

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

and

STATE OF ALABAMA
STATE BANKING DEPARTMENT
MONTGOMERY, ALABAMA

In the Matter of)

RIVER BANK & TRUST)
PRATTVILLE, ALABAMA)

(Insured State Nonmember Bank))

CONSENT ORDER

FDIC-23-0127b

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for River Bank & Trust, Prattville, Alabama (“Bank”), under section 3(q) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1813(q). The Alabama State Banking Department (“ASBD”) is the primary regulator over the Bank pursuant to § 5-2A-12, Code of Alabama.

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 February 21, 2024, that is accepted by the FDIC and the ASBD.

Based on the findings of the joint FDIC and ASBD examination of the Bank as contained in the July 24, 2023, Report of Examination (“2023 Report”), the FDIC and the ASBD concluded, among other things, that the Bank violated certain provisions of the Bank Secrecy Act.

With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of 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 - 1960 (“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, § 5-2A-12, Code of Alabama, *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 ASBD.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and § 5-2A-12, Code of Alabama have been satisfied, the FDIC and the ASBD 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 Bank’s approval of and adherence to 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 one hundred twenty (120) 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 4(a); independent testing for AML/CFT compliance to be conducted by institution personnel or by an outside party; a designated individual responsible for coordinating and monitoring AML/CFT compliance as described in paragraph 5(g); and training for appropriate personnel of the AML/CFT Compliance Program as described in paragraph 6. The program must be commensurate with the Bank’s money laundering, terrorist financing, and illicit financial activity risks, address the deficiencies and recommendations contained in the 2023 Report, comply with the requirements of this ORDER, and be designed to ensure and maintain full and ongoing

compliance with all applicable AML/CFT Rules. 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 and visitations of the Bank.

RISK ASSESSMENT

3. 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 2023 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 must be documented and weigh all relevant factors that affect the overall money laundering, terrorist financing, and other illicit financial activities risk profile of the Bank including: identification and measurement of the specific risk characteristics of and within the Bank's business activities such as products, services, customer types, affiliates, and geographic locations. The Risk Assessment also shall address mitigation strategies for identified risks and the deficiencies and recommendations contained in the 2023 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 to ensure the AML/CFT Compliance Program is and continues to be reasonably designed to assure and monitor compliance with AML/CFT Rules.

INTERNAL CONTROLS

4. (a) Based on the results of the Bank's Risk Assessment and the deficiencies and recommendations contained in the 2023 Report, 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 the Bank's organizational structure and risk profile.

(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.

(1) Taking into account its size, organizational structure, and risk profile, the Board and management shall develop, adopt, and implement policies, procedures, and systems across all business lines for monitoring and detecting unusual or unexpected activity to enable the Bank to investigate, and if applicable, file timely reports of suspicious activity. The Bank shall ensure that the program for the automated software: addresses the specific risk profiles of the Bank's customers to identify any suspicious or unusual activities with respect to the individual customer's transactions, including, but not limited to, cash transactions, international and domestic wire transfers, ACH originators, and internally identified Higher Risk Accounts; identifies 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.

(2) The Bank shall establish and implement policies and procedures to ensure that Suspicious Activity Reports ("SARs") are filed in accordance with AML/CFT Rules, and 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 unusual, unexpected, or suspicious activity occurs; that timely investigation into such activity is undertaken; that related accounts are considered and discussed in the SAR filing; that an accurate, comprehensive, and readable narrative description of the activity is included in the SAR filing; 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.

(3) The Bank shall require the appropriate level of documentation, analysis, and support for each stage of the SAR monitoring and reporting process, including any decision not to file a SAR, as required by AML/CFT Rules.

