

FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C.

STATE OF FLORIDA  
OFFICE OF FINANCIAL REGULATION

TALLAHASSEE, FLORIDA

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In the Matter of	)	
	)	
FLORIDA CITIZENS BANK	)	CONSENT ORDER
GAINESVILLE, FLORIDA	)	
	)	FDIC-10-709b
	)	OFR 0781-FI-9/10
(Insured State Nonmember Bank)	)	
_____	)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for Florida Citizens Bank, Gainesville, Florida (“Bank”), under 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “Stipulation to the Issuance of a Consent Order” (“STIPULATION”), dated April 12, 2011, that is accepted by the FDIC and the Florida Office of Financial Regulation (“OFR”). With this 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 its Bank Secrecy Act (“BSA”) program, to the issuance of this Consent Order (“ORDER”) by the FDIC and the OFR. The OFR may issue an ORDER pursuant to Chapter 120 and Section 655.033, Florida Statutes (2010).

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and under Chapter 120 and Section 655.033, Florida Statutes, have been satisfied, the FDIC and the OFR hereby order that:

## **BSA COMPLIANCE PLAN**

1. (a) Within ninety (90) days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a written plan (“Compliance Plan”) for administration of a program reasonably designed to ensure and maintain compliance with the law and regulations related to the BSA, subchapter II of Chapter 53 of Title 31 of the United States Code, and its implementing rules issued by the U.S. Department of Treasury, 31 C.F.R. Part 103; the regulations of the Office of Foreign Asset Control (“OFAC”), 12 C.F.R. Part 500; the FDIC’s BSA compliance regulations, 12 C.F.R. § 326.8, the FDIC’s suspicious activity report regulations, 12 C.F.R. Part 353 (“Part 353”), and Section 655.50, Florida Statutes (collectively, “BSA Rules”). The Bank shall submit the Compliance Plan to the Regional Director of the FDIC's Atlanta Regional Office (“Regional Director”) and the OFR (collectively, “Supervisory Authorities”) for review and comment. Upon receipt of the Supervisory Authorities’ comments, if any, the Board shall review, approve, and implement the Compliance Plan. After the Board has approved the Compliance Plan, the review and approval shall be recorded in the minutes of the Board. Thereafter, the Bank shall take appropriate action to enable the Bank to comply with the BSA Rules. At a minimum, the Compliance Plan shall require the review, enhancement, or restatement, as appropriate of:

- (i) a system of internal controls, including policies and procedures to detect and monitor all transactions to ensure compliance with the BSA Rules. Such controls shall specifically address the opening and monitoring of accounts with frequent wire and check activity, and the monitoring of high-risk and suspicious activities for all types of accounts, products, services, and geographic areas;
- (ii) procedures for the Bank's Customer Identification Program (“CIP”) and

account opening procedures as further required by paragraph 3 including, but not limited to: policies and procedures with respect to high-risk accounts and customers, including the adequacy of methods for identifying and conducting due diligence on high-risk accounts and customers at account opening and thereafter, and for monitoring high-risk customer relationships on a transaction basis as well as by account and customer;

- (iii) policies, procedures, and systems for identifying, evaluating, monitoring, investigating, and reporting suspicious activity, particularly including transactions involving high-risk customers or accounts, and/or high-risk jurisdictions, and the appropriateness of the Bank's criteria for designating an account as high-risk and assessing the Bank's procedures and systems for identifying and monitoring customer transactions in accordance with the BSA Rules;
- (iv) policies and procedures regarding the identification and reporting of cash transactions;
- (v) the designation of a senior Bank official ("BSA Officer") responsible for coordinating and monitoring day-to-day compliance with the BSA Rules, and adequate, qualified staffing in the BSA area;
- (vi) independent annual testing for compliance with the BSA Rules in accordance with the procedures described in section 326.8 of the FDIC's Rules and Regulations, 12 C.F.R. § 326.8; and
- (vii) implementation of the recommendations in the FDIC Report of Examination dated April 12, 2010 ("Report") for an appropriate training

program for the Bank to assure that appropriate personnel are regularly trained to comply with the BSA Rules.

