

FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C.  
and  
OKLAHOMA STATE BANKING DEPARTMENT  
OKLAHOMA CITY, OKLAHOMA

_____	)	
In the Matter of	)	CONSENT ORDER
	)	
THE EXCHANGE BANK	)	
SKIATOOK, OKLAHOMA	)	FDIC-23-0081b
	)	OSBD-23-C&D-1
(Insured State Nonmember Bank)	)	
_____	)	

The Exchange Bank, Skiatook, Oklahoma (“Bank”), through its Board of Directors (“Board”), 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 section 204(B) of the Oklahoma Banking Code (the “Code”), Okla. Stat. tit. 6, § 204(B), and the provisions of the Oklahoma Administrative Procedures Act (Okla. Stat. tit. 75, § 250 et seq.), and having waived those rights, entered into a STIPULATION TO THE ISSUANCE OF A CONSENT ORDER (“STIPULATION”) with counsel for the Federal Deposit Insurance Corporation (“FDIC”) and a representative of the Oklahoma State Banking Department (“State”) dated February 29, 2024, 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 a CONSENT ORDER (“ORDER”) by the FDIC and the State.

The FDIC and the State considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws and/or regulations. The FDIC and the State, therefore, accepted the STIPULATION and issued the following:

**CONSENT ORDER**

**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, shall Take affirmative action as follows:

**VIOLATIONS OF LAW**

1. Within ninety (90) days from the effective date of this ORDER, the Bank shall correct all BSA violations of law, as more fully set forth in the Joint Report of Examination dated May 15, 2023 (“ROE”). In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable BSA laws and regulations.

**COMPLIANCE PLAN**

2. Within forty-five (45) days of the effective date of this ORDER, the Bank shall develop, adopt and implement a written plan (“Compliance Plan”) for the continued administration of the Bank’s Bank Secrecy Act (“BSA”) and Anti-Money Laundering/Countering the Financing of Terrorism (“AML/CFT”) Compliance Program designed to provide sufficient management oversight to ensure and maintain compliance with the BSA and its implementing rules and regulations, and to prevent unsafe and unsound banking practices. The Bank shall submit the Compliance Plan to the Regional Director and the Commissioner for review and comment. Upon receipt of comments from the Regional Director and the Commissioner, if any, the Board shall

review and approve the Compliance Plan. The review and approval of the Compliance Plan by the Board shall be recorded in the Board minutes.

### **CONSENT ORDER COMPLIANCE COMMITTEE**

3. Within five (5) days after the effective date of this ORDER, the Bank's Board shall establish a subcommittee of the Bank's Board charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER ("Consent Order Compliance Committee"). The Consent Order Compliance Committee shall report monthly to the entire Bank's Board, and a copy of the report and any discussion related to the report, or the ORDER shall be included in the minutes of the Bank's Board meeting. Nothing contained herein shall diminish the responsibility of the entire Bank's Board to ensure compliance with the provisions of this ORDER.

### **INTERNAL CONTROLS**

#### **Customer Due Diligence**

4. Within ninety (90) days of the effective date of this ORDER, the Bank shall develop, adopt, and implement a written Customer Due Diligence ("CDD") program, as set forth in 31 C.F.R. § 1020.210(a)(2)(v), which includes the requirement to maintain and update Beneficial Owner information. Such CDD program and its implementation shall be in a manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank. At a minimum, the CDD program shall provide risk-based policies, procedures, and processes to:

- a. Conduct CDD for new customers and ongoing CDD for existing customers. The level of due diligence should be sufficient to understand the nature and purpose of the account.
- b. Develop and implement an effective method to develop a customer risk profile.

- c. Define when and what additional customer information will be collected based on the customer's risk profile.
- d. Maintain and update customer information on an ongoing basis.
- e. Define responsibilities with regard to customer risk profile changes.
- f. Establish guidance for resolving issues relative to insufficient or inaccurate information.
- g. Ensure the bank's compliance with CDD requirements is included in independent testing.
- h. Include written processes for collecting and verifying Beneficial Ownership information of legal entity customers at account opening, as required by 31 C.F.R. § 1010.230. The Bank shall collect and verify, as appropriate, Beneficial Ownership information on any customer accounts for which such information has not been collected and verified; and
- i. Address procedures on how to handle accounts when the Bank is unable to form a reasonable belief that it knows the true identify of a customer or if the Bank does not receive the required information;

### **Suspicious Activity Reporting**

5. Within sixty (60) days of the effective date of this ORDER, the Bank shall develop and implement effective processes across all business lines – including products, accounts, customers, services, and geographies – for identifying and monitoring unusual or unexpected activity in order to detect, investigate, and, if applicable, report suspicious activity. The Bank shall ensure that such processes are in place and are operating effectively at all times.

