

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT
SACRAMENTO, CALIFORNIA

In the Matter of

BANAMEX USA
CENTURY CITY, CALIFORNIA

(FDIC-INSURED STATE NONMEMBER
BANK)

JOINT STIPULATION
AND CONSENT TO THE
ISSUANCE OF A JOINT
ORDER TO PAY CIVIL
MONEY PENALTY

FDIC-14-0259k

It is hereby stipulated and agreed by and between the Federal Deposit Insurance Corporation ("FDIC"), the Commissioner of the California Department of Business Oversight ("Commissioner"), and Banamex USA, Century City, California ("Bank"), as follows:

1. The Bank has been advised of its right to receive a NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY, FINDINGS OF FACT AND CONCLUSIONS OF LAW, ORDER TO PAY CIVIL MONEY PENALTY, AND NOTICE OF HEARING ("NOTICE OF ASSESSMENT") issued by the FDIC detailing the alleged violations of law and regulations for which an ORDER TO PAY CIVIL MONEY PENALTY may be issued pursuant to 12 U.S.C. § 1818(i)(2) and has been further advised of the right to a hearing on the charges under 12 U.S.C. § 1818(i)(2) and the FDIC's Rules of Practice and Procedure, 12 C.F.R. Part 308. The Bank also has been advised of its rights under California Financial Code ("Financial Code") section 329 to receive notice, an opportunity to be heard, and findings of fact incorporating a determination in accordance with

Financial Code section 329, subdivision (e) before the Commissioner levies civil penalties upon it. Such notice may include a NOTICE OF INTENTION TO ISSUE ORDER LEVYING CIVIL PENALTIES and an ACCUSATION LEVYING CIVIL PENALTIES, which would detail the violations of law, orders, and/or agreements alleged to have been committed by the Bank.

2. The Bank admits that it is an “insured depository institution” and an insured “State nonmember bank” as those terms are defined in 12 U.S.C. §§ 1813(c)(2) and 1813(e)(2); that the FDIC is the “appropriate Federal banking agency” to maintain enforcement proceedings against the Bank pursuant to 12 U. S. C. § 1813(q); and that the FDIC has jurisdiction over the Bank and the subject matter of this proceeding.

3. The Bank admits that it is a California state-chartered bank formed pursuant to Division 1.1 of the Financial Code and is authorized by the Commissioner to conduct business in the state of California; that it is a “licensee” as defined in the Financial Code section 329, subdivision (a)(2); and that it has its principal place of business at 2029 Century Park East, Los Angeles, California 90067.

4. The FDIC and the Commissioner have reason to believe that the Bank has committed violations detailed in the FDIC Reports of Examination and FDIC Reports of Visitation from as of March 2012 through as of June 2014 that meet the requirements for a “Tier II” civil money penalty, pursuant to 12 U.S.C. § 1818(i)(2)(B) including but not limited to:

(a) violations of the Bank Secrecy Act, 31 U.S.C. §§ 5311 et seq., 12 U.S.C. § 1829b, 12 U.S.C. §§ 1951-1959, and its implementing regulations, 31 C.F.R. Chapter X, section 326.8 and Part 353 of the FDIC’s Rules and Regulations, 12 C.F.R. § 326.8 and 12 C.F.R. Part 353; and

(b) violations of Sections 23A and 23B of the Federal Reserve Act, 12 U.S.C. §§ 371c & 371c-1.

5. The FDIC and the Commissioner also have reason to believe that the Bank has failed to comply with the August 2, 2012 Consent Order issued by the FDIC pursuant to 12 U.S.C. § 1818(b) and by the Commissioner under Financial Code section 580.

6. The Bank, solely for the purpose of this proceeding and without admitting or denying the violations set forth in paragraphs 4 and 5 of the JOINT STIPULATION AND CONSENT TO THE ISSUANCE OF A JOINT ORDER TO PAY CIVIL MONEY PENALTY ("JOINT CONSENT AGREEMENT"), hereby consents and agrees to pay a civil money penalty of One Hundred Forty Million Dollars (\$140,000,000) assessed by the FDIC and a civil money penalty of Forty Million Dollars (\$40,000,000) assessed by the Commissioner. These penalties shall be satisfied with payments totaling \$140 million (\$140,000,000), as described below.

7. The Bank further consents and agrees to the issuance of a JOINT ORDER TO PAY CIVIL MONEY PENALTY ("JOINT ORDER TO PAY") by the FDIC and the Commissioner. The Bank consents and agrees to pay the civil money penalty assessed by making payments totaling \$140 million (\$140,000,000) with one payment in the amount of One Hundred Million Dollars (\$100,000,000) to the Treasury of the United States, and one payment in the amount of Forty Million Dollars (\$40,000,000) to the Commissioner.

