

**IOWA SUPERINTENDENT OF BANKING
DES MOINES, IOWA**

and

**FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.**

IN THE MATTER OF:)	
)	
)	CONSENT ORDER
MAXWELL STATE BANK)	FDIC-22-0159b
MAXWELL, IOWA)	IDOB-22-01
)	
(Insured State Nonmember Bank))	
)	

The Iowa Superintendent of Banking (Superintendent) is the appropriate State banking authority for Maxwell State Bank, Maxwell, Iowa (Bank), under Iowa Code § 524.213. The Superintendent regulates and supervises banks under Iowa Code chapter 524 via the Iowa Division of Banking. *See* Iowa Code § 546.3. The Federal Deposit Insurance Corporation (FDIC) is the appropriate Federal banking agency under Section 3(q) of the Federal Deposit Insurance Act (FDI Act), 12 U.S.C § 1813(q)(2).

Based on the findings of the July 11, 2022, Iowa Division of Banking Examination of the Bank (Report of Examination), the FDIC and the Superintendent (collectively, Supervisory Authorities) determined they have reason to believe that the Bank has engaged in unsafe and unsound banking practices and violations of law and regulations, and the requirements for an order under 12 U.S.C. § 1818(b) and Iowa Code § 524.223 have been satisfied.

The Bank, by and through its duly elected and acting Board of Directors (Board), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING

detailing the unsafe or unsound banking practices and violations of law and regulation alleged to have been committed by the Bank, and of its right to a hearing on those charges under 12 U.S.C. § 1818(b) and the FDIC's Rules of Practice and Procedure, 12 C.F.R. Part 308, as well as under Iowa Code § 524.223, and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER (Stipulation) dated January 19, 2023, with the Supervisory Authorities. With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law and regulations, to the issuance of this Consent Order (ORDER) by the Supervisory Authorities.

Based on the above, the Supervisory Authorities state the following:

CONSENT ORDER

IT IS HEREBY ORDERED that the Bank cease and desist from the unsafe and unsound banking practices and violations of law and regulation previously outlined to the Bank in the Report of Examination.

IT IS FURTHER ORDERED that the Bank take affirmative action as follows:

1. **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.

2. **Assessment of Management and a Management Plan**

- (a) Within 60 days from the effective date of this ORDER, the Board must engage an independent third-party consultant (Consultant) considered acceptable to the Supervisory Authorities and provide documented due diligence analysis to the Supervisory Authorities to support that the selected consultant possesses the appropriate expertise and qualifications to analyze and assess the Bank's corporate governance, including its ability to effectively manage and assess risk, and perform its fiduciary responsibilities. The Consultant must assess the Board and management's ability to: (i) appraise whether the Bank has a qualified Board and management, including the number and type of officers necessary to prudently operate the Bank; (ii) ensure proper corporate governance between the Bank and its affiliates, including Echo Payment Systems, Inc.; (iii) comply with applicable laws and regulations; (iv) restore all aspects of the Bank to a safe and sound condition; and (v) operate the Bank in a safe and sound manner. Prior to the engagement with the Consultant, a copy of the Consultant's proposed engagement letter and a description of the Consultant's expertise and qualifications must be provided to, and deemed acceptable by, the Supervisory Authorities. The contract or engagement letter, at a minimum, must include:

- (i) A description of the work to be performed under the contract or engagement;
 - (ii) The responsibilities of the Consultant;
 - (iii) Identification of the specific procedures to be used when carrying out the work to be performed;
 - (iv) The qualifications of the Consultant's employee(s) who are to perform the work;
 - (v) A provision for unrestricted access by the Supervisory Authorities to the Consultant's workpapers;
 - (vi) A statement that the Consultant is not affiliated in any manner with the Bank; and
 - (vii) A requirement that the Consultant's analysis and assessment (Consultant's Study) be summarized in a written report provided to the Board within 90 days from the date the engagement letter is deemed acceptable by the Supervisory Authorities.
- (b) Within 30 days of receipt of the Consultant's Study, the Board must prepare and submit to the Supervisory Authorities an acceptable written management plan (Management Plan) that: (i) addresses the findings of the Consultant's Study; (ii) presents a plan of action in response to each recommendation from the Consultant's Study, and time frame for completing each action; and (iii) establishes procedures to review and update the

Management Plan at least annually from the effective date of this ORDER.

