

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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| In the Matter of        | ) |               |
|                         | ) |               |
| PREMIER COMMUNITY BANK  | ) | CONSENT ORDER |
| MARION, WISCONSIN       | ) |               |
|                         | ) | FDIC-13-0281b |
| (Wisconsin Chartered    | ) |               |
| Insured Nonmember Bank) | ) |               |

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The Premier Community Bank, Marion, Wisconsin ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law or regulation related to its Compliance Management System alleged to have been committed by the Bank in the area of consumer protection and compliance, 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 having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER ("STIPULATION") with counsel for the Federal Deposit Insurance Corporation ("FDIC"), dated October 4, 2013, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices and violations of law or regulation related to its Compliance Management System, the Bank

consented to the issuance of a CONSENT ORDER ("ORDER") by the FDIC.

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

Having also determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) have been satisfied, the FDIC HEREBY ORDERS that the Bank, its institution-affiliated parties, as that 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:

BOARD OVERSIGHT

1. From the effective date of this ORDER, the Bank's board of directors ("Board") shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities.

(a) Within sixty (60) days from the effective date of this ORDER, the Bank's Board shall have and maintain a compliance committee ("Compliance Committee") that shall include at least two (2) directors who are not active officers of the Bank and at least one (1) member of senior management, plus the compliance officer ("Compliance Officer") retained pursuant to this ORDER.

(b) The existence of the Compliance Committee in no way diminishes the responsibility of the entire Board for ensuring compliance with the provisions of this ORDER.

(c) The Bank's Board, in conjunction with the Compliance Committee, shall allocate resources to the compliance area that are:

- (i) commensurate with the level of complexity of the Bank's operations to ensure the establishment and implementation of an adequate compliance management system ("Compliance Management System") as described in Section II of the FDIC's Compliance Examination Manual ("Compliance Management System Guidance"), and shall include specific procedures to ensure the Bank's compliance with all federal consumer protection and compliance laws and regulations relating to financial transactions and services ("Consumer Laws"); and
- (ii) sufficient to ensure the Bank's timely compliance with the provisions of this ORDER.

(d) The Bank's Board shall ensure that the Compliance Officer:

- (i) has and retains sufficient authority and independence to implement policies related to Consumer Laws and to institute corrective action as needed. This authority shall include access to all areas of the Bank's operations and the ability to effectuate corrective action upon discovering deficiencies; and
- (ii) receives ongoing training, sufficient time, and adequate resources to effectively oversee, coordinate, and implement the Bank's Compliance Management System.

(e) The Bank's Board, in conjunction with the Compliance Committee, shall ensure that the duties and responsibilities of the Compliance Officer are clearly defined and provide for accessibility to both the Board and senior management.

(f) Within sixty (60) days from the effective date of this ORDER, the Bank's Board shall have in place procedures that will provide for monitoring of the Bank's compliance with this ORDER. These monitoring procedures shall require that:

- (i) the Compliance Committee meet no less frequently than monthly, during which the Compliance Committee shall review and approve: (A) minutes of the Compliance Committee; (B) reports submitted by the Compliance Officer; (C) compliance audit reports; and (D) compliance program policies. The Compliance Committee shall also create a monthly written report encapsulating the status of the Bank's overall compliance with this ORDER ("Compliance Committee Report"), which it shall submit to the Board;
- (ii) the Board shall meet no less frequently than monthly and shall review reports submitted by the Compliance Officer and Compliance Committee. The minutes of the Board shall document the review and approval of the Compliance Committee Report(s), including the names of any dissenting directors.

(g) The Board shall ensure proper and timely follow-up and resolution to audit and examination findings indicating need for corrective action.

(h) The Board shall hold employees accountable for following adopted policies, procedures, and regulatory requirements related to the Bank's Compliance Management System and shall develop an internal monitoring system of employees' performance to ensure that such policies, procedures, and regulatory requirements are adequately implemented and followed.

#### MANAGEMENT

2. While this ORDER is in effect, the Bank shall have and retain qualified management. Each member of Management shall have full authority to implement the provisions of this ORDER. The qualifications of management shall be assessed on its ability to comply with the requirements of this ORDER.

#### COMPLIANCE OFFICER

3. During the life of this ORDER, the Bank shall have and retain a full-time Compliance Officer who possesses the requisite knowledge, capacity, and experience to administer and oversee an effective Compliance Management System.

(a) The responsibilities of the Compliance Officer shall, at a minimum, include:

- (i) developing compliance policies and procedures, and conducting regular reviews of such policies and procedures to ensure that updates are adopted as necessary;

- (ii) the preparation of a schedule of requirements for Consumer Laws (such as the type, content, and timing of disclosures and maintenance of records), for the purpose of informing Bank employees of the requirements relating to their duties. The Compliance Officer shall review and update this schedule as warranted relating to changes in Consumer Laws;
- (iii) administering a compliance training program and providing training in Consumer Laws to the Bank's Board, Bank management and employees on a continuing basis;
- (iv) promptly reviewing and responding in writing to both internal and external audit reports concerning the Bank's Compliance Management System, with all such written responses being presented to the Board;
- (v) implementing and overseeing the Bank's process for receiving and responding to consumer complaints; and

(vi) preparing monthly written reports on all aspects of the Compliance Management System and the presentation of these reports to the Compliance Committee and the Board.

(b) The ongoing determination of whether the Bank has retained a qualified Compliance Officer within the meaning of this ORDER shall be based upon the continued effectiveness of the Bank in achieving compliance with the requirements of this ORDER and with the Consumer Laws.

