



May 23, 2014

**Conditional Approval #1100  
June 2014**

Ms. Barbara S. Polsky  
Manatt, Phelps & Phillips, LLP  
11355 West Olympic Boulevard  
Los Angeles, California 90064-1614

RE: Transfer of Assets Application, Voluntary Dissolution Application, and Capital Distribution Application Filed on behalf of Wedbush Bank, Los Angeles, California  
OCC Control Numbers: R4-2014-0013, -0014, and -0021  
Charter Number: 718060

Dear Ms. Polsky:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves the Transfer of Assets Application, the Voluntary Dissolution Application, and the Capital Distribution Application (collectively, Applications) filed by Wedbush Bank, Los Angeles, California (Bank). The Bank is a federal stock savings bank that is wholly owned by Wedbush, Inc., a savings and loan holding company (Holding Company). The OCC received the Applications on March 12, 2014, which the Bank supplemented in response to the OCC's additional information requests.

The OCC reviewed the Applications in accordance with applicable laws, regulations, and OCC policy. Based on a thorough review of all available information, including the representations and commitments made in the Applications and by the Bank's representative, the OCC has concluded that the Applications satisfy the applicable approval standards, provided the Bank complies with the conditions set forth herein. The OCC's approval is subject to the consummation requirements and conditions set forth herein.

**The Proposed Plan of Dissolution and Transfer of Assets**

The Bank's Board of Directors approved the Plan of Voluntary Liquidation (Plan) and entered into an Agreement to Purchase Certain Assets and Assume Certain Liabilities, dated February 5, 2014 (P&A Agreement) with Grandpoint Bank, Los Angeles, California (Grandpoint), a state-chartered bank. The Plan provides for, among other things: (1) the transfer of identified assets to, and the assumption of certain liabilities and deposit accounts by, Grandpoint (Transfer of Assets Transaction);<sup>1</sup> and (2) the termination of the Bank's corporate existence and dissolution of the Bank followed by one or more liquidating distributions.

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<sup>1</sup> On April 30, 2014, the Federal Deposit Insurance Corporation approved Grandpoint's application to acquire the Bank's assets and assume the liabilities pursuant to the P&A Agreement.

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The Applications include a Guarantee Agreement that provides that the Holding Company unconditionally guarantees that it will pay and discharge or make provision to provide sufficient compensation for all claims and obligations of the Bank including all contingent conditional or unmatured contractual claims known or unknown to the Bank as of the Effective Date or that arise within two years after the Effective Date.

### **Transfer of Assets**

The OCC has reviewed the Transfer of Assets Application under 12 C.F.R. § 163.22(d), which requires the OCC to consider: (i) the impact of the transaction on a federal savings association's capital level; (ii) the federal savings association's financial and managerial resources; (iii) the future prospects of the federal savings association; (iv) the convenience and needs of the communities to be served; (v) the conformity of the transaction to applicable law, regulation, and supervisory policies; and (vi) the fairness and disclosure concerning the transaction. The OCC hereby approves the Transfer of Assets Application, subject to the conditions set forth herein.

### **Voluntary Dissolution**

The Voluntary Dissolution Application, filed pursuant to 12 C.F.R. § 146.4, is for the Bank to voluntarily dissolve following consummation of the Transfer of Assets Transaction, the additional sale or transfer of any other remaining assets or liabilities, and one or more capital distributions.

The OCC has reviewed the Voluntary Dissolution Application pursuant to 12 C.F.R. § 146.4, which provides that the OCC may approve a dissolution plan if the OCC believes the plan is advisable and best for all concerned. The OCC has reviewed the Bank's Voluntary Dissolution Application pursuant to the terms of 12 C.F.R. § 146.4 and hereby approves the Voluntary Dissolution Application, subject to the conditions set forth herein.

### **Capital Distribution**

The Capital Distribution Application, filed pursuant to 12 C.F.R. Part 163, Subpart E, is for the Bank to issue one or more liquidating dividends to the Holding Company, consisting of assets and liabilities not transferred or assumed pursuant to the P&A Agreement, or otherwise disposed of as discussed above, and any proceeds of the Transfer of Assets Transaction.

