FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of ROCKY MOUNTAIN BANK & TRUST FLORENCE FLORENCE, COLORADO (Insured State Nonmember Bank)	)	ORDER TO CEASE AND DESIST FDIC-09-065b

Rocky Mountain Bank & Trust Florence, Florence, Colorado ("Bank"), through its board of directors, having been advised of its right to the issuance and service of a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law and/or regulations alleged to have been committed by the Bank and of its right to a hearing on the alleged charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC") dated April 2, 2009, whereby, solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

The FDIC considered the matter and determined that it had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws and/or regulations. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS ORDERED that the Bank, institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), of the Bank, and its successors and assigns cease and desist from the following unsafe or unsound banking practices and violations of laws and/or regulations:

1. Operating the Bank with an excessive level of adversely classified assets.

2. Operating the Bank with a large concentration of deposits to one entity.

3. Operating the Bank without establishing appropriate policies and procedures for liquidity, BSA monitoring, compliance with consumer laws and regulations, and Information Technology.

4 Operating the Bank with an inadequate level of capital protection for the kind and quality of assets held by the Bank.

5. Paying excessive dividends in relation to the Bank's capital position, earning capacity and asset quality.

6. Operating the Bank without adequate liquidity or proper regard for funds management in light of the Bank's asset and liability mix.

7. Operating the Bank with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.

8. Operating the Bank without adequate supervision and direction by the Bank's board of directors over the management of the Bank to prevent unsafe and unsound banking practices and violations of laws or regulations.

9. Failing to appropriately monitor and/or manage third-party risk and operating in

contravention of the FDIC's Guidance for Managing Third-Party Risk.

10. Failing to establish an effective process to monitor compliance with Federal and state laws, regulations, and policies.

11. Operating with an inadequate information technology (IT) audit program.

12. Operating with inadequate contracts, controls, policies and procedures for the level of Automated Clearinghouse (ACH) activity at the Bank.

13. Operating the Bank with inadequate information security policies, procedures and controls.

14. Operating the Bank in violation of the Currency and Foreign Transactions Reporting Act (31 U.S.C. § 531 1 ***et*** seq.) (the Bank Secrecy Act) ("BSA"), the rules and regulations implementing the BSA issued by the U. S. Department of the Treasury (31 C.F.R. Part 103) ("Financial Recordkeeping"), and Part 326 of the FDIC's Rules and Regulations, 12 C.F.R. Part 326; and further operating with an ineffective system of internal controls to ensure compliance with the BSA and its implementing regulations, including, but not limited to, a Customer Identification Program ("CIP").

IT IS FURTHER ORDERED that the Bank, its institution-affiliated parties and its successors and assigns take affirmative action as follows:

<u>RESTRICTION ON ADVANCES TO CLASSIFIED BORROWERS</u>

1. (a) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to or for the benefit of any borrower whose existing credit has been classified Loss by the FDIC or the State as the result of its examination of the Bank, either in whole or in part, and is uncollected, or to any borrower who is already obligated in any

manner to the Bank on any extension of credit, including any portion thereof, that has been charged off the books of the Bank and remains uncollected. The requirements of this paragraph shall not prohibit the Bank from renewing credit already extended to a borrower after full collection, in cash, of interest due from the borrower.

(b) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to or for the benefit of any borrower whose extension of credit is classified Doubtful and/or Substandard by the FDIC or the State as the result of its examination of the Bank, either in whole or in part, and is uncollected, unless the Bank's board of directors has signed a detailed written statement giving reasons why failure to extend such credit would be detrimental to the best interests of the Bank. The statement shall be placed in the appropriate loan file and included in the minutes of the applicable Bank's board of directors' meeting.

<u>CLASSIFIED ASSETS - CHARGE-OFF AND PLAN FOR REDUCTION</u>

2. (a) Within 30 days after the effective date of this ORDER, the Bank shall, to the extent that it has not previously done so, eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss by the FDIC or the State as a result of their examination of the Bank as of January 20, 2009. Elimination or reduction of these assets through proceeds of loans made by the Bank shall not be considered "collection" for the purpose of this paragraph.

