

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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In the Matter of)
)
SOUTHWESTUSA BANK)
LAS VEGAS, NEVADA)
)
(INSURED STATE NONMEMBER BANK))
)
_____)

ORDER TO
CEASE AND DESIST

Docket No. FDIC-06-216b

SouthwestUSA Bank, Las Vegas, Nevada ("Bank"), having been advised of its right to a Notice of Charges and of Hearing detailing the unsafe or unsound banking practices and violations of law 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 November 9, 2006, and with counsel for the Nevada Financial Institutions Division ("Financial Institutions Division"), dated November 9, 2006, 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 law and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and the Nevada Financial Institutions Division.

The FDIC and the Nevada Financial Institutions Division considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had committed violations of law and/or regulations. The FDIC and the Nevada Financial Institutions Division, pursuant to Nevada Revised Statutes, § 658.115, 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 violations of law and/or regulation.

- (a) operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;
- (b) operating with a board of directors which has failed to provide adequate supervision over and direction to the active management of the Bank;
- (c) operating in violation of section 23A of the Federal Reserve Act, 12 U.S.C. § 371c, made applicable to state nonmember insured institutions by section 18(j)(1) of the Act, 12 U.S.C. § 1828(j)(1), as more fully described on page 20 of the Report of Examination as of May 30, 2006; and sections 215.4(a), 215.4(b), and 215.4(d) of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. §§ 215.4(a), 215.4(b), and 215.4(d), made applicable to state nonmember institutions by section 18(j)(2) of the Act, 12 U.S.C. § 1828(j)(2), as more fully described on page 19 of the Report of Examination as of May 30, 2006;

(d) operating in violation of Parts 323 and 365 of the FDIC's Rules and Regulations, 12 C.F.R. Parts 323 and 365, as more fully described on pages 20-23 of the Report of Examination as of May 30, 2006;

(e) operating the Bank with an incomplete and inadequate senior management team;

(f) operating the Bank without adequate corporate governance procedures and practices;

(g) operating without properly segregating Nevada Trust Company ("Trust Company") activities from the Bank;

(h) operating in contravention of FDIC and Interagency Statements of Policy, as more fully described on pages 24-25 of the Report of Examination as of May 30, 2006;

(i) operating the Bank with an inadequate Information Technology security program;

(j) operating the Bank with inadequate Information Technology risk management practices;

(k) operating in violation of section 326.8 of the FDIC Rules and Regulations, 12 C.F.R. § 326.8, as more fully described on page 23 in the Report of Examination as of May 30, 2006; and

(l) operating with significant trust and BSA-related violations cited at the affiliated Trust Company, as more fully described on pages 37-38 in the Report of Examination as of May 30, 2006.

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

1. The Bank shall have and retain qualified management.

(a) Each member of management shall have qualifications and experience commensurate with his or her duties and responsibilities at the Bank. Management shall include a chief executive officer with proven ability in managing a Bank of comparable size, and experience in addressing significant corporate governance issues and other matters needing particular attention. Management shall also include a senior lending officer with significant appropriate lending, collection, and loan supervision experience and experience in upgrading a low quality loan portfolio. Each member of management shall be provided appropriate written authority from the Bank's board of directors to implement the provisions of this ORDER.

(b) The qualifications of management shall be assessed on its ability to:

- (i) comply with the requirements of this ORDER;
- (ii) operate the Bank in a safe and sound manner;
- (iii) comply with applicable laws and regulations; and
- (iv) restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy, earnings, management effectiveness, liquidity, and sensitivity to market risk.

(c) During the life of this ORDER, the Bank shall notify the Regional Director of the FDIC's San Francisco Regional Office ("Regional Director") and the Commissioner, Division of Financial Institutions for the State of Nevada ("Commissioner") in writing when it proposes to add any individual to the Bank's board of directors or employ any individual as a senior executive officer. The notification must be received at least 30 days before such addition or employment is intended to become effective and should include a description of the background and experience of the individual or individuals to be added or employed.

