

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of

**ALMA EXCHANGE BANK & TRUST,
ALMA, GEORGIA**

(Insured State Nonmember Bank)

**CONSENT ORDER, ORDER TO
PAY CIVIL MONEY PENALTY
AND
ORDER FOR RESTITUTION**

FDIC-13-014b
FDIC-13-096k

The Federal Deposit Insurance Corporation (the “FDIC”) is the appropriate federal banking agency under Section 3(q) of the Federal Deposit Insurance Act (the “FDI Act”), 12 U.S.C. § 1813(q)(3), for Alma Exchange Bank & Trust, Alma, Georgia (the “Bank”). The FDIC considered the matter and determined that the Bank has engaged in unsafe and unsound banking practices, and engaged in deceptive and unfair acts and practices, in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45 (a)(1) (“Section 5”), in that (1) the Bank failed to accurately disclose the maximum cash advance fee to customers with respect the Bank’s credit card program, (2) the Bank failed to disclose the over-limit fee to customers with respect to the Bank’s credit card program, (3) the Bank represented that all of the listed benefits of the Bank’s identity theft insurance product would be provided to customers “automatically,” when instead, customers had to register to receive all of such listed benefits, and (4) the Bank failed to disclose adequately that all customers were entitled to the identity theft insurance benefits at no cost, regardless of whether or not they opted out.

The Bank, by and through its duly elected and acting Board of Directors (the “Board”), has executed a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER, ORDER TO PAY CIVIL MONEY PENALTY AND ORDER FOR RESTITUTION (“CONSENT AGREEMENT”), dated November 13, 2013, that is accepted by the FDIC. With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices and/or violations of law and/or regulations, to the issuance of this CONSENT ORDER, ORDER TO PAY CIVIL MONEY PENALTY AND ORDER FOR RESTITUTION (collectively “ORDER”) by the FDIC.

Having determined that the requirements for issuance of an order under Sections 8(b) and 8(i)(2) of the FDI Act, 12 U.S.C. §§ 1818(b) and 1818(i)(2), have been satisfied, the FDIC hereby issues the following:

I. CONSENT ORDER

IT IS HEREBY ORDERED that the Bank, its institution-affiliated parties, as that term is defined in 12 U.S.C. § 1813(u), and its successors and assigns, cease and desist from operating in violation of Section 5.

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

CORRECTIVE ACTIONS

1. Within 60 days of the effective date of this ORDER, the Bank shall correct all violations of law, including Section 5, and implement examiner directions contained in the Report of Examination for Compliance dated July 16, 2012 (“ROE”). In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable consumer

protection laws, implementing regulations, regulatory guidance, and statements of policy (“Consumer Laws”).

FTC ACT COMPLIANCE

2. Within 60 days from the effective date of this ORDER, the Bank shall adopt and implement systems and controls to ensure compliance with the Section 5 violations cited in the ROE with respect to the Bank’s identity theft protection program and credit card product. The Bank’s options and controls shall be consistent with FDIC Financial Institution Letter 26-2004, *Unfair or Deceptive Acts or Practices Under Section 5 of the Federal Trade Commission Act*.

BOARD OF DIRECTORS

3. (a) As of the effective date of this ORDER, the Board shall participate fully in the oversight of the Bank’s Compliance Management System (the “CMS”) to ensure the establishment and implementation of a comprehensive written compliance program (the “Compliance Program”). Such participation shall include assuming full responsibility for the approval of sound compliance policies and objectives, and for the supervision of all of the Bank’s compliance-related activities, consistent with the role and expertise commonly expected for directors of banks of comparable size. The Board shall demonstrate clear and unequivocal expectations regarding compliance. The Board’s oversight of the Bank’s CMS shall include oversight of the Bank’s third-party relationships.

(b) Within 30 days from the effective date of this ORDER, the Board shall revise the membership of its compliance committee (the “Compliance Committee”) so that it shall include at least one (1) director who is not an active officer of the Bank and at least one (1)

member of senior management, plus at least one (1) Compliance Officer (each, “Compliance Officer”) retained pursuant to this Order.

