

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of)
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CBW BANK) CONSENT ORDER
WEIR, KANSAS)
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(INSURED STATE NONMEMBER BANK))
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FDIC-20-0122b

The Federal Deposit Insurance Corporation (FDIC) is the appropriate Federal banking agency for CBW Bank, Weir, Kansas (Bank) under 12 U.S.C. § 1813(q).

Based on the findings of the FDIC visitation of the Bank as contained in the September 16, 2019, Report of Visitation (ROV), wherein the FDIC concluded that the Bank violated the Bank Secrecy Act, 31 U.S.C. §§ 5311-32, 12 U.S.C. § 1829b, and 12 U.S.C. §§ 1951-59 and the implementing regulations, 31 C.F.R. Chapter X and 12 C.F.R. Part 353, and 12 U.S.C. § 1818(s) and its implementing regulation, 12 C.F.R. § 326.8 (collectively referred to as the “Bank Secrecy Act” or “BSA”), the FDIC has determined that the requirements for a Consent Order (ORDER) under 12 U.S.C. § 1818(b) have been satisfied.

The Bank, by and through its duly elected and acting Board of Directors (Board), has executed a “Stipulation and Consent to the Issuance of a Consent Order” (Stipulation), dated August 17, 2020. With the Stipulation, the Bank has consented, without admitting or denying any violations of law or regulations, to the issuance of this ORDER by the FDIC pursuant to 12 U.S.C. § 1818(b)(1).

Based on the above, the FDIC hereby orders that:

1. **Termination of Foreign Customer and Cross-Border Transactions**

Within 30 days of the effective date of this ORDER, the Bank shall cease all activity pertaining to foreign financial institution customers, including but not limited to funds transfers (whether as an originator, beneficiary, or intermediary bank), remote deposit capture (RDC), U.S. dollar repatriation, money service business (MSB) remittances, Automated Clearing House (ACH) transfers, funds transfers to or from any foreign central bank accounts, and all activity pertaining to domestic MSB transfers until the FDIC determines that the Bank has made sufficient progress with the requirements of this ORDER as to permit the Bank to resume some or all of the ceased subject activities.

2. **Board Oversight**

The Board shall monitor and confirm the completion of actions taken by management to comply with the terms of this ORDER. All actions taken by the Board pursuant to this ORDER shall be duly noted in the minutes of its meetings.

The Board shall ensure that the Bank has sufficient processes, personnel, resources, and systems to effectively implement and adhere to all provisions of this ORDER.

3. **BSA/AML Compliance Committee**

Within 15 days of the date of this ORDER, the Board shall appoint a BSA/AML Compliance Committee of at least three directors. No more than one member of this BSA/AML Compliance Committee shall be a current employee, officer, or principal shareholder of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the name of any initial or subsequent member

shall be submitted in writing to the Regional Director of the FDIC's Kansas City Regional Office (Regional Director) for his non-objection.

The BSA/AML Compliance Committee shall oversee the Bank's compliance with this Order, including but not limited to customer due diligence (CDD), beneficial ownership for legal entity customers, due diligence program for foreign correspondent accounts for foreign financial institutions, law enforcement information sharing under section 314(a), funds transfer regulations, currency transaction reports, and suspicious activity monitoring and reporting. The BSA/AML Compliance Committee shall receive reports from the Bank's BSA Officer regarding compliance with the BSA at least monthly and shall review the reports with the Board at every Board meeting.

The BSA/AML Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this ORDER.

- (a) The BSA/AML Compliance Committee shall meet at least monthly.
- (b) Within 60 days of the date of this ORDER, and within 30 days after the end of each calendar quarter thereafter, the BSA/AML Compliance Committee shall submit a written progress report to the Board setting forth in detail:
 - (i) A description of the actions needed to achieve full compliance with each provision of this ORDER;
 - (ii) Specific timeframes for each action needed to achieve full compliance with each provision of this Order, consistent with any deadlines in this ORDER;
 - (iii) Specific actions taken to comply with each provision of this ORDER to date; and

(iv) The results and status of those actions listed in subpart (iii).

