

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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| In the Matter of |) | |
| |) | CONSENT ORDER |
| GEORGIA BANKING COMPANY |) | |
| ATLANTA, GEORGIA |) | FDIC-10-490b |
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| (Insured State Nonmember Bank) |) | |
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The Federal Deposit Insurance Corporation (“FDIC”), under 12 U.S.C. § 1813(q)(3), is the appropriate federal banking agency for Georgia Banking Company, Atlanta, Georgia (“Bank”).

The Bank, by and through its duly elected acting Board of Directors (“Board”), has executed a Stipulation to the Issuance of Consent Order (“STIPULATION”), dated January 28, 2011, that is accepted by the FDIC in connection with the FDIC’s examination of the Bank, dated December 8, 2008, the Report of Examination for which was transmitted by the FDIC to the Bank along with a cover letter to the Board, dated December 30, 2010. With the STIPULATION, the Bank consented, without admitting or denying any charges of unsafe or unsound banking practices relating to compliance management and/or violations of law and/or regulations, 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) have been satisfied, the FDIC hereby orders that:

1. **BOARD OF DIRECTORS**

(a) From the effective date of this ORDER, the Board shall participate fully in the oversight of the Bank's Compliance Management System ("CMS"), to include assuming full responsibility for the approval of sound compliance policies and objectives, and for the supervision of all the Bank's compliance-related activities, consistent with the role and expertise commonly expected for directors of banks of comparable size. The Board shall demonstrate clear and unequivocal expectations regarding compliance. The Board's oversight of the Bank's CMS shall include oversight of the Bank's mortgage loan departments and its third-party relationships.

(b) Within 60 days from the effective date of this ORDER, the Bank's Board shall establish a compliance committee comprised of at least 3 directors who are not active officers of the Bank and at least 3 members of senior management, including the Compliance Officer ("Compliance Committee").

(i) The Compliance Committee shall meet no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: minutes of the Compliance Committee, Compliance Officer reports, Compliance Program audit reports, Compliance Program policies, and compliance with this ORDER (collectively, the "Compliance Committee Report").

(ii) The Compliance Committee shall submit its Compliance Committee Report to the Board in writing and the Board minutes shall document the review and approval of such Compliance Committee Report, including the names of any dissenting directors.

- (iii) Establishment of the Compliance Committee does not in any way diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.
- (iv) The Bank's Board, in conjunction with the Compliance Committee, shall allocate resources to the compliance area that are:
 - a) commensurate with the level of complexity of the Bank's operations to ensure the establishment and implementation of an adequate CMS as described in Sections II-2.1 – II-2.4 of the FDIC's *Compliance Examination Manual*, http://www.fdic.gov/regulations/compliance/manual/index_pdf.html (“CMS Guidance”), including procedures ensuring the Bank's compliance with federal consumer protection laws, regulations, written regulatory guidance, and written policies (“Consumer Laws”); and
 - b) sufficient to ensure the Bank's timely compliance with this ORDER.

(c) Within 90 days from the effective date of this ORDER, the Bank's Board shall develop and adopt an educational program for periodic training for each member of the Board that specifically addresses Consumer Laws.

2. QUALIFIED MANAGEMENT

(a) Within 90 days from the effective date of this ORDER, the Bank shall have and retain qualified management with the qualifications and experience commensurate with assigned duties and responsibilities at the Bank.

(b) The qualifications of management shall be assessed on its ability to:

(i) comply with the requirements of this ORDER;

(ii) operate the Bank in a safe and sound manner;

(iii) comply with Consumer Laws; and

(iv) develop, implement and administer a satisfactory CMS.

(c) During the life of this ORDER, the Bank shall notify the Regional Director of the Atlanta Regional Office of the FDIC (“Regional Director”) in writing of any changes in any of the Bank’s directors or senior executive officers. For purposes of this ORDER, “senior executive officer” is defined as in section 32 of the Act (“Section 32”), 12 U.S.C. §1831i and Section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. § 303.101(b), and includes any person identified by the FDIC, whether or not hired as an employee, with significant influence over, or who participates in, major policymaking decisions of the Bank.

(d) Prior to the addition of any individual to the Board or the employment of any individual as a senior executive officer after December 30, 2010, the Bank shall comply with the requirements of Section 32 and Subpart F of Part 303 of the FDIC Rules and Regulations, 12 C.F.R. §§ 303.100-303.103.

