

{{8-31-94 p.C-3677}}

[¶10,999]In the Matter of The First State Bank of Grand Chain, Grand Chain, Illinois, Docket No. FDIC-94-77b (6-24-94).

Bank to cease and desist from such unsafe or unsound practices as following hazardous lending and lax collection practices; operating with inadequate capital; operating in violation of applicable laws or regulations; operating with excessive volumes of adversely classified assets; operating with inadequate liquidity; operating with inadequate allowance for loan and lease losses; operating without proper internal routine and controls; operating with an inadequate loan policy; operating with inadequate provisions for funds management; operating with inadequate attention to consumer laws and regulations; paying excessive dividends; failing to provide adequate supervision over the Bank's affairs; and operating with management whose policies are detrimental to the Bank.

{{8-31-94 p.C-3678}}

- [.1] Capital—Tier 1 Capital—Increase/Maintain—Methods
- [.2] Allowance for Loan and Lease Losses—Establish/Maintain
- [.3] Management—Qualifications—Review
- [.4] Board of Directors—Election—Outside Directors Added
- [.5] Consumer Laws—Compliance Plan—Revision Required
- [.6] Violations of Law—Eliminate/Correct
- [.7] Truth in Lending Act—Review of Files—Reimbursement
- [.8] Equal Credit Opportunity Act—Review of Files—Notice to Borrowers
- [.9] Audit—External Audit Required
- [.10] Dividends—Restricted
- [.11] Assets-Adversely Classified—Eliminate/Reduce
- [.12] Loans—Extensions of Credit—Existing Borrowers—Curtail
- [.13] Loans—Risk Position—Reduce—Written Plans Required
- [.14] Loans—Special Mention—Correct Deficiencies
- [.15] Technical Exceptions—Eliminate/Correct
- [.16] Loans—Concentrations of Credit—Reduction Plan
- [.17] Loan Policy—Written Revision—Minimum Requirements
- [.18] Funds Management—Written Policy Required
- [.19] Bank Operations—Internal Routine and Controls—Written Policy Required
- [.20] Profit Plan—Minimum Requirements
- [.21] Growth Plan—Preparation Required
- [.22] Board of Directors—Compliance with Cease and Desist Order— Monitoring Required
- [.23] Shareholders—Disclosure—Cease and Desist Order

In the Matter of

THE FIRST STATE BANK OF
GRAND CHAIN
GRAND CHAIN, ILLINOIS
(Insured State Nonmember Bank)
ORDER TO CEASE AND DESIST
FIDC-94-77b

The First State Bank of Grand Chain, Grand Chain, Illinois ("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 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 having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC"), dated June 20, 1994, 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, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

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

engaged in unsafe or unsound banking practices and had violated laws or regulations. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, 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, cease and desist from the unsafe or unsound banking practices and violations of law or regulation listed below.

A. Engaging in hazardous lending and lax collection practices, including, but not limited to the following:

- The failure to obtain proper loan documentation, including current and complete financial information;
- The failure to obtain adequate collateral; and
- The failure to establish and enforce adequate loan repayment programs.

B. Operating with an inadequate level of capital protection for the kind and quality of assets held.

C. Violating laws and regulations as described on pages 6-1 through 6-12 of the FDIC's Report of Examination dated October 8, 1993 ("Report of Examination") and pages 3 through 3-a-11 of the FDIC Compliance Report dated October 8, 1993 ("Compliance Report").

D. Operating with an excessive level of adversely classified assets.

E. Operating with inadequate liquidity in light of the Bank's asset and liability mix.

F. Operating with an inadequate allowance for loan and lease losses for the volume, kind, and quality of loans and leases held.

G. Operating with inadequate internal routines and controls, including the failure to keep accurate books and records and monitor the sale of credit life and accident and health insurance to Bank customers.

H. Operating with an inadequate loan policy.

I. Operating with an inadequate audit program.

J. Operating with an inadequate written funds management policy.

K. Operating with deficient policies and internal routines and controls to ensure compliance with laws and regulations referred to in the Compliance Report ("Consumer Laws").

L. Paying excessive dividends in relation to the Bank's capital position, earnings capacity and asset quality.

M. Operating with inadequate policies to monitor and control asset growth.

N. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices and violations of law or regulation.

O. Operating with management whose policies and practices are detrimental to the Bank and which jeopardize the safety of its deposits.