4. **BSA/AML Compliance Program**

Within 60 days of the effective date of this ORDER, the Bank shall develop, adopt, and implement an updated written BSA/AML compliance program, as required by the applicable provisions of the BSA commensurate with the Bank's money laundering/terrorist financing (ML/TF) risk and complexity of its customers, products, services, transactions, and geographies. The BSA/AML compliance program shall be reasonably designed to, among other things, assure and monitor compliance with the BSA and the rules and regulations issued pursuant thereto. The BSA/AML compliance program shall provide that clear and comprehensive BSA compliance reports are submitted to the BSA/AML Compliance Committee at least monthly. Upon completion, a copy of the BSA/AML compliance program shall be submitted to the Regional Director for review and comment. In the event the Regional Director provides comments to the program, the Board shall review the comments and take steps for adoption or document why it chooses to not adopt the Regional Director's comments.

At a minimum, the program shall cover the following components or pillars: a system of internal controls to assure ongoing compliance with the BSA; independent testing for BSA/AML compliance program; a designated individual responsible for coordinating and monitoring BSA/AML compliance; and training for appropriate personnel.

5. **Internal Controls**

The Bank shall maintain an adequate BSA/AML internal control structure, including suspicious activity monitoring and reporting. Internal controls include Bank policies, procedures, and processes and shall be designed to mitigate and manage ML/TF risks and to achieve compliance with the BSA. The Bank's internal controls shall be commensurate with the

complexity of the Bank's products, services, customers, and geographies. The Bank shall review all BSA/AML controls for adequacy and must enhance controls and processes for performing the following activities:

- (a) *Risk Assessment.* Within 30 days of the effective date of this Order, the Bank shall contract with a third-party consulting firm considered acceptable to the Regional Director to assist in preparing the Bank's risk assessment or to review and validate the Bank's completed risk assessment. The firm shall have demonstrated experience in the areas of foreign correspondent transactions, domestic and cross-border funds transfers, U.S. dollar repatriation, cross-border RDC, domestic and cross-border MSB remittances, cross-border ACH transfers, and funds transfers to or from foreign central bank accounts, to the extent that the Bank is engaged in or intends to engage in any of the subject activities. Within 45 days of the Regional Director finding the proposed consulting firm acceptable for purposes of this engagement, the Bank shall complete a risk assessment of the Bank's customers, products, services, transactions, and geographies and determine the overall risk profile of the Bank.
 - (i) Results of the completed risk assessment shall be reported to the Bank's BSA Officer and the BSA/AML Compliance Committee and must be reviewed and approved by the Board, with risk mitigation strategies adopted and implemented as appropriate. Thereafter, the Bank shall annually review and update the BSA risk assessment so that the risk assessment accurately identifies the Bank's BSA risk profile. The Bank

shall ensure the adequacy of mitigation strategies for identified risks or develop new strategies as appropriate.

(ii) Upon completion of the risk assessment, a copy shall be submitted to the Regional Director for review and comment. In the event the Regional Director provides comments to the risk assessment, the Board shall review the comments and take steps for adoption or document why it chooses not to adopt the Regional Director's comments.

(b) *Customer Due Diligence.* Within 120 days of the date of this ORDER, the Bank shall develop and implement appropriate risk-based policies and procedures for conducting CDD as set forth in 31 C.F.R. § 1020.210(b)(5). For all existing customers and when opening, renewing, or modifying accounts, the Bank shall conduct CDD to understand the nature and purpose of the customer relationship in order to develop a customer risk profile. In addition, the Bank shall conduct ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information. The Bank shall modify its appropriate risk-based procedures for accounts involved with higher-risk products, services, transactions, and geographies.

(i) At a minimum, these risk-based CDD policies and procedures must include:

(A) A methodology for developing customer risk profiles that assesses appropriate factors, such as type of customer, product, service, transaction, and geographic location, and specification of the CDD

the Bank must obtain and analyze, commensurate with these factors, to develop the customer risk profile.