(b) The Bank shall at all times provide for the continued administration of the Compliance Plan designed to assure and monitor compliance with the BSA Rules.

### **DIRECTORS' COMMITTEE**

2. Within thirty (30) days from the effective date of this ORDER, the Board shall establish a Board committee ("Directors' Committee"), consisting of at least five members, to oversee the Bank's compliance with the BSA Rules and this ORDER. A majority of the members of the Directors' Committee shall not be officers of the Bank. The Directors' Committee shall receive monthly reports from the BSA Officer regarding the Bank's actions with respect to the Compliance Plan required in paragraph 1. The Directors' Committee shall present a report regarding the Bank's adherence to the Compliance Plan to the Board at each regularly scheduled Board meeting. Such report shall be recorded in appropriate minutes of the Board's meeting and shall be retained in the Bank's records.

### **CUSTOMER IDENTIFICATION PROGRAM**

3. Within sixty (60) days from the effective date of this ORDER, the Bank shall review, enhance, and implement its written CIP as required by 31 C.F.R. § 103.121, which shall be appropriate for the Bank's size and type of business, consistent with the requirements of the BSA Rules and which addresses the criticisms enumerated in the Report. The Bank shall submit the CIP to the Supervisory Authorities for review and comment. Upon receipt of the Supervisory Authorities' comments, if any, the Board shall review and approve the CIP. After the Board has approved the CIP, the review and approval shall be recorded in the minutes of the Board. Thereafter, the Bank shall implement the CIP.

## **RISK ASSESSMENT**

4. Within ninety (90) days from the effective date of this ORDER, the Board shall update the Bank's overall BSA risk assessment of the Bank's compliance with the BSA Rules to consider all major risks, including but not limited to products, services, types of customers, and geographic locations, with analysis of the major risk categories. The Board shall specify in the Compliance Plan how frequently the risk assessment will be updated or reassessed.

## **SAR AND CTR PROCEDURES**

5. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall establish and implement monitoring and reporting procedures for Suspicious Activity Reports ("SARs") and Currency Transaction Reports ("CTRs") to ensure that all appropriate Bank employees are aware of the procedures, including accurate recordkeeping, form completion, and the detection and reporting of known and/or suspected criminal activity, and their responsibilities in implementing the procedures.

(b) Within sixty (60) days of the effective date of this ORDER, the Bank shall contract with an independent auditor to conduct a detailed review of all high-risk accounts and high-risk transactions from January 1, 2008, to the present and determine whether SARs and CTRs should be filed. This detailed review shall be completed within 180 days of the effective date of this ORDER and the written report provided to the Board and the Supervisory Authorities. Within sixty (60) days after completion of the detailed review, the BSA Officer shall prepare and file any additional SARs and CTRs necessary based upon the review. Documentation supporting any determination made pursuant to this paragraph shall be retained in the Bank's records for such period of time as may be required by any applicable rules and regulations.

(c) Upon completion of the reviews required pursuant to the subparagraph above, the

Bank shall submit the findings of the review and copies of any additional SARs and CTRs filed to the Supervisory Authorities.

### **BSA, AML, AND OFAC POLICIES**

6. Within ninety (90) days from the effective date of this ORDER, the Board shall revise its BSA, Anti-Money Laundering (“AML”), and OFAC policies, procedures, and practices to provide for:

(a) methods of determining, reviewing, and validating risk ratings of customers, with standards for periodic reassessments;

(b) comprehensive monitoring of high-risk accounts, with full utilization of account monitoring software;

(c) adequate systems for account aggregation to ensure sufficient data to determine if SARs and CTRs should be filed;

(d) standards for documentation of new accounts, both to meet the minimum standards and to capture sufficient data for customer due diligence, with specification of the time and responsibility for obtaining missing documentation; and

(e) methods of enforcing the Bank’s BSA, AML, and OFAC policies, procedures, and practices with consequences specified for noncompliance.

