

FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C.

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In the Matter of )	ORDER TO CEASE AND DESIST
AMERICAN BANK and TRUST COMPANY )	
TULSA, OKLAHOMA )	FDIC 07-109b
)	
(Insured State Nonmember Bank) )	
_____ )	

The American Bank and Trust Company, Tulsa, Oklahoma ("Bank"), through its board of directors, having been advised of its right to the issuance and service of a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law and/or regulations alleged to have been committed by the Bank and of its right to a hearing on the alleged charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b) and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC") dated September 24, 2007, whereby, solely for the purpose of this proceeding and **without admitting or denying** the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

The FDIC considered the matter and determined that it had

reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws and/or regulations. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

**ORDER TO CEASE AND DESIST**

**IT IS ORDERED**, that the Bank, institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), of the Bank and its successors and assigns, cease and desist from the following alleged unsafe or unsound banking practices and alleged violations of laws and/or regulations:

(a) Operating the Bank in violation of the Currency and Foreign Transactions Reporting Act, the Bank Secrecy Act ("BSA"), 31 U.S.C. § 5311 et seq.; the rules and regulations implementing the BSA issued by the U.S. Department of the Treasury, 31 C.F.R. Part 103; the FDIC's BSA Programs and Procedures Regulations, 12 C.F.R. Part 326; and the FDIC's Suspicious Activity Reports regulations, 12 C.F.R. Part 353, (collectively "BSA Rules");

(b) Operating the Bank with a board of directors that has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe and unsound banking practices and violation of laws or regulations and to ensure compliance with the BSA Rules;

(c) Operating the Bank with an ineffective system of

internal controls to ensure compliance with the BSA Rules;

(d) Operating the Bank with an ineffective Customer Identification Program ("CIP") for accounts for persons other than individuals;

(e) Operating the Bank with an ineffective Customer Due Diligence Program ("CDD") to ensure compliance with the BSA Rules; and

(f) Operating the Bank with an ineffective system of independent testing to ensure compliance with the BSA Rules.

**IT IS FURTHER ORDERED**, that the Bank, its institution-affiliated parties and its successors and assigns take affirmative action as follows:

1. Within 60 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of BSA laws and regulations cited at the September 25, 2006 FDIC Report of Examination ("ROE") and not corrected as of the March 26, 2007 FDIC BSA Visitation. Furthermore, the Bank shall adopt and implement procedures to ensure future compliance with all such applicable laws and regulations.

2. Within 30 days from the effective date of this ORDER, the Bank's board of directors shall formulate oversight requirements for the Compliance Committee or any other Board designated committee responsible for monitoring the Bank's compliance with this ORDER and ensuring that future compliance with any and all BSA related laws and regulations is maintained.

The Compliance Committee shall be responsible for monitoring the Bank's compliance with this ORDER. Within 60 days from the effective date of this ORDER, and at monthly intervals thereafter, the Compliance Committee shall prepare and present to the Bank's Board a written report of its findings, detailing the form, content, and manner of any action taken to ensure compliance with this ORDER and results thereof, and any recommendations with respect to such compliance. Such progress reports shall be included in the minutes of the Bank's Board meetings. The structure of the Compliance Committee shall be revised to include, at a minimum, one outside Director. The duties assigned to the Compliance Committee shall not diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

3. Within 30 days from the effective date of this ORDER, the Bank shall develop a policy that specifies and documents the duties and responsibilities of a qualified individual, or individuals, who will function on a daily basis as the designated BSA Officer. The BSA Officer will be charged with coordinating and monitoring the day-to-day compliance with the BSA Provisions. The BSA Officer shall:

(a) have sufficient executive authority to establish BSA compliance procedures including procedures to monitor ongoing compliance with the BSA;

(b) be responsible for determining the adequacy of the

Bank's BSA/Anti-Money Laundering ("BSA/AML") staffing given its size and risk profile (based upon the Risk Assessment) and for supervising such staff;

(c) report directly to the Bank's board of directors and/or the board of director's Compliance Committee;

(d) report to the Bank's Audit Committee on a regular basis, but not less than quarterly, with respect to BSA/AML matters; and

(e) be responsible for assuring the proper and timely filing of Currency Transaction Reports, Suspicious Activity Reports ("SAR"), and any other BSA required reports.