- (B) Identification of officers, directors, major shareholders, or partners of the Bank's customers, as applicable.
- (C) Documentation and analysis of the following information for all customers, in order for the Bank to identify the ML/TF risk profile and understand the nature and purpose of the customer relationship:
 - (1) Financial information concerning the customer;
 - (2) The type of business and the type of transactions conducted by the customer and the geography of the customer, including sufficient information and analysis to demonstrate the nature and purpose of transactions;
 - (3) The normal and expected transactions of the customer, adjusted as appropriate for seasonality and geography;
 - (4) Detailed information on the customer's source of income or wealth and the source of transactions;
 - (5) Any other due diligence required by this ORDER, the BSA Officer, or Bank policy; and
 - (6) Identification of all account owners and beneficial owners of legal entity customers in compliance with 31 C.F.R. § 1010.230.

- (D) Periodic assessments by the BSA Officer or his/her designee of the effectiveness of the Bank's CDD and monitoring activities and timely correction of weaknesses identified in the assessments. These assessments and corrective actions taken shall, as appropriate, be incorporated into the Bank's BSA/AML and OFAC risk assessments.
- (E) Guidance and standards for opening an account, declining to open an account, permitting in limited circumstances the use of an account while verifying a customer's identity or other risks, closing an account when the Bank is not able to form a reasonable belief that it knows the true identity of a customer or if the Bank does not receive the information required by Bank policy, and filing SARs as appropriate when suspicious or unusual activity is identified.
- (ii) The Bank's BSA Officer or his/her designee(s) shall periodically review account documentation for high-risk customers and their related accounts to determine whether the account activity is consistent with the customer's business, the stated purpose of the account, normal and expected transactions of the customer, and sources of income or wealth.
- (iii) The Bank shall maintain adequate systems to collect, analyze, and store CDD information. The processes used to collect, analyze, and store this information shall be commensurate with the Bank's ML/TF risk profile

and shall provide appropriate staff throughout the Bank with ready access to CDD and transactional information.

(iv) The Bank shall apply the CDD regulatory requirements in its CDD policies and procedures to all existing and new customers, including foreign financial institutions.

(c) *Due Diligence for Foreign Financial Institution Customers.* Within 75 days of the date of this ORDER, the Bank shall establish and implement a foreign financial institution customer due diligence program as set forth in 31 C.F.R. § 1010.610 that includes appropriate, specific, risk-based, and, where necessary, enhanced policies, procedures, and controls that are reasonably designed to enable the Bank to detect and report, on an ongoing basis, any known or suspected money laundering activity conducted through or involving any correspondent account. The due diligence program shall include policies, procedures, and controls for determining whether any correspondent accounts are subject to enhanced due diligence (EDD) and enhanced scrutiny as required by 31 C.F.R. § 1010.610. The written program required under this provision shall include specific policies, procedures, and controls for identifying and assessing ML/TF and other illicit financial activity risks, documenting, monitoring, and reporting suspicious foreign correspondent account activity, domestic and cross-border funds transfers, U.S. dollar repatriation, cross-border RDC, domestic and cross-border MSB remittances, domestic and cross-border ACH, and funds transfers to or from any foreign central bank accounts, to the extent that the Bank is engaged in or intends to engage in any of the subject activities for such customers.

- (i) At a minimum, the written program shall require management to:
 - (A) Conduct ongoing appropriate due diligence regarding foreign financial institutions engaged in U.S. dollar cash shipments and EDD as required by regulation;
 - (B) Scrutinize for legitimacy the source of funds for wire transfers, cash shipments, and remote deposits, using risk-based processes, as necessary;
 - (C) Identify the characteristics of unusual and suspicious transactions, including circumstances when the Bank will or will not transact funds transfers, transact MSB remittances, accept bulk currency shipments involved in U.S. dollar repatriation, or accept deposits by RDC;
 - (D) Conduct appropriate due diligence processes for periodic review of high-risk foreign financial institution customers; and
 - (E) Provide additional training to employees and contractors whose work relates to or involves foreign correspondent bank accounts, and implement quality control processes for due diligence and activity analysis related to foreign correspondent bank accounts.
- (ii) Upon establishment, a copy of the written program shall be forwarded to the Regional Director for review and comment. In the event the Regional Director provides comments to the program, the Board shall review the

comments and take steps for adoption or document why it chooses not to adopt the Regional Director's comments.