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

[.1] 1. (a) Within 30 days from the effective date of this ORDER, the Bank shall increase its level of Tier 1 capital as a percentage of its total assets ("capital ratio") to not less than 7 percent calculated as of the end of the preceding quarterly period.

(b) Within 30 days from the last day of each calendar quarter following the effective date of this ORDER, the Bank shall determine from its Report of Condition and Income its capital ratio for that calendar quarter. If the capital ratio is less than 7 percent, the Bank shall, within 60 days of the date of the required determination, increase its capital ratio to not less than 7 percent calculated as of the end of that preceding quarterly period. For purposes of this ORDER, Tier 1 capital and total assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("Part 325"), 12 C.F.R. Part 325.

(c) Any such increase in Tier 1 capital may be accomplished by the following:

(i) The sale of common stock and noncumulative perpetual preferred stock constituting Tier 1 capital under Part 325; or

(ii) The elimination of all or part of the assets classified "Loss" as of October 8, 1993 without loss or liability to the Bank, provided any such collection on a partially charged-off asset shall first be applied to that portion of the asset which was not charged off pursuant to this ORDER; or

(iii) The collection in cash of assets previously charged off; or

(iv) The direct contribution of cash by the directors and/or the shareholders of the Bank;

or

{{8-31-94 p.C-3680}}

(v) Any other means acceptable to the Regional Director of the Chicago Regional Office of the FDIC ("Regional Director"); or

(vi) Any combination of the above means.

(d) If all or part of the increase in capital required by this paragraph is to be accomplished by the sale of new securities, the board of directors of the Bank shall adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held by or controlled by them in favor of said plan. Should the implementation of the plan involve public distribution of the Bank securities, including a distribution limited only to the Bank's existing shareholders, the Bank shall prepare detailed offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with the Federal securities laws. Prior to the implementation of the plan and, in any event, not less than 20 days prior to the dissemination of such materials, the materials used in the sale of the securities shall be submitted to the FDIC at Washington, D.C., for its review. Any changes requested to be made in the materials by the FDIC shall be made prior to their dissemination.

(e) In complying with the provisions of paragraph 1(d) of this ORDER, the Bank shall provide to any subscriber and/or purchaser of Bank securities written notice of any planned or existing development or other changes which are materially different used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within 10 calendar days of the date any material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber of the Bank's original offering materials.

(f) The capital ratio analysis required by this paragraph shall not negate the responsibility of the Bank and its board of directors for maintaining throughout the year an adequate level of capital protection for the kind, quality and degree of market depreciation of assets held by the Bank.

[.2] 2. (a) Within 30 days from the effective date of this ORDER, the Bank shall replenish its allowance for loan and lease losses ("ALLL") in accordance with the prevailing requirements of the Instructions for the Reports of Condition and Income.

(b) Within 60 days from the effective date of this ORDER, Reports of Condition and Income required by the FDIC and filed by the Bank subsequent to October 8, 1993, shall be amended and refiled if they do not reflect a provision for loan and lease losses and ALLL which are adequate considering the condition of the Bank's loan portfolio.

(c) Prior to submission or publication of all Reports of Condition and Income required by the FDIC after the effective date of this ORDER, the board of directors of the Bank shall review the adequacy of the Bank's ALLL, provide for an adequate ALLL, and accurately report the same. The minutes of the board meeting at which such review is undertaken shall indicate the findings of the review, the amount of increase in the reserve recommended, if any, and the basis for determination of the amount of reserve provided.

[.3] 3. (a) Within 30 days from the effective date of this ORDER, the Bank shall have and retain qualified management. At a minimum, such management shall include: (i) a chief executive officer with proven ability in managing a bank of comparable size and experience in upgrading a low quality loan portfolio; and (ii) a compliance officer, who may, but need not, be the same individual as the chief executive officer, and who shall be given written authority by the Bank's board of directors to implement and supervise the Bank's program for compliance with the Customer Laws. Such persons shall be provided the necessary written authority to implement the provisions of this ORDER. 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 applicable safety and soundness laws and regulations and the Consumer Laws, and

{{8-31-94 p.C-3681}}

(iv) Restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy, earnings, management effectiveness, and liquidity.