(d) Within 60 days after the effective date of this ORDER, the Bank's board of directors shall obtain an independent study of the management, inclusive of the directorate, and personnel structure of the Bank to determine whether additional personnel are needed for the safe and profitable operation of the Bank. Such a study shall include, at a minimum, a review of the duties, responsibilities, qualifications, and remuneration of the Board and Bank officers. The Bank shall formulate a plan to implement the recommendations of the study. The plan shall be acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank.

(e) Within 60 days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a robust written ethics and conflicts of interest policy ("Conflicts") and procedure ("Conflicts Program"), acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank.

2. (a) Within 30 days from the effective date of this ORDER, the board of directors shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of Banks of comparable size. This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged-off, and recovered loans; investment activity; operating policies; and individual committee actions. Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within 90 days of the date of this ORDER, the Bank shall increase its board of directors by the addition of a minimum of five independent directors, and thereafter, independent directors shall comprise at least fifty percent (50%) of the Bank's board of directors.

(c) The addition of any new Bank directors required by this paragraph may be accomplished, to the extent permissible by state statute or the Bank's by-laws, by means of appointment or election at a regular or special meeting of the Bank's shareholders.

(d) For purposes of this ORDER, an independent director shall be any individual who is not an officer of the Bank, any subsidiary, or any of its affiliated organizations; who is not related by blood or marriage to an officer or director of the Bank; who does not otherwise have a common financial interest with such officer or director; who is not indebted to a Bank director, directly or indirectly, including the indebtedness of any entity in which the individual has a substantial financial interest, in an amount exceeding 10 percent of the Bank's total Tier 1 capital and allowance for loan and lease losses; or who is deemed to be an independent director for purposes of this ORDER by the Regional Director or the Commissioner.

3. (a) The Bank shall maintain Tier 1 capital in an amount to equal or exceed eight (8.0) percent of the bank's total assets.

(b) Within 90 days from the effective date of this ORDER, the Bank shall develop and adopt a plan to meet and thereafter maintain the minimum risk-based capital requirements as described in the FDIC Statement of Policy on Risk-Based Capital contained in Appendix A to Part 325 of the FDIC Rules and Regulations, 12 C.F.R. Part 325, Appendix A. Such a plan shall identify and quantify the potential liability associated with activities at the affiliated Trust Company and parent company. The Plan shall be in a form and manner

acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank.

(c) The level of Tier 1 capital to be maintained during the life of this ORDER pursuant to Subparagraph 3 (a) shall be in addition to a fully funded allowance for loan and lease losses, the adequacy of which shall be satisfactory to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank.

(d) The level of Tier 1 capital to be maintained during the life of this ORDER pursuant to Subparagraph 3 (a) shall be in addition to identified contingent liabilities arising from the affiliated Trust Company and parent holding company.

(e) Any increase in Tier 1 capital necessary to meet the requirements of Paragraph 3 of this ORDER may be accomplished by the following:

- (i) the sale of common stock; or
- (ii) the sale of noncumulative perpetual preferred stock; or
- (iii) the direct contribution of cash by the board of directors, shareholders, and/or parent holding company; or
- (iv) any other means acceptable to the Regional Director and the Commissioner; or
- (v) any combination of the above means.

Any increase in Tier 1 capital necessary to meet the requirements of Paragraph 3 of this ORDER may not be accomplished through a deduction from the Bank's allowance for loan and lease losses.

(f) If all or part of the Tier 1 capital maintenance required by Paragraph 3 of this ORDER is accomplished by the sale of new securities, the board of directors shall forthwith take all necessary steps to adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with the Federal securities laws. Prior to the implementation of the plan and, in any event, not less than fifteen (15) days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the FDIC, Registration and Disclosure Unit, Washington, D.C. 20429, for review. Any changes requested to be made in the plan or materials by the FDIC shall be made prior to their dissemination. If any increase in Tier 1 capital is provided by the sale of noncumulative perpetual preferred stock, then all terms and conditions of the issue, including but not limited to those terms and conditions relative to interest rate and convertibility factor, shall be presented to the Regional Director and the Commissioner for prior approval.

(g) In complying with the provisions of Paragraph 3 of this ORDER, the Bank shall provide to any subscriber and/or purchaser of the Bank's securities, a written notice of any planned or existing development or other changes which are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within ten (10) days

from the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every subscriber and/or purchaser of the Bank's securities who received or was tendered the information contained in the Bank's original offering materials.