(d) *Automated Monitoring System.* Within 180 days of the date of this ORDER, the Bank shall implement an automated suspicious activity monitoring system adequately tailored to the Bank's ML/TF risk profile, customers, products, and services for all transactions by, at, or through the Bank, and thereafter adhere to a written program for the use of the automated suspicious activity monitoring system.

(i) The Bank shall establish a risk management and governance framework for any automated monitoring system, commensurate with the risk and complexity of the system and Bank operations. The framework must be designed to ensure that the Bank or any third-party vendor involved in the development, implementation, operation, or validation of the automated monitoring system has established:

(A) Policies and procedures that enumerate requirements for the development, implementation, use, and validation of an automated monitoring system, including requirements for:

(1) Sound development practices requiring the development be performed by individuals with appropriate expertise for the intended purpose and use; methodologies are supported and compared to alternative theories and approaches; methodology selection criteria and processes are supported; input data, data quality assurance processes, data

transformations, data segmentation, univariate and multivariate analyses, and variable selection criteria, where applicable, are appropriately supported; components work as intended, are appropriate for the intended purpose, are conceptually, mathematically, and statistically sound; components and systems overall are tested for accuracy, stability, robustness, potential limitations, and performance; and any testing properly assesses the impact of assumptions and identifies situations where the system performs poorly or becomes unreliable. Development requirements should also address appropriate practices for redevelopment and future changes.

- (2) Sound development documentation practices requiring that all aspects of development, redevelopment, and changes are comprehensively and accurately documented; support for all component and development decisions are documented in detail; merits, limitations, and assumptions are documented; and all documentation is organized in a manner that allows those not involved in the development process to obtain a comprehensive and thorough understanding of the system and its development process.

- (3) Sound system use, ensuring appropriate controls for use, use is consistent with the intended purpose, and users understand all aspects of the system and its limitations.
 - (4) Sound validation practices that require processes and activities to verify that the system is performing as expected, conceptually sound, and in line with the intended purpose and use; establish clear timelines for validation functions commensurate with the risk and complexity; establish appropriate validation processes for system changes, redevelopment, and tuning; establish periodic review processes; establish ongoing monitoring and outcomes-analysis testing; require independence; require validation to be performed by individuals with appropriate knowledge and expertise; and require validation scope, activities, and conclusions to be well-documented.
- (B) Appropriate management oversight responsibilities, which at a minimum include: ensuring compliance with policies and procedures; overseeing the development, documentation, implementation, and use of the automated system, including by the Bank's third-party vendors; evaluating system results; reviewing validation and audit findings; taking remedial action when necessary; and reporting sufficient information to the Board to facilitate oversight.

- (C) Defined roles and responsibilities for risk management functions.
 - (D) Appropriate controls to facilitate compliance.
 - (E) Organizational structure that ensures appropriate practices and procedures.
 - (F) Audit program that provides sufficient coverage to test the risk management framework and compliance with the framework.
- (ii) The Bank shall obtain and maintain the appropriate external expertise for any development, implementation, use, or validation related to any automated monitoring system, commensurate with the system's scope, complexity, approaches, methodologies, and techniques.
- (iii) The Bank shall also ensure that any automated monitoring system utilized is:
- (A) Conceptually sound and sufficient for the intended purpose and use;
 - (B) Appropriately developed and documented in accordance with reasonable development standards;
 - (C) Appropriately implemented and used;
 - (D) Appropriately validated and monitored on an ongoing basis, as considered acceptable to the Regional Director;
 - (E) Subject to appropriate effective challenge throughout all stages of development, implementation, use, and validation;
 - (F) Sufficient to allow aggregation of transactional data across customer relationships, platforms, systems, products, and services;