4. On an ongoing basis, the Bank shall review internal reports that detail large cash transactions, wire transfers, and the cash purchase of monetary instruments to identify and detect any transactions that appear suspicious, structured, or have no business or apparent lawful purpose, are not customary, and for which the Bank is not aware of any reasonable explanation for the transaction after examining available facts. The Bank's analysis should determine whether a SAR should be filed and contain documentation of any analysis and decision to not file a SAR.

5. Within 30 days from the effective date of the ORDER, and as acceptable to the Regional Director of the Federal Deposit Insurance Corporation ("Regional Director"), the Bank shall formulate, adopt, 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 and monitoring necessary for those categories of customers that the Bank has identified as either "high risk" or watch".

(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) For those customers whose transactions require enhanced due diligence, the Due Diligence Program shall provide procedures to:

(i) determine the appropriate documentation necessary to confirm the identity and business activity of the customer;

(ii) understand the normal and expected transactions of the customer; and

(iii) reasonably ensure the identification and timely, accurate, and complete reporting of known or suspected criminal activity against or involving the Bank to law enforcement and the

Regional Director, as required by the provisions of Part 353 of the FDIC's Rules and Regulations.

6. Within 90 days from the effective date of this ORDER, the Bank shall establish independent testing programs for compliance with the BSA and Office of Foreign Assets Control ("OFAC") Provisions, to be performed on no less than an annual basis. The scope of the testing procedures to be performed, and testing results, shall be documented in writing and approved by the Bank's Board or its designee. The testing procedures, at a minimum, should include the following:

(a) compliance testing for all appropriate business lines conducted by qualified staff independent of the Bank's compliance, BSA/AML and OFAC functions;

(b) formal, documented testing programs, including adequately detailed reports and workpapers;

(c) testing of the adequacy of the Bank's risk assessment;

(d) testing of the adequacy of the BSA and OFAC internal controls designed to ensure compliance with both the BSA and OFAC Provisions;

(e) testing of the adequacy of the Bank's training program;

(f) a risk-based approach that includes transactional testing and verification of data for higher risk accounts;

(g) review of independent testing results by senior

management;

(h) procedures to ensure that senior management institutes appropriate actions in response to independent testing results; and,

(i) direct lines of reporting between the independent testing function and the Board or its designee.

7. Within 30 days from the effective date of this ORDER, the Bank shall engage a qualified independent firm ("Consultant"), acceptable to the Regional Director, to conduct a review of account and transaction activity, for the time period beginning March 27, 2006 through March 22, 2007, to determine whether suspicious activity involving any accounts of or transactions within or through the Bank were properly identified and reported in accordance with the applicable suspicious activity reporting requirements ("Look Back Review").

(a) Within 10 days of the engagement of the Consultant, but prior to the commencement of the Look Back Review, the Bank shall submit to the Regional Director for approval an engagement letter that sets forth:

(i) the scope of the Look Back Review, including the types of accounts and transactions to be reviewed which shall, at a minimum, include, but not be limited to, the transactions or accounts identified in the ROE as requiring additional investigation by the Bank;



(ii) the methodology for conducting the Look Back Review, including any sampling procedures to be followed;

(iii) the expertise and resources to be dedicated to the Look Back Review; and,

(iv) the anticipated date of the completion of the Look Back Review.

(b) Upon completion of the Look Back Review, the Consultant shall provide a copy of the report detailing its findings to the Regional Director at the same time the report is provided to the Bank.

(c) Within 30 days of its receipt of the Look Back Review report, the Bank shall ensure that all matters or transactions required to be reported, that have not previously been reported, are reported in accordance with applicable laws and regulations.

8. Within 30 days after the end of the calendar quarter following the effective date of this ORDER, and by the 15th day after the end of every calendar quarter thereafter, the Bank shall furnish written progress reports to the Regional Director detailing the form, content, 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 Regional Director has released the Bank in writing from making further reports.

9. 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., Washington, D.C. 20429 for review at least 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.

10. The provisions of this ORDER shall be binding upon the Bank, its directors, officers, employees, agents, successors, assigns, and other institution-affiliated parties of the Bank.

11. This ORDER shall become effective 10 calendar days from the date of its issuance by the FDIC. 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 by the FDIC.

Pursuant to delegated authority.

Dated this 3<sup>rd</sup> day of October, 2007.

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M. Anthony Lowe  
Acting Regional Director  
Dallas Region  
Division of Supervision and  
Consumer Protection  
Federal Deposit Insurance  
Corporation