

# FEDERAL RESERVE press release



For immediate release

May 21, 1997

The Federal Reserve Board today announced the execution of a Written Agreement by and between Marin National Bancorp, San Rafael, California, and the Federal Reserve Bank of San Francisco.

A copy of the Written Agreement is attached.

Attachment

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

Written Agreement by and between )	
MARIN NATIONAL BANCORP )	Docket No. 97-003-WA/RB-HC
San Rafael, California )	
and )	
FEDERAL RESERVE BANK )	
OF SAN FRANCISCO )	
San Francisco, California )	

WHEREAS, in recognition of their common goal to restore and maintain the financial soundness of Marin National Bancorp, San Rafael, California ("Marin"), a registered bank holding company, the Federal Reserve Bank of San Francisco (the "Reserve Bank") and Marin have mutually agreed to enter into this Written Agreement (the "Agreement");

WHEREAS, as of the date of this Agreement, Marin owns and controls the First National Bank of Marin, San Rafael, California (the "Bank"), a national bank, which is subject to a Consent Order to Cease and Desist issued on September 17, 1996, by the Office of the Comptroller of the Currency (the "OCC");

WHEREAS, this Agreement is being executed in accordance with the Rules Regarding Delegation of Authority of the Board of Governors of the Federal Reserve System (the "Board

of Governors"), specifically 12 C.F.R. § 265.11(a)(15), and the Reserve Bank has received the prior approval of the Director of the Division of Banking Supervision and Regulation (the "Director") and the General Counsel of the Board of Governors to enter into this Agreement with Marin; and

WHEREAS, on April 17, \_\_\_\_\_, 1997, the board of directors of Marin adopted a resolution authorizing and directing Jonathan A. Maffei to enter into this Agreement on behalf of Marin, and consenting to compliance with each and every provision of this Agreement by Marin and its institution-affiliated parties, as such term is defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. §§ 1813(u) and 1818(b)(3)).

NOW, THEREFORE, the Reserve Bank and Marin agree as follows:

1. Marin shall not declare or pay any cash dividends, or make any other form of payment representing a reduction of capital, without the prior written approval of the Reserve Bank and the Director.

2. (a) Marin shall not, directly or indirectly, increase its borrowings or incur any debt, including, but not

limited to the renewal of existing debt, without the prior written approval of the Reserve Bank.

(b) Marin shall not repay any debt to any institution-affiliated party without the prior written approval of the Reserve Bank.

(c) Within 90 days of this Agreement, Marin shall submit to the Reserve Bank a written plan to service its current debt without incurring any additional debt. The plan shall, at a minimum, include appropriate financial projections and shall specifically address:

(i) the actions Marin will take to maintain compliance with the terms of its debt agreements;

(ii) Marin's cash flow projections for 1997 and 1998;

(iii) Marin's operating expenses; and

(iv) alternative sources of funds, other than the Bank, to be used to service Marin's debt.

3. Within 60 days of this Agreement, Marin shall submit to the Reserve Bank an acceptable plan to achieve and, thereafter, to maintain, an adequate capital position for the

Bank and the consolidated organization. The plan shall, at a minimum, address and consider:

(a) The current and future capital requirements of the Bank and the consolidated organization, particularly in view of the volume of adversely classified assets at the Bank and the risk profile of the Bank's asset and liability structure;

(b) the source and timing of additional funds needed to fulfill all current and future capital needs of the Bank and the consolidated organization; and

(c) the requirements of the Bank's Consent Order with the OCC.

4. (a) Within 60 days of this Agreement, Marin shall conduct a review of its current management and staffing needs in light of its present and proposed business activities. The review shall focus on an assessment of the duties performed by each officer and the ability of that officer to perform competently his or her assigned duties or any duties that may be assigned in the future. The primary purpose of this review shall be to aid in the development of a management structure suitable to Marin and the consolidated organization that is adequately staffed by qualified and trained personnel.