(b) Within 90 days after the effective date of this ORDER, the Bank shall submit a written plan to the FDIC's Dallas Regional Director ("Regional Director") and the Commissioner of the Colorado Division of Banking ("Commissioner") to reduce the remaining assets classified Doubtful and Substandard as of January 20, 2009. The plan shall address each asset so classified with a balance of $500,000 or greater and provide the following:

(1) The name under which the asset is carried on the books of the Bank;

(2) Type of asset;

(3) Actions to be taken in order to reduce the classified asset; and

(4) Timeframes for accomplishing the proposed actions.

The plan shall also include, at a minimum, requirements to:

(1) Review the financial position of each such borrower, including the source of repayment, repayment ability, and alternate repayment sources;

(2) Evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position;

(3) Provide a schedule for the projected reduction of total classified assets on a quarterly basis;

(4) Submit monthly progress reports to the Bank's board of directors; and

(5) Mandate a review by the Bank's board of directors.

(c) The Bank shall present the plan to the Regional Director and the Commissioner for review. Within 30 days after the Regional Director's and the Commissioner's response, the plan, including any requested modifications or amendments, shall be adopted by the Bank's board of directors, which approval shall be recorded in the minutes of the meeting of the Bank's board of directors. The Bank shall then immediately initiate measures detailed in the plan to the extent such measures have not been initiated.

(d) For purposes of the plan, the reduction of adversely classified assets as of

January 20, 2009, shall be detailed using quarterly targets expressed as a percentage of the Bank's Tier 1 Capital plus the Bank's Allowance for Loan and Lease Losses and may be accomplished by:

(1) Charge-off;

(2) Collection;

(3) Sufficient improvement in the quality of adversely classified assets so as to warrant removing any adverse classification, as determined by the FDIC or the State; or

(4) Increase in the Bank's Tier 1 Capital.

(e) While this ORDER is in effect, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss as determined at any future examination conducted by the FDIC or the State.

CONCENTRATION – PLAN FOR REDUCTION

3. (a) Within 90 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written plan to reduce the land acquisition, development, and construction loan concentrations of credit identified during the January 20, 2009, examination, to not more than 100 percent of the Bank's total Tier 1 Capital. Such plan shall prohibit any additional advances that would increase the concentrations or create new concentrations and shall include, but not be limited to: (1) dollar levels to which the Bank shall reduce each concentration; and (2) provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the Bank's board of directors.

(b) For purposes of the plan, "reduce" means to:

(1) Charge-off;

(2) Collect; or

(3) Increase Tier 1 Capital.

(c) After the Regional Director and the Commissioner have responded to the plan, the Bank's board of directors shall adopt the plan as amended or modified by the Regional Director and the Commissioner. The plan shall be implemented immediately to the extent that the provisions of the plan are not already in effect at the Bank.

INVESTMENT POLICY

4. (a) Within 60 days after the effective date of this ORDER, the Bank's board of directors shall revise the Bank's investment policy to provide effective guidelines and control over the Bank's investment portfolio. At a minimum the Bank's investment policy should address the following:

(1) Develop specific criteria for pre-purchase analysis and ongoing assessment of non-agency mortgage securities. Such analysis should be independent of any analysis conducted by selling brokers. Financial criteria should not be overly reliant on credit ratings and should include such information as minimum credit support levels, minimum coverage ratios, delinquency and default data, loan documentation and underwriting standards, and geographic concentrations.

(2) Develop specific policies addressing minimum documentation necessary to support pre-purchase and ongoing analysis. Such documentation for non-agency mortgage securities should include prospectus and other offering material as well as regular trustee reports.

(3) Develop specific financial criteria and limits related to the

purchase of securities that are not assigned a rating by a national rating service.

