

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

and

STATE OF GEORGIA
DEPARTMENT OF BANKING AND FINANCE
ATLANTA, GEORGIA

_____)	
In the Matter of)	
)	CONSENT ORDER
LOYAL TRUST BANK)	
JOHNS CREEK, GEORGIA)	
)	FDIC-23-0028b
)	
(Insured State Nonmember Bank))	
_____)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for Loyal Trust Bank, Johns Creek, Georgia (“Bank”), under section 3(q) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1813(q). The Georgia Department of Banking and Finance (“GDBF”) is the primary regulator over the Bank pursuant to O.C.G.A. § 7-1-60.

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER” (“CONSENT AGREEMENT”), dated August 16, 2023, that is accepted by the FDIC and the GDBF.

With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation related to the Bank Secrecy Act, 31 U.S.C. §5311 *et seq.*, 12 U.S.C. §1829b and 12 U.S.C. §§1951-1959 (“BSA”) and its implementing regulations, 31 C.F.R. Chapter X; 12 U.S.C. § 1818(s) and implementing regulations, 12 C.F.R. § 326.8 and 12 C.F.R. Part 353 (“Part 353”); and Records and Reports of Currency Transactions, O.C.G.A. § 7-1-910 *et seq.* [(collectively referred to as

Anti-Money Laundering/Countering the Financing of Terrorism (“AML/CFT Rules”)], to the issuance of this Consent Order (“ORDER”) by the FDIC and the GDBF.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and O.C.G.A. § 7-1-91 have been satisfied, the FDIC and the GDBF hereby order that:

BOARD SUPERVISION

1. (a) The Board must immediately enhance its oversight of the Bank’s AML/CFT Compliance Program and assume full responsibility for the approval of sound AML/CFT policies, procedures, and processes reasonably designed to ensure and monitor the Bank’s compliance with AML/CFT Rules, including the customer due diligence (“Customer Due Diligence”) requirements of the BSA (31 C.F.R. 1020.210). Improved Board oversight shall include meetings with Bank management to be held no less frequently than monthly during which, at a minimum, to review the reports described in subparagraph (b) areas affecting AML/CFT compliance including: audit reports, internal control reviews, including management responses, AML/CFT software, customer accounts rated as higher risk by the Bank’s Customer Due Diligence program (“Higher Risk Accounts”), money laundering and terrorist financing risk assessment, AML/CFT staffing, AML/CFT training, and compliance with this ORDER. Board meeting minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within forty-five (45) days from the effective date of this ORDER, the Board shall establish a Board committee (“Directors' Committee”), consisting of at least three members, to oversee the Bank’s compliance with this ORDER. The majority of the members of the Directors' Committee shall be directors not employed in any capacity by the Bank other than as a director. The Directors' Committee shall formulate and review monthly reports detailing the Bank’s actions with respect to compliance with this ORDER. The Directors' Committee shall present a report detailing the Bank’s adherence to this ORDER at each regularly scheduled Board meeting. Such

report shall be recorded in the appropriate minutes of the Board meeting and shall be retained in the Bank's records. Establishment of the Directors' Committee does not diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

AML/CFT COMPLIANCE PROGRAM

2. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall revise its written AML/CFT Compliance Program, including policies and procedures, to ensure that it fully meets all AML/CFT Rules, including Customer Due Diligence requirements of the BSA and Section 326.8 of the FDIC Rules and Regulations. At a minimum, the program shall cover the following components: the AML/CFT Internal Controls as contemplated in paragraph 5(a); a designated individual responsible for coordinating and monitoring AML/CFT compliance; training for appropriate personnel and independent testing of the AML/CFT compliance program. The program shall address the deficiencies and recommendations contained in the Report, and shall be designed to ensure and maintain full and ongoing compliance with all applicable AML/CFT Rules. The AML/CFT Compliance Program shall be tailored to address the risk profile determined by the Bank's money laundering/terrorist financing Risk Assessment, as required by this ORDER.