- (G) Readily accessible to FDIC to allow for transaction analysis and review;
 - (H) In compliance with the Bank's risk management and governance framework policies and procedures; and
 - (I) Able to facilitate compliance with relevant rules and regulations.
 - (iv) The Board shall oversee management, including obtaining the necessary reporting to monitor the conceptual soundness, performance, or other risk indicators related to the system.
- (e) *Suspicious Activity Reporting.* Within 90 days of the effective date of this ORDER, the Bank shall develop and implement written policies, procedures, and processes to ensure compliance with the requirements to file SARs set forth in 12 C.F.R. Part 353. The Bank shall investigate and analyze alerts from the automated transaction monitoring system, or any other unusual or suspicious activity identified by the Bank through any other means, and file SARs as provided in 12 C.F.R. § 353.3. The policies, procedures, and processes shall ensure the Bank identifies, investigates, analyzes, and aggregates as appropriate all transactions, including the transactions of all originators, intermediaries, and beneficiaries regardless of the originator or the beneficiary's geography.
 - (i) At a minimum, this written program shall include procedures to ensure:
 - (A) The alerting, identifying, investigating, and reporting known or suspected federal criminal violations, potential money laundering, or violations of the BSA, including suspicious

activity relating to the transfer of funds by, at, or through the Bank;

- (B) The timely, accurate, and complete filing of required SARs and any other similar or related reports required by law are filed in compliance with Part 353;
- (C) A detailed, accurate, comprehensive, and readable narrative description of the activity is included in the SARs filings;
- (D) The Bank's decision on whether to file or to not file a SAR for a particular customer (or related entity) or transaction is appropriately supported and documented, including consideration of transactions by and between related entities and entire global customer relationships;
- (E) The Bank assesses and documents relevant CDD and EDD information in determining whether to file a SAR;
- (F) Ongoing monitoring of an account and customer relationship across all products, services, transactors, and geographies in the event a SAR has been filed;
- (G) Ongoing monitoring of any originator, beneficiary, intermediary, or transactor across all products, services, and geographies in the event a SAR has been filed;
- (H) Determining action to be taken in the event of multiple filings of SARs on the same customer, originator, beneficiary, intermediary, or transactor;

- (I) Determining action to be taken in the event of a customer failing to provide due diligence information or any other information related to any transaction;
 - (J) The policies, procedures, and processes shall describe the circumstances under which an account shall be closed and the processes and procedures to be followed in doing so; and
 - (K) Procedures and processes to ensure that transactions do not involve prohibited persons as determined by the Office of Foreign Assets Control (OFAC).
- (ii) Upon completion, a copy of this program shall be submitted to the Regional Director for review and comment. In the event the Regional Director provides comments to the program, the Board shall review the comments and take steps for adoption or document why it chooses to not adopt the Regional Director's comments.

6. **BSA/AML Independent Testing (Audit) Program**

The Bank shall adopt, implement, and ensure future adherence to an independent test (audit) pillar of the BSA/AML compliance program.

- (a) The Bank shall contract with a third-party consulting firm, considered acceptable to the Regional Director, to conduct the independent test of the BSA/AML compliance program. The consulting firm shall have demonstrated experience in the areas of foreign correspondent transactions, domestic and cross-border funds transfers, U.S. dollar repatriation, cross-border RDC, cross-border MSB remittances, cross-border ACH, and funds transfers to or from foreign central

bank accounts, to the extent that the Bank is engaged in or intends to engage in any of the subject activities. A copy of the independent test's scope shall be submitted to the Regional Director for review and comment prior to the commencement of the audit. In the event the Regional Director provides comments to the scope of the independent test, the Board shall review the comments and take steps for adoption or document why it chooses not to adopt the Regional Director's comments.