(4) Develop specific policy requirements for the approval and documentation of Investment Policy exceptions. Procedures should ensure that all exceptions are directly reported to the Bank's board of directors and noted in the minutes.

(5) Develop and implement policies to ensure the proper risk-based capital treatment of investment securities that are consistent with Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. § 325.

(6) Develop policies to require independent price verification on all investment purchases.

(7) Develop formal policies and procedures related to regular testing for Other Than Temporary Impairment. Such procedures should be consistent with generally accepted accounting principles.

(8) Develop policies and procedures for determining the fair value of the investment portfolio. Valuation procedures should be independent of the selling broker, should be consistent with Financial Accounting Standards Board Statement Number 157, and should be fully documented.

(9) Develop procedures for conducting and reporting ongoing assessment of pledging and collateral eligibility of the investment portfolio.

(10) Develop procedures for requiring an independent review of the Bank's investment practices to ensure compliance with Bank policies and regulatory requirements. Such independent review should be conducted at least annually with the findings reported directly to the Bank's board of directors.

(11) Ensure that the Investment Policy and the Bank's risk management

procedures are consistent with the standards incorporated in the Supervisory Policy Statement on Investment Securities and End-User Derivatives Activities effective May 26, 1998.

(12) Ensure that the policy is consistent with the Federal Financial Institutions Examination Council's instructions for Consolidated Reports of Condition and Income, generally accepted accounting principles, and the Bank's loan, liquidity, and asset/liability management policies.

(13) The Bank shall submit the policy to the Regional Director and the Commissioner for review. Within 30 days after their responses, the policy, including any modifications or amendments requested by the Regional Director and the Commissioner, shall be adopted by the Bank's board of directors. The Bank shall immediately initiate measures detailed in the policy, as amended or modified, to the extent such measures have not been initiated. Any discussion of the policy, its modifications, or amendments shall be documented in the minutes of the Bank's board of directors' meetings.

(14) The policy shall be reviewed and updated annually.

CAPITAL INCREASE AND MAINTENANCE

5. (a) Within 90 days after the effective date of this ORDER, the Bank shall achieve and maintain its Tier 1 Leverage Capital ratio equal to or greater than 9 percent of the Bank's Average Total Assets and shall achieve and maintain its Total Risk-Based Capital ratio equal to or greater than 13 percent of the Bank's Total Risk Weighted Assets. Any increase in the Bank's Tier 1 Capital necessary to meet the capital ratios required by this ORDER may be accomplished by:

(1) The sale of securities in the form of common stock; or

(2) The direct contribution of cash subsequent to January 20, 2009, by

the directors and shareholders of the Bank or by the Bank's holding company; or

(3) Receipt of an income tax refund or the capitalization subsequent to January 20, 2009, of a bona fide tax refund certified as being accurate by a certified public accounting firm; or

(4) Any other method approved by the Regional Director and the Commissioner.

(b) If any such capital ratios are less than the percentages required by this ORDER, as determined as of the date of any Report of Condition and Income or at an examination of the Bank by the FDIC or the State, the Bank shall, within 30 days after receipt of a written notice of the capital deficiency from the Regional Director and the Commissioner, present to the Regional Director and the Commissioner a plan to increase the Bank's Tier 1 Capital or to take other measures to bring all the capital ratios to the percentages required by this ORDER. After the Regional Director and the Commissioner respond to the plan, the Bank's board of directors shall adopt the plan, including any modifications or amendments requested by the Regional Director and the Commissioner.

(c) Thereafter, the Bank shall immediately initiate measures detailed in the plan, to the extent such measures have not previously been initiated, to increase the Bank's Tier 1 Capital by an amount sufficient to bring all the capital ratios to the percentages required by this ORDER within 90 days after the Regional Director and the Commissioner respond to the plan.