(h) For the purposes of this ORDER, the terms "Tier 1 capital" and "total assets" shall have, the meanings ascribed to them in Part 325 of the FDIC Rules and Regulations, 12 C.F.R. §§ 325.2(v) and 325.2(x).

4. Within 45 days from the effective date of this ORDER, the board of directors shall develop or revise, adopt and implement a comprehensive policy for determining the adequacy of the allowance for loan and lease losses, which includes recommendations contained in the Report of Examination as of May 30, 2006. For the purpose of this determination, the adequacy of the reserve shall be determined after the charge-off of all loans or other items classified "Loss." The policy shall provide for a review of the allowance at least once each calendar quarter. Said review should be completed at least ten (10) days prior to the end of each quarter, in order that the findings of the board of directors with respect to the loan and lease loss allowance may be properly reported in the quarterly Reports of Condition and Income. The review should focus on the results of the Bank's internal loan review, loan loss experience, trends of delinquent and non-accrual loans, an estimate of potential loss exposure of significant credits, concentrations of credit, and present and prospective economic conditions. A deficiency in the allowance shall be remedied in the calendar quarter it is discovered, prior to submitting the Report of Condition, by a charge to current operating earnings. The minutes of the board of directors meeting at which such review is undertaken shall indicate the results of the review. Upon completion of the review, the Bank shall increase and maintain its allowance for loan and

lease losses consistent with the allowance for loan and lease loss policy established. Such policy and its implementation shall be satisfactory to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank.

5. Within 10 days from the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets classified "Loss" in the Report of Examination as of May 30, 2006 that have not been previously collected or charged off. Elimination of these assets through proceeds of other loans made by the Bank is not considered collection for the purpose of this paragraph.

6. (a) Beginning with the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit from the Bank that has been charged off or classified, in whole or in part, "Loss" and is uncollected. Subparagraph 6(a) of this ORDER shall not prohibit the Bank from renewing or extending the maturity of any credit in accordance with the Financial Accounting Standards Board Statement Number 15 ("FASB 15").

7. (a) Within 60 days from the effective date of this ORDER, the Bank shall revise, adopt, and implement written lending and collection policies to provide effective guidance and control over the Bank's lending function, which policies shall include specific guidelines for placing loans on a non-accrual basis. In addition, the Bank shall obtain adequate and current documentation for all loans in the Bank's loan portfolio. Such policies and their implementation shall be in a form and manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank.

(b) The revised written lending and collection policies shall provide that extensions of credit to common Bank and Trust Company customers must be approved by the Board. Such loan package shall fully disclose any potential conflicts of interest with Directors Kingman, Dutton, and MacKay and/or any related interest of these individuals, so that the extension of credit can be properly monitored by senior management of the Bank for compliance with applicable laws. The package should further identify that any potential conflicts with Bank or Trust Company insiders have been fully disclosed to the customer.

(c) The initial revisions to the Bank's loan policy and practices, required by this paragraph, at a minimum, shall include the following:

(i) provisions, consistent with FDIC instructions for the preparation of Reports of Condition and Income, under which the accrual of interest income is discontinued and previously accrued interest is reversed on delinquent loans;

(ii) provisions which prohibit the capitalization of interest or loans related expense unless the board of directors supports in writing and records in the minutes of the corresponding board of directors meeting why an exception thereto is in the best interests of the Bank;

(iii) provisions which require complete loans documentation, realistic repayment terms and current credit information adequate to support the outstanding indebtedness of the borrower. Such documentation shall include current financial information, profit and loss statements or copies of tax returns and cash flow projections;

(iv) provisions which incorporate limitations on the amount that can be loaned in relation to established collateral values;

(v) provisions which specify the circumstances and conditions under which real estate appraisals must be conducted by an independent third party;

(vi) provisions which establish standards for unsecured credit;

(vii) provisions which establish officer lending limits;

(viii) provisions that require extensions of credit to any of the Bank's executive officers, directors, or principal shareholders, or to any related interest of such persons, to be approved in advance by a majority of the entire board of directors in accordance with section 215.4(b) of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 215.4(b);