- (b) The independent test pillar of the Bank's BSA/AML compliance program shall include an appropriate level of transaction testing, sampling of account files, and sampling of CDD files with an emphasis on high-risk products, services, transactions, and geographies. The test shall include an evaluation of:
 - (i) Whether the Bank has implemented appropriate, risk-based CDD procedures to understand the nature and purpose of customer relationships in order to develop a customer risk profile;
 - (ii) The Bank's ability to monitor transactions for suspicious activity; produce, identify, and investigate suspicious activity alerts; and file suspicious activity reports as required by 31 CFR § 1020.210(b)(5)(ii) and Part 353;
 - (iii) The Bank's level of compliance with all applicable provisions of the BSA and its implementing regulations;
 - (iv) BSA/AML and OFAC risk assessments;
 - (v) BSA reporting, recordkeeping, information collection, and information-sharing requirements;
 - (vi) Customer Identification Program implementation;

- (vii) Adequacy of beneficial ownership policies, procedures, and processes and a determination of whether they comply with regulatory requirements;
 - (viii) Adequacy of and the Bank's adherence to established policies, procedures, processes, and controls related to the BSA;
 - (ix) BSA-related training adequacy, including its relevancy to specific positions and roles, comprehensiveness, accuracy of materials, the training schedule, and attendance tracking;
 - (x) The Bank's information technology sources, systems, and processes used to support the BSA/AML compliance program and whether they are complete and accurate;
 - (xi) Management's efforts to timely address and resolve BSA-related violations and deficiencies identified by previous tests, including but not limited to independent testing, internal or external audits, and regulatory examinations;
 - (xii) The process for identifying, investigating, determining to file or not file a SAR, and reporting suspicious activity, including a review of filed or prepared SARs to determine their accuracy, timeliness, completeness, and the adequacy of the Bank's policy;
 - (xiii) The methodology used to develop a risk profile for each customer; and
 - (xiv) Due diligence for foreign financial institutions, to the extent the Bank intends to engage in such activities.
- (c) The BSA independent testing procedures must include:

- (i) Development of a schedule, from which deviations of more than 15 days will occur only with the Board approval, for the Bank's BSA testing;
 - (ii) Development of a program to test periodically the adequacy of internal controls designed to ensure compliance with the provisions of BSA in all areas of the Bank;
 - (iii) Prompt management response and follow-up to all exceptions or other recommendations of any Bank auditor or of the FDIC for BSA-related issues;
 - (iv) A risk-based approach to BSA compliance that includes transactional testing and verification of data for higher-risk customers, products, services, and geographic locations in which the Bank and its customers operate;
 - (v) An assessment of the adequacy of the Bank's CDD policies;
 - (vi) An assessment of the adequacy of the Bank's EDD policies for certain foreign correspondent accounts, to the extent the Bank intends to engage in such activities; and
 - (vii) An assessment of the effectiveness of the Bank's suspicious activity alerting, monitoring, investigating, decision-making, and reporting processes.
- (d) The persons responsible for implementing the BSA testing program described above shall report directly to the Board, which shall have the sole power to direct their activities. All testing reports prepared by the consulting firm shall be filed directly with the Board and not through any intervening party.

- (e) All testing reports shall be in writing and be supported by adequate workpapers. Testing reports shall present conclusions as to the adequacy of the BSA/AML compliance program and provide recommendations for improvement. The Board shall ensure that immediate actions are undertaken to timely remedy deficiencies cited in testing reports and that those actions are documented in the Board's minutes.
- (f) The consulting firm shall have unrestricted access to any records necessary for the conduct of its activities. The Board shall ensure that the FDIC has unrestricted access to all reports and work papers of the consulting firm and any other parties working on the consulting firm's behalf.
- (g) Upon adoption, a copy of the testing program and procedures shall be promptly submitted to the Regional Director for review and comment. In the event the Regional Director provides comments to the program, the Board shall review the comments and take steps for adoption or document why it chooses not to adopt the Regional Director's comments.
- (h) Within 120 days of the date in which the FDIC has determined that the Bank has made sufficient progress with the requirements of this ORDER as to permit the Bank to resume some or all of the ceased activities, if the Bank intends to engage in any of these activities, the Board shall ensure that the consulting firm engaged to conduct independent testing has performed the test and reported on all findings, observations, and recommendations related to the Bank's internal controls addressing compliance with BSA, including related regulatory reporting on those subjects.

