



Comptroller of the Currency
Administrator of National Banks

Western District Office
50 Fremont Street, Suite 3900
San Francisco CA 94105
415-545-5900; Fax: 415-545-5925

Conditional Approval #477
August 2001

July 27, 2001

Mr. Kenneth Cosgrove
Chairman and CEO
Premier Commercial Bank, National Association (Proposed)
c/o Gary Steven Findley Associates
1470 North Hundley Street
Anaheim, CA 92806

Re: De Novo Charter, Premier Commercial Bank, National Association (Proposed)
Anaheim, Orange County, CA, Control No: 2001-WE-01-0005, Charter #24250

Dear Mr. Cosgrove:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of Premier Commercial Bank, National Association. On July 27, 2001, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval. The bank also may offer credit life, health, and accident insurance in accordance with 12 CFR 2.

This conditional approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the proposed bank's representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and obtain FDIC insurance.

Prior to opening for business, the organizers must select an individual with satisfactory experience to serve as chief financial officer of the proposed bank. This individual is subject to the prior review and clearance of the OCC.

This conditional approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or an officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

This approval is subject to the following conditions:

1. The bank shall obtain the OCC's non-objection before any significant deviation or change from the proposed operating plan occurs during the first three years of operations. The bank must notify the Southern California - South Field Office at least sixty (60) days prior to any proposed significant deviation or change, and obtain the OCC's non-objection in writing to such a proposed deviation or significant change. The bank must also provide a copy of such notice to the FDIC's San Francisco Regional Office.
2. If the bank implements an electronic banking operation within the first three years of operation, it is considered a significant change in the business plan. Prior to implementing such an operation, the bank must follow the requirements of Condition No. 1 as well as:
 - The bank must submit to the OCC for review and approval a complete description of the bank's final information systems and operations architecture as well as the information systems risk assessment and management plan. This should include a schematic drawing and discussion of the following items:

Vendor due diligence and contracts; electronic banking security mechanisms and policies; information systems personnel; internal controls; audit plans; and operating policies and procedures, including, but not limited to, vendor management, web-linking, customer authentication and verification, and business resumption contingency plans.
 - The bank must have performed an independent security review and test of its electronic banking platform. The bank must have this review performed regardless of whether the platform is operated in-house or by one or more third-party service providers. If the bank outsources the technology platform, it can rely on testing performed for the service provider to the extent that it satisfies the scope and requirements listed herein. The review must be conducted by an objective, qualified independent source (Reviewer). The scope should cover:
 - All access points, including the Internet, Intranet, or remote access.
 - The adequacy of physical and logical protection against unauthorized access including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access.

By written report, the Reviewer must confirm that the security measures, including the firewall, have been satisfactorily implemented and tested. For

additional guidance, see “The Internet and the National Bank Charter” booklet (enclosed) of the Comptroller’s Corporate Manual, pages 37-38, 74-75.

- The bank must have a security program in place that complies with the “Interagency Guidelines Establishing Standards for Safeguarding Customer Information” specified at 12 C.F.R. 30, Appendix B.
3. The bank must notify all potential technology-related vendors in writing of the OCC’s examination and regulatory authority under 12 U.S.C. 1867(c).¹ All final technology-related vendor contracts must stipulate that the performance of services provided by the vendors to the bank is subject to the OCC’s examination and regulatory authority.

The conditions of this approval are conditions “imposed in writing by the agency in connection with the granting of any application or other request” within the meaning of 12 U.S.C. 1818. As such, the conditions are enforceable under 12 U.S.C. 1818.

The bank’s initial paid-in capital, net of organizational and pre-opening expenses, shall be no less than \$5,700,000. The manner in which capital is raised must not deviate from that described in the operating plan without prior OCC notification. If the capital for the new bank is not raised within 12 months or if the new bank is not opened for business within 18 months from the preliminary conditional approval date, the OCC will withdraw approval. The OCC is opposed to granting extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control. Organizers are expected to proceed diligently, consistent with their application, for the bank to open for business as soon as possible.

Please refer to the “Corporate Organization” booklet (enclosed) in the *Comptroller’s Corporate Manual* for the instructions on organizing your bank. The booklet contains all of the steps you must take to receive your charter. As detailed in the booklet, you may establish the corporate existence of and begin organizing the bank as soon as you adopt and forward acceptable Articles of Association and the Organization Certificate to this office. As a “body corporate” or legal entity, you may begin taking those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC.

Enclosed are standard requirements that must be met before the bank will be allowed to commence business. Management must ensure that the applicable policies and procedures are established and adopted by the board of directors before the bank begins operation. Applicable standard requirements also must be satisfied before the bank will be allowed to commence business. Until final approval is granted, the OCC has the right to alter, suspend, or revoke

¹ The OCC has the authority to assess the bank for the cost of examining a service provider. See 12 C.F.R. 8.6.

preliminary conditional approval should any interim development be deemed by the OCC to warrant such action.

The OCC poses no objection to the following persons serving as executive officers and/or directors as proposed in the application. Additional executive officers and directors, are subject to the OCC's prior review and clearance.

<u>Name</u>	<u>Proposed Position</u>
Mr. Kenneth Cosgrove	Chief Executive Officer, Chairman
Mr. Ashokkumar Patel	President, Chief Operating Officer, Director
Mr. Edward Hatz	Director
Mr. Richard Letwak	Director
Mr. Robert Matranga	Director
Mr. Steven Perryman	Director
Mr. Melvin Smith	Director
Mr. Ronald Thon	Director
Mr. Anthony Vitti	Director

While our background checks on Mr. Thon have not yet been completed, we have decided to not object to his serving as a director at this time. If adverse information is received in the future, we reserve the right to object to Mr. Thon or any other director.

You are also reminded that for a period of two years after the bank has opened for business, the OCC must review and have no objection to any new executive officer or director prior to that person assuming such position.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. A separate letter is enclosed requesting your feedback on how we handled this application. We would appreciate your response so that we may improve our service. Should you have any questions related to this application, please contact me at (415) 545-5921. The referenced application control number should be included in all correspondence.

Sincerely,

-signed-

James A. Bundy
Licensing Manager
Western District Office

Enclosures: "Corporate Organization" Booklet, Minimum Policies and Procedures,

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Anaheim, California
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Standard Requirements
The Internet and the National Bank Charter