

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

_____)	
In the Matter of)	CONSENT ORDER
)	TO CEASE AND DESIST
HOWARD M. BEATY, JR., individually,)	AND
and as an institution-affiliated party of)	ORDER TO PAY
)	
FIRST STATE BANK)	FDIC-16-0124b
CROSSETT, ARKANSAS)	FDIC-16-0125k
)	
(Insured State Nonmember Bank))	
)	
_____)	

Howard M. Beaty, Jr. (“Respondent”) and a representative of the Legal Division of the Federal Deposit Insurance Corporation (“FDIC”) executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist and Order to Pay (“CONSENT AGREEMENT”) dated July 29, 2016, whereby, solely for the purpose of this proceeding for the resolution of disputed matters and without admitting or denying any alleged violations of law or regulations, Respondent consented to the issuance of this Order to Cease and Desist and Order to Pay (“ORDER”) issued pursuant to 12 U.S.C. §§ 1818(b) and 1818(i) and the FDIC’s Rules of Practice and Procedure, 12 C.F.R. Part 308.

The FDIC considered the matter and determined it had reason to believe that:

1. Since 2007, Respondent has served as the President and Chief Executive Officer of First State Bank, Crossett, Arkansas (“Bank”). From at least 2010 to 2012, Respondent served as the Bank’s Bank Secrecy Act Officer.

2. As an institution-affiliated party of the Bank, Respondent violated or caused the Bank to violate the Bank Secrecy Act, 31 U.S.C. §§ 5311–5332, and its implementing regulations. Specifically, Respondent failed to timely file suspicious activity reports as required under 12 C.F.R. Part 353.

ORDER TO CEASE AND DESIST

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) have been satisfied, Respondent is hereby ORDERED TO CEASE AND DESIST from and take affirmative action as follows:

1. In Respondent's capacity as an institution-affiliated party of the Bank or whenever Respondent is employed by any other insured depository institution or agency specified in 12 U.S.C. § 1818(e)(7)(A) or otherwise becomes an institution-affiliated party within the meaning of 12 U.S.C. § 1813(u), Respondent shall:

- a. Comply fully with all laws, regulations, and policies applicable to the Bank or institution, including, but not limited to, laws, regulations, and policies concerning the Bank Secrecy Act, suspicious activity reporting, terrorist financing, and anti-money laundering;
- b. Adhere to the Bank's or institution's policies and procedures, including, but not limited to, the wiring of funds and the avoidance of wiring uncollected funds;
- c. Whenever a situation set forth in 12 C.F.R. § 353.3 arises, file a suspicious activity report in accordance with 12 C.F.R. § 353.3;
- d. If he knows, suspects or has reason to suspect that a transaction involves illegal activity, report the activity to the appropriate law enforcement authorities;
- e. Familiarize himself with and adhere to the FDIC Guidance on Payment Processor Relationships, as set forth in FDIC Financial Institution Letter 127-2008 as revised by FDIC Financial Institution Letter 41-2014; and
- f. Keep abreast of all laws, regulations, and policies concerning the Bank Secrecy Act, suspicious activity reporting, terrorist financing, and anti-money laundering by:

- i. attending at least one in-person training session or conference a year outside of the Bank or institution; and
- ii. attending at least two additional training sessions a year offered at the Bank or institution or online.

2. Within ten (10) days of the execution of this ORDER, Respondent shall provide a copy of this ORDER to the Bank's Chairman of its Board of Directors.

3. Prior to accepting any position that would cause Respondent to become an "institution-affiliated party" of another institution or agency specified in 12 U.S.C. § 1818(e)(7)(A), Respondent shall provide a copy of this ORDER to: (i) the Chairman of the Board of Directors of the insured depository institution; or (ii) a senior management official of the insured depository institution, provided that such official has been approved by the FDIC for this purpose.

4. Within ten (10) days of satisfying the requirements of paragraphs 2 and/or 3, Respondent shall provide a written certification of his compliance to the Regional Director, FDIC, Dallas Regional Office, 1601 Bryan Street, Dallas, Texas 75201.

ORDER TO PAY

5. After taking into account the CONSENT AGREEMENT, the appropriateness of the civil money penalty with respect to the good faith of Respondent, the gravity of the violations of law or regulations by Respondent, the history of previous violations by Respondent, and such other matters as justice may require, the FDIC accepts the CONSENT AGREEMENT, and it is further ordered that Respondent shall pay a civil money penalty in the amount of THIRTY-FIVE THOUSAND DOLLARS (\$35,000).

6. Respondent is prohibited from seeking or accepting indemnification from any insured depository institution for any civil money penalty assessed and paid in this matter.

7. Nothing in the CONSENT AGREEMENT or this ORDER shall preclude any proceeding brought by the FDIC to enforce the terms of this ORDER or constitute a waiver of any right, power or authority of any other representative of the United States or agency thereof, including the United States Department of Justice, to bring other actions as deemed appropriate.

8. This ORDER shall be effective upon its issuance. The provisions of this ORDER shall remain effective and enforceable until FIVE YEARS after this ORDER is executed, except to the extent that, and until such time as, any provision has been modified, terminated, suspended or set aside by the FDIC.

Pursuant to delegated authority.

Dated at Washington, D.C. this 15th day of December, 2016.

_____/s/_____
Patricia A. Colohan
Associate Director
Division of Risk Management Supervision