

1 **BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION**
2 **OF THE STATE OF CALIFORNIA**

3 **In the Matter of:**)
4)
5 **NANO BANC**) **CEASE AND DESIST ORDER**
6) **(Financial Code Section 581)**
7)
8)

9 THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION
10 (“COMMISSIONER”) FINDS:

11 1. Nano Banc (“Bank”) is a corporation headquartered in Irvine, California and organized
12 under the laws of the State of California and authorized by the Commissioner to transact commercial
13 banking business in the State of California.

14 2. On February 24, 2021, the Department of Financial Protection and Innovation
15 (“Department”) issued an order (“February Order”), to which the Bank consented, requiring the
16 Bank to provide 30 days advance notice before appointing, electing or adding any new individuals to
17 the Board and executive management. The February Order reads, in part:

18 [Bank] shall notify the Commissioner in writing when it proposes to appoint,
19 elect, or add any individual to its Board or when it proposes to employ any
20 individual as an executive officer. The notification must be received at least 30
21 days before such appointment, election, addition, or employment is intended to
22 become effective. The notification shall also include a description of the
23 background and experience of the individual or individuals to be appointed,
24 elected, added or employed. Such appointment, election, addition, or
25 employment shall not be made unless and until the Commissioner notifies
26 [Bank] of his non-objection. The Commissioner also reserves the right to
27 determine whether present executive management and directors of [Bank] are
28 acceptable.

1 3. On December 13, 2021, the Department was notified that the shareholders of the Bank’s
2 holding company made changes to the Bank’s board of directors (“Board”) and executive
3 management. The changes were made without providing 30 days notice to the Commissioner as
4 required by the February Order. The notified changes included:

- 5 a. The removal of six directors (“Removed Directors”).
- 6 b. The placement on administrative paid leave of two executive officers (“Removed
7 Officers”).
- 8 c. The appointment of five individuals as directors of the Board (“Appointed
9 Directors”).
- 10 d. The appointment of an individual as chairman and chief executive officer
11 (“Appointed Chairman and CEO”).

12 4. The Bank violated the February Order by failing to provide the Commissioner with any
13 advance notice of the above appointments and the Commissioner did not provide her non-objection
14 to the individuals’ appointments.

15 5. By removing the Removed Directors and failing to comply with the February Order in
16 appointing the Appointed Directors, the Bank is operating in a manner that violates Financial Code
17 section 1171, which requires the Board to have no less than five directors.

18 6. The Commissioner finds that the acts described in the notification, set forth in
19 paragraphs 3 through 5 above, may weaken the condition of the Bank.

20 BASED UPON THE FOREGOING, it is hereby ORDERED, that pursuant to Financial Code
21 section 581:

- 22 1. Within one day of the effective date of this Order, the Bank shall:
 - 23 a. Cease operating the Board in a manner that violates Financial Code section 1171.
 - 24 b. Cease appointing the Appointed Chairman and CEO in a manner which violates
25 the February Order.
 - 26 c. Cease operating without a chief executive officer and chief risk officer who have
27 received the non-objection of the Commissioner.

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2. Within one day of the effective date of this Order, the Bank shall provide notice and supporting documentation that the actions required under this Order have been completed. Such notice and documentation can be sent electronically to Assistant Deputy Commissioner Laura Carlson at _____.

3. The provisions of this Order shall not bar, estop, or otherwise prevent the Commissioner, or any other federal or state agency or department from taking any other action against Bank or any of Bank’s current or former institution-affiliated parties.

4. This Order is effective immediately upon its issuance by the Commissioner. Violation of any provision of this Order will be deemed to be conducting business in an unsafe or unsound manner and may subject Bank to further regulatory enforcement action, including but not limited to civil money penalties pursuant to Financial Code section 329.

DATED: December 15, 2021
Sacramento, California

_____/s/_____
AARON PROSPERI
Deputy Commissioner, Banking Division
Department of Financial Protection and Innovation