Pursuant to 12 C.F.R. § 163.146, the OCC reviews a capital distribution application under the review procedures in 12 C.F.R. Part 116, Subpart E, and will deny a capital distribution application in whole or in part if the proposed distribution would: (i) cause the federal savings

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association to become undercapitalized;<sup>2</sup> (ii) raise safety and soundness concerns; or (iii) violate any statute, regulation, agreement between the Bank and the OCC or OTS, or violates a condition imposed on the federal savings association by the OCC or OTS in the approval of an application or notice.<sup>3</sup>

The OCC has reviewed the Bank's Capital Distribution Application pursuant to the terms of 12 C.F.R. § 163.146 and hereby approves the Capital Distribution Application, subject to the conditions set forth herein.

### **Conditions**

The OCC approves the Applications subject to the following conditions:

1. No later than three business days prior to the date of consummation of the Transfer of Assets Transaction, the Bank must submit to the OCC a copy of the executed Guarantee Agreement by the Holding Company, in substantially the same form as the draft submitted to the OCC on March 12, 2014, or as otherwise acceptable to the OCC;
2. If the Bank is not dissolved in the manner contemplated in the Applications, within seven days of the consummation of the Voluntary Dissolution, the Bank shall submit, in a form acceptable to the OCC, a plan to continue the liquidation of the Bank, and adhere to that plan; and
3. The Bank shall not complete the Capital Distribution(s) until all conditions herein are met and the OCC acknowledges the return of the Bank's charter. If the Bank seeks to make a capital distribution prior to satisfaction of all conditions and the Bank's return of the charter, the Bank must receive the written non-objection of the OCC's Western District Licensing Division (Licensing).

The conditions of this approval are conditions "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

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<sup>2</sup> If this factor is met, the OCC may still approve the capital distribution request if it determines that the capital distribution is permitted under 12 U.S.C. § 1831o(d)(1)(B).

<sup>3</sup> If this factor is met, the OCC may still determine whether it may permit the proposed capital distribution notwithstanding the violation. 12 C.F.R. § 163.146(c).

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### **Consummation Requirements**

On the business day prior to the date of the consummation of the Transfer of Assets Transaction, the chief financial officer of the Bank must certify in writing to the Director for District Licensing (DDL) that no material adverse events or material adverse changes have occurred with respect to the financial condition or operation of the Bank as disclosed in the Applications. If additional information having a material adverse effect on any feature of the Applications is brought to the attention of the Bank or the OCC since the date of the financial statements submitted with the Applications, the Bank must not consummate the Transfer of Assets Transaction, any Capital Distribution, or the Voluntary Dissolution, as applicable, unless the information is presented to the DDL and the DDL provides written non-objection to consummation of the Transfer of Assets Transaction, any Capital Distributions, or the Voluntary Dissolution, as applicable.

The approvals set forth herein are granted based on our understanding that other regulatory approvals, non-objections or waivers with respect to the proposed transactions will have been received prior to consummating the transactions. Unless a timeframe is otherwise stated below, please ensure that you submit the following information to Licensing prior to consummation of the dissolution:

- Copies of all regulatory approvals not previously submitted prior to the Transfer of Assets Transaction;
- Copy of the written consent of the Bank's shareholder to the proposed transactions prior to the Transfer of Assets Transaction;
- Certification of the effective date of the Transfer of Assets Transaction;
- Return of Reports of Examination, or certification that Reports of Examination were properly disposed of;
- No later than five business days after the date of consummation of the Transfer of Assets Transaction, Capital Distributions, and Voluntary Dissolution, a certification must be filed with Licensing stating the effective date of each transaction. The certification must specify the transaction, or transactions, that were consummated and that such transactions were completed in accordance with all applicable laws and regulations, the Applications, and this letter; and
- No later than five business days after the date of consummation of the Voluntary Dissolution, all official copies of the federal charter of the Bank must be returned to Licensing.

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If the transaction is not consummated within 120 calendar days of the approval date, the approval shall automatically terminate, unless the OCC grants an extension for good cause.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the Bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

A separate letter is enclosed requesting your feedback on how the OCC handled the Applications. We would appreciate your response so we may continue to improve our service.

All correspondence regarding the Applications should reference the control number. If you have any questions, please contact David Finnegan, Senior Licensing Analyst, Western District Licensing Division, at (720) 475-7653.

Sincerely,

*Stephen A. Lybarger*

Stephen A. Lybarger  
Deputy Comptroller for Licensing

Enclosure