7. **BSA Officer**

The Board shall ensure that the Bank has a qualified and experienced BSA Officer with the sole responsibility to oversee the BSA/AML compliance program. The BSA Officer shall be vested with sufficient authority to fulfill the duties and responsibilities of the position. The BSA Officer must have a minimum of three years of experience as a BSA Officer supervising foreign correspondent transactions, domestic and cross-border funds transfers, U.S. dollar repatriation, cross-border RDC, cross-border MSB remittances, cross-border ACH transactions, and funds transfers to or from any foreign central bank accounts commensurate to the Bank's transaction activity, to the extent that the Bank is engaged in or intends to engage in any of the subject activities. The Board must ensure that the BSA Officer has the authority, staffing, resources, and autonomy to coordinate, implement, and administer the BSA compliance program, including full responsibility for and oversight of BSA staff in all locations. The BSA Officer shall have the requisite understanding of the Bank's customers, including their ML/TF risk profiles, products, services, transactions, and geographies. Further, the BSA Officer shall have the requisite authority, responsibility, training, resources, and management reporting structure to ensure compliance with the BSA and BSA-related regulations, including without limitation the identification of timely, accurate, and complete reporting to the Financial Crimes Enforcement Network (FinCEN), law enforcement, and supervisory authorities of unusual or suspicious activity or known or suspected criminal activity perpetrated against or involving the Bank.

In the event the BSA Officer position is vacated, the Board shall within 60 days identify a proposed new BSA Officer to the Regional Director.

- (a) The Board shall submit to the Regional Director the following information:

- (i) The information sought in the *Interagency Notice of Change in Director or Senior Executive Officer* and *Interagency Biographical and Financial Report* (aka IBFR; OMB No. for FDIC 3064-0097) forms, together with electronic fingerprints for the proposed individual to be submitted consistent with FDIC processes for collection of such information;
 - (ii) A written statement of the Board's reasons for selecting the proposed officer; and
 - (iii) A written description of the proposed officer's duties and responsibilities.
- (b) Upon receiving the information in support of the proposed BSA Officer, the Regional Director shall provide either notice of disapproval or of non-objection to the selection within 30 days.

8. **Training**

The Bank shall develop a comprehensive training program for all Board members, officers, BSA/AML compliance personnel, and all personnel involved with foreign correspondent banking, domestic and cross-border funds transfers, U.S. dollar repatriation, cross-border remote deposit capture, domestic and cross-border MSB remittances, domestic and cross-border ACH, and funds transfers to or from any foreign central bank accounts, to the extent that the Bank is engaged in or intends to engage in any of the subject activities. The training program shall include provisions addressing anti-money laundering/countering the financing of terrorism (AML/CFT) roles and responsibilities of each position, mandatory attendance, the frequency of training, procedures, timing for updating the training program and materials, and the method for delivering training. Training shall be comprehensive and specifically tailored for the particular duties of all personnel required by this provision to receive training.

9. **Account and Transaction Suspicious Activity Review**

Within 75 days from the effective date of this ORDER, the Bank must engage a qualified firm (Initial Consultant) acceptable to the Regional Director to conduct a review of all accounts and transaction activity for the time period beginning January 1, 2019, through the effective date of this ORDER. The Initial Consultant shall have demonstrated experience with foreign correspondent banking, domestic and cross-border funds transfers, U.S. dollar repatriation, cross-border remote deposit capture, domestic and cross-border MSB remittances, domestic and cross-border ACH, and funds transfers to or from any foreign central bank accounts. The Initial Consultant must determine whether reportable transactions and suspicious activity involving any accounts or transactions within or through the Bank were properly identified and reported in accordance with the applicable reporting requirements (Initial Look-Back Review).

The Initial Look-Back Review must include an analysis of all transactions, including but not limited to transactions of foreign customers, domestic and cross-border funds transfers, U.S. dollar repatriation, cross-border and domestic RDC, cross-border and domestic MSB remittances, cross-border ACH, and funds transfers to or from any foreign central bank accounts for unusual or suspicious transactions. The Initial Consultant must complete the Initial Look-Back Review, and the Bank must prepare and file any additional CTRs and SARs necessary based upon the review.

- (a) Within 10 days of the Bank's engagement of the Initial Consultant, but prior to commencement of the Initial Look-Back Review, the Bank must submit the Initial Consultant's engagement letter to the Regional Director for non-objection regarding the scope, methodology, and timing of the Initial Look-Back Review.