### **DUE DILIGENCE PROGRAM**

7. Within sixty (60) days from the effective date of this ORDER, the Bank shall review, enhance, and implement a written customer due diligence program (“Due Diligence Program”). At a minimum, the customer Due Diligence Program shall provide for a risk focused assessment of the customer base of the Bank to determine the appropriate level of Enhanced Due Diligence (“EDD”) necessary for those categories of customers that the Bank has reason to believe pose a heightened risk of illicit activities at or through the Bank.

- (a) The Due Diligence Program shall provide for, at a minimum:
  - (i) time limits for Bank personnel to respond to account activity exceptions;
  - (ii) time limits for determining if exceptions require a SAR; and
  - (iii) identification of customers requiring site visitations and frequency of visitations.
  
- (b) EDD shall include the following procedures:
  - (i) determination of the appropriate documentation necessary to confirm the identity and business activity of the customer;
  - (ii) understanding of the normal and expected transactions of the customer; and
  - (iii) reasonably ensuring the identification and timely, accurate, and complete reporting of known or suspected criminal activity against or involving the Bank to law enforcement and the Supervisory Authorities, as required by the suspicious activity reporting provisions of 12 C.F.R. Part 353.

### **INTERNAL CONTROLS**

8. Within sixty (60) days from the effective date of this ORDER, and as acceptable to the Supervisory Authorities, the Bank shall develop, adopt, and implement an enhanced system of internal routine and controls to enable the Bank to comply with the BSA Rules including, but not limited to, the monitoring of high-risk and suspicious activities for all types of accounts, customer products, services, and geographic areas.

## **VIOLATIONS OF LAW AND/OR REGULATION**

9. Within ninety (90) days from the effective date of this ORDER, the Bank shall take steps necessary, consistent with sound banking practices, to eliminate and/or correct all violations of laws, rules and regulations noted on pages 13-16 of the Report and shall adopt and implement appropriate procedures to provide for future compliance with all such applicable laws and regulations.

## **INDEPENDENT TESTING**

10. Within sixty (60) days of the effective date of this ORDER, the Bank shall provide for independent testing of compliance with the BSA Rules. The independent testing should be conducted on a regular basis in compliance with the procedures described in Financial Institution Letter 38-2008, dated May 16, 2008, titled *Bank Secrecy Act Provision for Independent Testing for BSA/AML Compliance*. The testing, at a minimum, should include the following:

- (a) a test of the Bank's internal procedures for monitoring BSA compliance;
- (b) a test to assure all reportable transactions during the specified time frame for the review have been identified and CTRs have been filed within the prescribed time frames;
- (c) a test to assure the Bank is reviewing all applicable reports;
- (d) a test to assure bank personnel are reviewing monitoring reports for structuring activities and, if applicable, that appropriate SARs are filed in a timely manner with the appropriate law enforcement agencies;
- (e) a sampling of large currency transactions followed by a review of the CTR filings;
- (f) a test of the validity and reasonableness of the customer exemptions granted by the Bank;
- (g) a test of the Bank's customer identification procedures;



- (h) a test of the Bank's recordkeeping system for compliance with the BSA;
- (i) documentation of the scope of the testing procedures performed and the findings of the testing. Written reports should be prepared which document the testing results and provide recommendations for improvement and shall be presented to the Bank's Board; and
- (j) assurances or tests to assure that the Bank is in compliance with the BSA Rules related to:
  - (i) identifying and reporting suspicious activities;
  - (ii) funds transfer operations;
  - (iii) on-going training of appropriate personnel;
  - (iv) OFAC compliance;
  - (v) high-risk activities related to customers and other areas of the Bank;
  - (vi) compliance with information sharing requirements;
  - (vii) testing of the accuracy and validity of the automated large transaction identification system; and
  - (viii) confirming the integrity and accuracy of management information reports used in the AML compliance program.

### **TRAINING**

11. (a) Within thirty (30) days from the effective date of this ORDER, the Bank shall identify staff positions and personnel whose duties, assignments, and responsibilities call for knowledge of the compliance requirements for BSA, AML, and OFAC regulations. Such personnel shall include, but not necessarily be limited to, directors, executive officers, department heads, supervisors, loan officers, loan operations staff, tellers, bookkeepers, couriers, proof operators, information technology staff, and wire-transfer staff.
- (b) Within sixty (60) days from the effective date of this ORDER, the Bank shall

develop a comprehensive training program that shall have a general component for all directors and staff and specific components that are tailored to the needs of specific positions, departments, and personnel. The training program shall provide for both initial and periodic refresher training, and shall specify who is responsible for dissemination of changes in BSA, AML, and OFAC requirements and in what media and time notifications of changes are to be made. The training program shall require documentation of attendance at training with full explanations of absences with notation of when absentees will be trained.

