

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

and

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

SPRINGFIELD, ILLINOIS

	)	
In the Matter of	)	CONSENT ORDER
	)	
DEVON BANK	)	
CHICAGO, ILLINOIS	)	FDIC-13-0435b
	)	2014-DB-14
(INSURED STATE NONMEMBER BANK)	)	
	)	

Devon Bank, Chicago, Illinois ("**Bank**") having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices alleged to have been committed by the Bank, and of its right to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act ("**Act**"), 12 U.S.C. § 1818(b), and under 38 Ill. Adm. Code Part 392 regarding hearings before the Illinois Department of Financial and Professional Regulation, Division of Banking ("**Division**"), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER

(**"Stipulation"**) with representatives of the Federal Deposit Insurance Corporation (**"FDIC"**) and the Division, dated July 25, 2014, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices the Bank consented to the issuance of a CONSENT ORDER (**"ORDER"**) by the FDIC and the Division.

The FDIC and the Division considered the matter and determined to accept the STIPULATION.

Having also determined that the requirements for the issuance of an order under 12 U.S.C. § 1818(b) and section 48(6) of the Illinois Banking Act, 205 ILCS 5/48(6), have been satisfied, the FDIC and the Division HEREBY ORDER that the Bank, its institution-affiliated parties, as the term is defined in Section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns, take affirmative action as follows:

AUDIT

1. During the life of this ORDER, the Bank shall forward copies of any external audit reports it receives to the FDIC Chicago Regional Director (**"Regional Director"**) and the Division within ten (10) days from the Bank's receipt of such reports.

INTERNAL CONTROLS

2. The Bank shall continue correcting the deficiencies in internal routines and controls. At minimum, the Bank shall:

- (i) Ensure that reconciliations of monthly and daily trust accounts are reviewed and approved by staff outside of the trust department;
- (ii) Limit access to the transactional system to operational staff;
- (iii) Remove all administrative access to change system parameters from the trust department's personnel;
- (iv) Restrict to the Information Technology Department the authority to change system parameters and develop additional procedures to validate any requested access right changes;
- (v) Review account acceptance and asset transfer policies and procedures;
- (vi) Complete security transactions on a recorded line with recordings maintained for a set period of time;

- (vii) Implement and/or enforce mandatory vacation policies with no transactional access during periods of vacation; and
- (viii) Establish policies to prevent the recurrence of any deficiencies noted.

WHISTLEBLOWER AND OTHER ETHICS POLICIES

3. (a) Within thirty (30) days from the effective date of this ORDER, the Bank shall report to the Regional Director and the Division the actions the Bank has taken, or deems necessary to take, to implement its Whistleblower Policy, including without limitation advising employees of the potential disciplinary consequences of violating such policy.

(b) During the year after the effective date of this ORDER, and in addition to the requirements of section (a) of this Paragraph 3, the Bank shall provide the Regional Director and the Division for review and approval a copy of any proposed change to the Bank's ethics, whistleblower, fiduciary duty, and elderly abuse policies before adopting such proposed changes. Thereafter, the Board of Directors shall review these policies annually and revise the same as law or safety and soundness require.

TRAINING

4. (a) Within thirty (30) days from the effective date of this ORDER, the Bank shall update its plan to train all Bank directors, officers, employees and other staff on the Bank's Ethics, Whistleblower, Fiduciary Duty, and Elderly Abuse policies.

(b) The training plan, at a minimum, shall meet the following requirements:

- (i) The Bank shall provide the Regional Director and the Division a copy of the plan for review and approval before it is adopted and implemented;
- (ii) The plan, at a minimum, shall include copies of the Bank policies subject to the training, all training materials whether to be used by the trainer or provided to Bank staff, all materials by which the Bank intends to assess whether staff members adequately comprehend the policies subject to the training, and current and accurate resume(s) of the trainer(s);
- (iii) During the year after the effective date of this ORDER, Bank staff shall

receive semi-annual training. The training for the first semi-annual period shall be conducted by qualified Bank personnel or by an independent party acceptable to the Regional Director and the Division. Training for the second semi-annual period be conducted by an independent party acceptable to the Regional Director and the Division; and

- (iv) For each training session, the Bank shall maintain for inspection by the Regional Director and the Division a copy of all records and materials related to the training including, at a minimum, copies of the Bank policies subject to the training, all training materials whether used by the trainer or provided to Bank staff, all materials by which the Bank assesses whether individual Bank staff members adequately comprehend the policies subject to the training, current and accurate resume(s) of the trainer(s), a

complete roster of individual Bank staff members on the date the training is conducted, a complete list of individual Bank staff members who attended the training, and forms by which individual Bank staff members acknowledge the existence of the policies subject to the training.

PROGRESS REPORTS

5. Within thirty (30) days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the Division written progress reports detailing the actions taken to secure compliance with the ORDER and the results thereof.

CLOSING PARAGRAPHS

The effective date of this ORDER shall be the date of its issuance by the FDIC and the Division.

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 the Division.

Pursuant to delegated authority.

Dated: August 22, 2014.

/S/

M. Anthony Lowe
Regional Director
Chicago Regional Office
Federal Deposit Insurance
Corporation

/S/

Manuel Flores
Acting Secretary
Illinois Department of Financial
and Professional Regulation