(b) During the life of this ORDER, the Bank shall notify the Regional Director and Commissioner for Banks and Trust Companies, State of Illinois ("Commissioner") in writing of any changes in any of the Bank's management. For purposes of this ORDER, "management" is defined as members of the board of directors and "senior executive officers," as that term is defined in section 32 of the

Act ("section 32"), 12 U.S.C. § 1831(i), and section 303.14 of the FDIC Rules and Regulations ("section 303.14"), 12 C.F.R. § 303.14. Prior to the addition of any individual to the board of directors or the employment of any individual as a senior executive officer, the Bank shall comply with the requirements of section 32 and section 303.14.

[.4] 4. (a) Within 120 days from the effective date of this ORDER, the Bank shall add to its board of directors two new independent directors. For purposes of this ORDER, any person or firm is independent if the individual, partner or employee (a) is not an officer of the Bank; (b) does not own more than 5 percent of the outstanding shares of the Bank; (c) is not related by blood or marriage to an officer of or director of the Bank or to any shareholder owning more than 5 percent of the Bank's outstanding shares, and who does not otherwise share a common financial interest with such officer, director or shareholder; and (d) is not indebted to the Bank directly or indirectly by blood, marriage or common financial interest, including the indebtedness of any entity in which the individual has a substantial financial interest in an amount exceeding 5 percent of the Bank's total Tier 1 capital and allowance for loan and lease losses. The addition of any new Bank directors required by this paragraph may be accomplished, to the extent permissible by state statute or the Bank's bylaws, by means of appointment or by election at a regular or special meeting of the Bank's shareholders.

(b) Within 30 days of the effective date of this ORDER, the Bank shall appoint a loan committee comprised of three individuals, two of which must be directors who are not also officers of the Bank. The loan committee shall meet at least bi-monthly. The loan committee shall, at a minimum:

(i) Review and approve all advances, renewals, or extensions of credit to any borrower or the borrower's related interests when the aggregate volume of credit extended to the borrower and the borrower's related interests exceeds \$25,000. For purposes of this ORDER the term "related interest" is defined pursuant to section 215.2(k) of Regulation O, 12 C.F.R. § 215.2(k).

(ii) Maintain written minutes of the committee meetings which include a record of the review and status of all loans.

[.5] 5. Within 60 days from the effective date of this ORDER, the Bank shall develop and submit to the Regional Director for review and comment, a revised and expanded written compliance program, which shall set forth policies and procedures designed to meet the Bank's compliance responsibilities under the Consumer Laws in a comprehensive manner on an ongoing basis. Within 30 days of the receipt of all such comments from the Regional Director, and after the adoption of any recommended changes, the Bank shall approve the program, which approval shall be recorded in the minutes of the board of directors' meeting. Thereafter, the Bank shall implement and follow the program, which shall, at a minimum, address the following areas:

- (a) Appointment of a compliance officer as required by paragraph 3(a) of this ORDER;
- (b) Education and training in the Consumer Laws for all Bank personnel whose responsibilities require knowledge of and compliance with the Consumer Laws;
- (c) Development of a schedule or schedules of the continuing requirements of the Consumer Laws;
- (d) Development of a policy for the sale and recordkeeping of credit insurance and vehicle single interest insurance; and
- (e) Establishment of an audit program for monitoring the Bank's compliance with the Consumer Laws. The program shall require a quarterly review of the Bank's {{8-31-94 p.C-3682}} compliance program by the compliance officer, the results of which shall be in writing, reported to the Bank's board of directors and recorded in the minutes of the board meeting at which such report is made. The initial audit shall commence within 30 days of the adoption of the compliance program by the board of directors and shall include a comprehensive review of all of the Bank's consumer lending procedures for compliance with the Consumer laws.

[.6] 6. Within 60 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law and/or regulations listed on pages 6-1 through 6-12 of the Report of Examination and pages 3 through 3-a-11 of the Compliance Report. In addition, the Bank shall implement procedures to ensure future compliance with all applicable laws and regulations.

[.7] 7. Within 90 days from the effective date of this ORDER, the Bank shall take the following additional actions with respect to violations of Consumer Laws.

- (a) A complete file search and monetary adjustment for all reimbursable violations of the Truth in

Lending Act, 15 U.S.C. §§ 1601-1667(e), and Regulation Z of the Board of Governors of the Federal Reserve System, 12 C.F.R. §§ 226.1-226.30, as a result of the patterns and/or practices of violations involving credit insurance and/or other insurance described on pages 3 through 3-a-1 of the Compliance Report.