(d) If all or part of the increase in Tier 1 Capital required by this ORDER is to be accomplished by the sale of new securities, the Bank's board of directors shall adopt and implement a plan for the sale of such additional securities, including soliciting proxies and the voting of any shares or proxies owned or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with Federal securities laws. Prior to the implementation of the plan, and in any event, not less than 20 days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the FDIC, Accounting and Securities Disclosure Section, 550 17th Street NW, Washington, D.C. 20429, for review. Any changes requested to be made in the plan or the materials by the FDIC shall be made prior to their dissemination. If the increase in Tier 1 Capital is to be provided by the sale of non-cumulative perpetual preferred stock, then all terms and conditions of the issue shall be presented to the Regional Director and the Commissioner for prior approval.

(e) In complying with the provisions of this ORDER and until such time as any such public offering is terminated, the Bank shall provide to any subscriber and/or purchaser of the Bank's securities written notice of any planned or existing development or other change which is materially different from the information reflected in any offering materials used in connection with the sale of the Bank's securities. The written notice required by this paragraph shall be furnished within 10 days after the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber who received or was tendered the information contained in the Bank's original offering materials.

(f) In addition, the Bank shall comply with the FDIC's Statement of Policy on

Risk-Based Capital found in Appendix A to Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325, App. A.

(g) For purposes of this ORDER, all terms relating to capital shall be calculated according to the methodology set forth in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325.

DIVIDEND RESTRICTION

6. As of the effective date of this ORDER, the Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director and the Commissioner.

DEPOSIT CONCENTRATIONS

7. (a) As of the effective date of the ORDER, the Bank shall not allow any depositor who controls more that 10 percent of the Bank's total liabilities to increase its deposits.

(b) Prior to the issuance of this ORDER, the Bank submitted a plan to the Regional Director and the Commissioner to reduce any deposits controlled by any one depositor to an amount not greater than 10 percent of the Bank's total liabilities. The Regional Director and the Commissioner have accepted the Bank's plan, which is incorporated herein by reference. The plan includes a specific reduction timetable with staged target dates for completion, along with the Bank's commitment to maintain liquid, short-term assets in an amount equal to or greater than any depositor or group of related deposits which exceed five percent of the Bank's total liabilities. As of the effective date of this ORDER, the Bank's board of directors shall adopt the plan as approved by the Regional Director and the Commissioner, which approval shall be recorded in the minutes of the Bank's board of directors' meetings. Thereafter, the Bank shall implement and follow the plan.

(c) For purposes of this ORDER, short-term assets include Federal Funds Sold and Securities Purchased under Agreements to Resell, and debt securities with a remaining maturity of one year or less.

LIQUIDITY/ASSET/LIABILITY MANAGEMENT

8. (a) Within 90 days after the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and the Commissioner for review and comment a written plan addressing liquidity and asset/liability management. Annually thereafter, while this ORDER is in effect, the Bank shall review this plan for adequacy and, based upon such review, shall make necessary revisions to the plan to strengthen funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs. The initial plan shall include, at a minimum, provisions:

(1) Establishing a reasonable range for its net non-core funding ratio as computed in the Uniform Bank Performance Report;

(2) Identifying the source and use of borrowed and/or volatile funds and establish appropriate limitations for the use of these funds;

(3) Establishing lines of credit at correspondent Banks, including the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka, that would allow the Bank to borrow funds to meet depositor demands if the Bank's other provisions for liquidity proved to be inadequate;

(4) Requiring the retention of securities and/or other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Bank's total assets) to ensure the maintenance of the Bank's liquidity posture at a level consistent with short- and long-term liquidity objectives;

(5) Establishing a minimum liquidity ratio and defining how the ratio is to be calculated;

(6) Establishing contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs;

(7) Addressing the use of borrowings (i.e., seasonal credit needs, match funding mortgage loans, etc.) and providing for reasonable maturities commensurate with the use of the borrowed funds; addressing concentration of funding sources; and addressing pricing and collateral requirements with specific allowable funding channels (i.e., brokered deposits, Internet deposits, Fed funds purchased and other correspondent borrowings); and

(8) Establishing procedures for managing the Bank's sensitivity to interest rate risk which comply with the Joint Agency Statement of Policy on Interest Rate Risk (June 26, 1996), and the Supervisory Policy Statement on Investment Securities and End-user Derivative Activities (April 23, 1998).

