

BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

3	In the Matter of)	
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5)	
6	CALIFORNIA BEAR CREDIT UNION)	ORDER
7)	(Fin. Code, § 580)
8	Respondent.)	
9)	

The Letter of Understanding and Agreement, effective October 23, 2019, between the Department of Business Oversight (“Department;” now the Department of Financial Protection and Innovation), the National Credit Union Administration (“NCUA”), and California Bear Credit Union (“Respondent”) is no longer in effect and superseded by this order (“Order”).

Pursuant to Financial Code section 580, the Commissioner of Financial Protection and Innovation (“Commissioner”) orders:

1. At least 30 days prior to any proposed change to the members of Respondent’s Board of Directors (“Board”), committees, or senior executive staff (“Change”), Respondent shall submit a written request for such Change to the Department. Without the Department’s approval, Respondent may not implement a Change, including any change to the specified individuals’ responsibilities, their election at an annual membership meeting, or their addition to or removal from Respondent’s Board, committees, and senior executive staff. Notwithstanding this requirement, the Commissioner reserves the right to determine whether Respondent’s management, Board, and committees are acceptable.

2. Effective the date of this Order, Respondent shall implement its Board-approved policy requiring reserves for impaired loans and fund Respondent’s Allowance for Loan and Lease

1 Losses (“ALLL”) accordingly. Notwithstanding this requirement, the Commissioner reserves the
2 right to determine whether Respondent’s ALLL is adequately funded.

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4 3. Effective the date of this Order, Respondent shall implement the approved Net Worth
5 Restoration Plan (“NWRP”).

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7 4. On or before the last day of each month, Respondent shall submit a monthly written
8 report to the Board summarizing its progress in implementing the NWRP and documenting specific
9 actions taken, assumptions made, and projected timeframes to improve Respondent’s net worth. The
10 monthly report shall, at a minimum, provide an update on the following items:

- 11 i. Status of goals to improve net worth, with reasonable time frames for achieving the
12 required improvement;
- 13 ii. Comparative analysis between actual performance and quarterly benchmarks outlined
14 in the NWRP, including return on average assets, operating expenses, and net worth;
15 and
- 16 iii. Contingency plans if goals are not met.

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18 5. Within 60 calendar days of the date of this Order, Respondent shall develop a merger
19 plan and submit the plan to the Department. Within 90 calendar days of a Call Report quarter-end in
20 which Respondent’s net worth declines to below 4.5 percent of total assets, Respondent shall
21 implement the merger plan.

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23 6. Respondent shall submit a monthly written progress report to the Commissioner on or
24 before the 20th day of each month detailing any actions taken to comply with this Order and the
25 results of those actions, until instructed otherwise in writing by the Commissioner.

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27 This Order is effective immediately. Violation of any provision of this Order may be deemed
28 to be conducting business in an unsafe manner and may subject Respondent to further enforcement

1 action. The Commissioner reserves the right to amend, revoke, or rescind this Order in whole or in
2 part. All reports and other documents required by this Order to be submitted to the Commissioner
3 shall be encrypted and sent by secure email or as an attachment to a secure email in an electronic
4 format compatible with the Department of Financial Protection & Innovation’s electronic system to
5 the following email address: cuexam.responses@dfpi.ca.gov.

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Dated: March 15, 2021

MANUEL P. ALVAREZ
COMMISSIONER OF FINANCIAL PROTECTION
AND INNOVATION

By: _____ /s/
EDGAR GILL
SENIOR DEPUTY COMMISSIONER