3. COMPLIANCE OFFICER

(a) Within 60 days from the effective date of this ORDER, the Bank shall have and thereafter retain a qualified Compliance Officer who possesses the requisite knowledge and experience to administer an effective CMS. The Compliance Officer shall report directly to the Bank’s Board. The appointment date and name of the Compliance Officer shall be reported to the FDIC. The Compliance Officer shall be given stated written authority by the Bank’s Board to implement and supervise the Bank’s compliance program, including but not

limited to, providing training for the Bank's employees in all Consumer Laws, establishing internal controls and procedures reasonably designed to prevent violations of Consumer Laws, and performing or supervising periodic internal audits to ascertain compliance with Consumer Laws and/or the Bank's compliance program.

- (b) The Bank's Board, in conjunction with the Compliance Committee, shall:
 - (i) ensure that the duties and responsibilities of the Compliance Officer are clearly defined and provide for accessibility to both the Board and senior management;
 - (ii) require the Compliance Officer to provide to the Compliance Committee monthly written reports, including but not limited to, new or changes to existing Consumer Laws; training performed; monitoring and audits performed; corrective action taken or recommended; updates regarding the Bank's third party relationships and due diligence to ensure that the Bank's third-party relationships preclude future violations of the Consumer Laws identified in the Report of Examination (Compliance) dated December 8, 2008 ("Compliance Report"); and compliance with the ORDER;
 - (iii) require the Compliance Officer to review and respond promptly in writing to audit reports relating to all areas of the Bank's CMS;
 - (iv) ensure that the Compliance Officer has and retains sufficient authority and independence to implement policies related to Consumer Laws, and to institute corrective action as needed. This authority shall include the ability to cross departmental lines, have access to all areas

of the Bank's operations, and effectuate corrective action upon discovering deficiencies; and

- (v) ensure that the Compliance Officer receives ongoing training, sufficient time, and adequate resources, including staff personnel, to effectively oversee, coordinate, and implement the Bank's CMS.

4. COMPLIANCE MANAGEMENT SYSTEM

(a) Within 90 days from the effective date of this ORDER, the Bank shall develop and implement a CMS that is commensurate with the level of complexity of the Bank's operations. The CMS shall include the development and implementation of a comprehensive written compliance program ("Compliance Program"), which embraces all of the Consumer Laws to which the Bank is subject, and at a minimum, shall provide for and include:

- (i) development and implementation of operating procedures for the Bank's compliance with Consumer Laws as more specifically set forth in paragraph 5 of this ORDER;
- (ii) development and implementation of a formal training program for all personnel, who have compliance responsibilities, to ensure that all such personnel are thoroughly knowledgeable of applicable compliance requirements as more specifically set forth in paragraph 6 of this ORDER;
- (iii) development and implementation of procedures for monitoring the Bank's compliance with Consumer Laws as more specifically set forth in paragraph 7 of this ORDER;

- (iv) development and implementation of audit procedures to monitor the Bank's compliance with Consumer Laws as more specifically set forth in paragraph 8 of this ORDER;
- (v) development and implementation of procedures to ensure follow-up actions and corrective attention are provided to exceptions identified during monitoring and internal audits;
- (vi) development of specific provisions to preclude future violations of Consumer Laws identified in the Compliance Report, and to ensure substantial future adherence with all Consumer Laws; and
- (vii) review by the Board, at least once each quarter, of the Bank's current procedures to determine the need for revisions based on new and/or changed regulatory requirements or Consumer Laws, Bank philosophy, products and services, with the results of such review included in the minutes of each Board meeting where such review was undertaken.

(b) Within 90 days from the effective date of this ORDER, the Board shall approve the Compliance Program, which approval shall be recorded in the minutes of the Board. Any subsequent modifications to the Compliance Program shall also be recorded in the minutes of the Board. Thereafter, the Bank, and its successors and assigns shall follow the Compliance Program and/or any subsequent modification thereto.

5. WRITTEN OPERATING PROCEDURES

(a) Within 90 days from the effective date of this ORDER, the Bank shall develop written operating procedures to ensure that practices are consistent with the Bank's goals and

objectives and to prevent violations of all Consumer Laws. The procedures shall include an outline of steps necessary to initiate third party relationships as well as procedures to oversee all such activities. Written procedures shall include detailed steps required to complete routine tasks and sample forms.

