

**UNITED STATES OF AMERICA**  
**Before The**  
**OFFICE OF THRIFT SUPERVISION**

\_\_\_\_\_  
In the Matter of )  
 )  
**ROBERT K. RILEY,** )  
 )  
Former President, Chief Executive )  
Officer, and Director of )  
 )  
**LIFE BANK,** )  
San Bernardino, California. )  
**(OTS No. 07946)** )  
\_\_\_\_\_ )

Order No.: SF-03-004  
Date: November 13, 2003

**CONSENT ORDER TO CEASE AND DESIST**

**WHEREAS,** Robert K. Riley (RILEY) has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

**WHEREAS,** RILEY, by his execution of the Stipulation, has consented and agreed **to** the issuance of this Consent Order to Cease and Desist (Order) pursuant to 12 U.S.C. § 1818(b).<sup>1</sup>

**WHEREAS,** the Director of the Office of Thrift Supervision (OTS) **has** delegated **to** the Regional Directors of the OTS the authority to issue an Order to Cease and Desist on behalf **of** the OTS where RILEY has consented to the issuance of the Order.

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<sup>1</sup> **All** references to the United States Code (U.S.C.) are **as** amended, unless otherwise indicated.  
Robert K Riley  
Life Bank  
C&D Order

**NOW THEREFORE, IT IS ORDERED THAT WHILE SERVING AS AN INSTITUTION-AFFILIATED PARTY OF A BANKING INSTITUTION, RILEY SHALL:**

A. Cease and desist ~~from~~ causing such Banking Institution to engage in transactions that violate quantitative or qualitative limitations on transactions with affiliates as set forth in Sections 23A and 23B of the Federal Reserve Act, 12 U.S.C. §§ 371c and 371c-1, and 12 C.F.R. § 563.41 (2003);

**IT IS FURTHER ORDERED THAT:**

**B. Notice to Regulators**

Prior to accepting any position as an Institution-Affiliated Party, **RILEY** shall provide Notice to the **OTS** and any other Appropriate Federal Banking Agency of his intention to accept a position in a Banking Institution.

1. Definitions. For purposes of this Order and the Stipulation incorporated herein:

(a) “Affiliate” shall have the meaning set forth at 12 C.F.R. § 574.2(d);

(b) “Appropriate Federal Banking Agency” shall have the meaning set forth at 12 U.S.C. § 1813(q);

(c) “Banking Institution” refers to any and all of the following: any “insured depository institution” as that term is defined at 12 U.S.C. § 1813(c) (including but not limited to banks and savings associations); any direct or indirect subsidiary of an insured depository institution, whether wholly or partly owned; any “insured credit union” within the meaning of 12 U.S.C. § 1752(7); any “savings and loan holding company” within the meaning of 12 U.S.C. § 1467a(a)(1); any “bank holding company” within the meaning of 12 U.S.C. § 1841; and any direct or indirect subsidiary of any such holding companies, whether wholly or partly owned;

(d) "Institution-Affiliated Party," shall have the meaning set forth at 12 U.S.C. § 1813(u);

(e) Any terms used herein that are defined in other paragraphs of this Order or

Stipulation shall have the meanings ascribed to them in such paragraphs; and

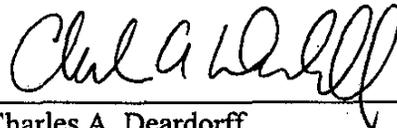
(f) Except as otherwise expressly provided in this Order, any terms used herein that are defined in the Home Owners' Loan Act or the Federal Deposit Insurance Act shall have the meanings ascribed to them in said statutes. See, e.g., 12 U.S.C. § 1813.

2. Stipulation. The Stipulation is made a part hereof and is incorporated herein by this reference.

3. Effectiveness of Order. **This** Order shall become effective on the date it is issued, as shown in the caption hereof. This Order shall remain in effect until it is terminated, modified, or suspended, which may occur only by formal written action of the **OTS**, acting by and through its Regional Director, or other authorized representative.

OFFICE OF **THRIFT SUPERVISION**

By: \_\_\_\_\_



**Charles A. Deardorff**  
Regional Director  
West Region

(Life RILEY C&D Ord3 c:\life)

Robert K. Riley  
Life Bank  
C&D Order

UNITED STATES OF AMERICA  
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Order No.: SF-03-004

Date: November 13, 2003

**STIPULATION AND CONSENT TO THE  
ISSUANCE OF AN ORDER TO CEASE AND DESIST**

**WHEREAS**, the Office of ~~Thrift~~ Supervision (**OTS**), based upon information derived from the exercise of its regulatory responsibilities, has informed Robert K. Riley (RILEY), former President, Chief Executive Officer, and Director of Life ~~Bank~~, San Bernardino, California (Life), that grounds exist to initiate ~~an~~ administrative cease and desist proceeding against him pursuant to 12 U.S.C. § 1818(b);<sup>1</sup> and

**WHEREAS**, desiring to cooperate with the OTS to avoid the time and expense of such administrative proceeding, and solely for the purposes of settlement, without any adjudication of any issue of fact or law, and without admitting or denying that such grounds exist or the truth of

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<sup>1</sup> All references to the United States Code (**U.S.C.**) are **as** amended, unless otherwise indicated.

the OTS Findings of Fact or opinions and conclusions in paragraph 2, but admitting that the OTS has jurisdiction as set forth in paragraph 1, RILEY hereby stipulates and agrees to the following:

1. Jurisdiction.

(a) Life, at all times relevant hereto, was a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, it was an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).