(b) Within thirty (30) days from the effective date of this ORDER, the Board shall approve the AML/CFT Compliance Program and record the approval in the minutes of the Board meeting. Within thirty (30) days of such Board approval, the Bank shall implement and fully comply with the AML/CFT Compliance Program in a manner acceptable to the Supervisory Authorities, as determined at subsequent examinations or visitations of the Bank.

RISK ASSESSMENT

3. (a) Within sixty (60) days from the effective date of this ORDER, the Board shall review and revise, as appropriate, its written policies, procedures, and processes for assessing the

money laundering, terrorist financing, and other illicit financial activities risk profile of the Bank ("Risk Assessment") within all business lines and across all activities and legal entities.

(b) Within ninety (90) days from the effective date of this ORDER, the Bank shall conduct a Risk Assessment that includes a review of the deficiencies identified in the Report. The Board shall review and approve the results of the Risk Assessment and forward it to the Supervisory Authorities with the progress report required by this ORDER that is next due following the Board's approval of the Risk Assessment. The Risk Assessment shall weigh all relevant factors, including identification and measurement of the specific risk characteristics of the Bank's products, services, customer types, affiliates, and geographic locations. The Risk Assessment shall address all pertinent risk factors that affect the overall money laundering, terrorist financing, and other illicit financial activities risk profile of the Bank, including the deficiencies and recommendations contained in the Report, and ensure that risk ratings are accurate and well-supported by qualitative and quantitative data. Thereafter, the Bank shall review and update its Risk Assessment no less than annually during the life of this ORDER, so that the Risk Assessment accurately reflects the Bank's AML/CFT risks.

INTERNAL CONTROLS

4. (a) Based on the results of the Risk Assessment, within one hundred and twenty (120) days from the effective date of this ORDER, management shall revise the system of internal controls ("AML/CFT Internal Controls") designed to ensure full compliance with the AML/CFT Rules, taking into account its size and risk profile, and addressing the deficiencies and recommendations contained in the Report.

(b) At a minimum, AML/CFT Internal Controls shall include policies, procedures, and processes that address the following areas:

(i) Suspicious Activity Monitoring and Reporting.

(x) Taking into account its size and risk profile, the Board and management shall develop, adopt, and implement policies, procedures, processes, and systems, for monitoring, detecting, and reporting suspicious activity being conducted in all areas within or throughout the Bank. The Bank shall ensure that the program for the automated software: addresses the specific risk profile of the Bank's customers and particular transaction types, including, but not limited to, cash transactions, international and domestic wire transfers, ACH originators, and Higher Risk Accounts; provides reports of suspicious activities commensurate with the specific characteristics of the Bank's customers; and is sufficient to allow for aggregation of transactional data across customer relationships, products and services.

(y) The Bank shall establish and implement policies and procedures to ensure that Suspicious Activity Reports ("SARs") are filed in accordance with the BSA and 12 C.F.R. Part 353, that the Bank investigates and analyzes alerts from the automated software system, or any other unusual or suspicious activity identified by the Bank through any other means and files SARs as required. Such a program must also ensure that timely identification of suspicious activity occurs; that timely investigation into unusual activity is undertaken; that related accounts are considered and discussed in the SARs filing; that a detailed, accurate, comprehensive, and readable narrative description of the activity is included in the SAR filing and that the Bank assesses the customer information it has collected in connection with its Customer Due Diligence program in determining whether to file a SAR; and that all SARs are filed within the prescribed timeframe. In the event a SAR has been filed, the program shall provide for ongoing monitoring of an account and customer relationship across all products and services.

(z) The Bank shall require the appropriate level of documentation and support for any decision to file or not to file a SAR, as required by AML/CFT Rules.

(ii) Customer Due Diligence. Within 60 days of the effective date of this ORDER, the Bank shall review all Higher Risk Accounts. For each such account, the Bank shall assess the risk to determine whether additional documentation should be collected to update customer information, which includes information regarding the beneficial owners of legal entity customers in accordance with 31 C.F.R. 1010.230, and to ensure the Bank sufficiently understands the nature and purpose of the customer relationship including its account activities and transactions. The Bank shall monitor such accounts, commensurate with the risk, to identify and report suspicious transactions.