(ii) Customer Due Diligence. The Bank shall develop, adopt, and implement a written Customer Due Diligence Program, which includes appropriate risk-based policies, procedures, and processes for conducting ongoing customer due diligence for new and existing customers. At a minimum, such controls must:

(1) Address the weaknesses and deficiencies identified in the 2023 Report pertaining to customer due diligence;

(2) Ensure the Bank understands the nature and purpose of customer accounts, including the anticipated type and volume of account activity and the customer's products and services and their geographic reach, to develop a customer risk profile for identifying and reporting suspicious transactions;

(3) Ensure the Bank can accurately identify those customers that pose a

heightened risk to apply appropriate risk-based monitoring and due diligence;

(4) Include policies and procedures for conducting and documenting the Bank's ongoing due diligence and for updating customer information, on a risk basis, to ensure the Bank's customer risk profiles are accurate.

(5) Address situations where there is insufficient or inaccurate information that prevents the Bank from understanding the nature and purpose of the account to perform customer due diligence;

(6) Include written procedures and processes for identifying and verifying beneficial ownership information of legal entity customers. The Bank shall collect and verify, as appropriate, beneficial ownership information on any customer accounts for which such information has not been collected and/or verified and develop policies and procedures to address accounts when the Bank is not able to form a reasonable belief that it knows the true identity of a customer or if the Bank does not receive the required information.

(7) The Bank's Customer Due Diligence Program shall operate in conjunction with its Customer Identification Program and suspicious activity monitoring to enable the Bank to develop customer risk profiles.

(iii) Required Reporting. The Bank's AML/CFT Compliance Program shall provide for periodic reports that address the review of internally identified 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) 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 the AML/CFT Internal Controls.

AML/CFT OFFICER AND STAFFING

5. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall retain a qualified bank consultant to 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 3 of this ORDER and to ensure compliance with AML/CFT Rules. 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) The Bank shall provide the Supervisory Authorities with a copy of the proposed bank consultant engagement letter or contract for review before it is executed.

(c) The AML/CFT Staff Report shall be developed and submitted to the Board and Supervisory Authorities simultaneously within ninety (90) days from the effective date of this

ORDER.

(d) 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 and AML/CFT Rules.

(e) 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.

(f) 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.

(g) Within sixty (60) days from the effective date of this ORDER, the Board shall designate a qualified individual or individuals (“AML/CFT Officer”), with sufficient delegated authority and adequate and appropriate resources to effectively implement, coordinate, and monitor the Bank's day-to-day compliance with AML/CFT Rules and to administer all aspects of the AML/CFT Compliance Program and the Bank’s compliance with this Order. 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

6. Within ninety (90) 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 the 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

7. (a) Within thirty (30) 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 accounts and transactions identified in the 2023 Report that were not monitored adequately as well as all Higher Risk Accounts and higher risk transaction activity, as determined by the bank and individual(s) conducting the review, that includes returned checks and positive pay mismatches for the time period January 1, 2022, through the effective date of this 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 reports reviewed;
- (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 twenty (120) 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 Look Back Review findings shall be presented directly to the Board at a Board meeting and the presentation, conclusions, and discussion of findings shall be reflected in the minutes for the meeting.

(e) Upon completion of the Look Back Review, the Bank shall submit to Supervisory Authorities a copy of the Look Back Review and copies of any additional SARs and Currency Transaction Reports (“CTRs”) filed as a result of the Look Back Review. 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.

BSA REPORTS

8. The Bank shall ensure that all reports required to be filed pursuant to the AML/CFT Rules, including, but not limited to CTRs and SARs, are completed accurately and properly filed within required timeframes.

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 2023 Report. In addition, the Bank shall take all necessary steps to ensure future compliance with 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 12th day of March, 2024.

By:

/s/
Ann Servaes
Deputy Regional Director
Division of Risk Management Supervision
Federal Deposit Insurance Corporation

The ASBD, 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 ASBD to the same degree and to the same legal effect that such ORDER would be binding on the Bank if the ASBD had issued a separate ORDER that included and incorporated all of the provisions of the foregoing ORDER, pursuant to § 5-2A-12, Code of Alabama.

Dated this 21nd day of FEB., 2024.

By:

/s/

Mike Hill
Superintendent
State Banking Department
State of Alabama