[.8] (b) Action to correct the effects of the pattern and/or practice of violations of the Equal Credit Opportunity Act, 15 U.S.C. § 1691, and Regulation B of the Board of Governors of the Federal Reserve System, 12 C.F.R. §§ 202.1-202.14, described on pages 3-a-7 of the Compliance Report, which shall include a complete search of credit decision records for the period beginning April 8, 1993 through the effective date of this ORDER, and providing written notices of adverse action to the denied applicants to whom the Bank failed to provide such notices, as identified in the record search.

[.9] 8. (a) Within 30 days from the effective date of this ORDER, the Bank shall engage an independent certified public accounting firm as that term is defined in paragraph 4(a) of this ORDER to conduct an agreed-upon procedures examination ("examination") to commence no later than June 30, 1994, of its financial and operating statements. The Bank shall conform to the FDIC's Statement of Policy Regarding Independent External Auditing Programs of State Nonmember Banks, 55 Fed. Reg. 2145, January 22, 1990. Additionally, an examination shall be conducted of the sale of credit life, accident, health, or loss-of-income insurance to Bank customers since November 15, 1991. This examination shall include a review of all credit transactions for which the Bank collected premiums for credit insurance from Bank customers, and a review of any premium rebates due Bank customers for the terminated insurance resulting from early repayment by Bank customers of credit obligations. The results of the examination, whether in draft or final form, shall be submitted to the Regional Director and Commissioner upon its receipt by the Bank.

(b) Within 10 days of receipt of the results of the examination required by paragraph 8(a) of this ORDER, the Bank shall establish an escrow fund to provide for appropriate reimbursement to Bank customers for failure to purchase policies and/or failure to pay insurance rebates to Bank customers. Within 30 days of receipt of the results of the examination required by paragraph 8(a) of this ORDER, the Bank shall reimburse Bank customers in accordance with the findings of the examination.

[.10] 9. As of the effective date of this ORDER, the Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director and Commissioner.

[.11] 10. As of the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" as of October 8, 1993 that have not been previously collected or charged off. Elimination or reduction of these assets with the proceeds of other Bank extensions of credit is not considered collection for the purpose of this paragraph.

[.12] 11. As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified, in whole or part, "Substandard," "Doubtful" or "Loss" [{{8-31-94 p.C-3683}}](#) or is listed for Special Mention and is uncollected unless the Bank's board of directors has adopted, prior to such extension of credit, a detailed written statement giving the reasons why such extension of credit is in the best interest of the Bank. A copy of the statement shall be placed in the appropriate loan file and shall be incorporated in the minutes of the applicable board of directors' meeting.

[.13] 12. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and Commissioner for review and comment, a written plan to reduce the Bank's risk position in each asset in excess of \$25,000 which is classified "Substandard" in the Report of Examination. In developing such plan, the Bank shall, at a minimum:

- (i) Review the financial position of each such borrower, including source of repayment, repayment ability, and alternative repayment sources; and
- (ii) Evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

(b) Such plan shall include, but not be limited to, the following:

- (i) Dollar levels to which the Bank shall reduce each asset within 6 and 12 months from the effective date of this ORDER; and

(ii) Provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors.

(c) As used in this paragraph, "reduce" means to (1) collect; (2) charge off; or (3) improve the quality of such assets so as to warrant removal of any adverse classification by the FDIC.

[.14] 13. Within 120 days from the effective date of this ORDER, the Bank shall correct all deficiencies in the loans listed for "Special Mention" in the Report of Examination.

[.15] 14. Within 120 days from the effective date of this ORDER, the Bank shall correct the technical exceptions listed in the Report of Examination.

[.16] 15. Within 60 days from the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and Commissioner for review and comment a written plan to reduce each of the loan concentrations of credit identified on page 2-c of the FDIC's Report of Examination to not more than 25 percent of the Bank's total Tier 1 capital. Such plan shall prohibit any additional advances, unless the Bank's board of directors has adopted, prior to such increase in a loan concentration of credit, a detailed written statement giving the reasons why such increase is in the best interest of the Bank. A copy of the statement shall be recorded in the minutes of a board of directors' meeting. The plan shall include, but not be limited to, the following:

(a) Dollar levels to which the Bank shall reduce each concentration within 6 and 12 months from the effective date of this ORDER; and

(b) Provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors.