- (c) A copy of the Consultant's Study and Management Plan and any subsequent modifications thereto must be submitted to the Supervisory Authorities for review and comment. Within 30 days from receipt of all comments from the Supervisory Authorities, the Board must address those comments in the Management Plan or document the reason for not addressing the comments, approve the Management Plan, and record the approval in its minutes.

Thereafter, the Board must ensure that the Management Plan is fully implemented within the specified time frames and provide documentation of management's progress towards implementing the Management Plan in all Progress Reports required under this ORDER. In the event the Management Plan, or any portion thereof, is not implemented, the Board must immediately advise the Supervisory Authorities, in writing, of specific reasons for deviating from the Management Plan.

3. **Audit**

By February 28, 2023, the Board must complete an independent full audit opinion of the September 30, 2022, financial statements of the Bank and submit the report to the Supervisory Authorities. The audit report must be reviewed by the Board and noted in the minutes.

4. **Violations of Laws and Regulations**

The Board shall ensure that the violations cited in the Report of Examination are addressed in accordance with the disposition dates provided in the Report of Examination and implement procedures to ensure ongoing compliance and to prevent subsequent violations.

5. **Debit/Prepaid Card Program**

- (a) Within 15 days, the Bank shall submit to Supervisory Authorities documentation confirming that the testing phase of the Maxwell Money debit card program has been halted. In addition, all activities promoting the Maxwell Money debit card program, including any online materials, must be halted.
- (b) Prior to the Supervisory Authorities allowing the Bank to begin the testing phase of any new debit card program or any other similar program, the Bank must develop, adopt, and implement an effective program addressing anti-money laundering (AML) / combating the financing of terrorism (CFT) controls for any new debit card program or any other similar program. The Bank must also engage an independent assessment of the AML/CFT program for any new debit card program or any other similar program. The assessment must include, at a minimum, an evaluation of the bank's staffing, technology, and training needs. The assessment

must also include a review of third-party monitoring procedures and AML/CFT reporting structure.

- (c) Within 30 days of receipt of the independent assessment, the Board must implement the recommendations from the assessment to assist in determining the necessary resources needed for the BSA Officer to adequately manage any new debit card AML/CFT program given its size, geographic footprint, and risk environment. Any recommendations not implemented from the assessment must be documented and recorded in the minutes.
- (d) The Bank must obtain a letter of non-objection from the Supervisory Authorities prior to restarting the testing phase or launching this or any substantially similar program.
- (e) The Bank must not further deviate from the business plan included in the August 24, 2020, application submitted by AgCom Holdings, Inc. to the Iowa Division of Banking to acquire the bank without prior non-objection from the Supervisory Authorities. Additionally, the Bank must obtain Superintendent approval pursuant to Iowa Code Section 524.802A(2) before engaging in any new or innovative electronic activities, or a letter of non-objection from the Supervisory Authorities, if the Superintendent concludes Iowa Code section 524.802(A) does not apply, prior to engaging in any new non-bank financial products or services.

6. **Information Technology (IT)**

- (a) Within 90 days of the effective date of this ORDER, the Bank must revise the information security program (ISP) and IT policies to reflect the Bank's current environment and risks, along with addressing the supervisory recommendations in the Report of Examination. Upon completion, the Bank's revised ISP and IT policies must be submitted to the Supervisory Authorities for review and comment. Within 30 days of receipt of any such comments from the Supervisory Authorities, the Board must address those comments in the revised ISP and/or IT policies or document the reason for not addressing the comments, approve the ISP and IT policies, and record in its minutes. Thereafter, the Bank must implement and fully comply with the approved ISP and IT policies.
- (b) Within 90 days of the effective date of this ORDER, the Bank must revise IT risk assessments to accurately reflect all assets and detail appropriate controls over risks. Upon completion, the Bank's revised IT risk assessments must be submitted to the Supervisory Authorities for review and comment. Within 30 days of receipt of any such comments from the Supervisory Authorities, the Board must address those comments in the revised IT risk assessment or document the reason for not addressing the comments, approve the IT risk assessment, and record in its

minutes. Thereafter, the Bank must implement and fully comply with the approved IT risk assessment.