- (i) The Compliance Committee shall meet no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: minutes of the Compliance Committee, Compliance Officer reports, Compliance Program audit reports, Compliance Program policies, and compliance with this Order (collectively, the “Compliance Committee Report”).
- (ii) The Compliance Committee shall submit its Compliance Committee Report to the Board in writing and the Board minutes shall document the review and approval of such Compliance Committee Report, including the names of any dissenting directors.
- (iii) Establishment of the Compliance Committee does not in any way diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.
- (iv) The Board, in conjunction with the Compliance Committee, shall allocate resources to the compliance area that are:
 - a) commensurate with the level of complexity of the Bank’s operations to ensure the establishment and implementation of an adequate CMS as described in Sections II-2.1 – II-2.4 of the FDIC’s *Compliance Examination Manual*, http://www.fdic.gov/regulations/compliance/manual/index_pdf.html (“CMS Gui-

dance”), including procedures ensuring the Bank’s compliance with Consumer Laws; and

b) sufficient to ensure the Bank’s timely compliance with this ORDER.

(c) Within 60 days from the effective date of this ORDER, the Board shall develop and adopt an educational program for periodic training for each member of the Board that specifically addresses Consumer Laws.

QUALIFIED MANAGEMENT

4. (a) Within 30 days from the effective date of this ORDER, the Bank shall have and retain management with the qualifications and experience commensurate with assigned duties and responsibilities at the Bank.

(b) The qualifications of management shall be assessed on its ability to:

- (i) comply with the requirements of this ORDER;
- (ii) operate the Bank in a safe and sound manner;
- (iii) comply with Consumer Laws; and
- (iv) develop, implement and administer a satisfactory CMS.

COMPLIANCE OFFICER

5. (a) The Bank shall continue to employ at least one full-time Compliance Officer who possesses the requisite knowledge and experience to administer an effective CMS. The Compliance Officer shall report directly to the Board. The Compliance Officer shall be given written authority by the Board to implement and supervise the Bank’s Compliance Program, including, but not limited to, providing training for the Bank’s employees in all Consumer Laws, establishing internal controls and procedures reasonably designed to

prevent violations of Consumer Laws, and performing or supervising periodic internal audits to ascertain compliance with Consumer Laws and/or the Bank's Compliance Program.

- (b) The Bank's Board, in conjunction with the Compliance Committee, shall:
 - (i) ensure that the duties and responsibilities of the Compliance Officer is clearly defined and provide for accessibility to both the Board and senior management;
 - (ii) require the Compliance Officer to provide to the Compliance Committee monthly written reports, including, but not limited to, new, or changes to, existing Consumer Laws; training performed; monitoring and audits performed; corrective action taken or recommended; updates regarding the Bank's third-party relationships and due diligence to ensure that the Bank's third-party relationships preclude future violations of the Consumer Laws identified in the ROE; and compliance with the ORDER;
 - (iii) require the Compliance Officer to review and respond promptly in writing to audit reports relating to the Bank's CMS;
 - (iv) ensure that the Compliance Officer has and retains sufficient authority and independence to implement policies related to Consumer Laws, and to institute corrective action as needed. At a minimum, this authority shall include the ability to cross departmental lines, have access to all areas of the Bank's operations, and effectuate corrective action upon discovering deficiencies; and

- (v) ensure that the Compliance Officer receives ongoing training, sufficient time, and adequate resources, including staff personnel, to effectively oversee, coordinate, and implement their respective areas of the Bank's CMS.

COMPLIANCE MANAGEMENT SYSTEM

6. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop and implement a CMS that is commensurate with the level of complexity of the Bank's operations. The CMS shall include the development and implementation of a comprehensive written Compliance Program, which embraces all of the Consumer Laws to which the Bank is subject, and at a minimum, shall provide for and include:

- (i) development and implementation of operating procedures for Consumer laws, and as more specifically set forth in paragraph 7 of this ORDER;
- (ii) development and implementation of a formal training program for all personnel, who have compliance responsibilities, to ensure that all such personnel are thoroughly knowledgeable of applicable compliance requirements as more specifically set forth in paragraph 8 of this ORDER;
- (iii) development and implementation of procedures for monitoring the Bank's compliance with Consumer Laws as more specifically set forth in paragraph 9 of this ORDER;