The engagement letter submitted must, at a minimum, include:

- (i) A description of the work to be performed under the engagement letter, including the fee arrangement for the engagement;
 - (ii) The responsibilities of Initial Consultant;
 - (iii) Identification of the professional standards covering the work to be performed;
 - (iv) Identification of the specific procedures to be used when carrying out the work to be performed;
 - (v) The qualifications of the employee(s) of the Initial Consultant who is to perform the work;
 - (vi) The time frame for completion of the work, which may in no event exceed 180 days after receipt of the Regional Director's non-objection to the proposed engagement;
 - (vii) Any restrictions on the use of the reported findings;
 - (viii) A provision for the Initial Consultant to have unrestricted access to the Bank's records and independent test reports;
 - (ix) A provision for unrestricted access to all work papers, work product, and reports of the Initial Consultant by the FDIC; and
 - (x) A certification that the Initial Consultant is not affiliated in any manner with a current or former employee of the Bank, or affiliate, or any of its senior executive officers (as that term is defined in 12 C.F.R. § 303.101(b)) or directors (current or former) or shareholders.
- (b) Upon completion, the Initial Consultant must provide a copy of the report detailing its Initial Look-Back Review findings to the Regional Director

simultaneously with its delivery of the report to the Board, as well as copies of any additional SARs and CTRs filed.

- (c) The Board must ensure that all matters or transactions required to be reported, and that have not previously been reported, are timely reported in accordance with the BSA and its implementing regulations.
- (d) Documentation supporting any determination made pursuant to the paragraphs in this provision shall be retained in the Bank's records for such period of time as may be required by any applicable laws or regulations.
- (e) The Regional Director may, in his sole discretion after reviewing the results of the Initial Look-Back Review, provide written notification (Additional Look-Back Review Notification) requiring the Bank to engage the firm selected to do the Initial Look-Back Review, or another qualified firm acceptable to the Regional Director (Additional Consultant), to review all accounts and transaction activity for additional time periods to determine whether reportable transactions and suspicious activity involving any accounts or transactions within or through the Bank were properly identified and reported in accordance with the applicable reporting requirements and in a manner consistent with the written notification sent to the Bank (Additional Look-Back Review). The Initial Consultant or Additional Consultant must complete the Additional Look-Back Review, and the Bank must prepare and file any additional CTRs and SARs necessary based upon the review within the timeframe established in the Additional Look-Back Review Notification. Upon completion of the Additional Look-Back Review, the Bank must immediately submit the findings of the review and copies of any additional

SARs and CTRs filed to the Regional Director.

10. **Disclosure of ORDER to Shareholder(s)**

Following the effective date of this ORDER, the Board shall provide a copy of this ORDER to its shareholder(s) in conjunction with the Bank's next shareholder communication and in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting.

11. **Progress Reports Detailing Compliance with ORDER**

Within 30 days after the end of the first calendar quarter following the effective date of this ORDER, and within 30 days after the end of each calendar quarter thereafter, the Bank shall furnish written progress reports to the FDIC detailing the form, manner, and results of any actions taken to secure compliance with this ORDER.

Such written progress reports shall provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER, including at a minimum:

- (a) Descriptions of the identified weaknesses and deficiencies;
- (b) Provision(s) of the ORDER pertaining to each weakness or deficiency;
- (c) Actions taken or in-process to address each deficiency;
- (d) Results of the corrective actions taken;
- (e) The Bank's status of compliance with each provision of the ORDER; and
- (f) Appropriate supporting documentation.

12. **Binding Effect**

This ORDER shall be effective on the date of issuance. The provisions of this ORDER shall be binding on the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall not bar, estop, inhibit, or otherwise prevent the FDIC 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.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC.

This ORDER is issued and thus effective this 19th day of August, 2020.

FEDERAL DEPOSIT INSURANCE CORPORATION
Issued Pursuant to Delegated Authority

By: _____
John R. Jilovec
Deputy Regional Director
Federal Deposit Insurance Corporation
Kansas City Regional Office