8. In the event the FDIC and the Commissioner accept this JOINT CONSENT AGREEMENT and issue the JOINT ORDER TO PAY, it is agreed that no action will be taken by the FDIC or the Commissioner to initiate any additional enforcement actions against the Bank under 12 U.S.C. § 1818(i) for the misconduct set forth in paragraphs 4 and 5 of this JOINT CONSENT AGREEMENT.

9. The Bank further stipulates and agrees that the JOINT ORDER TO PAY issued by the FDIC and the Commissioner shall become effective upon its issuance by the FDIC and the Commissioner, shall be final and nonappealable, and shall be fully enforceable by the FDIC pursuant to the provisions of 12 U.S.C. § 1818(i)(2) and by the Commissioner pursuant to the provisions of the Financial Code.

10. The Bank further stipulates and agrees that the JOINT CONSENT AGREEMENT and the issuance of this JOINT ORDER TO PAY do not bar, estop, or otherwise prevent any actions against the Bank by any other Federal or State agency or department in connection with this or any other matter; or any actions against any of the Bank's current or former institution affiliated parties or agents, in connection with this or any other matter, by the FDIC, the Commissioner or any other Federal or State agency.

11. The Bank further stipulates and agrees that in any future action by any other State or Federal agency the Bank will not raise or otherwise argue as a defense any constitutional, legal, contractual, or equitable claim that is based, in whole or in part, upon the JOINT CONSENT AGREEMENT entered into between the Bank, the FDIC, and the Commissioner or upon the entry of the JOINT ORDER TO PAY.

12. The Bank further stipulates and agrees that the Commissioner is authorized to publicly disclose the JOINT ORDER TO PAY and the JOINT CONSENT AGREEMENT.

13. The Bank hereby waives for purposes of this proceeding:

(a) the right to receive from the FDIC a NOTICE OF ASSESSMENT and from the Commissioner a NOTICE OF INTENTION TO ISSUE ORDER LEVYING CIVIL PENALTIES and an ACCUSATION LEVYING CIVIL PENALTIES;

- (b) the right to present defenses to the allegations that might have been set forth in any such notices;
- (c) hearings for the purpose of taking evidence on the allegations to be set forth in any such notices;
- (d) the filing of proposed findings of fact and conclusions of law with respect to any NOTICE OF ASSESSMENT;
- (e) a recommended decision of an administrative law judge with respect to any NOTICE OF ASSESSMENT;
- (f) the filing of exceptions and briefs with respect to any such recommended decision;
- (g) the right to receive from the Commissioner findings of fact incorporating a determination in accordance with Financial Code section 329, subdivision (e); and
- (h) judicial review of the JOINT ORDER TO PAY or any other challenge to the validity of the JOINT ORDER TO PAY.

CERTIFICATE OF ADOPTION OF RESOLUTION

I, Eric K. Kawamura, do hereby certify that I am the Secretary of Banamex USA, Century City, California ("Bank"); that the following Resolution was duly adopted on July 20, 2015; and that the Resolution has not been modified or rescinded and is in full force and effect as of the date of this Certificate:

RESOLVED, that the Bank enter into the JOINT STIPULATION AND CONSENT TO THE ISSUANCE OF A JOINT ORDER TO PAY CIVIL MONEY PENALTY ("JOINT CONSENT AGREEMENT") in the form presented to the Bank, thereby consenting to the issuance by the Federal Deposit Insurance Corporation ("FDIC") and the Commissioner of the California Department of Business Oversight ("Commissioner") of a JOINT ORDER TO PAY CIVIL MONEY PENALTY ("JOINT ORDER TO PAY") substantially in the form submitted to the Bank by the FDIC and Commissioner with the JOINT CONSENT AGREEMENT; that the Bank consents to the issuance of the JOINT ORDER TO PAY prior to (i) the issuance by the FDIC of a NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY, FINDINGS OF FACT AND CONCLUSIONS OF LAW, ORDER TO PAY, AND NOTICE OF HEARING ("NOTICE") commencing a formal action to assess civil money penalties, and (ii) the issuance by the Commissioner of notice, including a NOTICE OF INTENTION TO ISSUE ORDER LEVYING CIVIL PENALTIES and an ACCUSATION LEVYING CIVIL PENALTIES; that the Bank waives any right to any such notice by the FDIC or the Commissioner, and any right to a hearing, findings of fact, conclusions of law, a recommended decision by an Administrative Law Judge on any FDIC Notice, consideration by the FDIC or the Commissioner, and judicial appeal; and that John P. Carey, Chairman of the Board of Directors of Banamex USA, be and hereby is authorized and directed to sign the JOINT CONSENT AGREEMENT on behalf of the Bank and return the signed JOINT CONSENT AGREEMENT to the FDIC and the Commissioner.

IN WITNESS WHEREOF, I have executed this Certificate on this 20th day of July, 2015.