- (iv) development and implementation of audit procedures to monitor the Bank's compliance with Consumer Laws as more specifically set forth in paragraph 11 of this ORDER;
- (v) development and implementation of procedures to ensure follow-up actions and corrective attention are provided to exceptions identified during monitoring and internal audits;
- (vi) development and implementation of procedures to preclude future violations of Consumer Laws identified in the Compliance Report, and to ensure future compliance with all Consumer Laws; and
- (vii) review by the Board, at least once each quarter, of the Bank's current procedures to determine the need for revisions based on new and/or changed regulatory requirements or Consumer Laws, Bank philosophy, products and services, with the results of such review shall be included in the minutes of each Board meeting where such review was undertaken.

(b) Within 60 days from the effective date of this ORDER, the Board shall approve the Compliance Program, which approval shall be recorded in the minutes of the Board. Any subsequent modifications to the Compliance Program shall also be recorded in the minutes of the Board. Thereafter, the Bank, and its successors and assigns shall follow the Compliance Program and/or any subsequent modification thereto.

WRITTEN OPERATING PROCEDURES

7. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop written operating procedures to ensure that practices are consistent with the Bank's goals and

objectives and to prevent violations of all Consumer Laws. The operating procedures shall include an outline of steps necessary to initiate third-party relationships as well as procedures to oversee all such activities as more specifically set forth in paragraph 10 of this ORDER. Written operating procedures shall include detailed steps required to complete routine tasks and sample forms.

(b) After approval and adoption by the Board, the written operating procedures shall be given to and accessible by employees, referenced in training sessions, and used in the monitoring process.

(c) The operating procedures shall be periodically reviewed by the Board and revised to respond to new or changed regulatory requirements, Bank philosophy, products, and services.

TRAINING PROGRAM

8. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop a training program that addresses compliance with all Consumer Laws. Such training program shall include the scope and frequency of planned training sessions.

(b) The Bank shall hold training sessions as needed to comply with all Consumer Laws applicable to the Bank. Training shall be provided to all applicable Bank personnel in all applicable departments of the Bank. Procedures shall be established to verify employee comprehension of the material presented in such training sessions.

(c) In addition, training shall be held immediately following instances where weaknesses are identified during internal/external reviews or by regulators.

COMPREHENSIVE MONITORING PROGRAM

9. (a) Within 60 days of the effective date of the ORDER, the Bank shall develop a comprehensive monitoring program designed to encompass all applicable compliance regulatory areas, including oversight of third-party relationships, and to ascertain the Bank's compliance with Consumer Laws. The monitoring program shall be tailored to specific transactions, policies, and procedures of the Bank, and designed to assist in the early detection, correction, and prevention of violations of Consumer Laws. The review scope and procedures shall be well defined.

(b) Exceptions noted shall be reported in writing to the Board within 30 days and receive immediate corrective action.

MANAGING THIRD-PARTY RISK

10. Within 60 days from the effective date of this ORDER, the Bank shall adopt and implement systems and controls to ensure proper management of third-party risk, consistent with FDIC Financial Institution Letter 44-2008, *Managing Third-Party Risk*. The Bank's third-party risk management program should address (a) risk assessment, (b) due diligence in selecting third-party vendors and service providers, (c) contract structuring and review, and (d) effective oversight of vendors and service providers.

AUDIT PROGRAM

11. (a) Within 120 days from the effective date of this ORDER, the Bank shall have an independent audit conducted to ensure compliance with Consumer Laws and assess the Bank's Compliance Program in conjunction with the CMS Guidance, and at a minimum, shall:

- (i) define a comprehensive scope;

- (ii) identify the number of transactions sampled by category or product type;
- (iii) identify deficiencies;
- (iv) provide descriptions of or suggestions for corrective actions and time frames for correction; and
- (v) establish follow-up procedures to verify that corrective actions were implemented and effective.

(b) Audit findings, deficiencies, and recommendations shall be documented in a written report and provided to the Board within 10 days from completion of the independent audit.

(c) Within 30 days of receipt of the independent auditor's written report, the Board shall take action to (i) address the audit's findings, (ii) correct any deficiencies noted, and (iii) implement any recommendations, or the Board shall provide a written explanation why a particular recommendation has not been implemented. The Board minutes shall document such action and shall be signed by all Board members, including the names of any dissenting members.

