

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

_____)	
Written Agreement by and between)	
ASIAN BANK)	
Philadelphia, Pennsylvania)	Docket No. 04-030-WA/RB-SM
FEDERAL RESERVE BANK OF)	
PHILADELPHIA)	
Philadelphia, Pennsylvania)	
_____)	

WHEREAS, Asian Bank, Philadelphia, Pennsylvania (the "Bank"), a state chartered bank that is a member of the Federal Reserve System, is taking steps to address deficiencies relating to compliance with applicable federal anti-money laundering ("AML") laws, rules, and regulations, including the Currency and Foreign Transactions Reporting Act, 31 U.S.C. 5311 et seq. (the Bank Secrecy Act or the "BSA"), as amended by the USA PATRIOT Act; the rules and regulations issued thereunder by the U.S. Department of the Treasury (31 C.F.R. Part 103); and the AML requirements of Regulation H of the Board of Governors of the Federal Reserve System (the "Board of Governors") (12 C.F.R. 208.62 and 208.63); and

WHEREAS, on January 18th, 2005, the board of directors, at a duly constituted meeting, adopted a resolution authorizing and directing S. ERIC BEATTIE to enter into this Agreement on behalf of the Bank, and consenting to compliance by the Bank and its institution-affiliated parties, as defined in section 3(u) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. 1813(u)), with each and every provision of this Agreement.

NOW, THEREFORE, the Bank and the Federal Reserve Bank of Philadelphia (the “Reserve Bank”) agree as follows:

Bank Secrecy Act and Regulation H Compliance

1. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written program designed to improve the Bank’s system of internal controls to ensure compliance with all applicable provisions of the BSA and the rules and regulations issued thereunder, as required by section 208.63 of Regulation H of the Board of Governors (12 C.F.R. 208.63). The program shall include procedures to identify and incorporate, on an ongoing basis, the requirements of any amendments to the BSA or the rules and regulations issued thereunder. The program, at a minimum, shall provide for:

- (a) Adequate internal controls to ensure compliance with the BSA and the rules and regulations issued thereunder, including an effective system that is designed to ensure compliance with the recordkeeping requirements for: (i) the purchase of monetary instruments by non-accountholders (31 C.F.R. 103.29(a)(2)); and (ii) funds transfers (31 C.F.R. 103.33(e)); and
- (b) the independent review of compliance with the BSA and the rules and regulations issued thereunder through regular comprehensive compliance audits that are fully documented and conducted by qualified parties who are independent of the Bank’s business lines and compliance function.

Suspicious Activity and Customer Due Diligence

2. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written customer due diligence program designed to reasonably ensure the identification and timely, accurate, and complete reporting of all known or suspected violations

of law against or involving the Bank and suspicious transactions at the Bank to law enforcement and supervisory authorities as required by the suspicious activity reporting provisions of Regulation H of the Board of Governors (12 C.F.R. 208.62). At a minimum, the program shall include:

- (a) A risk-focused assessment of the Bank's customer base to:
 - (i) identify the categories of customers whose transactions and banking activities are routine and usual; and
 - (ii) 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 each customers whose transactions require enhanced due diligence, additional procedures to:
 - (i) determine the appropriate documentation necessary to confirm the business activities of the customer; and
 - (ii) understand the normal and expected transactions of the customer;and
- (c) procedures designed to ensure proper identification and reporting of all known or suspected violations of law and suspicious transactions, including but not limited to:
 - (i) effective monitoring of customer accounts and transactions;
 - (ii) appropriate participation by senior management in the process of identifying, reviewing, and reporting potentially suspicious activity; and
 - (iii) adequate referral of information about potentially suspicious activity through appropriate levels of management.

Transaction Review

3. (a) Within 20 days of this Agreement, the Bank shall engage a qualified independent firm (the "Consultant") acceptable to the Reserve Bank to conduct a review of account and transaction activity for the time period beginning no later than September 30, 2002 through the present to determine whether suspicious activity involving accounts or transactions at, by, or through the Bank was properly identified and reported in accordance with applicable suspicious activity reporting regulations (the "Review").

(b) Within 10 days of the engagement of the Consultant, but prior to the commencement of the Review, the Bank shall submit to the Reserve Bank for approval an engagement letter that sets forth:

(i) The scope of the Review, including the types of accounts and transactions to be reviewed;

(ii) the methodology for conducting the Review, including any sampling procedures to be followed;

(iii) the expertise and resources to be dedicated to the Review; and

(iv) the anticipated date of completion of the Review.

(c) Upon completion of the Review, the Bank shall provide to the Reserve Bank a copy of the Consultant's report detailing the findings of the Review at the same time the report is provided to the Bank.

(d) Upon completion of the Review, the Bank shall ensure that all transactions required to be reported have been reported in accordance with applicable rules and regulations.

OFAC Compliance

4. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written plan designed to ensure compliance with the regulations of the U.S. Department of the Treasury's Office of Foreign Asset Control ("OFAC") (31 C.F.R. 500 et seq.), as well as any guidelines issued or administered by OFAC. The plan shall include, at a minimum, procedures to ensure that customer transactions are processed in accordance with OFAC requirements and in accordance with a regularly updated list of entities and individuals whose transactions or assets are required to be blocked, frozen, or monitored.

Approval of Programs and Plan

5. The programs, plan, engagement letter, and the identification of the independent consultant required by paragraphs 1, 2, 3(a) and (b), and 4 of this Agreement shall be submitted to the Reserve Bank for review and approval. Acceptable programs, an acceptable plan, and an acceptable engagement letter shall be submitted to the Reserve Bank within the time periods set forth in this Agreement and an acceptable independent consultant shall be retained within the time period set forth in paragraph 3(a) of this Agreement. The Bank shall adopt the approved programs, plan, and engagement letter within 10 days of approval by the Reserve Bank and then shall fully comply with them. During the term of this Agreement, the approved programs, plan, and engagement letter shall not be amended or rescinded without the prior written approval of the Reserve Bank.

6. Within 10 days after the end of calendar quarter following the date of this Agreement, the Bank shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement, and the results thereof. Management's responses to any audit reports covering AML

matters prepared by internal or external auditors shall be included with the progress report. The Reserve Bank may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

Communications

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

- (a) Mr. Frank J. Doto
Enforcement and Surveillance Officer
Federal Reserve Bank of Philadelphia
Ten Independence Mall
Philadelphia, Pennsylvania 19106-1574
- (b) Mr. S. Eric Beattie
President and Chief Executive Officer
Asian Bank
1008 Arch Street
Philadelphia, Pennsylvania 19107

Miscellaneous

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

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

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

11. The provisions of this Agreement shall not bar, estop or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting the Bank or any of its current or former institution-affiliated parties and their successors and assigns.

12. This Agreement is a "written agreement" for the purposes of, and is enforceable by the Board of Governors as an order issued under, 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 1st day of January, 2005.

Asian Bank

Federal Reserve Bank of Philadelphia

By: 

By: 