(b) Within 30 days after the receipt of all such comments from the Regional Director and the Commissioner, and after revising the plan as necessary, the Bank shall adopt the plan, which adoption shall be recorded in the minutes of the Bank's board of directors' meeting. Thereafter, the Bank shall implement the plan.

MANAGEMENT

9. (a) The Bank shall have and retain qualified management. Each member of management shall possess qualifications and experience commensurate with his or her duties and responsibilities at the Bank. The qualifications of management personnel shall be evaluated on their ability to:

(1) Comply with the requirements of the ORDER;

(2) Operate the Bank in a safe and sound manner;

(3) Comply with applicable laws and regulations; and

(4) Restore all aspects of the Bank to a safe and sound condition, including improving the Bank’s asset quality, capital adequacy, earnings, management effectiveness, liquidity, its sensitivity to market risk, and third-party risks management.

(b) While this ORDER is in effect, the Bank shall notify the Regional Director and the Commissioner in writing of any changes in management. The notification must include the name(s) and background(s) of any replacement personnel and must be provided 30 days prior to the individual(s) assuming the new position(s).

ASSESSMENT OF QUALIFIED MANAGEMENT

10. (a) Within 90 days from the effective date of this ORDER, the board of directors shall engage an independent third party acceptable to the Regional Director and the Commissioner and that possesses appropriate expertise and qualifications to analyze and assess the Bank's management and staffing performance and needs.

(b) The Bank shall provide the Regional Director and the Commissioner with a copy of the proposed engagement letter or contract with the third party for review before it is executed. The contract or engagement letter, at a minimum, shall include:

(1) A description of the work to be performed under the contract or engagement letter, the fees for each significant element of the engagement, and the aggregate fee;

(2) The responsibilities of the firm or individual;

(3) An identification of the professional standards covering the work to be performed;

(4) Identification of the specific procedures to be used when carrying out the work to be performed;

(5) The qualifications of the employee(s) who are to perform the work;

(6) The time frame for completion of the work;

(7) Any restrictions on the use of the reported findings;

(8) A provision for unrestricted examiner access to workpapers; and

(9) A certification that the firm or individual is not affiliated in any manner with the Bank.

(c) The engagement shall require that the analysis and assessment shall be summarized in a written report to the board of directors (“Management Report”).

(d) Within 30 days from receipt of the Management Report, the board of directors shall conduct a full and complete review of the Management Report, which review shall be recorded in the minutes of the meeting of the board of directors. The analysis may be developed by an independent committee of the board of directors or an outside consultant reporting to the board of directors; however, if the committee is composed of members of the Bank's board of directors, a majority of the committee shall consist of directors that are not officers at the Bank or family members of Bank officers. The acceptability of the third party or committee shall be determined based upon the ability to conduct the assessment and advise the Bank in each of the areas subject to this ORDER.

(e) Within 30 days of receipt of the Management Report, the board of directors will develop a written Management Plan that incorporates the findings of the report, a plan of action in response to each recommendation contained in the Management Report, and a time frame for completing each action. A copy of the Management Report and Management Plan and any subsequent modification thereto shall be submitted to the Regional Director and the Commissioner for review and comment. Within 30 days from receipt of any comments from the Regional Director and the Commissioner, the board of directors shall approve the Management Plan which approval shall be recorded in the minutes of the meeting of the board. Thereafter, the Bank and its directors, officers and employees shall implement and follow the Management Plan and any modifications thereto. It shall remain the responsibility of the board to fully implement the plan within the specified time frames. In the event the plan, or any portion thereof, is not implemented, the board shall immediately advise the Regional Director and the Commissioner, in writing, of specific reasons for deviating from the Management Plan.