(d) After receipt of the independent audit the Bank shall, on an annual basis, conduct subsequent independent audits and, on a quarterly basis, have the Bank's bank holding company conduct subsequent audits. The subsequent audits shall comply with all of the provisions of this paragraph 11.

II. ORDER TO PAY CIVIL MONEY PENALTY

12. (a) IT IS FURTHER ORDERED that by reason of the violation(s) of law and/or regulation set forth herein, and after taking into account the appropriateness of the penalty with respect to the size of financial resources and good faith of the Bank, the gravity of the

violations, the history of previous violations by the Bank, and such other matters as justice may require, including the severity of the risks to and losses of consumers, pursuant to Section 8(i)(2) of the FDI Act, 12 U.S.C. § 1818(i)(2), a penalty of twenty-five thousand dollars (\$25,000.00) is assessed against the Bank. The Bank shall pay such amount to the Treasury of the United States.

(b) IT IS FURTHER ORDERED that the Bank is prohibited from seeking or accepting indemnification from any third party for the civil money penalty assessed and paid in this matter.

III. ORDER FOR RESTITUTION

IT IS FURTHER ORDERED that the Bank provide restitution to consumers as follows:

13. (a) Within 30 days from the effective date of this ORDER, the Bank shall implement the plan for restitution that has been submitted by the Bank and agreed to by the FDIC. Under such plan, restitution shall be made, pursuant to Section 8(b)(6) of the FDI Act, 12 U.S.C. § 1818(b)(6), to all affected customers for the harm caused by the Bank's violations of Section 5 with respect to the Bank's credit card product up to six years prior to such Section 5 violations were identified in the ROE.

(b) The Bank shall retain for seven years all records pertaining to the restitution, including, but not limited to: documentation of the processes and procedures used to determine the eligible customers; the names, contact and account information of the eligible customers; any mailing records; and documentation that the appropriate restitution was made.

IV. NOTIFICATION AND REPORTING REQUIREMENTS

WRITTEN PROGRESS REPORTS

14. (a) Within 30 days from the end of the first calendar quarter following the effective date of this ORDER, and within 30 days from the end of each successive calendar quarter, the Bank shall furnish written progress reports to the Regional Director detailing the form, manner and dates of any action taken to secure compliance with this ORDER and the results thereof. All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the minutes of the Board meeting.

(b) The progress reports shall be true and accurate and accompanied by a certification of compliance signed by the Chairman of the Board and the Bank President. The certification of compliance shall include the following: (i) a statement confirming that the Bank is in compliance with all provisions of the ORDER; or (ii) if the Bank is not in compliance with all provisions of the ORDER, the Bank must provide: (A) a list of the provisions with which the Bank is not yet in compliance, an explanation of why the Bank is not yet in compliance with each specific provision and a description of the actions the Bank has taken to comply with the provision; and (B) a statement as to when the Bank will be in full compliance with the ORDER.

SHAREHOLDER DISCLOSURE

15. The Bank shall either provide a copy of the ORDER to its shareholder or otherwise furnish a description of the ORDER in conjunction with the next Board meeting of its shareholder, in which case such 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, Disclosure and Securities Section, 550 17th Street, N.W., Washington,

D.C. 20429, for non-objection or comment prior to dissemination to the Bank's shareholder. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement. This description shall be disseminated 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 terms "next shareholder communication" and "next shareholder meeting" mean the next shareholder communication and next shareholder meeting immediately after the FDIC provides the Bank with either non-objection of or comments about the description.

IV. SAVINGS CLAUSE AND EFFECTIVE DATE OF THIS ORDER

16. (a) 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 institution-affiliated parties.

(b) This ORDER shall be effective on the date of issuance.

(c) The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

(d) The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision of this ORDER shall have been modified, terminated, suspended, or set aside in writing.

(e) Calculation of time limitations for compliance with the terms of this ORDER shall be based on calendar days, unless otherwise noted.

Issued Pursuant to Delegated Authority.

Dated at Washington, D.C., this _6th_ day of _December_, 2013.

By: _____/s/_____
Sylvia H. Plunkett
Senior Deputy Director
Division of Depositor and Consumer Protection