

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

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In the Matter of)	
)	
Kenneth G. Walker)	
)	Docket No. 98-025-CMP-I1
An Institution-Affiliated)	
Party of)	
)	Order
FARMERS AND MERCHANTS BANK)	
of Long Beach)	
Long Beach, California)	
)	
A State Member Bank)	
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WHEREAS, pursuant to Section 8(i) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1818(i)) (the "FDI Act"), the Board of Governors of the Federal Reserve System (the "Board of Governors") issues this Order upon the consent of Kenneth G. Walker ("Walker"), president, chairman of the board of directors, chief executive officer, and an institution-affiliated party, as defined in Section 3(u) of the FDI Act (12 U.S.C. 1813(u)), of the Farmers and Merchants Bank of Long Beach, Long Beach, California (the "Bank"), a State member bank, in connection with the Bank's extensions of credit in 1996 to a Bank affiliate that resulted in alleged violations by the Bank of the prior approval, collateral, documentation and certain other requirements of Sections 23A and 23B of the Federal Reserve

Act (12 U.S.C. 371c and 371c-1), Regulation O of the Board of Governors (12 C.F.R. Part 215), and a Written Agreement between the Federal Reserve Bank of San Francisco and the Bank, dated November 10, 1993;

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

NOW, THEREFORE, prior to the taking of any testimony or adjudication of or finding on any issue of fact or law herein, and without this Order constituting an admission of any allegation made or implied by the Board of Governors in connection with this proceeding, and solely for the purpose of settlement of this proceeding without protracted or extended hearings or testimony:

IT IS HEREBY ORDERED, pursuant to section 8(i) of the FDI Act, that:

1. Walker shall pay as hereinafter provided a civil money penalty in the sum of \$12,500.

2. The funds agreed to be paid pursuant to this Order shall be remitted in full, at the time of Walker's execution of this Order, by check made payable to the "Board of Governors of the Federal Reserve System" and forwarded with Walker's executed copy of this Order, to Jennifer J. Johnson, Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The Board of Governors shall remit the payment to the Treasury of the United States as required by statute.

3. All communications regarding this Order shall be sent to:

(a) Harold H. Blum
Director
Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, CA 94105

(b) Kenneth G. Walker
President, Chairman of the Board
and Chief Executive Officer
Farmers and Merchants Bank of Long Beach
302 Pine Street
Long Beach, CA 90802

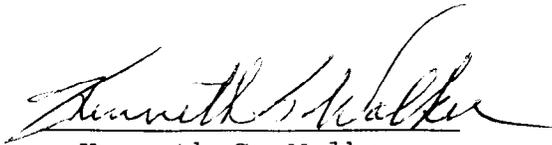
4. No portion of the funds to be paid pursuant to this Order by Walker shall be, directly or indirectly, paid, advanced, reimbursed or otherwise funded by the Bank.

5. The provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, or any federal or state agency or department from taking any other action affecting Walker, provided, however, that the Board of Governors shall not take any further action against Walker based upon information presently known by the Board of Governors relating to the matters addressed by this Order.

By order of the Board of Governors, this 28th day of

January, 1999.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM


Kenneth G. Walker


Jennifer J. Johnson
Secretary of the Board