6. The Bank shall establish and implement policies and procedures designed to ensure that:

- a. Suspicious Activity Reports (SARs) are filed within thirty (30) days of identifying a suspect or unusual and suspicious activity (or a total of sixty (60) days if a suspect is unknown or once every one hundred twenty (120) days for ongoing unusual or suspicious activity). 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 SAR filings, as appropriate;
- b. Every SAR filed contains a detailed, accurate, comprehensive, and readable narrative description of the activity in the filing;
- c. SAR procedures contain meaningful thresholds for identifying accounts and customers for further monitoring, review, and analyses; and periodic testing and monitoring of such thresholds for their appropriateness to the Bank's products, customers, accounts, services, and geographic areas shall occur;
- d. The SAR program is tested for accuracy and completeness through independent testing immediately after its implementation and thereafter at least annually. Documentation of the testing shall be provided to the Consent Order Compliance Committee and be documented in the Committee's meeting minutes. Such documentation shall also be available to the FDIC and the OSBD examiners upon request.
- e. The SAR program includes procedures and/or systems for each business area of the Bank to produce periodic reports designed to identify unusual or suspicious

activity, including transactions that appear to be designed to evade BSA reporting requirements

- f. Policies and procedures ensure the proper maintenance and retention of records of SARs, CTRs and any other similar or related reports required by law.

7. The Bank shall ensure that decisions not to file a SAR are fully documented, including the rationale for concluding that a SAR filing is not necessary. The Bank shall retain such documentation in accordance with applicable laws and regulations.

### **BSA OFFICER**

8. Within ninety (90) days of the effective date of this ORDER, the Bank shall designate a qualified and knowledgeable BSA Officer capable of administering the Bank's AML/CFT Program. The BSA Officer shall have sufficient executive authority to monitor and ensure compliance with the BSA and its implementing rules and regulations and:

- a. Be responsible for determining the adequacy of AML/CFT staffing and for supervising such staff in complying with the BSA and its implementing rules and regulations, including ensuring appropriate training for BSA staff and non-BSA employees occurs;
- b. Report directly to the Board;
- c. Provide regular reports, not less than quarterly, to the Bank's Audit Committee with respect to any AML/CFT matters;
- d. Be responsible for assuring that CTRs and SARs are filed in accordance with outstanding regulations; and

- e. Provide monthly comprehensive written reports to the Board's Consent Order Compliance Committee regarding the Bank's adherence to the Compliance Plan and this ORDER.

### **BSA TRAINING**

9. Within sixty (60) days from the effective date of this ORDER, the Bank shall ensure AML/CFT Training Program is tailored to address the specific job responsibilities of the group or individual for which the training is being provided and ensure that those being trained are aware of and can comply with the requirements of the BSA on an ongoing basis. At a minimum, the AML/CFT Training Program shall include:

- a. An overview of the BSA for new Bank personnel and specific training designed for their specific duties and responsibilities upon hiring;
- b. Specific enhanced training on CDD policies and procedures with regard to due diligence and monitoring of high-risk customers;
- c. A requirement for periodic training, updated as appropriate and tailored to address the specific duties and responsibilities of those trained, regarding the Bank's AML/CFT policies, procedures, and processes, and any changes in them; changes in the Bank's AML/CFT risk profile; new rules and requirements as they arise for appropriate Bank personnel; and
- d. A requirement that the Bank fully document the AML/CFT Training Program, including training materials, dates of the training sessions, attendance, and knowledge check results.

### **DISCLOSURE OF ORDER**

10. Following the effective date of this ORDER, the Bank shall send to its shareholder(s) or otherwise furnish a description of this ORDER in conjunction with the Bank's next shareholder communication and 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.

### **PROGRESS REPORTS**

11. Within thirty (30) days after the end of the first calendar quarter following the effective date of this ORDER, and within thirty (30) days after the end of each successive calendar quarter, the Bank shall furnish written progress reports to the Regional Director and the Commissioner 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 the ORDER have been accomplished and the Regional Director and the Commissioner has/have released the Bank in writing from making additional reports.

### **BINDING EFFECT**

12. The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC, OSBD, 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, as that term is defined in Section 3(u) of the FDI Act, 12 U.S.C. § 1813(u).

This ORDER will become effective upon its 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 provision has been modified, terminated, suspended, or set aside by

the FDIC and OSBD.

Violation of any provisions of this ORDER will be deemed to be conducting business in an unsafe or unsound manner and will subject the Bank to further regulatory enforcement action.

Issued Pursuant to Delegated Authority.

Dated this 21<sup>st</sup> day of March, 2024.

/s/  
\_\_\_\_\_  
J. Mark Love  
Deputy Regional Director  
Division of Risk Management Supervision  
Federal Deposit Insurance Corporation

/s/  
\_\_\_\_\_  
Mick Thompson  
Commissioner  
Oklahoma State Banking Department