(c) The comprehensive training program shall be approved by the Board and forwarded to the Supervisory Authorities with the progress report required by paragraph 14 of this ORDER that is next due following the Board's approval.

#### **BSA OFFICER**

12. Within thirty (30) days from the effective date of this ORDER, the Board shall designate a qualified officer responsible for managing, coordinating, and monitoring the Bank's Program. The BSA Officer shall have the responsibility and necessary authority to ensure the Bank's compliance with the BSA Rules and related matters, including, without limitation, the identification of timely, accurate and complete reporting to law enforcement and supervisory authorities of unusual or suspicious activity, or known or suspected criminal activity perpetrated against or involving the Bank. The BSA Officer shall report directly to the Board or to the Directors' Committee established by the Board pursuant to paragraph 2 of this ORDER. The Board shall ensure the BSA Officer has the necessary authority to implement all aspects of the Compliance Plan. The BSA Officer shall provide monthly comprehensive written reports to the Directors' Committee regarding the Bank's adherence to the Compliance Plan and this ORDER.

## **AUDITS**

13. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall adopt and implement a comprehensive written audit program, which shall include periodic and thorough reviews of the Bank's compliance with the BSA Rules with significant exceptions reported directly to the Board. The minutes of the meetings of the Board shall reflect consideration of these reports and describe any action taken as a result thereof.

(b) The audit program and its implementation shall be approved by the Board and shall be in a form and manner acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations. The Bank shall thereafter implement and enforce an effective system of internal and external audits, which includes a tracking and follow-up action matrix reviewed by the Board for audit exceptions.

## **PROGRESS REPORTS**

14. Within thirty (30) days from the end of the first calendar quarter following the effective date of this ORDER, and within thirty (30) days of the end of each quarter thereafter, the Bank shall furnish written progress reports to the Supervisory Authorities 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 this ORDER have been accomplished and the Supervisory Authorities have released the Bank in writing from making further reports. Such written progress reports shall provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER, including at a minimum:

- (a) description of the identified weaknesses and deficiencies;
- (b) provision(s) of this ORDER pertaining to each weakness or deficiency;
- (c) actions taken or in-process for addressing each deficiency;

- (d) results of the corrective actions taken;
- (e) the Bank's status of compliance with each provision of this ORDER; and
- (f) appropriate supporting documentation.

All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the minutes of the appropriate Board meeting.

### **SHAREHOLDER DISCLOSURE**

15. Within thirty (30) days from the effective date of this ORDER, the Bank shall send a copy of the ORDER or otherwise furnish a description of the ORDER to its parent holding company. The description shall fully describe the ORDER in all material respects.

The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC, the OFR, 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 provisions of this ORDER shall have been modified, terminated, suspended, or set aside in writing.

Issued Pursuant to Delegated Authority.

Dated this 20th day of April, 2011.

/s/

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Thomas J. Dujenski  
Regional Director  
Division of Risk Management Supervision  
Atlanta Region  
Federal Deposit Insurance Corporation

The Commissioner of the OFR, having duly approved the foregoing ORDER, and the Bank, through its Board, agree that the issuance of said ORDER by the FDIC shall be binding as between the Bank and the OFR to the same degree and to the same legal effect that such ORDER would be binding if the OFR had issued a separate ORDER that included and incorporated all of the provisions of the foregoing ORDER, pursuant to Chapters 120, 655, and 658, Florida Statutes (2010), including specifically Sections 655.033 and 655.041, Florida Statutes.

Dated this 20th day of April, 2011.

/s/

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Linda B. Charity  
Director  
Division of Financial Institutions  
Office of Financial Regulation  
By Delegated Authority for the Commissioner,  
Office of Financial Regulation