

{{8-31-03 p.C-5116}}

[¶11,786] **In the Matter of Finance Factors Ltd, Honolulu, Hawaii**, Docket No. 01-034wa (4-13-01)

(*This order was terminated by order of the FDIC dated 6-6-03; see ¶16,337.*)

The FDIC and the Commissioner are terminating the cease and desist order against the Bank. However, there are still concerns regarding transactions between the Bank and affiliated entities. This written agreement addresses those concerns to protect the interests of the Bank and its depositors.

[.1] Bank Holding Company—Fees Paid to Bank Holding Companies, Limitations Imposed On

[.2] Covered Transactions—Prohibited

[.3] Dividends—Dividends Restricted

*Written Agreement Between
Finance Factors, Ltd.,
the Federal Deposit Insurance Corporation and the
Commissioner of Financial Institutions*

WHEREAS, Finance Factors, Ltd., Honolulu, Hawaii ("Bank") is an insured state nonmember bank as that term is defined in Section 3(e)(2) of the Federal Deposit Insurance Act ("FDI Act"), 12 U.S.C. §1813(e)(2);

WHEREAS, the Federal Deposit Insurance Corporation ("FDIC") and the Commissioner of Financial Institutions, Division of Financial Institutions, Department of Commerce and Consumer Affairs, State of Hawaii ("Commissioner") are authorized to enter into this Written Agreement ("Agreement") with the Bank pursuant to section 9 of the FDI Act, 12 U.S.C. §1819(a) (Seventh), and sections 412:2-300 and 412:2-301 of the Hawaii Revised Statutes;

WHEREAS, the FDIC and the Commissioner are in the process of terminating the existing Order to Cease and Desist against the Bank dated January 26, 2000, but have remaining concerns regarding transactions between the Bank and affiliated entities;

WHEREAS, the Bank, the FDIC and the Commissioner are of the opinion that the Agreement is necessary to protect the interests of the Bank and its depositors;

WHEREAS, on *March 10, 2001*, the Bank's board of directors by unanimous written consent in lieu of meeting adopted a resolution authorizing and directing *Russell J. Lau* to enter into this Agreement on behalf of the Bank and consenting to compliance by the Bank and its institution-affiliated parties with the provisions of this Agreement.

NOW, THEREFORE, the Bank, the FDIC and the Commissioner agree as follows:

[.1]1. During the term of this Agreement, the Bank shall not pay, nor agree to pay, directly or indirectly, any monies not previously approved by the Regional Director of the FDIC's San Francisco Regional Office ("Regional Director") to its holding company or any of its affiliates without the prior written approval of the Regional Director and the Commissioner.

[.2]2. During the term of this Agreement, the Bank shall not engage in any "covered transaction" as that term is defined in Section 23A of the Federal Reserve Act, 12 U.S.C. §371c, or any transaction covered by Section 23B of the Federal Reserve Act, 12 U.S.C. §371c-1, as set forth in Section 23B(a)(2) without the prior written approval of the Regional Director and the Commissioner.

[.3]3. During the term of this Agreement, the Bank shall not pay dividends of cash, stock or property in any amount without the prior written approval of the Regional Director and the Commissioner. Such

approval shall not be unreasonably withheld.

4. All communications regarding this Agreement shall be sent to (a) Russell J. {{10-31-01 p.C-5117}}

Lau, Chief Executive Officer, Finance Factors, Ltd., 1164 Bishop Street, Honolulu, Hawaii 96813, (b) George J. Masa, Regional Director, San Francisco Regional Office of the Federal Deposit Insurance Corporation, 25 Ecker Street, Suite 2300, San Francisco, California 94105, and (c) Lynn Y. Wakatsuki, Commissioner, Division of Financial Institutions, P.O. Box 2054, Honolulu, Hawaii 96805.

5. Each provision of this Agreement shall be binding upon the Bank and all of its institution-affiliated parties, in their capacities as such, and their successors and assigns.

6. This Agreement shall become effective as of the date it is executed by all of the parties.

7. This Agreement is a "written agreement" for the purposes of 12 U.S.C. §1818 and enforceable under the provisions of Section 8 of the FDI Act, 12 U.S.C. §1818, and the Bank waives the right to challenge the validity of the Agreement under this statute or any other provision of law.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 13th day of April, 2001.