

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of

KARL K. KLESSIG,

A Former Institution-Affiliated Party of

GOLDEN PACIFIC BANCORP, INC.,
Sacramento, California

A former bank holding company.

Docket No. 22-020-E-I

Order of Prohibition Issued Upon
Consent Pursuant to Section 8(e) of
the Federal Deposit Insurance Act, as
Amended

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”), pursuant to section 8(e) of the Federal Deposit Insurance Act, as amended (the “FDI Act”), 12 U.S.C. § 1818(e), issues this Order of Prohibition (this “Order”) upon the consent of Respondent Karl K. Klessig (“Klessig”), a former institution-affiliated party, as defined in sections 3(u)(2) and 8(b)(3) of the FDI Act, 12 U.S.C. §§ 1813(u)(2) and 1818(b)(3), of Golden Pacific Bancorp, Inc., a former bank holding company;

WHEREAS, Klessig filed a change-in-control notice, as required by the Change in Bank Control Act (“CIBC Act”), 12 U.S.C. § 1817(j), and pursuant to 12 C.F.R. § 225.41, with the Board of Governors for approval to acquire control of Golden Pacific Bancorp, Inc., and thereby indirectly control Golden Pacific Bank, National Association (together, the “Bank”), both of Sacramento, California;

WHEREAS, pursuant to the CIBC Act, 12 U.S.C. § 1817(j)(6)(D), the change-in-control notice was required to contain a description of the funds to be used in making the acquisition, and, if any part of these funds was to be borrowed, a description of the transaction, the names of the parties, and any agreements with such parties;

WHEREAS, Klessig represented to the Board of Governors that the transaction would be financed through the proceeds of a private municipal bond issuance and, as supporting documentation, provided a fraudulent loan agreement in which the signature of the representative of the public entity issuing the bonds and extending the loan was forged;

WHEREAS, Klessig's conduct constituted violations of law or regulation or unsafe or unsound banking practices, involved personal dishonesty or demonstrated a willful or continuing disregard for the safety and soundness of the Bank;

WHEREAS, Klessig's deceptive conduct in connection with his effort to acquire control of the Bank exposed the institution to probable financial loss or could have prejudiced the interests of the Bank's depositors; and

WHEREAS, by affixing his signature hereunder, Klessig has consented to the issuance of this Order by the Board of Governors and has agreed to comply with each and every provision of this Order, and has waived any and all rights he might have pursuant to 12 U.S.C. § 1818, 12 C.F.R. Part 263, or otherwise: (a) to the issuance of a notice of intent to prohibit on any other matter implied or set forth in this Order; (b) to a hearing for the purpose of taking evidence with respect to any matter implied or set forth in this Order; (c) to obtain judicial review of this Order or any provision hereof; and (d) to challenge or contest in any manner the basis, issuance, terms, validity, effectiveness, or enforceability of this Order or any provision hereof.

NOW THEREFORE, before the filing of any notices, or the taking of any testimony or adjudication of or finding on any issue of fact or law herein, and without Klessig's admitting or denying any allegation made or implied by the Board of Governors in connection herewith, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted litigation or extended litigation,

IT IS HEREBY ORDERED that:

1. Klessig, without the prior written approval of the Board of Governors and, where necessary pursuant to section 8(e)(7)(B) of the FDI Act, 12 U.S.C. § 1818(e)(7)(B), another federal financial institutions regulatory agency, is hereby and henceforth prohibited from:

- a. participating in any manner in the conduct of the affairs of any institution or agency specified in Section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A), including, but not limited to, any insured depository institution or any holding company of an insured depository institution, or any subsidiary of such holding company, or any foreign bank or company to which subsection (a) of 12 U.S.C. § 3106 applies and any subsidiary of such foreign bank or company;
- b. soliciting, procuring, transferring, attempting to transfer, voting or attempting to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A);
- c. violating any voting agreement previously approved by any federal banking agency; or
- d. voting for a director, or serving or acting as an institution-affiliated party, as defined in sections 3(u) and 8(b)(3) of the FDI Act, 12 U.S.C. §§ 1813(u) and 1818(b)(3), such as an officer, director or employee, in any institution described in section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A).

2. All communications regarding this Order shall be addressed to:

- a. Richard M. Ashton, Esq.
Deputy General Counsel
David Williams, Esq.

Associate General Counsel
Board of Governors of the Federal Reserve System
20th & C Streets, N.W.
Washington, DC 20551

b. Karl K. Klessig

3. Any violation of this Order shall separately subject Klessig to appropriate civil or criminal penalties, or both, under sections 8(i) and (j) of the FDI Act, 12 U.S.C. §§ 1818(i) and (j).

4. The provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, or any other Federal or state agency or department, from taking any other action affecting Klessig; provided, however, that the Board of Governors shall not take any further action against Klessig on any matters concerning or arising from the matters addressed by this Order based upon facts presently known by the Board of Governors. This release and discharge shall not preclude or affect (i) any right of the Board of Governors to determine and ensure compliance with this Order, or (ii) any proceedings brought by the Board of Governors to enforce the terms of this Order.

5. Each provision of this Order shall remain fully effective and enforceable until expressly stayed, modified, terminated, or suspended in writing by the Board of Governors.

