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PRESS RELEASE

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FOR IMMEDIATE RELEASE
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**FORMER UNITED COMMERCIAL BANK CHIEF CREDIT OFFICER SENTENCED
TO OVER EIGHT YEARS FOR FELONY FRAUD CONVICTION**

***The Fraud Caused The Ninth Largest Bank Failure With Estimated Losses In Excess Of
\$677 Million***

OAKLAND –Ebrahim Shabudin was sentenced today to 97 months in prison for his role in a securities fraud scheme and other corporate fraud offenses stemming from the failure of United Commercial Bank, announced U.S. Attorney Melinda Haag; Federal Deposit Insurance Corporation, Office of the Inspector General, Acting Inspector General Fred W. Gibson, Jr.; Special Inspector General for the Troubled Asset Relief Program Christy Goldsmith Romero; Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau, Office of the Inspector General, Inspector General Mark Bialek; and FBI Special Agent in Charge David J. Johnson. The sentencing brings to a close one of the most significant prosecutions to arise out of the 2008 financial crisis.

Shabudin, 66, of Moraga, Calif., was the Chief Operating Officer and Chief Credit Officer at United Commercial Bank (“UCB”) in 2008 and 2009. Shabudin was the second most senior officer in executive management at UCB after former Chief Executive Officer Thomas Shiu-Kit (“Tommy”) Wu.

On November 6, 2009, UCB was taken over by the Federal Deposit Insurance Corporation (“FDIC”). With over \$10.9 billion in assets, UCB’s failure was the ninth largest failure since 2007 of a bank insured by the FDIC’s Deposit Insurance Fund, according to the FDIC. In 2013, FDIC estimated that total losses for UCB would exceed \$1.1 billion. Through 2014, however, with the recovery of the United States economy, FDIC now estimates the loss to the Deposit Insurance Fund to be approximately \$677 million. On November 14, 2008, the Troubled Asset Relief Program (“TARP”) provided approximately \$298 million in federal funds to UCB during the financial crisis. Shabudin was charged with conspiring with others within the bank to falsify key bank records as part of a scheme to conceal millions of dollars in losses and falsely inflate the bank’s financial statements. Among the records Shabudin was charged with falsifying were those filed with the United States Securities and Exchange Commission (“SEC”) and FDIC related to the third and fourth quarters of 2008 describing UCB’s so-called Allowance for Loan Losses. Also falsified were documents relating to UCB’s quarterly and year-end earnings per share as announced by the bank to the investing public. On March 25, 2015, following a six-week trial before the Honorable Jeffrey S. White, U.S. District Judge, a jury found Shabudin guilty of seven crimes related to the scheme:

Count One: Conspiracy to Commit Securities Fraud, in violation of 18 U.S.C. § 1349, with a maximum penalty of 25 years of imprisonment, a \$250,000 fine, a 5 year term of supervised release, and a \$100 special assessment.

Count Two: Securities Fraud, in violation of 18 U.S.C. § 1348, with a maximum penalty of 25 years of imprisonment, a \$250,000 fine, a 5 year term of supervised release, and a \$100 special assessment.

Count Three: Falsifying Corporate Books and Records, in violation of 15 U.S.C. §§ 78m(b)(2)(A), 78m(b)(5), and 78ff, and 17 C.F.R. § 240.13b2-1, with a maximum penalty of 20 years of imprisonment, a \$5,000,000 fine, a 3 year term of supervised release, and a \$100 special assessment.

Count Four: False Statements to Accountants, in violation of 15 U.S.C. § 78ff, and 17 C.F.R. § 13b2-2, with a maximum penalty of 20 years of imprisonment, a \$5,000,000 fine, a 3 year term of supervised release, and a \$100 special assessment.

Count Five: Circumventing Internal Accounting Controls, in violation of 15 U.S.C. §§ 78m(b)(2)(B) and 78ff, with a maximum penalty of 20 years or imprisonment, a \$5,000,000 fine, a 3 year term of supervised release, and a \$100 special assessment.

Count Six: Conspiracy to Commit False Bank Entries, Reports, and Transactions, in violation of 18 U.S.C. § 371, with a maximum penalty of 5 years of imprisonment, a \$250,000 fine, a 3 year term of supervised release, and a \$100 special assessment.

Count Seven: False Bank Entries, Reports, and Transactions, in violation of 18 U.S.C. § 1005, with a maximum penalty of 30 years of imprisonment, a \$1,000,000 fine, a 5 year term of supervised release, and a \$100 special assessment.

“As the Chief Operating Officer and Chief Credit Officer of United Commercial Bank, Ebrahim Shabudin presided over one of the largest securities fraud schemes in the history of this district,” said U.S. Attorney Melinda Haag. “His prison term should serve as a warning to persons who believe that complex commercial crime will not be detected and prosecuted. I am proud of all the hard work of the attorneys and staff of this office and of our federal partners that resulted in this successful prosecution.”

“Today's sentencing of Mr. Shabudin sends a powerful message to the public that bank insiders who abuse their positions of trust and cause irreparable harm to their banks will be brought to justice and held accountable,” said Fred W. Gibson, Jr. Acting Inspector General, Federal Deposit Insurance Corporation. “We appreciate the U.S. Attorney's Office's efforts in bringing this matter to a successful conclusion and achieving results that should deter others from similar criminal activity. We are committed to continuing to work with our law enforcement colleagues on cases like this one, in the interest of ensuring the safety and soundness of the nation's banks and the viability of the FDIC's Deposit Insurance Fund—which suffered massive losses when United Commercial Bank failed.”

“This is the most significant prosecution for crimes arising out of the bailout,” said Christy Goldsmith Romero, Special Inspector General for TARP (SIGTARP). “Like many bankers during the financial crisis,

this senior officer of a TARP bank faced defaulting loans and declining collateral, but unlike others, Ebrahim Shabudin deliberately turned to crime to deceive, and now he will spend the next eight years in federal prison. Fixated on protecting the bank's reputation, Shabudin embarked on an elaborate criminal scheme to hide the bank's declining financial condition that resulted from the bank's risky aggressive growth strategy pre-crisis. Hoping that things would get better, Shabudin gambled with \$300 million of taxpayer bailout money, all of which was lost when the bank failed. We commend United States Attorney Melinda Haag for standing united with SIGTARP in our relentless pursuit to bring justice for bailout-related crime."

Shabudin's sentence was handed down today by the Honorable Jeffrey S. White, United States District Judge. Judge White also sentenced Shabudin to three years' supervised release and ordered forfeiture of \$ 348,000. Shabudin will surrender to the U.S. Marshal in November to begin his sentence.

On December 9, 2014, UCB's Chief Financial Officer, Craig S. On, pleaded guilty to one count of Conspiracy to Make a Materially False and Misleading Statement to an Accountant. On October 7, 2014, the bank's Senior Vice President, Thomas Yu, pleaded guilty to charges of conspiracy to commit false bank entries, reports, and transactions related to his preparation of false and misleading reports. Both On and Yu await sentencing.

Assistant U.S. Attorneys Adam A. Reeves and Robert David Rees are prosecuting the case with the assistance of Denise Oki, Phillip Villanueva, Bridget Kilkenny and Trina Khadoo. The prosecution is the result of a five year investigation by the FDIC-OIG, SIGTARP, the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau Office of Inspector General, and the FBI.

Further Information:

Case #: 11-CR-00664-01 JSW

A copy of this press release will be placed on the U.S. Attorney's Office's website at www.usdoj.gov/usao/can.

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at www.cand.uscourts.gov.

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