(ix) provisions which prohibit the issuance of standby letters of credit unless the letters of credit are fully secured by readily marketable collateral and/or are supported by current and complete financial information;

(x) provisions that directors first determine that the lending staff has the expertise necessary to properly supervise construction loans and that adequate procedures are in place to monitor any construction involved before funds are disbursed;

(xi) provisions which prohibit concentrations of credit in excess of 25 percent of the Bank's total equity capital and reserves to any borrower and that borrower's related interests;

(xii) provisions which require the preparation of a loan "watch list" which shall include relevant information on all loans which were classified or identified as Special Mention in the Report of Examination as of May 30, 2006, or subsequent Reports of

Examination. The loan "watch list" shall be presented to the board of directors for review at least monthly with such review noted in the minutes; and

(xiii) the board of directors shall adopt procedures whereby officer compliance with the revised loan policy is monitored and responsibility for exceptions thereto assigned. The procedures adopted shall be reflected in minutes of a board of directors meeting at which all members are present and the vote of each is noted.

8. Within 30 days of the effective date of this ORDER, the Bank shall correct all technical exceptions found on page 67 of the Report of Examination as of May 30, 2006.

9. Within 90 days of the effective date of this ORDER, the Bank shall develop, adopt, and implement a written three-year strategic plan which addresses deficiencies identified in the Report of Examination as of May 30, 2006. Such a plan shall include specific goals for the dollar volume of total loans, total investment securities, and total deposits. For each time frame, the plan will also specify the anticipated average maturity and average yield on loans and securities; the average maturity and average cost of deposits; the level of earning assets as a percentage of total assets; and the ratio of net interest income to average earning assets. The plan shall be in a form and manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank.

10. Within 60 days from the effective date of this ORDER, the Bank shall develop or revise, adopt, and implement a written liquidity and funds management policy, which incorporates recommendations contained in the Report of Examination as of May 30, 2006. Such policy and its implementation shall be in a form and manner acceptable to the Regional

Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank.

11. Within 60 days from the effective date of this ORDER, the Bank shall adopt and implement a policy for the operation of the Bank in such a manner as to provide adequate internal routine and control policies consistent with safe and sound banking practices. Such policy and its implementation shall be satisfactory to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank.

12. Within 60 days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a written policy satisfactory to the Regional Director and the Commissioner, which policy shall govern the relationship between the Bank and its holding company, and shall limit the payment of any management, consulting, or other fees or funds of any nature, directly or indirectly, to or for the benefit of the Bank's holding company to only those fees or funds paid in connection with services performed by the Bank's holding company on behalf of or for the benefit of the Bank.

13. Within 60 days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a written policy satisfactory to the Regional Director and the Commissioner, which policy shall govern the relationship between the Bank and Trust Company, and shall provide acceptable limits on Trust Company activities. Such a policy shall, at a minimum:

- (a) establish acceptable limits of Trust Company activities from the Bank;
- (b) require that any payment of rent to the Bank by the Trust Company be comparable to any rent which is or would be paid to the Bank by a third party;

(c) provide the Bank full and complete access to the Trust Company, so that the Bank can identify and quantify potential liabilities arising from the Trust Company; and

(d) provide for the reduction and ultimate elimination of any potential liabilities arising from the Trust Company.

14. Within 60 days of the effective date of this ORDER, the Bank shall comply in all material respects with the Bank Secrecy Act ("BSA") and its rules and regulations.

15. Within 60 days of the effective date of this ORDER, the Bank shall develop, adopt and implement a written compliance program, as required by the applicable provisions of section 326.8 of the FDIC's Rules and Regulations, 12 C.F.R. § 326.8, designed to, among other things, ensure and maintain compliance by the Bank with the BSA and the rules and regulations issued pursuant thereto. The program shall ensure that clear and comprehensive BSA compliance reports are provided to the Bank's Board of Directors on a monthly basis. Such program and its implementation shall be in a manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank. At a minimum, the program shall:

(a) Establish a system of internal controls to ensure compliance with the BSA and the rules and regulations issued pursuant thereto, including policies and procedures to detect and monitor all transactions to ensure that they are not being conducted for illegitimate purposes and that there is full compliance with all applicable laws and regulations.