(b) RILEY, who served **as** the President of Life until on or about June 30,2000, Chief Executive Officer of Life until on or about September 8,2000, and Director of Life until on or about December 31,2000 is deemed to be an “institution-affiliated party” **as** that term is defined in 12 U.S.C. § 1813(u), having served in such capacities within six (6) years of the date hereof (see 12 U.S.C. §1818(i)(3)).

(c) Pursuant to 12 U.S.C. § 1813(q), the Director of the **OTS** is the “appropriate Federal Banking agency” to maintain an administrative cease and desist proceeding against **an** institution-affiliated party. Therefore, RILEY is subject to the jurisdiction of the **OTS to** initiate and maintain a cease and desist order against **him** pursuant to 12 U.S.C. § 1818(b). **The** Director of the OTS has delegated to the Regional Director of the West Region of the OTS the authority to issue cease and desist orders where the individual has consented to the issuance of the order.

2. OTS Findings of Fact. The OTS finds that RILEY, in his capacity as Life’s President and Chief Executive Officer, participated in a transaction that violated Sections 23A **and** 23B of the Federal Reserve Act, 12 U.S.C. §§ 371c and 371c-1, and the OTS regulations governing transactions with affiliates, 12 C.F.R. §§ 563.41 and 42.

3. Consent. RILEY consents to the issuance by the **OTS** of the accompanying Order to Cease and Desist (Order). RILEY further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under 12 U.S.C. § 1818(b). Upon its issuance by the **OTS**, it shall be a final order, effective and fully enforceable by the **OTS** under the provisions of 12 U.S.C. § 1818(i)(1).

5. Waivers. RILEY waives the following:

(a) the right to be served with a written notice of the **OTS**'s charges against him as provided by 12 U.S.C. § 1818(b);

(b) the right to an administrative hearing of the **OTS**'s charges against him as provided by 12 U.S.C. § 1818(b);

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order;

(d) any and all claims against the **OTS**, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses related to this **OTS** enforcement matter and/or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412; and

6. Other Governmental Actions Not Affected.

(a) RILEY acknowledges and agrees that the consent to the issuance of the Order is for the purpose of resolving this **OTS** enforcement matter only, arising from the **OTS** Findings of Fact set forth in paragraph 2 herein, and does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of RILEY that arise pursuant

to this action or otherwise and that may be or have been brought by the **OTS** or another governmental entity.

(b) By signing this Stipulation and Consent to Issuance of Order to Cease and Desist, RILEY agrees that he will not assert this proceeding, his consent to issuance of the Order, the issuance of the Order, **as** the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice **or** any other governmental entity.

7. Indemnification. RILEY shall neither cause nor permit Life (**or** any successor institution, holding company, subsidiary, or service corporation therefore) to incur, either directly or indirectly, any expense for any legal or other professional expenses incurred relative to the negotiation and issuance of the Order to Cease and Desist. **Nor** shall FULEY obtain any indemnification (**or** other reimbursement) from Life (or any successor institution, holding company, subsidiary or service corporation thereof) **with** respect to such amounts. Any such payments received by **or** on behalf of RILEY in connection with **this** action shall be returned to Life (or the successor institution, holding company, subsidiary or service corporation thereof).

8. Agreement for Continuing Cooperation. RILEY agrees that, at the OTS's written request, on reasonable notice and without service of a subpoena, he will provide discovery and testify truthfully at any deposition **or** at any judicial **or** administrative proceeding related to any investigation, litigation, or other proceeding maintained by the OTS relating to Life, its holding company, service corporation or subsidiaries or its institution-affiliated parties, except that RILEY does not waive any privilege against self-incrimination under the Fifth Amendment of the United States Constitution or any attorney-client privilege. If RILEY invokes his privilege against self-incrimination under the Fifth Amendment of the United States Constitution and the OTS obtains a

grant of immunity pursuant to 18 U.S.C. § 6001 et seq., RILEY agrees, consistent with any such grant of immunity, to provide discovery and testify truthfully at any deposition and at any judicial, administrative, or investigative proceeding on the matter for which immunity is given.

9. Acknowledgment of Criminal Sanctions. RILEY acknowledges that Section 8(j) of the Federal Deposit Insurance Act, 12 U.S.C. § 1818(j), sets forth criminal penalties for knowing violations of the Order.

10. Miscellaneous.

(a) The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America;

(b) All references to the **OTS** in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;

(c) The section and paragraph headings in this Stipulation and the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation or the Order;

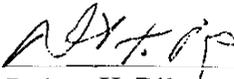
(d) The terms of this Stipulation and the Order represent the final written agreement of the parties with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters; and

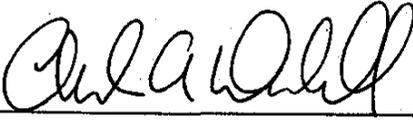
(e) This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the **OTS**, acting through its Director, Regional Director, or other authorized representative.

WHEREFORE, RILEY executes this Stipulation and Consent to the Issuance of **an** Order to Cease and Desist, intending to be legally bound hereby.

Accepted by:

OFFICE OF THRIFT SUPERVISION

By:   
Robert K. Riley

  
Charles A. Deardorff  
Regional Director  
West Region

Dated: 11-11-03

Dated: November 13, 2003

(Life RILEY C&D Stip2 c:life)

Robert K. Riley  
Life Bank  
C&D Stipulation and Consent