- (c) Within 120 days of the effective date of this ORDER, the Bank must develop an audit program that aligns with the revised IT risk assessment. Audit frequencies must be reassessed by the Bank, and the Board must ensure frequencies are established for each information asset. Audit frequencies must be based on inherent risk level determined in the risk assessment. IT audits must be conducted according to the established frequency within the IT risk assessment.
- (d) Within 90 days of the effective date of this ORDER, the Bank must establish a process where audit and regulatory findings are reviewed, evaluated, and assigned a timeframe for correction. A formalized tracking report of this process must be reviewed by the Board on a monthly basis and included in the minutes.
- (e) Within 90 days of the effective date of this ORDER, the Board must assess the overall cybersecurity risk to the Bank and controls in place through a cybersecurity assessment. Management should address any baseline standard exceptions with the Board and record it in the minutes.
- (f) Within 120 days of the effective date of this ORDER, the Bank must develop an IT budget and IT strategic plan. The strategic

plan should encompass both short-term and long-term planning.

The Board must submit the IT budget and IT strategic plan to the Supervisory Authorities for review and comment. Within 30 days of receipt of any such comments from the Supervisory Authorities, the Board must address those comments in the revised IT budget and IT strategic plan or document the reason for not addressing the comments, approve the IT budget and IT strategic plan, and record the approval in its minutes.

7. **AML/CFT Policy and Procedures**

- (a) Within 90 days of the effective date of this ORDER, the Bank must revise the AML/CFT Policy to include the items detailed in the Report of Examination, except those that relate solely to Maxwell Money, which are addressed in provision 5.
- (b) Upon completion, the Bank's revised AML/CFT Policy must be submitted to the Supervisory Authorities for review and comment. Within 30 days of receipt of any such comments from the Supervisory Authorities, the Board must address those comments in the revised AML/CFT Policy or document the reasons for not addressing the comments, approve the Policy, and record the approval in its minutes.
- (c) Within 90 days of the effective date of this ORDER, the Bank must resolve the remaining AML/CFT procedural deficiencies

included in the Report of Examination, except those that relate solely to Maxwell Money, which are addressed in provision 5.

8. **AML/CFT – Annual Report to the Board**

Within 30 days of the effective date of this ORDER, the BSA Officer shall report to the Board an annual report regarding the efficiencies of the Bank’s AML/CFT program and shall recommend any appropriate change in the program.

9. **Financial Statement and Call Report Corrections**

By the time the December 31, 2022, Call Report is filed, the financial statement and Call Report corrections identified in the Report of Examination must be reflected.

10. **Internal Routines and Controls**

Within 90 days of the effective date of this ORDER, the Bank must implement the internal routines and controls recommendations addressed in the Report of Examination and implement procedures to ensure the maintenance of an adequate internal control environment.

11. **Brokered Deposits and Deposit Interest Rate Pricing**

- (a) While this ORDER is in effect, the Board must ensure compliance with brokered deposit restrictions and deposit interest rate pricing restrictions, as detailed in Section 337.6 of the FDIC Rules and Regulations that apply to less than well capitalized insured depository institutions.
- (b) Within 30 days from the effective date of this ORDER, the Bank must develop a written plan (Brokered Deposit and Deposit Pricing Plan) for compliance with this ORDER and Section 337.6. The

Brokered Deposit Pricing Plan must detail the composition of the Bank's brokered deposits by maturity and outline the means and timeline by which compliance with Section 337.6 will be accomplished.

- (c) The Board must submit the Brokered Deposit and Deposit Pricing Plan to the Supervisory Authorities for review and comment upon its completion. Within 30 days of receipt of all comments from the Supervisory Authorities, the Board must address those comments in the Brokered Deposit and Deposit Pricing Plan or document the reasons for not addressing the comments and approve the Brokered Deposit and Deposit Pricing Plan.

