

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

and

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

SPRINGFIELD, ILLINOIS

_____)	
In the Matter of)	
)	
MERCANTILE BANK)	CONSENT ORDER
QUINCY, ILLINOIS)	
)	
(Illinois Chartered)	FDIC-11-372b
Insured Nonmember Bank))	2011-DB-43
_____)	

Mercantile Bank, Quincy, Illinois ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law or regulation alleged to have been committed by the Bank, and of its right to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b), and under 38 Ill. Adm. Code Section 392 *et seq.*, regarding hearings before the Illinois Department of Financial and Professional Regulation, Division of Banking, ("Division"), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER ("STIPULATION") with

counsel for the Federal Deposit Insurance Corporation ("FDIC") and the Division dated July 20, 2011, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices or violations of law or regulation, the Bank consented to the issuance of a CONSENT ORDER ("ORDER") by the FDIC and the Division.

The FDIC and the Division considered the matter and decided to accept this STIPULATION.

Having also determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and Section 48(6), 205 ILCS 5/48(6) have been satisfied, the FDIC and the Division HEREBY ORDER that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns, take affirmative action as follows:

1. From the date of this ORDER, the Bank shall cease operating with all money transmitters and currency businesses providing brokerage, sale or exchange of non-United States currency for deposit customers. The Bank shall sever its relationship with such customers, until the Regional Director of the FDIC's Chicago Regional Office ("Regional Director") and the Division have provided prior written consent for the Bank to resume such activity.

2. From the date of this ORDER the Bank shall not enter into any new line of business without the prior written consent of the Regional Director and the Division.

3. Within twenty (20) days of the date of this Order, the Bank shall develop, adopt and implement a plan a written policy regarding transactions with affiliates that is in compliance with Federal Reserve Board regulations 23A and 23B and shall submit the plan to the Board, Regional Director and Division within twenty-fours (24) hours of implementation.

4. Within twenty (20) days of the date of this ORDER the Board shall conduct a written cost based analysis to determine what portion of wire transfer income and initial fee income received from all money transmitter and currency exchange lines of business shall be paid to the Bank. The report generated from the cost based analysis shall be furnished to the Regional Director and the Division within 24 hours of the Board's completion of the written analysis.

5. Within five (5) days of completion of the written analysis, the Board shall ensure that Mercantile Bancorp, Inc, the Bank's holding company, returns to the bank all income due as determined by the written analysis.

6. Within twenty (20) days from the date of this ORDER, the Bank shall develop, adopt and implement a plan for enhancing its compliance with the Bank Secrecy Act (BSA), addressing at a

minimum, Enhanced Customer Due Diligence and Customer Identification Program (CIP) procedures, and shall submit the plan to the Board, Regional Director and Division within twenty-four (24) hours of implementation.

7. Within twenty (20) days from the date of this ORDER, the Bank shall send to its shareholders a copy of this ORDER.

8. Within thirty (30) days from the end of the first calendar quarter following the date of this ORDER, and within thirty (30) days after the end of each successive calendar quarter thereafter, the Bank shall furnish written progress reports to the Regional Director and the Division detailing the form and manner of any action taken to secure compliance with this ORDER and the results thereof.

The effective date of this ORDER shall be the date of its issuance by the FDIC and the Division.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, successors, and assigns, unless otherwise agreed to in writing by the FDIC and the Division.

The provisions of this ORDER shall remain effective and

