BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION		
	OF THE STATE OF CALIFORNIA	
	In the Matter of:))
	MONTEREY COUNTY BANK) CEASE AND DESIST) ORDER) (Fin. Code, § 581))
I)

THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION ("COMMISSIONER") FINDS:

- 1. Monterey County Bank ("Bank") is a corporation organized under the laws of the State of California and authorized to transact commercial banking business in the State of California.
- 2. The Bank was chartered in May of 1977, and is headquartered in Monterey, California.
- 3. In November of 2021, the Bank Board of Directors signed a Stipulation to the Issuance of a Consent Order ("Stipulation"). All terms and conditions of the Stipulation and Consent Order dated November 8, 2021 ("Consent Order") issued jointly by the Federal Deposit Insurance Corporation ("FDIC") and California Department of Financial Protection and Innovation ("CDFPI") remain in full force and effect.
- 4. The Consent Order outlined minimum capital requirements for the Bank. Specifically, the Bank shall maintain its tangible shareholders' equity in such an amount to ensure that the ratio of tangible shareholders' equity ("TSE") to total tangible assets ("TTA") equals or exceeds 7.5 percent.
- 5. The FDIC and CDFPI's joint Report of Examination ("ROE") dated January 9, 2023, which was released to the Bank on April 28, 2023, revealed the TSE/TTA ratio to be below 7.5 percent, violating the Consent Order. The Bank's critically deficient capital threatens the ongoing viability of the Bank by:

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- (a) Causing the insolvency of the Bank.
- (b) Weakening the condition of the Bank.
- (c) Prejudicing the interests of the customers of the Bank.

BASED UPON THE FOREGOING, the Commissioner hereby ORDERS that pursuant to Financial Code section 581:

- 1. Within ninety (90) days of issuance of this Order, the Bank shall immediately take all necessary steps to correct the critically deficient capital levels cited in the ROE. Specifically, within ninety (90) days of issuance of this Order, the Bank shall increase its TSE by such an amount to ensure that the ratio of TSE to TTA equals or exceeds 7.5 percent.
- 2. The Bank shall notify the Commissioner no less than three (3) business days before making any public announcement or notification, excluding mandated regulatory filings, regarding changes in the Bank's financial condition, executive management, or Board.
- 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 the Bank or any of the Bank's current or former institution-affiliated parties, as that term is defined in Section 3(u) of the Federal Deposit Insurance Act, 12 U.S.C. § 1813(u).
- 4. The provisions of this Order shall be binding upon the Bank, its institutionaffiliated parties, and any successors and assigns thereof. Violation of any provision of this Order will be deemed to be conducting business in an unsafe or unsound manner and will subject the Bank to further regulatory enforcement action.
- 5. This Order is effective immediately. This Order shall remain in full force and effect until further order from the Commissioner.

Dated: June 21, 2023

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Deputy Commissioner, Banking Division Department of Financial Protection and Innovation