91101

Re: Rock Asia Capital Bank, National Association (Proposed)
Arcadia, California
OCC Control Number: 2003-WE-01-0003

Dear Mr. Hwang:

This is to inform you that on June 18, 2003 the Office of the Comptroller of the Currency (OCC) disapproved the application to charter Rock Asia Capital Bank, National Association, Arcadia, California. The organizers failed to demonstrate to the OCC that the proposed bank would have a reasonable chance of success and would be operated in a safe and sound manner.¹ The decision was made after an extensive and thorough evaluation of information provided in the application, obtained during the focused field investigation conducted by two experienced national bank examiners and other information available to the OCC in its regulatory and supervisory activities.

The decision to grant a new national bank charter is not based on any single factor, but on a combination of factors unique to each application.

In evaluating an application to charter a national bank, the OCC considers whether the proposed bank has competent management, including a board of directors, with ability and experience relevant to the types of services to be provided by the bank.² After a review of the qualifications of the proposed executive officers, and following an interview with each officer, we found that the management team, as a group, does not meet the strong level of experience and skills required to successfully operate a new bank in a safe and sound manner.³ [

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¹ 12 C.F.R. § 5.20(f)(1).

² 12 C.F.R. § 5.20(f)(2)(B).

³ 12 C.F.R. § 5.20(f)(2)(E).

Generally, strong charter proposals include executive officers that have served in a similar position in another bank, which was operated in a safe and sound manner. If the officer candidate has not served in the same or a similar position, we expect the candidate to possess comparable experience or skills relevant to the position. If the officer lacks relevant experience, the OCC assesses the strength of the officer by considering the extent of the proposed candidate's experience, his or her skill set for the position, and the complexity of the bank's business plan. After considering the qualifications of the proposed officers, the OCC determined that the overall management team was not strong.

While all of the three officer candidates -- for chief executive officer (CEO), chief credit officer (CCO) and chief financial officer (CFO) -- have banking experience, none have served in their particular role before. As the candidates are currently employed elsewhere, their names are not noted here.

The proposed CEO is a senior executive vice president of a large California bank with 20 years of prior banking experience. He has not been the CEO of a bank before, although he has extensive experience in management of the bank's branching network, and presently is head of the bank's commercial lending division. If a candidate for CEO has not served as a CEO before, the OCC, as here, evaluates other factors to determine if the overall management team is strong to compensate for any limited experience by a proposed officer.

The proposed CCO has prior banking experience. However, he has not been employed by a bank since 1994, and has not originated a loan since that time, so he lacks recent relevant direct experience. He has never served as the CCO of a bank before. In our interview with the proposed CCO, he stated that he will not directly supervise any of the lending staff and that he will not originate any loans himself. Given this employment record, and as a result of information obtained during our interview of the candidate, we do not believe that the proposed CCO could function in that role without support from others.

The proposed CFO has extensive experience as a bank cashier and controller. However, she has never served as a bank's CFO. For the last four years she has worked as the CFO of a non-bank investment company. She has limited experience in bank asset/liability management and has never managed a bank investment portfolio. We do not believe the proposed CFO could function in that role without support from others.

While one weak proposed officer might be acceptable as a member of a de novo management team, provided that the remaining members possessed strong experience and skill characteristics for their respective roles, in this case we concluded that the management team was not sufficiently strong because the members lacked demonstrated and relevant experience.

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