(b) Within 75 days of this Agreement, Marin shall submit to the Reserve Bank a written description of:

(i) Any management or operational changes that may be proposed as a result of the findings of the review conducted pursuant to this paragraph;

(ii) the specific actions that the board of directors proposes to take concerning its plans to employ and retain individuals with demonstrated experience in the management and operations of credit cards for the positions of President, Chief Operations Officer, and Chief Financial Officer for Marin and the Bank; and

(iii) the specific actions that the board of directors proposes to take concerning its plans to attract and retain qualified individuals to serve as directors of Marin.

5. During the term of this Agreement, or as otherwise required by law, Marin shall comply with the provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) with respect to the appointment of any new directors or the hiring or promotion of any senior executive officers.

6. Except as otherwise agreed to in writing by the Reserve Bank and Marin, Marin shall not assess or seek to collect any management or service fees from the Bank without the prior written approval of the Reserve Bank.

7. The written plans required by paragraphs 2(c) and 3 hereof shall be submitted to the Reserve Bank for review and approval. Acceptable plans shall be submitted to the Reserve Bank within the required time periods set forth in this Agreement. Marin shall adopt the approved plans within 10 days of receipt of approval by the Reserve Bank and then fully comply with them. During the term of this Agreement, the approved plans shall not be amended or rescinded without the prior written approval of the Reserve Bank.

8. Within 45 days of the end of each calendar quarter (June 30, September 30, December 31 and March 31) following the date of this Agreement, Marin shall furnish to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement, and the results thereof. The board of directors of Marin shall certify in writing to the Reserve Bank that each director has reviewed each quarterly progress report required by this paragraph. Such reports may be discontinued when the corrections required by this Agreement have been accomplished,

and the Reserve Bank has, in writing, released the Marin from making further reports.

9. (a) Marin and its board of directors shall take all actions that are necessary to ensure that the Bank complies fully with all formal or informal supervisory actions that have been imposed, or which may be imposed, on the Bank by the OCC.

(b) Marin shall submit to the Reserve Bank a copy of all written progress reports submitted by the Bank to the OCC pursuant to any cease and desist order, or other formal or informal supervisory agreement or order, entered into between the Bank and the OCC.

10. All communications regarding this Agreement shall be sent to:

(a) Mr. Harold H. Blum  
Director, Banking Supervision  
Federal Reserve Bank of San Francisco  
P. O. Box 7702  
San Francisco, California 94120-7702

(b) Mr. Jonathan A. Maffei  
President & Chief Executive Officer  
First National Bank of Marin  
1201 Fifth Avenue  
San Rafael, California 94901-2917

11. The provisions of this Agreement shall be binding upon Marin and all of its institution-affiliated parties, in their capacities as such, and their successors and assigns.

12. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated or suspended by the Reserve Bank.

13. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to Marin to comply with any provision of this Agreement.

14. The provisions of this Agreement 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 Marin, or any of its current or former institution-affiliated parties, and their successors or assigns.

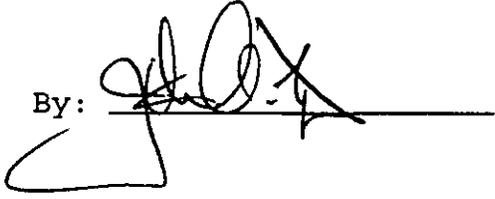
15. This Agreement supersedes the Written Agreement between the Reserve Bank and Marin, dated March 23, 1993.

16. This Agreement is a "Written Agreement" for the purposes of section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 17th day of April, 1997.

MARIN NATIONAL BANCORP

FEDERAL RESERVE BANK OF  
SAN FRANCISCO

By: 

By: Harold H. Blum

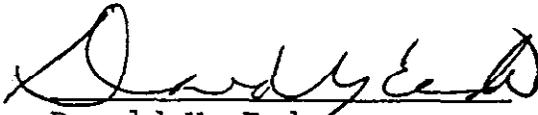
The undersigned directors of Marin each acknowledge that each has read the foregoing Agreement and approves of the consent thereto by Marin.

  
Kjell H. Qvale

  
Gary J. Flynn

  
Bruce Qvale

  
Jeffrey Qvale

  
Donald Y. Endo

  
Jonathan Maffei