



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Conditional Approval #314
July 1999

June 8, 1999

Mr. Robert Franko
111 West Ocean Boulevard, Suite 1240
Long Beach, CA 90802

Re: Application to charter an uninsured trust bank with the title "Generations Trust Bank, National Association" (Proposed) to be located in Long Beach, CA.
Application Control Number: 99-WE-01-0003.

Dear Mr. Franko:

The Office of the Comptroller of the Currency ("OCC") has reviewed your application to establish a new national trust bank in Long Beach, CA, with the title of "Generations Trust Bank, National Association" ("Bank"). The Bank will engage solely in fiduciary activities. After a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval.

We have based our decision to grant preliminary conditional approval on a thorough review of all information available, including representations and commitments made in the application and by the organizers' representatives including representations made by letters dated May 17, 1999 and June 3, 1999. We also made our decision to grant preliminary conditional approval with the understanding that the proposed national trust bank will not be insured by the FDIC, but intends to apply for capital stock in the Federal Reserve System.

The operating plan will provide the context for the supervisory review at the pre-opening examination. Major deviations from the operating plan or changes in the composition of the board of directors, ownership, or chief executive officers that the OCC has not approved may result in withdrawal of preliminary conditional approval.

This charter approval is conditioned upon the Bank maintaining a minimum of \$2 million in Tier 1 capital at all times. Please be advised that this condition of approval shall be deemed to be a condition "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. §1818(b)(1). This condition is enforceable under 12 U.S.C. §1818 as specifically applied to uninsured national banking associations under section 1818(b)(5).

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You may now form a body corporate and begin organizing the Bank, as soon as you adopt and forward the Articles of Association and Organization Certificate to the Western District Office. As a body corporate or legal entity, you may begin to take those steps necessary for obtaining final approval, but you may not accept any appointment as fiduciary until you fulfill all requirements for a bank in organization and final approval is granted. (See Corporate Organization Booklet enclosed.)

The trust officers and staff should become thoroughly familiar with "Fiduciary Powers of National Banks and Collective Investment Funds" at 12 CFR 9 and 12 CFR 5.26.

Management is reminded that 12 CFR 5.26 requires a national bank which already has approval to engage in fiduciary activities to provide written notice to the OCC when commencing fiduciary activities in a new state.

Enclosed are procedural requirements that must be met before Bank will be allowed to commence business. Please note that some of the requirements referenced in the enclosed package may not be applicable since the bank's activities will be limited to those of a national trust bank. It is the responsibility of management to ensure that the applicable policies and procedures are established and adopted by the Board of Directors before the bank commences business.

We specifically noted that Bank has represented to the OCC that internal systems will be Year 2000 compliant within the time frames outlined in Advisory Letter 97-6 (enclosed) or other subsequent OCC Year 2000 guidance. In addition, the Bank will perform due diligence to ensure that any third-party data processing servicers or purchased applications or systems from software vendors will also be Year 2000 compliant. In the event that the Bank selects a servicer or vendor which is not Year 2000 compliant, the Bank will ensure that the servicer or vendor has a Year 2000 compliance plan, and the financial and managerial capacity to complete its Year 2000 conversion project within the time frames outlined in Advisory Letter 97-6 or other subsequent OCC Year 2000 guidance.

We require that, prior to opening, the bank engage an independent, external auditor to perform an audit according to generally accepted auditing standards of sufficient scope to enable the auditor to render an opinion on the financial statements of Bank (or consolidated entity), taken as a whole. The audit period shall commence on the date that the organizing group forms a body corporate and may end on any calendar quarter-end no later than 12 months after the Bank opens. We expect that such audits will be performed on an annual basis for at least three years following commencement of operations. The bank will also need to have an annual independent fiduciary audit as required in 12 CFR 9. Engagement of an auditor will be verified during the pre-opening examination.

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The OCC has no objection to the following persons serving as executive officers and directors of the proposed bank:

<u>Name</u>	<u>Proposed Position</u>
James H. Gray	CEO/Director
Robert M. Franko	Head Trust Officer/Director
Craig T. Cross	Director
Robb Evans	Director
Russell T. Hill	Director
Michael Noel	Director

We are still performing the background investigation on Michael Noel. You will be notified when our review is complete.

Please note that additional executive officers are subject to the prior review and clearance of the OCC. Also, the OCC requires that you obtain prior approval of additions or changes in directors or executive officers for two years after the bank opens for business.

The Articles of Association and Organization Certificate should be forwarded to the OCC within thirty days.

The OCC will send you a set of OCC handbooks, manuals, issuances, and selected other publications under separate cover.

Please feel free to direct any questions concerning this preliminary conditional approval to Senior Corporate Analyst Beverly L. Evans at (202) 874-5060 or National Bank Examiner Joseph T. Burbridge at (415) 545-5922.

Sincerely,

/s/

Alan Herlands
Director, Washington-Directed Licensing