#### COMPLIANCE CONSULTANT

4. Within thirty (30) days from the effective date of this ORDER, the Bank shall have and retain a qualified consultant with the requisite knowledge and experience to assist the Bank in developing an effective Compliance Management System. At a minimum, the Compliance Management System developed with the assistance of the consultant shall meet the standards set forth in the Compliance Management System Guidance cited above.

#### COMPLIANCE POLICY AND PROCEDURES

5. Within sixty (60) days from the effective date of this ORDER, the Bank shall review, update, adopt, and implement its compliance policy ("Compliance Policy"). At a minimum, the Compliance Policy shall require the maintenance of a comprehensive Compliance Management System, which will be

reviewed and approved annually by the Board. The Compliance Policy shall be acceptable to the Regional Director of the Chicago Regional Officer ("Regional Director") as determined at subsequent examinations or visitations.

COMPLIANCE MONITORING

6. Within sixty (60) days from the effective date of this ORDER, the Board shall ensure that effective compliance monitoring procedures are developed and instituted throughout the Bank. The procedures required by this paragraph shall be acceptable to the Regional Director as determined at subsequent examinations or visitations of the Bank.

(a) At a minimum, monitoring procedures should include ongoing reviews of:

- (i) banking transactions that constitute the routine daily activities of employees for all applicable departments;
- (ii) disclosures and calculations for various loan and deposit products;
- (iii) document filing and retention procedures;
- (iv) marketing literature and advertising; and
- (v) the internal compliance communication system that provides updates resulting from revisions to Consumer Laws to appropriate Bank personnel.

- (c) The monitoring procedures shall ensure that:
  - (i) the Bank's actual practices reflect the Compliance Policy; and
  - (ii) all Consumer Laws are being followed.

(d) Reviews of the routine daily activities of employees in all operating units of the Bank shall be conducted at the transactional level on a regular basis, but not less often than monthly.

(e) The Compliance Officer shall include a review of the monitoring procedures and corrective measures taken to address deficiencies in the monthly report provided to the Compliance Committee and Board under the terms of this Order.

#### TRAINING PROGRAM

7. Within sixty (60) days from the effective date of this ORDER, the Bank shall review, revise and implement its training program relating to Consumer Laws for all Bank personnel commensurate with their individual job functions and duties.

- (a) The training program, at a minimum, shall address the violations contained in the FDIC's Compliance Report of Examination of the Bank as of March 4, 2013 ("Compliance Report") and any deficiencies found through internal monitoring or external audits and shall address updates to Consumer Laws and Bank policies and procedures.

- (b) The training program shall provide for training of all Bank personnel, including senior management and the Board, commensurate with their individual job functions and duties. All training shall be documented and maintained for review at all future FDIC examinations.
- (c) The training program shall include cross-training, where appropriate, to ensure an adequate number of knowledgeable employees in all areas relating to consumer compliance.
- (d) All training efforts and activities shall be reported to the Board and documented in Board minutes.
- (e) The training program required by this paragraph shall be acceptable to the Regional Director as determined at subsequent examinations or visitations.

EXTERNAL COMPLIANCE AUDIT

8. Within sixty (60) days from the effective date of this ORDER, the Bank shall cause an external compliance audit to be commenced, and thereafter on a quarterly basis, with respect to the Bank's compliance with Consumer Laws and effectiveness of its Compliance Management System.

(a) The audit shall assess the Bank's Compliance Management System in conjunction with the Compliance Management System Guidance, and at a minimum, shall:

- i. be comprehensive in 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 are implemented and effective.

(b) The scope of the audit, audit findings, deficiencies, and recommendations must be documented in a written report and provided to the Compliance Committee and the Board within ten (10) days after completion of the external audit.

(c) Within forty-five (45) days of the Board's receipt of the external auditor's written report, the Board shall meet and take action to address the audit findings, correct any deficiencies noted, and implement any recommendations or explain in a written report, signed by all Board members and included in the minutes of the applicable

Board meeting, why a particular recommendation has not been implemented.

(d) A copy of any external compliance audit report(s) received by the Bank and the Bank's response thereto shall be submitted to the Regional Director within forty-five (45) days of receipt of the audit report.

(e) The external auditor required by this Paragraph shall be independent from the consultant required by the Paragraph of this ORDER titled Compliance Consultant.

#### CORRECTION OF VIOLATIONS

9. Within sixty (60) days from the effective date of this ORDER, the Bank shall eliminate or correct all violations identified in the Compliance Report.

#### DISCLOSURE TO SHAREHOLDER[S]

10. Following the effective date of this ORDER, the Bank shall send to its shareholder[s] a copy of this ORDER: (1) in conjunction with the Bank's next shareholder communication; or (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting.

#### PROGRESS REPORTS

11. Within thirty (30) days from 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 thereafter, the Bank shall furnish written

progress reports to the Regional Director detailing the form and manner of any action taken to secure compliance with this ORDER and the results thereof. The Board shall review the progress reports required by this ORDER and any subsequent written responses to such reports by the FDIC, with each such report or response being signed by each member of the Board, and recorded in the minutes of the applicable Board meeting. Such reports may be discontinued when the Regional Director has released, in writing, the Bank from making additional reports.

#### CLOSING PARAGRAPHS

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

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

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 by the FDIC.

Pursuant to delegated authority.

Dated this 10th day of October, 2013.

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