

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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In the Matter of	)	
	)	
CORNERSTONE COMMUNITY BANK	)	ORDER TO PAY
CHATTANOOGA, TENNESSEE	)	
	)	FDIC-09-174K
	)	
(INSURED STATE NONMEMBER BANK)	)	
_____	)	

CORNERSTONE COMMUNITY BANK, CHATTANOOGA, TENNESSEE

("Respondent") and a representative of the Legal Division of the Federal Deposit Insurance Corporation ("FDIC") executed a Stipulation and Consent to the Issuance of an Order to Pay ("CONSENT AGREEMENT") dated July 20, 2009, whereby Respondent, solely for the purpose of this proceeding and without admitting or denying any unsafe and unsound practices for which civil money penalties may be assessed, consented and agreed to pay civil money penalties in the amount specified below to the Treasury of the United States.

The FDIC considered the matter and determined it had reason to believe that the Respondent engaged in unsafe and unsound practices, including, but are not necessarily limited to: (i) failure to supervise third party relationships; (ii) failure to ensure that third parties established the proper safeguards related to the activities of its customers, such as check cashers, subprime lenders, and finance companies who extended credit to benefits recipients; (iii) inadequate policies in place to evaluate the risks associated with its third-party relationships; (iv) failure to conduct adequate due diligence on third parties before entering into and during the course of the relationships; (v) insufficient monitoring of third party accounts to ensure compliance with Respondent's policies and state and federal laws and regulations; and (vi)

exposing Respondent to reputational and legal risk.

After taking into account the CONSENT AGREEMENT, the appropriateness of the penalty with respect to the financial resources and good faith of Respondent, the gravity of the unsafe and unsound practices by Respondent, the history of previous unsafe and unsound practices by Respondent, and such other matters as justice may require, the FDIC accepts the CONSENT AGREEMENT and issues the following:

ORDER TO PAY

IT IS HEREBY ORDERED, that a penalty of \$25,000 be, and hereby is, assessed against CORNERSTONE COMMUNITY BANK. The Respondent shall pay the civil money penalty to the Treasury of the United States.

This Order to Pay shall be effective upon issuance.

Pursuant to delegated authority.

Dated at Washington, D.C., this 27<sup>TH</sup> day of August, 2009.

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/s/  
Sylvia H. Plunkett  
Associate Director  
Division of Supervision and Consumer  
Protection