Eric K. Kawamura
Secretary, Banamex USA

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT

SACRAMENTO, CALIFORNIA

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(FDIC-INSURED STATE NONMEMBER
BANK)

JOINT ORDER TO PAY
CIVIL MONEY PENALTY

FDIC-14-0259k

BANAMEX USA, Century City, California ("Bank"), has been advised of its right to receive a NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY, FINDINGS OF FACT AND CONCLUSIONS OF LAW, ORDER TO PAY CIVIL MONEY PENALTY, AND NOTICE OF HEARING issued by the Federal Deposit Insurance Corporation ("FDIC") detailing the alleged violations of law and regulations for which a civil money penalty may be assessed against the Bank pursuant to 12 U.S.C. § 1818(i)(2) and has been further advised of the right to a hearing on the alleged charges under 12 U.S.C. § 1818(i)(2) and the FDIC's Rules of Practice and Procedure, 12 C.F.R. Part 308. The Bank also has been advised of its rights under California Financial Code ("Financial Code") section 329 to receive notice, an opportunity to be heard, and findings of fact incorporating a determination in accordance with Financial Code section 329, subdivision (c) before the Commissioner of the California Department of Business Oversight ("Commissioner")

levies civil penalties upon it. Such notice may include a NOTICE OF INTENTION TO ISSUE ORDER LEVYING CIVIL PENALTIES and an ACCUSATION LEVYING CIVIL PENALTIES, which would detail the violations of law, orders, and/or agreements alleged to have been committed by the Bank.

Having waived those rights, the Bank entered into a JOINT STIPULATION AND CONSENT TO THE ISSUANCE OF A JOINT ORDER TO PAY CIVIL MONEY PENALTY ("JOINT CONSENT AGREEMENT") with the FDIC and with the Commissioner, dated July 21st, 2015, whereby, solely for the purpose of this proceeding and without admitting or denying any violations of law or regulation, the Bank consented to the issuance of this JOINT ORDER TO PAY CIVIL MONEY PENALTY ("JOINT ORDER TO PAY") by the FDIC and the Commissioner.

The FDIC and the Commissioner considered the matter and determined that they have reason to believe that the Bank committed violations of law including but not limited to violations of the Bank Secrecy Act, 31 U.S.C. § 5311 et seq., 12 U.S.C. § 1829b, 12 U.S.C. §§ 1951-1959, and its implementing regulations, 31 C.F.R. Chapter X, section 326.8 and Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. § 326.8 and Part 353, and sections 23A and 23B of the Federal Reserve Act, 12 U.S.C. §§ 371c and 371c-1. The FDIC and the Commissioner have also determined that they have reason to believe that the Bank meets the requirements for a "Tier II" civil money penalty, pursuant to 12 U.S.C. § 1818(i)(2)(B). In addition, the FDIC and the Commissioner have determined that they have reason to believe that the Bank has failed to comply with the August 2, 2012 Consent Order issued by the FDIC and the Commissioner pursuant to 12 U.S.C. § 1818(b) and Section 580 of the Financial Code.

After taking into account the JOINT CONSENT AGREEMENT, the appropriateness of the civil money penalty with respect to the financial resources and good faith of the Bank, the gravity of

the violations by the Bank, any history of previous violations by the Bank, and such other matters as justice may require, the FDIC has determined that a civil money penalty of One Hundred Forty Million Dollars (\$140,000,000) is appropriate to be assessed against the Bank by the FDIC and the Commissioner has determined that a civil money penalty of Forty Million Dollars (\$40,000,000) is appropriate to be assessed against the Bank by the Commissioner. These penalties shall be satisfied by payments totaling \$140 million (\$140,000,000), as ordered below. The FDIC and Commissioner, therefore, accept the JOINT CONSENT AGREEMENT and issue the following:

JOINT ORDER TO PAY

IT IS ORDERED that a civil money penalty in the amount of One Hundred Forty Million Dollars (\$140,000,000) be, and hereby is, assessed against the Bank by the FDIC.

IT IS ORDERED that a civil money penalty in the amount of Forty Million Dollars (\$40,000,000) be, and hereby is, assessed against the Bank by the Commissioner.

The civil money penalties hereby assessed by the FDIC and the Commissioner shall be satisfied by payments totaling \$140 million (\$140,000,000) with one payment in the amount of One Hundred Million Dollars (\$100,000,000) to the Treasury of the United States and one payment in the amount of Forty Million Dollars (\$40,000,000) to the Commissioner.

The issuance of this JOINT ORDER TO PAY does not bar, estop, or otherwise prevent any actions against the Bank by any other Federal or State agency or department in connection with this or any other matter; or any actions against any of the Bank's current or former institution affiliated parties or agents, in connection with this or any other matter, by the FDIC, the Commissioner or any other Federal or State agency.

The provisions of this JOINT ORDER TO PAY shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

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

This JOINT ORDER TO PAY shall be effective upon its issuance.

Pursuant to delegated authority.

Dated at Washington, D.C., this 22nd day of July, 2015.

LISA D. ARQUETTE
Associate Director
Division of Risk Management Supervision

Dated at Sacramento, California this 22 day of July, 2015.

JAN LYNN OWEN
Commissioner of Business Oversight