(b) After approval and adoption by the Board, the written procedures shall be given to and accessible by employees, referenced in training sessions, and used in the monitoring process.

(c) The procedures shall be periodically reviewed and revised to respond to new or changed regulatory requirements, Bank philosophy, products, and services.

6. TRAINING PROGRAM

(a) Within 90 days from the effective date of this ORDER, the Bank shall develop a comprehensive training program for an effective CMS, which outlines the scope and frequency of planned training sessions.

(b) The Bank shall hold training sessions as needed to comply with all Consumer Laws applicable to the Bank. Training shall be provided to all applicable Bank personnel in all applicable departments of the Bank. Procedures shall be established to verify employee comprehension of the material presented in such training sessions.

(c) In addition, training shall be held immediately following instances where weaknesses were identified during internal/external reviews or by regulators.

7. COMPREHENSIVE MONITORING PROGRAM

(a) Within 90 days of the effective date of the ORDER, the Bank shall develop a comprehensive monitoring program designed to encompass all applicable compliance regulatory areas, including oversight of third-party relationships, and to ascertain the Bank's

compliance with Consumer Laws. The monitoring program shall be tailored to specific transactions, policies, and procedures of the Bank, and designed to assist in the early detection, correction, and prevention of violations of Consumer Laws. The review scope and procedures shall be well defined.

(b) Exceptions noted shall be reported in writing to the Board and receive immediate corrective action.

(c) Training shall be enhanced, as necessary, in response to the findings of the monitoring conducted.

8. INDEPENDENT AUDIT PROGRAM

(a) Within 90 days from the effective date of this ORDER, the Bank shall have an independent audit to ensure compliance with Consumer Laws and assess the Bank's Compliance Program in conjunction with the CMS Guidance, and at a minimum, shall:

- (i) define a comprehensive scope;
- (ii) identify the number of transactions sampled by category or product type;
- (iii) identify deficiencies;
- (iv) provide descriptions of or suggestions for corrective actions and time frames for correction; and
- (v) establish follow-up procedures to verify that corrective actions were implemented and effective.

(b) Audit findings, deficiencies, and recommendations shall be documented in a written report and provided to the Board within 10 days from completion of the independent audit.

(c) Within 60 days of receipt of the independent auditor's written report, the Board shall take action to (i) address the audit's findings, (ii) correct any deficiencies noted, and (iii) implement any recommendations, or the Board shall provide a written explanation why a particular recommendation has not been implemented. The Board minutes shall document such action and shall be signed by all Board members, including the names of any dissenting members.

(d) After receipt of the independent audit the Bank shall, on a quarterly basis, conduct subsequent independent audits. The subsequent audits shall comply with all of the provisions of this paragraph 8.

9. CORRECTIONS OF VIOLATIONS OF LAW AND/OR REGULATION

Within 90 days of the effective date of the ORDER, the Bank, consistent with sound banking practices, shall eliminate and/or correct all violations of Consumer Laws identified in the Compliance Report. In addition, the Bank shall ensure its future compliance with all applicable Consumer Laws.

10. DISCLOSURE

Following the effective date of this ORDER, the Bank shall send to its shareholders or otherwise furnish a description of this ORDER in conjunction with the Bank's next shareholder communication and also 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, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429, and the Commissioner, Georgia Department of Banking and

Finance, 2990 Brandywine Road, Suite 200, Atlanta, Georgia 30341-5565, at least twenty (20) days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

11. WRITTEN PROGRESS REPORTS

Within 15 days from the end of the first calendar quarter following the effective date of this ORDER, and within 15 days from 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 action taken to secure compliance with this ORDER and the results thereof. All progress reports and other written responses to this ORDER shall be reviewed by the Board of the Bank and made a part of the minutes of the Board meeting. Such reports may be discontinued when the corrections required by this 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, estop, 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, which is the date indicated below.

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 of this ORDER shall have been modified, terminated, suspended, or set aside in writing.

Issued Pursuant to Delegated Authority.

Dated at Atlanta, Georgia, this 1st day of February, 2011.

/s/

By: _____
Thomas J. Dujenski
Regional Director
Division of Supervision and Consumer Protection
Atlanta Region
Federal Deposit Insurance Corporation