(b) Provide for independent testing of compliance with the BSA, all applicable rules and regulations related to the BSA, and the reporting of suspicious transactions required to be reported pursuant to Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part

353. The independent testing shall be conducted on an annual basis in compliance with the procedures described in the FDIC's "Guidelines for Monitoring Bank Secrecy Act Compliance."

The testing, at a minimum, shall include the following:

- (i) a test of the Bank's internal procedures for monitoring the BSA;
- (ii) a sampling of large currency transactions followed by a review of the Currency Transaction Report filings;
- (iii) a test of the validity and reasonableness of the customer exemptions granted by the Bank;
- (iv) a test of the Bank's recordkeeping system for compliance with the BSA; and
- (v) documentation of the scope of the testing procedures performed and the findings of the testing.

Written reports shall be prepared which document the testing results and provide recommendations for improvement. Such reports shall be presented to the Bank's Board of Directors.

- (c) Ensure that the Bank's BSA compliance program is managed by a qualified officer who shall have responsibility for all BSA compliance and related matters, including, without limitation;
 - (i) the identification of timely, accurate and complete reporting to law enforcement and supervisory authorities of unusual or suspicious activity or known or suspected criminal activity perpetrated against or involving the Bank; and

(ii) monitoring the Bank's compliance and ensuring that full and complete corrective action is taken with respect to previously identified violations and deficiencies.

(d) Provide and document training by competent staff and/or independent contractors of all board members and all appropriate personnel, including, without limitation, tellers, customer service representatives, lending officers, private and personal banking officers and all other customer contact personnel, in all aspects of regulatory and internal policies and procedures related to the BSA, with a specific concentration on accurate recordkeeping, form completion and the detection and reporting of known and/or suspected criminal activity. Training shall be updated on a regular basis to ensure that all personnel are provided with the most current and up to date information.

16. Within 60 days of the effective date of this ORDER, the Bank shall develop, adopt and implement a written customer due diligence program. Such program and its implementation shall be in a manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank. At a minimum, the customer due diligence program shall provide for the following:

(a) A risk focused assessment of the customer base of the Bank to determine the appropriate level of enhanced due diligence necessary for those categories of customers that the Bank has reason to believe pose a heightened risk of illicit activities at or through the Bank.

(b) For those customers whose transactions require enhanced due diligence, procedures to:

- (i) determine the appropriate documentation necessary to confirm the identity and business activities of the customer;
 - (ii) understand the normal and expected transactions of the customer;
- and
- (iii) reasonably ensure the identification and timely, accurate and complete reporting of known or suspected criminal activity against or involving the Bank to law enforcement and supervisory authorities, as required by the suspicious activity reporting provisions of Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part 353.

17. Within 60 days of the effective date of this ORDER, the Bank shall develop, adopt and implement a written due diligence program to monitor employee and directors accounts. Such program and its implementation shall be in a manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank. At a minimum, the program shall provide for a risk focused assessment of the employee and directors accounts of the Bank to the following:

- (a) identify the routine and usual nature of their banking activities;
- (b) determine the appropriate level of enhanced due diligence necessary for those employee or directors accounts that the Bank has determined have unusual activity; and
- (c) reasonably ensure the identification and timely, accurate and complete reporting of known or suspected criminal activity against or involving the Bank to law enforcement and supervisory authorities, as required by the suspicious activity reporting provisions of Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part 353.

18. Within 60 days of the effective date of this ORDER, the Bank shall revise, adopt and implement its BSA Policy to include provisions which implement the requirements of Paragraphs of this ORDER. The Bank's Board of Directors and management shall fully implement the provisions of the revised BSA Policy. The revised BSA Policy, and its implementation, shall be in a form and manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank.

19. Within 60 days of the effective date of this ORDER, the Board's audit committee shall oversee the Bank's compliance with the BSA and Parts 326 and 353 of the FDIC's Rules and Regulations, and the Trust Company's compliance with 31 C.F.R. Part 103. The committee shall receive reports from the qualified officer appointed in paragraph 15 regarding compliance with the BSA, Parts 326 and 353 of the FDIC's Rules and Regulations, and 31 C.F.R. Part 103, at least monthly, and shall report to the Bank's Board of Directors at every meeting.