(iii) AML/CFT Internal Controls. The policies, procedures, and processes that comprise the Bank's AML/CFT Internal Controls shall operate in conjunction with each other and shall be appropriate for the Bank's risk profile.

(iv) Required Reporting. The Bank's AML/CFT Compliance Program shall provide for periodic reports that address the review of Higher Risk Accounts and monitoring of AML/CFT reporting systems to ensure the appropriate filing of SARs. Such reports shall be provided to, and reviewed by, the Board at each Board meeting.

(c) Within thirty (30) days from the effective date of this ORDER, the Board shall approve the revised system of AML/CFT Internal Controls and record the approval in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with AML/CFT Internal Controls.

5. The Bank's AML/CFT Compliance program shall include policies and procedures for filing reports and responding to requests made pursuant to 31 C.F.R. 1010.520, to ensure such reports and such responses are timely, based on required timeframes, accurate, and complete.

AML/CFT OFFICER AND STAFFING

6. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall develop a written analysis and assessment of the Bank's AML/CFT staffing needs ("AML/CFT Staff Report") for the purpose of ensuring the Bank's staffing resources are sufficient and the Bank employs AML/CFT staff with the requisite ability, experience, and other qualifications that align with Bank's Risk Assessment described in paragraph 4(a) of this ORDER and are necessary to ensure compliance with AML/CFT Rules and regulations. The AML/CFT Staff Report shall include, at a minimum:

(i) Identification of both the type and number of officer and staff positions needed to properly implement, manage, and supervise the Bank's AML/CFT Compliance Program;

(ii) Written evaluation of the Board-appointed AML/CFT Officer, to determine whether this individual possesses the ability, experience, and other qualifications required to perform present and anticipated duties, including, but not limited to, adherence to the Bank's AML/CFT Compliance Program and related rules and regulations;

(iii) A plan to recruit and hire any additional or replacement personnel with the requisite ability, experience, and other qualifications to fill those officer or staff member positions consistent with the needs identified in the AML/CFT Staff Report; and

(iv) An organizational chart.

(b) Within thirty (30) days from receipt of the final AML/CFT Staff Report, the Bank shall formulate a written plan ("AML/CFT Staff Plan") that incorporates the findings of the AML/CFT Staff Report, a plan of action in response to each recommendation contained in the AML/CFT Staff Report, and a period for completing each action. The AML/CFT Staff Plan shall include, at a minimum, consideration of the Bank's size and growth plans, geographical areas

served, products and services offered, and changes in the Bank 's AML/CFT policies and procedures or AML/CFT Rules.

(c) The Board shall review and approve the AML/CFT Staff Plan. Such AML/CFT Staff Plan and its implementation shall be satisfactory to the Supervisory Authorities, as determined at subsequent examinations and/or visitations.

(d) Periodically thereafter, but no less often than annually, the Bank shall assess its AML/CFT staffing needs in conjunction with its annual Risk Assessment to ensure adequate and appropriate AML/CFT staffing resources are in place at all times.

(e) Within sixty (60) days from the effective date of this ORDER, the Board shall designate a qualified individual or individuals ("AML/CFT Officer"), with delegated authority and adequate and appropriate resources to implement the Bank's AML/CFT Compliance Program. The qualifications of the designated AML/CFT Officer's shall be commensurate with the complexity of the Bank's activities and the risk profile reflected in the AML/CFT Risk Assessment. Thereafter, the AML/CFT Officer shall report to the Board and shall provide reports, as required, directly to the Board or to the Directors' Committee.