12. **Minimum Capital Requirements**

- (a) While this ORDER is in effect, the Bank must have and maintain, at all times, a "Leverage Ratio" (as defined in Part 324 of the FDIC's Rules and Regulations, 12 C.F.R. § 324) equal to at least 10 percent after establishing an appropriate Allowance for Loan and Lease Losses (ALLL), or, after December 31, 2022, an appropriate Allowance for Credit Losses (ACL).
- (b) Should the Leverage Ratio drop below the minimum required by paragraph (a) of this provision, the Board must immediately notify the Supervisory Authorities and within 45 days:
 - (i) Increase capital in an amount sufficient to comply with paragraph (a) of this provision; or

(ii) Submit a written plan to the Supervisory Authorities, describing the primary means and timing by which the Bank will increase its Leverage Ratio to meet or exceed the minimum requirements of paragraph (a) of this provision, as well as a contingency plan, in the event the primary sources of capital are not available (Capital Plan). Within 30 days of receipt of all comments on the Capital Plan from the Supervisory Authorities, the Board must address those comments in the Capital Plan or document the reasons for not addressing the comments, approve the Capital Plan, and record the approval in the minutes. Thereafter, the Bank must implement and fully comply with the Capital Plan.

(c) Any increase in Tier 1 Capital necessary to meet the requirements of paragraph (a) of this provision may not be accomplished through a deduction from the ALLL or ACL without prior written approval from the Supervisory Authorities.

13. **Restriction on Certain Payments.**

While this ORDER is in effect, the Bank is not permitted to declare or pay dividends, nor is it allowed to incur or pay management fees and bonuses (as defined by Federal Reserve Regulation O, 12 C.F.R § 215.2(e)(1)) without the prior written approval of the Supervisory Authorities. Prior written approval is not required if the Bank would remain in compliance with the requirements of paragraph 12(a) of this ORDER

subsequent to recognizing such dividends, fees, or bonuses. The Supervisory Authorities must receive all requests for prior approval at least 30 days prior to the proposed action, and each request must contain an analysis and description of the impact such dividend, management fee, or bonus would have on the Bank's capital, income, and liquidity position. Requests to incur or pay management fees, or declare or pay bonuses, must also describe the Bank's rationale for incurring and making such payments.

14. **Disclosure of ORDER to Shareholders**

Following the ORDER's effective date, the Bank must provide a copy or otherwise furnish a description of this ORDER to its shareholders: (i) in conjunction with the Bank's next shareholder communication if sent within 90 days of the ORDER's effective date or by special mailings if no other shareholder communication is sent within 90 days after the ORDER's effective date; and (ii) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. Any description must fully describe the ORDER in all material respects. Such description and any accompanying communication, statement, or notice must be sent to the FDIC, Division of Risk Management Supervision, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Main Building, Washington, D.C. 20429, for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC must be made prior to dissemination of the description, communication, notice, or statement.

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

- (a) Within 30 days of the end of the first quarter following the effective date of this ORDER, and within 30 days of the end of each quarter thereafter, the Board must furnish written progress

reports to the Supervisory Authorities detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. The Board must document its full review and approval of these reports prior to submission. Such written progress reports must provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER, including at a minimum:

- (i) Description of the identified weaknesses and deficiencies;
 - (ii) Provision(s) of the ORDER pertaining to each weakness or deficiency;
 - (iii) Actions taken or in-process for addressing each deficiency;
 - (iv) Results of the corrective actions taken;
 - (v) Status of compliance with each provision of the ORDER;
 - and
 - (vi) Appropriate supporting documentation.
- (b) Progress reports may be discontinued when the Supervisory Authorities have, in writing, released the Board from making additional reports.

16. **Binding Effect**

This ORDER will be effective on the date of issuance. The provisions of this ORDER will be binding on the Bank, its institution-affiliated parties, and any successors and assigns thereof, unless the bank has been acquired by another insured

depository institution or bank holding company, after proper regulatory approval, and is merged out of existence.

The provisions of this ORDER will not bar, estop, inhibit, or otherwise prevent the FDIC, the Superintendent, 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-affiliate parties.

The provisions of this ORDER will remain in effect and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the Supervisory Authorities.

This ORDER is issued and thus effective this 27th day of January, 2023.

FEDERAL DEPOSIT INSURANCE CORPORATION
Issued Pursuant to Delegated Authority

By: /s/_____

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

IOWA DIVISION OF BANKING

By: /s/_____

Jeff Plagge
Superintendent of Banking
Iowa Division of Banking