

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

	)	
In the Matter of	)	
	)	
SEATTLE BANK,	)	SUPERVISORY
SEATTLE, WASHINGTON	)	PROMPT CORRECTIVE ACTION
	)	DIRECTIVE
(INSURED STATE NONMEMBER BANK)	)	
	)	FDIC-11-006PCAS

WHEREAS, Seattle Bank, Seattle, Washington ("Bank"), being a significantly undercapitalized insured depository institution as that term is defined in Section 38(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1831o(b)(1), and Section 325.103 of the Federal Deposit Insurance Corporation ("FDIC") Rules and Regulations, 12 C.F.R. § 325.103;

WHEREAS, pursuant to a letter dated August 5, 2010, the FDIC notified the Bank of its PCA category as an “undercapitalized” institution and the corresponding restrictions and requirements;

WHEREAS, the Bank submitted a capital plan dated September 13, 2010, which was accepted by the FDIC;

WHEREAS, the Bank reported a “significantly undercapitalized” position based on its September 30, 2010 Reports of Condition and Income;

WHEREAS, pursuant to a letter dated November 5, 2010, the FDIC notified the Bank of its PCA category and corresponding restrictions and requirements;

WHEREAS, pursuant to a letter dated December 17, 2010, the FDIC accepted the Bank’s capital restoration plan;

WHEREAS, the Bank's capital position continues to deteriorate, and the full implementation of the Bank's capital plan requires the resolution of all stock offering closing conditions, which continue to remain uncertain;

WHEREAS, the actions in this directive are necessary to carry out the purposes of Section 38 of the Act including Section 38(e)(5), 12 U.S.C. § 1831o(e)(5);

THEREFORE, the FDIC finds it necessary, in order to carry out the purposes of Section 38 of the Act, to issue this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE without providing notice as set forth in Section 308.201(a)(1) of the FDIC's Rules of Practice and Procedure, 12 C.F.R. §308.201(a)(1), and hereby issues this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE pursuant to Section 38 of the Act, 12 U.S.C. §1831o, and Section 308.201(a)(2) of the FDIC's Rules of Practice and Procedure, 12 C.F.R. §308.201(a)(2).

SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE

IT IS HEREBY DIRECTED, that within 30 days of the effective date of this Directive, the Bank shall take one or both of the following actions to increase capital:

1. The Bank shall sell enough voting shares or obligations of the Bank so that the Bank will be adequately capitalized after the sale; or
2. The Bank shall accept an offer to be acquired by a depository institution holding company or to combine with another insured depository institution;

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank shall not accept, renew or rollover any brokered deposits as defined in section 337.6(a)(2) of the FDIC Rules and Regulations, 12 C.F.R. § 337.6(a)(2);

FURTHER DIRECTED, that during the period this Directive is effective, the Bank shall restrict the interest rates that the Bank pays on deposits to comply with the interest rate restrictions in section 337.6 of the FDIC Rules and Regulations, 12 C.F.R. § 337.6;

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank shall not permit its average total assets during any calendar quarter to exceed its average total assets during the preceding calendar quarter;

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank shall make no transactions with affiliates, requiring the Bank to comply with Section 23A of the Federal Reserve Act as if subsection (d)(1) of that section did not apply;

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank shall make no capital distributions or dividend payments to its parent or any affiliate of the Bank or its parent, nor shall the Bank pay any bonuses to, or increase the compensation of, any director or officer of the Bank without prior written approval from the FDIC. The term “capital distribution” shall be defined as at Section 38(b)(2)(B) of the Act (12 U.S.C. § 1831o(b)(2)(B));

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank shall not engage in branching and shall solicit the FDIC’s prior written approval to relocate, sell or dispose of any existing branch;

FURTHER DIRECTED, that the provisions of this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE shall not affect the obligations of the Bank pursuant to any other action issued against the Bank by the FDIC;

FURTHER DIRECTED, that this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE shall become effective immediately upon its receipt by the Bank.

Each provision of this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE shall be binding upon the Bank, its directors, officers, employees, agents, successors, assigns, and other institution-affiliated parties of the Bank.

The Bank may file a written appeal of this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE within fourteen (14) calendar days from the date of the issuance of this Directive as provided in section 308.201(a)(2) of the FDIC's Rules of Practice and Procedure, 12 C.F.R. §308.201(a)(2). The appeal shall be filed with Stan Ivie, Regional Director, Federal Deposit Insurance Corporation, San Francisco Regional Office, 25 Jessie Street at Ecker Square, Suite 2300, San Francisco, California 94105, with a copy to Joseph J. Sano, Regional Counsel, Federal Deposit Insurance Corporation, San Francisco Regional Office, 25 Jessie Street at Ecker Square, Suite 1400, San Francisco, California 94105.

Pursuant to delegated authority.

Dated this 10th day of January, 2011.

/s/

J. George Doerr
Deputy Regional Director
Division of Supervision and Consumer Protection
San Francisco Regional Office
Federal Deposit Insurance Corporation