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[¶11,802] **In the Matter of Metropolitan Bank, Oakland, California**, Docket No. 01-066b (5-18-01).

A cease and desist order was issued, based on findings by the FDIC that it had reason to believe that respondent had engaged in unsafe and unsound practices. (*This order was terminated by order of the FDIC dated 7-22-02; see ¶16,316.*)

[.1] **Compliance Program—Increase Supervision**

[.2] **Board of Directors—Committee to Review Compliance Program Required**

[.3] **Compliance Officer—Retain/Give Written Authority**

[.4] **Compliance Program—Written Policy Required**

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[.5] **Compliance Program—Audit Plan**

[.6] **Bank Operations—Compliance with Consumer Regulations Required**

[.7] **Bank Operations—Compliance Laws and Regulations—Training Program Required**

[.8] **Violations of Law—Correction of Violations Required**

[.9] **Shareholders—Disclosure of Cease and Desist Order Required**

**In the Matter of
METROPOLITAN BANK
OAKLAND, CALIFORNIA
(Insured State Nonmember Bank)
ORDER TO CEASE AND DESIST**

FDIC-01-066b

Metropolitan Bank, Oakland, California ("Bank"), having been advised of its right to a Notice of Charges and of Hearing detailing the unsafe or unsound banking practices and violation of laws 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 May 16, 2001, 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 laws 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 laws 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 the following unsafe and unsound banking practices and violation of laws and/or regulations:

(a) marking up third party settlement charges in mortgage transactions, as more fully described on pages 11 and 12 of the FDIC's Compliance Report of Examination as of December 18, 2000;

(b) operating in violation of Part 329 of the Rules and Regulations of the Federal Deposit Insurance Corporation, 12 C.F.R. Part 329, as more fully described on page 23 of the FDIC's Compliance Report of Examination as of December 18, 2000;

(c) operating in violation of Part 339 of the Rules and Regulations of the Federal Deposit Insurance Corporation, 12 C.F.R. Part 339, as more fully described on pages 17 through 18 of the FDIC's Compliance Report of Examination as of December 18, 2000;

(d) operating in violation of Regulation B of the Board of Governors of the Federal Reserve System, 12 C.F.R. Part 202, as more fully described on page 20 of the FDIC's Compliance Report of Examination as of December 18, 2000;

(e) operating in violation of Regulation C of the Board of Governors of the Federal Reserve System, 12 C.F.R. Part 203, as more fully described on page 19 of the FDIC's Compliance Report of Examination as of December 18, 2000;

(f) operating in violation of Regulation Z of the Board of Governors of the Federal Reserve System, 12 C.F.R. Part 226, as more fully described on pages 13 through 17 of the FDIC's Compliance Report of Examination as of December 18, 2000;

(g) operating in violation of Regulation CC of the Board of Governors of the Federal Reserve System, 12 C.F.R. Part 229, as more fully described on pages 21 through 22 of the FDIC's Compliance Report of Examination as of December 18, 2000;

(h) operating in violation of Regulation X of the Department of Housing and Urban Development, 24 C.F.R. Part 3500, as more fully described on pages 11 through 13 of [{{7-31-01 p.C-5145}}](#)

the FDIC's Compliance Report of Examination as of December 18, 2000; and

(i) failing to provide adequate board supervision over, and direction to, the management of the Bank in order to ensure compliance with the laws and regulations referred to in the FDIC's Compliance Report of Examination as of December 18, 2000.

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

[.1]1. Upon the effective date of this ORDER, the Bank's board of directors shall increase its supervision and oversight of the Bank's compliance program. The Bank's actions as required by this paragraph shall be in a form and manner acceptable to the Regional Director of the FDIC's San Francisco Regional Office ("Regional Director") as determined at subsequent examinations and/or visitations.

[.2]2. Within 10 days from the effective date of this ORDER, the Bank's board of directors shall form a compliance committee to oversee the administration of the Bank's compliance program.

[.3]3. Within 10 days from the effective date of this ORDER, the Bank shall designate and retain a qualified compliance officer who shall be given stated written authority by the Bank's board of directors to implement and supervise the Bank's compliance program. The compliance officer shall be provided with the necessary training, authority, time, resources, and responsibility to effectively administer the Bank's compliance matters. The compliance officer shall report directly to the board of directors on a monthly basis and such report shall be documented in the minutes of the board of directors' meeting.

[.4]4. Within 60 days from the effective date of this ORDER, the Bank shall continue to develop and implement written compliance procedures and policies to ensure compliance with all consumer regulations. Such procedures and policies shall be in a form and manner acceptable to the Regional Director as determined at subsequent examinations and/or visitations.

[.5]5. Within 60 days from the effective date of this ORDER, the Bank shall continue to develop and implement a compliance audit and review program that provides for, at a minimum, an annual audit or review to ensure that the Bank's policies, procedures and practices are in compliance with all consumer regulations. Written reports documenting the results and providing recommendations for improvement shall be presented to the board of directors. The Bank's actions as required by this paragraph shall be in

a form and manner acceptable to the Regional Director as determined at subsequent examinations and/or visitations.

[.6]6. Within 60 days from the effective date of this ORDER, the Bank shall develop and implement an internal monitoring system to ensure that the Bank is operating in compliance with all consumer regulations. Such system should be designed to detect and identify any weaknesses that may exist in the Bank's compliance efforts prior to audits and/or examinations. Such system and its implementation shall be in a form and manner acceptable to the Regional Director as determined at subsequent examinations and/or visitations.

[.7]7. Within 60 days from the effective date of this ORDER, the Bank shall provide for on-going training in consumer compliance laws and regulations for all appropriate personnel, including both operation and lending staff. The Bank shall document the training activities for its recordkeeping purposes. The training should be updated to ensure that appropriate personnel are provided with the most current and up-to-date information. The Bank's actions as required by this paragraph shall be in a form and manner acceptable to the Regional Director as determined at subsequent examinations and/or visitations.

[.8]8. Within 60 days from the effective date of this ORDER, the Bank shall correct all violations of law as described on pages 11 through 23 of the FDIC's Compliance Report of Examination as of December 18, 2000, and implement procedures to prevent their recurrence. The Bank's actions as required by this paragraph shall be in a form and manner acceptable to the Regional Director as determined at subsequent examination and/or visitations.

[.9]9. Following the effective date of this ORDER, the Bank shall send to its shareholders or otherwise furnish a description of this ORDER in conjunction with the Bank's next shareholder communication and also in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe
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the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Registration and Disclosure Section, 550 - 17th Street, N.W., Washington, D.C. 20429, at least fifteen (15) days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

10. Within 30 days of the end of the calendar quarter following the effective date of this ORDER, and within 30 days of the end of each calendar quarter thereafter, the Bank shall furnish written progress reports to the Regional Director detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director has released the Bank in writing from making further reports.

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.

Pursuant to delegated authority.

Dated at San Francisco, California, this 18th day of May, 2001.