20. The Board shall improve their oversight and supervision over the information technology function, ensuring that adequate policies and procedures are developed and that proper security and controls are implement and enforced.

21. Within 60 days of the date of this ORDER, the Board shall ensure that a comprehensive risk assessment is completed that identifies reasonably foreseeable internal and external threats that could result in unauthorized disclosure, misuse, alteration, or destruction of customer information or customer information systems. This risk assessment must include an inventory of all information assets, in physical and electronic form, including but not limited to, network related assets and risk posed by affiliated trust systems and related users. This risk assessment process must be ongoing to capture emerging risks.

22. Within 90 days of the date of this ORDER, the Board shall develop and formally approve a comprehensive written information security program that includes administrative, technical, and physical safeguards appropriate to the size and complexity of the Bank and the nature and scope of the Bank's activities. This program must fully comply with the safeguarding of customer information standards established under Part 364, Appendix B of the FDIC Rules and Regulations set forth by Section 501(b) of the Gramm-Leach-Bliley Act.

23. Within 90 days of the date of this ORDER, the Board shall develop and formally approve a comprehensive written information security program for Nevada Trust Company that fully complies with the Federal Trade Commission's 16 C.F.R. Part 314 safeguarding of customer information standards regulation.

24. Within 60 days of the date of this ORDER, the Board shall develop and formally approve written information technology-related policies and procedures supporting the information security program. Specifically, procedures should address application and operating system control requirements; establish configuration standards for mission critical systems such as servers, firewalls, routers, intrusion detection systems, and switches; and delineate roles and responsibilities of personnel.

25. Within 60 days of the date of this ORDER, the Board shall ensure that an adequate system of internal controls is in place to address, at a minimum, user access profiles, password administration, segregation of duties, and system activity monitoring over systems, networks, and applications serving both the Bank and Nevada Trust Company.

26. Within 60 days of the date of this ORDER, the Board shall take steps to physically and/or logically segregate the Bank's network, systems, and applications from related entities such as Nevada Trust Company and SouthwestUSA Corporation.

27. Within 30 days of the date of this ORDER, the Board shall expand the written servicing contract between the Bank and Nevada Trust Company to detail a description of services to be provided, terms of agreement, service levels, and cost calculations.

28. Within 90 days of the date of this ORDER, the Board shall complete a staffing analysis ensuring that appropriate human resources with sufficient expertise are available to ensure proper segregation of duties and to fill voids at the executive management, IT Steering Committee and Board levels.

29. Within 60 days of the effective date of this ORDER, the Bank shall correct all violations of law cited on pages 19-39 in the Report of Examination as of May 30, 2006. In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable laws and regulations.

30. Within 30 days of the date of this ORDER, the Board shall take action to correct all remaining deficiencies, not specifically addressed within this Order, that are disclosed in the Report of Examination as of May 30, 2006.

31. The Bank shall not pay cash dividends without the prior written consent of the Regional Director and the Commissioner.

32. Following the effective date of this ORDER, the Bank's Board of Directors shall adopt an action plan for monitoring compliance with the terms of this ORDER. Such a plan, at a minimum, shall assign responsibility, due dates, and completion dates for each provision of this

ORDER. Further, each such responsible person shall report progress to the Board of Directors, which progress reports shall be duly noted in the Board's minutes.

33. Within 30 days of the end of the first quarter following the effective date of this ORDER, and within thirty (30) days of the end of each quarter thereafter, the Bank shall furnish written progress reports to the Regional Director and the Commissioner detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports shall include a copy of the Bank's Report of Condition and the Bank's Report of Income. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and the Commissioner have released the Bank in writing from making further reports.

34. 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 the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Accounting and Securities Section, 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.

This ORDER shall become effective immediately 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 and the Nevada Financial Institutions Division.

Pursuant to delegated authority and the authority of the Commissioner under Nevada Revised Statutes, § 658.115.

Dated at San Francisco, California, this 20th day of November, 2006.

John F. Carter
Regional Director
Division of Supervision and Consumer Protection
San Francisco Region
Federal Deposit Insurance Corporation

Dated at San Francisco, California, this 9th day of November, 2006.

Carol J. Tidd
Commissioner
Nevada Financial Institutions Division
Department of Business and Industry