BOARD PARTICIPATION

11. Within 30 days after the effective date of this ORDER, the Bank's board of directors shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all the Bank's activities, consistent with the role and expertise commonly expected for directors of Banks of comparable size. This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged-off, delinquent, nonaccrual, and recovered loans; investment activity; operating policies; and individual committee actions. The Bank's board of directors' minutes shall document these reviews and approvals, including the names of any dissenting directors.

STRATEGIC PLAN

12. (a) Within 90 days after the effective date of this ORDER, the Bank shall prepare and adopt a comprehensive strategic plan. The strategic plan required by this paragraph shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written strategic plan shall address, at a minimum:

(1) Strategies for pricing policies and asset/liability management;

(2) Plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;

(3) Goals for reducing problem loans;

(4) Plans for attracting and retaining qualified individuals to fill vacancies in the lending and accounting functions;

(5) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings; and

(6) Formulation of a mission statement and the development of a strategy to carry out that mission.

(c) The Bank shall submit the strategic plan to the Regional Director and the Commissioner for review and comment. After consideration of all such comments, the Bank shall approve the plan, which approval shall be recorded in the minutes of the Bank's board of directors' meeting. Thereafter, the Bank shall implement and follow the strategic plan.

(d) Within 30 days after the end of each calendar quarter following the effective date of this ORDER, the Bank's board of directors shall evaluate the Bank's performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Bank's board of directors' meeting at which such evaluation is undertaken.

(e) The strategic plan required by this ORDER shall be revised and submitted to the Regional Director and the Commissioner for review and comment 30 days after the end of each calendar year for which this ORDER is in effect. Within 30 days after receipt of all such comments from the Regional Director and the Commissioner and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the Bank's board of directors' meeting. Thereafter, the Bank shall implement the revised plan.

THIRD-PARTY RISKS

13. (a) As of the effective date this ORDER, the Bank's board of directors shall provide adequate and effective oversight over the Bank's third-party relationships, specifically focusing on monitoring the activities of third-party payment processors and their customers, who are referred to herein as Debt Settlement Companies ("DSC").

(b) Within 60 days after the effective date of this ORDER, the Bank shall review, revise, and implement its third-party policies and practices to ensure their effectiveness. At a minimum, the policies and practices shall:

(1) Ensure the Bank's compliance with Federal and state consumer protection laws, regulations, and policies;

(2) Ensure the appropriate assessment, measuring, monitoring, and controlling of third-party risk as set forth in Financial Institution Letter 44-2008 (Guidance for Managing Third-Party Risk);

(3) Require the development of internal monitoring procedures to:

(i) Ensure ongoing review of each payment processor, ACH originator, and DSC;

(ii) Maintain documentation demonstrating that each payment processor, ACH Originator, and DSC's activities are beneficial to consumers;

(iii) Ensure that payment processors, ACH originators, and DSCs rectify harmful consumer activity or the Bank shall cease operations with the payment processor, ACH originator, and/or DSC;

(iv) Ensure that disclosures provided to consumers accurately reflect the obligations by and among the Bank, payment processors, ACH originator(s), and consumers,

(v) Ensure that marketing materials of payment processors, ACH originator(s), and DSCs comply with consumer protection laws and regulations; and

(vi) Ensure that payment processors, ACH originators, and DSCs address consumer complaints and take all necessary corrective actions in a timely manner.

(c) The bank shall submit the revised policies to the Regional Director and the Commissioner for review and comment. Within 30 days after receipt of all such comments from the Regional Director and the Commissioner and after consideration of all such comments, the Bank shall approve the revised policies, which approval shall be recorded in the minutes of the Bank's board of directors' meeting. Thereafter, the Bank shall implement the revised policies.