AML/CFT TRAINING

7. Within one hundred and twenty (120) days from the effective date of the ORDER, the Bank shall revise, adopt, and implement an effective training program ("Training Program") designed for the Board, management, and staff, and their specific compliance responsibilities on all relevant aspects of laws, regulations, and Bank policies, procedures, and processes relating to the AML/CFT Compliance Program. The Training Program shall ensure that personnel are aware of, and can comply with, the requirements of the AML/CFT Rules on an ongoing basis. The Training Program shall reflect particular money laundering, terrorist financing and illicit finance risks of

the Bank based on its products, services, business lines, customer types, geographic reach and any other risks reflected in the Risk Assessment. The Training Program shall, at a minimum, include:

(a) An overview of the AML/CFT Compliance Program for new staff, along with training designed for their specific duties and responsibilities upon hiring;

(b) Training on the Bank 's AML/CFT policies, procedures, and processes for personnel, which should address employees' specific duties and responsibilities, along with training on any newly issued requirements under the AML/CFT Rules;

(c) A requirement that the Bank fully document the training of each employee with respect to the AML/CFT Compliance Program, automated software, and AML/CFT policies, procedures, and processes;

(d) Training designed to ensure effective identification, monitoring, and reporting of suspicious activity; and

(e) A requirement that training be conducted no less frequently than annually.

LOOK BACK REVIEW

8. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall identify a qualified individual that is independent of the Bank's AML/CFT department, or an independent, qualified firm acceptable to the Supervisory Authorities, to conduct a review ("Look Back Review") of all transactions in Higher Risk Accounts and higher risk transaction activity for the time period beginning November 1, 2021, through the effective date of this ORDER, in order to determine whether suspicious activity was properly identified and reported in accordance with the applicable suspicious activity reporting requirements.

(b) Within ninety (90) days from the effective date of this ORDER, the Bank shall submit to the Supervisory Authorities for non-objection a written plan to conduct the Look Back Review ("Look Back Review Plan") that sets forth the following:

- (i) The scope of the Look Back Review, including the types of transactions to be reviewed;
- (ii) The methodology for conducting the Look Back Review, including any sampling procedures to be followed;
- (iii) The methodology for determining higher risk accounts and higher risk transaction activity;
- (iv) The expertise and resources devoted to the Look Back Review;
- (v) The anticipated completion date of the Look Back Review; and
- (vi) A commitment that any interim reports, draft reports or work papers associated with the Look Back Review will be made available to the Supervisory Authorities upon request.

(c) Within one hundred and eighty (180) days of receipt of the Supervisory Authorities' non-objection to the Look Back Review Plan, the Look Back Review shall be completed and submitted to the Board. The Bank shall prepare and file any SARs necessary based on the Look Back Review.

(d) The findings from the Look Back Review shall be presented directly to the Board at a Board meeting, and the presentation, conclusions, and discussion of the findings shall be reflected in the minutes of the meeting.

(e) Upon completion of the Look Back Review, the Bank shall submit a copy of the Look Back Review and copies of any additional SARs filed as a result of the Look Back Review to the Supervisory Authorities. Following review of the Look Back Review, the Supervisory Authorities will notify the Bank within 30 days if findings warrant an additional period of look back.

VIOLATIONS OF LAW

9. Within one hundred and eighty (180) days from the effective date of this ORDER, the Bank will eliminate and/or correct all violations of AML/CFT Rules cited in the Report of Examination dated November 28, 2022 ("Report"). In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable AML/CFT laws and regulations.

PROGRESS REPORTS

10. Within thirty (30) days from the end of the first quarter following the effective date of this ORDER, and within thirty (30) days from 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. All progress reports shall be reviewed by the Board and made a part of the appropriate Board meeting minutes.

DISCLOSURE TO SHAREHOLDERS

11. Following the issuance of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its shareholders. The description shall fully describe this ORDER in all material respects.

OTHER ACTIONS

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 Bank-affiliated parties.

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its Bank-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 Supervisory Authorities.

Issued Pursuant to Delegated Authority.

Dated this 11th day of September, 2023.

By:

/s/ _____
John F. Vogel
Acting Regional Director
Division of Risk Management Supervision
Federal Deposit Insurance Corporation

The GDBF 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 GDBF to the same degree and to the same legal effect that such ORDER would be binding on the Bank if the GDBF had issued a separate ORDER that included and incorporated all of the provisions of the foregoing ORDER, pursuant to O.C.G.A. § 7-1-91.

Dated this 22nd day of August, 2023.

By:

/s/

Kevin B. Hagler
Commissioner
Department of Banking and Finance
State of Georgia