(c) Within 30 days from receipt of any comment from the Regional Director and Commissioner, and after consideration of such comments, the Bank shall approve the plan, which approval shall be recorded in the minutes of the board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

[.17] 16. Within 30 days from the effective date of this ORDER, and annually thereafter, the board of directors of the Bank shall review the Bank's loan policy and procedures for adequacy and, based upon this review, shall make all appropriate revisions to the policy necessary to strengthen lending procedures and abate additional loan deterioration. The revised written loan policy shall be submitted to the Regional Director and Commissioner for review and comment. Within 30 days from the receipt of all such comments from the Regional Director and Commissioner, and after the adoption of any recommended changes, the Bank shall approve the loan policy, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the policy.

[.18] 17. (a) Within 60 days from the effective date of this ORDER, the Bank shall adopt and implement a written funds management policy. Annually thereafter during the life of this ORDER, the Bank shall review this policy for adequacy and, based upon such review, shall make appropriate revisions in the policy that are necessary to strengthen funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs. A copy of the revised policy shall also be submitted to the Regional Director and Commissioner. The initial policy shall include, at a minimum, provisions:

(i) Requiring maintenance of no less than a 25 percent liquidity ratio, as computed by the FDIC in the Report of Examination;

(ii) Requiring that monthly calculations of the liquidity and dependency ratios, following the format utilized in regulatory reports of examination, be provided to the board of directors for review, with such review noted in the board minutes;

(iii) Establishing an acceptable range for the relationship between rate sensitive assets and rate sensitive liabilities;

(iv) Establishing appropriate lines of credit at correspondent banks, including the Federal Reserve Bank of St. Louis, that would allow the Bank to borrow funds to meet depositor demands if the Bank's other provisions for liquidity are inadequate;

(v) Requiring the retention of securities and/or other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Bank's total assets) to ensure the maintenance of the Bank's liquidity posture at a level consistent with short and long term liquidity objectives; and

(vi) Establishing contingency plans to improve liquidity to the level established in the Bank's liquidity policy.

(b) Within 30 days from the receipt of all such comments from the Regional Director and

Commissioner, and after the adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

[.19] 18. Within 60 days from the effective date of this ORDER, the Bank shall correct the deficiencies in internal routines and controls which are listed on pages 6-a through 6-a-2 of the Report of Examination. Additionally, policies and procedures shall be established to prevent the recurrence of any deficiency so noted.

[.20] 19. (a) Within 60 days from the effective date of this ORDER, the Bank shall adopt and implement a written profit plan and a realistic, comprehensive budget for all categories of income and expense for the remainder of 1994. The plan required by this paragraph shall contain formal goals and strategies, consistent with sound banking practices, to reduce discretionary expenses and to improve the Bank's overall earnings, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) Prior to the end of each calendar quarter, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the plan and budget required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(c) The written profit plan and budget required by this ORDER shall be prepared and submitted to the Regional Director and Commissioner for review and comment 30 days prior to the end of each calendar year for which this ORDER is in effect. Within 30 days of receipt of all such comments from the Regional Director and Commissioner and after adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

[.21] 20. Within 90 days from the effective date of this ORDER, the Bank shall submit a growth plan to the Regional Director and Commissioner for review and comment. Such growth plan shall include the funding source to support the projected growth, as well as the anticipated use of funds. Within 30 days from the receipt of all such comments from the Regional Director and Commissioner, and after the adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

{{8-31-94 p.C-3685}}

[.22] 21. (a) Within 30 days from the effective date of this ORDER, the Bank's board of directors shall develop, adopt, and implement a program that will provide for monitoring of the Bank's compliance with this ORDER.

(b) Following the required date of compliance with subparagraph (a) above, the Bank's board of directors shall review the Bank's compliance with this ORDER and record its review in the minutes of each regularly scheduled monthly board of directors' meeting.

22. Within 30 days of the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and Commissioner written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and Commissioner have, in writing, released the Bank from making further reports.

[.23] 23. Following the effective date of this ORDER, the Bank shall send to its shareholders or otherwise furnish a description of this ORDER: (1) in conjunction with the Bank's next shareholder communication, and (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. In any case, such a disclosure shall be provided to Bank shareholders no later than August 1, 1994. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, notice, or statement shall be sent to the FDIC in Washington, D.C. for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

The effective date of this ORDER shall be 10 days after its issuance by the FDIC.

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 provisions of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.

Dated: June 24, 1994.

Pursuant to delegated authority.

Last Updated 6/6/2003

legal@fdic.gov