INFORMATION TECHNOLOGY

14. Within 60 days after the effective date of this Order, the Bank shall develop and implement an IT audit program that provides comprehensive and continuous audit coverage, the scope of which shall be based on a comprehensive risk assessment. The audit program shall include coverage of the areas recommended in the Audit Booklet of Federal Financial Institutions Examination Council's Information Technology Examination Handbook dated September 2003, and be performed by an auditor with experience and expertise in IT. Audit reports shall be presented to the Bank's board of directors for review with the review noted in the Bank's board of directors' minutes.

15. (a) Within 30 days after the effective date of this ORDER, the Bank shall retain a independent firm acceptable to the Regional Director and the Commissioner to perform an agreed-upon procedures examination ("examination"), including, but not limited to, ACH and wire transfer activity at the Bank.

(b) At a minimum, the examination shall determine:

(1) Whether the Bank has appropriate contracts in place for all ACH originators utilizing the Bank;

(2) Whether the Bank has reasonable due diligence procedures for each account;

(3) Whether appropriate reserves are established for each ACH originator based on the risk levels exhibited by the originator;

(4) Whether appropriate monitoring, controls, and reporting are in place for the risk level and volume of ACH and wire activity;

(5) Whether appropriate controls exist over returns/rejects; and

(6) The adequacy of the staffing and segregation of duties of the personnel in the ACH Department.

(c) The Bank shall require as part of its agreement with the firm retained to perform the examination that the firm completes the examination within 60 days after the effective date of this ORDER. The firm's initial written report, whether in draft or final form, shall be submitted concurrently to the Regional Director, the Commissioner, and the Bank.

(d) Within 30 days after the Bank's receipt of the examination report, the Bank shall implement all recommendations made therein.

16. Within 45 days after the effective date of this Order, the Bank shall enhance its Information Security Program to meet the Guidelines Establishing Standards for Safeguarding Customer Information as described in Part 364, Appendix B, of the FDIC's Rules and Regulations, 12 C.F.R. Part 364, App. B, including the performance of a comprehensive information security risk assessment, implementing an adequate vendor management program, annual audits for adherence to the standards, and regular review of the status of the program by the Bank's board of directors.

17. Within 90 days after the effective date of this Order, the Bank's board of directors shall ensure that all other IT deficiencies noted during the January 20, 2009, examination are

corrected, or document its best efforts to ensure that such deficiencies are corrected.

BSA RISK ASSESSMENT.

18. (a) Within 30 days after the effective date of this ORDER, the Bank shall perform a comprehensive assessment of the vulnerability of its banking operations to attempts to launder money, finance terrorism, or conduct other criminal activities ("BSA risk assessment"). The BSA risk assessment may be performed by qualified Bank personnel or an independent contractor/consultant acceptable to the Regional Director and the Commissioner. The BSA risk assessment shall weigh all relevant factors, including identification and measurement of the specific risk characteristics of the Bank's products, services, customers, transactions, and geographic locations.

(b) The Bank shall review and update its BSA risk assessment at least annually.

(c) The initial BSA risk assessment and subsequent updates shall be reported to and reviewed by the Bank's board of directors. The reviews shall be documented in the minutes of the Bank's board of directors' meetings.

CUSTOMER IDENTIFICATION PROGRAM

19. (a) Within 90 days from the effective date of this ORDER, the Bank shall complete and implement any and all enhancements to its Customer Identification Program ("CIP") necessary to ensure and maintain full compliance with the BSA and its implementing regulations, taking into consideration its size and risk profile.

(b) At a minimum, the revised CIP shall:

(1) Implement a CIP that meets all the requirements set forth in section 103.121 of the Treasury Department's financial recordkeeping regulations, 31 C.F.R. § 103.121.

(2) Procedures for utilizing third parties to assist in compliance with the CIP. These written procedures shall include:

(i) Written agreements between the Bank and any such third party which specify the Bank requirements; and

(ii) Written procedures that describe how the Bank will monitor and verify that the third party is in compliance with Bank policies.

BSA INTERNAL CONTROLS

20. (a) Within 120 days from the effective date of this ORDER, the Bank shall complete and implement any and all enhancements to its system of internal controls necessary to ensure full compliance with the BSA ("BSA Internal Controls") taking into consideration its size and risk profile.

