

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of)	CONSENT ORDER
)	
HOLMES COUNTY BANK & TRUST CO.)	
LEXINGTON, MISSISSIPPI)	FDIC-10-963b
)	
(Insured State Nonmember Bank))	
)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for Holmes County Bank & Trust Company, Lexington, Mississippi (“Bank”), under 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting board of directors, has executed a “STIPULATION TO THE ISSUANCE OF A CONSENT ORDER” (“STIPULATION”), dated January 18, 2011, that is accepted by the FDIC. With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation relating to weaknesses in the institution’s Compliance Management System, to the issuance of this CONSENT ORDER (“ORDER”) by the FDIC.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and have been satisfied, the FDIC hereby orders that:

COMPLIANCE MANAGEMENT SYSTEM

1. (a) Within ninety (90) days after the effective date of this ORDER, the Bank shall develop and implement a Compliance Management System that is commensurate with the level of complexity of the Bank’s operations. The Compliance Management System shall:

- (1) Include oversight by the Bank's board of directors and senior management that includes the following actions:
 - a. Ensures adherence with all the provisions of this ORDER;
 - b. Ensures the Bank operates with an adequate Compliance Management System as described in the Federal Deposit Insurance Corporation's Compliance Examination Manual, Tab II ("Compliance Examinations"), pages II-2.1-4 ("Compliance Management System"), and
 - c. Ensures that the Compliance Officer receives ongoing training, sufficient time, and adequate resources to effectively oversee, coordinate, and implement the Bank's Compliance Management System.
- (2) Include the development and implementation of a compliance program that is reviewed and approved annually by the Bank's board of directors, with the board's approval reflected in the minutes of the Bank's board of directors. The Compliance Program shall include written policies and procedures that shall:
 - a. Provide Bank personnel with all the information that is needed to perform a business transaction; and
 - b. Reflect changes, based on periodic updates, in the Bank's business and regulatory environment.
- (3) Include the implementation and maintenance of a training program related to Consumer Laws for all Bank personnel, including senior

management and the Bank's board of directors, commensurate with their individual job functions and duties. The Compliance Officer shall be responsible for the administration of this program, and shall provide training to officers and employees on a continuing basis.

- (4) Include compliance monitoring procedures that have been incorporated into the normal activities of every department. At a minimum, monitoring procedures should include ongoing reviews of:
 - a. Applicable departments and branches;
 - b. Disclosures and calculations for various loan and deposit products;
 - c. Document filing and retention procedures;
 - d. Marketing literature and advertising; and
 - e. Internal compliance communication system that provides to Bank personnel appropriate updates resulting from revisions to Consumer Laws.

- (5) Require an annual independent, comprehensive, and written audit. The Bank's board of directors shall document its efforts, including the review of and corrective measures made pursuant to the audit's findings, in the minutes of the Bank's board of directors. The audit shall:
 - a. Provide for sufficient transactional testing, as appropriate,

for all areas of significant compliance risk, including those areas identified in the FDIC's Compliance Examination Report dated January 11, 2010; and

- b. Identify the causes that resulted in the violations of law or exceptions noted in the Audit Report with sufficient information to provide management direction in formulating corrective action.

(b) Within ninety (90) days after the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of consumer laws and regulations identified in the FDIC's Compliance Examination Report dated January 11, 2010, and ensure that the Bank's Compliance Management System will facilitate compliance with all Consumer Laws and regulations in the future.

SHAREHOLDER NOTIFICATION

2. 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, Washington, D.C. 20429, for review at least twenty (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.

PROGRESS REPORTS

3. Within thirty (30) days after the end of the first calendar quarter following the effective date of this ORDER, and within thirty (30) days after the end of each successive calendar quarter, the Bank shall furnish written progress reports to the Regional Director detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports may be discontinued when the corrections required by the ORDER have been accomplished and the Regional Director has released the Bank in writing from making additional reports.

The provisions of this ORDER shall not bar, stop, 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.

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

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.

Issued pursuant to delegated authority this 20th day of January, 2011.

/s/ _____
Kristie K. Elmquist
Acting Regional Director
Dallas Region
Division of Supervision and Consumer Protection
Federal Deposit Insurance Corporation