{{5-31-94 p.C-3639}}

[¶10,970**] In the Matter of State Bank of India (California), Los Angeles, California, Docket No. FDIC-94-49b (4-21-94).**

Bank to cease and desist from such unsafe or unsound practices as operating in violation of laws and/or regulations. (*This order was terminated by order of the FDIC dated 3-20-95; see ¶15,983.*)

[.1**] Bank Secrecy Act—Compliance—Minimum Requirements**
[.2**] Bank Records—Internal Compliance Program**
[.3**] Bank Secrecy Act—Compliance Officer Required**
[.4**] Violations of Law—Eliminate/Correct**
[.5**] Compliance Reports—To State Regulators**
[.6**] Shareholders—Disclosure—Cease and Desist Order**

In the Matter of

STATE BANK OF INDIA
(CALIFORNIA)
LOS ANGELES,CALIFORNIA
(Insured State Nonmember Bank)
ORDER TO
CEASE AND DESIST
FDIC-94-49b

State Bank of India (California), Los Angeles, {{5-31-94 p.C-3640}}California ("Bank"), having been advised of its right to a Notice of Charges and of Hearing detailing the unsafe or unsound banking practices and violations of law and/or regulations alleged to have been committed by the Bank and of its right to a hearing on the alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b)(1), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC"), dated April 13, 1994, whereby solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

The FDIC considered the matter and determined that it had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had committed violations of law and/or regulations. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns cease and desist from operating in violation of the following laws, rules, and/or regulations:

(a) Section 326.8 of the Rules and Regulations of the Federal Deposit Insurance Corporation, 12 C.F.R. § 326.8, as more fully described on page 2 of the FDIC's Compliance Report of the Bank as of November 1, 1993; and Section 103 of the Rules and Regulations of the Department of Treasury, 31 C.F.R. part 103, as more fully described on pages 2-1 through 2–5 of the FDIC's Compliance Report of the Bank as of November 1, 1993.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

> **[**.1**]** 1. (a) Within 60 days from the effective date of this ORDER, the Bank shall comply in all material respects with the Bank Secrecy Act and its rules and regulations, such compliance shall include, but is not limited to, taking the following measures to eliminate and/or correct all violations of the Bank Secrecy Act as cited inn the FDIC's Compliance Report of the Bank as of November 1, 1993 and to establish an internal compliance program:
>
> (b) provide the means by which to detect and monitory currency transactions over $10,000 to ensure that such transactions are not being conducted for illegitimate purposes and that there is full compliance with all applicable laws and regulations relative to such large currency

transactions;

(c) provide the means by which to detect and monitor all other currency transactions occurring at the Bank's branches to ensure that such transactions are not being conducted for illegitimate purposes and that there is full compliance with all applicable laws and regulations relative to such other currency transactions;

(d) provide training to all appropriate personnel at the Bank's branches, including, but not limited to, tellers, customer service representatives, lending officers, private and personal banking officers and all other customer contact personnel, in all aspects of regulatory and internal policies and procedures and update the training provided on a regular basis to ensure that all personnel are provided with the most current and up-to-date information;

(e) designate a position or positions within the Bank's branches responsible for the daily coordination and monitoring of compliance with all applicable rules and regulations;

(f) provide for an internal review process within the Bank's branches to ensure compliance with all applicable rules and regulations, that appropriate personnel possess the requisite knowledge necessary to comply with all applicable rules and regulations, that all procedures are in writing and that such procedures are complete and accurate and that the results of the internal review are reported to senior management; and

(g) provide for independent testing of compliance with all applicable rules and regulations to be conducted by qualified, trained and experienced third parties, such as independent public accountants or specialists in this subject matter, who are not, {{11-30-94 p.C-3641}}in any manner, affiliated with State Bank of India or any of the Bank's subsidiaries or affiliates.

[.2**]** 2. Within 60 days from the effective date of this ORDER, the Bank shall establish and implement a written internal compliance program which at a minimum shall:

(1) ensure compliance with the recordkeeping and reporting requirements for currency transactions over $10,000 (31 C.F.R. 103.22);

(2) ensure compliance with the recordkeeping requirements for the purchase of bank checks and drafts, cashier's checks, money orders and traveler's checks (31 C.F.R. 103.29; and

(3) ensure the identification and timely, accurate and complete reporting, to law enforcement and supervisory authorities, of known or suspected criminal activity perpetrated against or involving the Bank's branches, consistent with all applicable federal and state laws, rules, regulations and guidelines;

[.3**]** 3. Within 90 days of the effective date of this ORDER, the Bank shall have and retain a qualified Bank Secrecy Act compliance officer. The Bank shall notify the Regional Director of the FDIC's San Francisco Regional Office ("Regional Director") in writing when it proposes to employ any individual as a qualified Bank Secrecy Act compliance officer. The notification must be received at least 30 days before such addition or employment is intended to become effective and should include a description of the background and experience of the individual or individuals to be added or employed. The Bank may not add or employ such individual if the Regional Director issues a notice of disapproval.

[.4**]** 4. The Bank shall take all further necessary steps to ensure future compliance with all applicable banking laws, rules and/or regulations.

[.5**]** 5. On or before the tenth day after the end of the first calendar quarter following the effective date of this ORDER, and on or before the tenth day after the end of every calendar quarter thereafter, the Bank shall furnish written progress reports to the Regional Director and to the Honorable James E. Gilleran, Superintendent of Banks for the State of California ("Superintendent") which detail the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. The Bank may discontinue submitting such reports when the corrections required by this ORDER have been accomplished and the Regional Director and the Superintendent have expressly released the Bank in writing from making any further reports.

[.6**]** 6. The Bank shall send to its shareholders a copy of this ORDER or a description of this ORDER in conjunction both with the Bank's next shareholder communication and with its notice and/or proxy statement preceding the Bank's next shareholder meeting. If the Bank sends its shareholders a description of this ORDER rather than a copy of it, the description shall fully describe this ORDER in all respects.

This ORDER shall become effective ten (10) days from the date of its issuance.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.

Dated at San Francisco, California, this 21st day of April, 1994.

Pursuant to delegated authority.