(b) At a minimum, such system of BSA Internal Controls shall include policies, procedures, and processes addressing the following areas:

(1) Procedures for conducting a risk-based assessment of the Bank's customer base to identify the categories of customers whose transactions and banking activities are routine and usual; and determine the appropriate level of enhanced due diligence necessary for those categories of customers whose transactions and banking activities are not routine and/or usual ("high-risk

accounts”);

(2) Policies and procedures with respect to high-risk accounts and customers identified through the risk assessment conducted pursuant to paragraph 18(a), including the adoption of adequate methods for conducting enhanced due diligence on high-risk accounts and customers at account opening and on an ongoing basis, and for monitoring high-risk client relationships on a transaction basis, as well as by account and customer;

(3) Policies, procedures, and systems for identifying, evaluating, monitoring, investigating, and reporting suspicious activity in the Bank’s products, accounts, customers, services, and geographic areas, including:

(i) Establishment of meaningful thresholds for identifying accounts and customers for further monitoring, review, and analyses;

(ii) Periodic testing and monitoring of such thresholds for their appropriateness to the Bank’s products, customers, accounts, services, and geographic areas;

(iii) Review of existing systems to ensure adequate referral of information about potentially suspicious activity through appropriate levels of management, including a policy for determining action to be taken in the event of multiple filings of Suspicious Activity Reports (“SARs”) on the same customer, or in the event a correspondent or other customer fails to provide due diligence information. Such procedures shall describe the circumstances under which an account should be closed and the processes and procedures to be followed in doing so;

(iv) Procedures and/or systems for each subsidiary and business area of the Bank to produce periodic reports designed to identify unusual or suspicious activity, to monitor and evaluate unusual or suspicious activity, and to maintain accurate information needed to produce these reports with the following features:

(a) The Bank's procedures and/or systems should be able to identify related accounts, countries of origin, location of the customer's businesses and residences to evaluate patterns of activity; and

(b) The periodic reports should cover a broad range of time frames, including individual days, a number of days, and a number of months, as appropriate, and should segregate transactions that pose a greater than normal risk for non-compliance with the BSA;

(v) Documentation of management's decisions to file or not to file an SAR; and

(vi) Systems to ensure the timely, accurate, and complete filing of required SARs and any other similar or related reports required by law.

COMPLIANCE COMMITTEE – NON-EMPLOYEE DIRECTORS REQUIRED

21. Within 30 days after the effective date of this ORDER, the Bank's board of directors shall establish a committee of the Bank's board of directors charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. At least two of the members of such committee shall be directors not employed in any capacity by the Bank other than as a director. The committee shall report monthly to the Bank's full board of directors, and a copy of the report and any discussion relating to the report or the ORDER shall be noted in the minutes of the Bank's board of directors' meetings. The establishment of this subcommittee shall not diminish the responsibility or liability of the Bank's entire board of directors to ensure compliance with the provisions of this ORDER.

PROGRESS REPORTS

22. Within 30 days after the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the Commissioner written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and the Commissioner have released, in writing, the Bank from making further reports.

NOTICE TO SHAREHOLDERS

23. After the effective date of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its shareholders (1) in conjunction

with the Bank's next shareholder communication, and also (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC Accounting and Securities Disclosure Section, 550 17th Street NW, Washington, D.C. 20429, for review at least 20 days prior to dissemination to shareholders. Any changes requested by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

This ORDER shall be binding upon the Bank, its successors and assigns, and all institution-affiliated parties of the Bank. The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision of this ORDER shall have been modified, terminated, superseded, or set aside by the FDIC.

This ORDER will become effective on its date of issuance.

Pursuant to delegated authority.

Dated this 2nd day of April, 2009.

/s/______________________________
Thomas J. Dujenski
Regional Director
Dallas Region
Division of Supervision and Consumer Protection
Federal Deposit Insurance Corporation