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{{4-30-97 p.C-4142}}

[¶11,254**] In the Matter of Bank of Camden, Camden, Tenn., Docket No. FDIC-95-168b (11-20-95).**

Bank ordered to cease and desist from such unsafe or unsound practices as operating in violation of laws and regulations and operating with a board of directors which has failed to provide adequate training, supervision, and direction in consumer laws and regulations to the bank's active management. *This order terminated pursuant to order of the FDIC dated 2-14-97. See ¶16,152.*

[.1] Consumer and Civil Rights Laws—Compliance Officer Required
[.2] Truth in Lending Act—Restitution Required
[.3] Compliance Program—Minimum Requirements
[.4] Consumer and Civil Rights Laws—Consumer Loan Review System
[.5] Consumer and Civil Rights Laws—Personnel Training Required
[.6] Bank Secrecy Act—Compliance Program—Minimum Requirements
[.7] Equal Credit Opportunity Act—Home Purchase Loan Applicants— Recordkeeping Requirements
[.8] Violations of Law—Eliminate/Correct
[.9] Shareholders—Disclosure—Cease and Desist Order
[.10] Cease and Desist Order—Compliance Reports

In the Matter of

BANK OF CAMDEN
CAMDEN,TENNESSEE
(Insured State Nonmember Bank)
ORDER TO CEASE AND DESIST
FDIC-95-168b

Bank of Camden, Camden, Tennessee ("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 and/or regulations alleged to have been committed by the Bank and of its right to a hearing on the alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b)(1), 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 September 15, 1995, whereby solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, 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 has reason to believe that the Bank had engaged in unsafe or unsound banking practices and had committed violations of law and/or regulations. The FDIC, therefore, accepted the CONSENT AGREEMENT, and issued the following ORDER:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED that the Bank, its directors, officers, employees, agents, successors, assigns, and other persons participating in the conduct of affairs of the Bank, cease and desist from the following unsafe or unsound banking practices:

(a) Operating in violation of the following laws and regulations:

1. The Truth in Lending Act, 15 U.S.C. {{1-31-96 p.C-4143}}§ 1601 *et seq.*, and Regulation Z of the Board of Governors of the Federal Reserve System, 12 C.F.R. Part 226, promulgated thereunder;
2. The Real Estate Settlement Procedures Act of 1974, 12 U.S.C. §§ 2601–2617, and Regulation X of the Secretary of the Department of Housing and Urban Development, 24 C.F.R. Part 3500, promulgated thereunder;
3. The Equal Credit Opportunity Act, 15 U.S.C. §§ 1691–1691f, and Regulation B of the Board of Governors of the Federal Reserve System, 12 C.F.R. Part 202, promulgated thereunder;
4. Section 103.22 of the Secretary of the Treasury's Financial Recordkeeping and Reporting of Currency and Foreign Transactions, 31 C.F.R. § 103.22;
5. Section 615 of the Fair Credit Reporting Act, 15 U.S.C. § 1681m;

6. Sections 229.13(b) and 229.19(f) of Regulation CC of the Board of Governors of the Federal Reserve System, 12 C.F.R. §§ 229.13(b) and 229.19(f);

7. Section 230.4(b) of Regulation DD of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 230.4(b);

8. Section 205.7 of Regulation E of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 205.7;

9. Section 326.8(c) of the FDIC's Rules and Regulations, 12 C.F.R. § 326.8(c); and

10. Section 18(a) of the Federal Deposit Insurance Act, 12 U.S.C. § 1818(a) and Section 328.2 of the FDIC's Rules and Regulations, 12 C.F.R. § 328.2, promulgated thereunder;

11. Section 338.4 of the FDIC's Rules and Regulations, 12 C.F.R. § 338.4;

12. Section 338.7 of the FDIC's Rules and Regulations, 12 C.F.R. § 338.7; and

(b) Operating with a board of directors which has failed to provide adequate training, supervision, and direction in consumer laws and regulations to the active management of the Bank.

IT IS FURTHER ORDERED that the Bank take affirmative action as follows:

[.1**]** 1. (a) Within 30 days of the effective date of this ORDER, the board of directors of the Bank shall appoint and retain a qualified compliance officer to oversee and coordinate the Bank's overall compliance efforts, including the training and supervision of all affected personnel in compliance related matters. If the compliance officer is to be added as a director or a senior executive officer of the Bank, the Bank shall comply with the requirements of section 32 of the Act, 12 U.S.C. § 1831(i), and section 303.14 of the FDIC Rules and Regulations, 12 C.F.R. § 303.14, prior to the addition of the compliance officer.

(b) Each calendar quarter, the compliance officer shall perform, or supervise the performance of, an internal review of the Bank's CRA and consumer laws compliance programs, and shall report the results of the review to the Bank's board of directors. The Bank's board of directors shall record the results of said review and any recommendation by the compliance officer and/or the board in the board's minutes.

(c) The compliance officer shall be assessed on his/her ability to implement the Bank's program to:

(i) Comply with the requirements of this ORDER;

(ii) Improve and thereafter maintain the Bank's compliance program in a safe and sound manner; and

(iii) Comply with applicable State and Federal Laws and Regulations.

[.2**]** 2. (a) Within 60 days of the effective date of this ORDER, the Bank shall conduct and complete a file search identifying all outstanding consumer loans originated since the March 19, 1993, FDIC Compliance Examination of the Bank and all terminated consumer loans originated since March 17, 1993, in which the annual percentage rate was understated due to the Bank's inclusion of credit life premiums in the amount financed without obtaining from each customer a signed or written affirmative request for the insurance coverage in accordance with the provisions of section 226.4(d) of Regulation Z of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 226.4(d). The Bank shall note in the minutes of the board of directors the loans identified by the file search and the method(s) employed by the Bank in conducting the search; and

(b) Within 90 days of the effective date {{1-31-96 p.C-4144}}of this ORDER, the Bank shall complete full reimbursement to all affected borrowers identified by the above file search in accordance with section 108(e) of the Truth in Lending Act, 15 U.S.C. § 1607(e), and the FDIC Statement of Policy, "Administrative Enforcement of the Truth in Lending Act—Restitution."

[.3**]** 3. (a) Within 90 days of the effective date of this ORDER, the Bank shall revise, adopt and implement the Bank's written compliance program adopted by the Board of Directors on April 13, 1993. The revisions to the written compliance program shall expressly include the following:

(i) A comprehensive consumer laws training program for all compliance personnel which shall be conducted at least every 12 calendar months.

(ii) The establishment of a consumer loan review system to review all consumer loan documentation.

(iii) The establishment of procedures to monitor the Bank's compliance with consumer laws, the results of which should be periodically presented to the board of directors.

(iv) The establishment of procedures to handle consumer complaints.

(v) The establishment of review procedures to monitor each loan officer's compliance with consumer laws.

(b) The compliance program and its implementation shall be in a form and manner acceptable to the

Regional Manager as determined at subsequent examinations and/or visitations.

[.4**]** 4. (a) Within 90 days of the effective date of this ORDER, the Bank shall establish a consumer loan review system ("System") to review the Bank's consumer loan documentation, and to identify, categorize and correct errors contained in such documents prior to dissemination to the consumer.

(b) The System shall provide that the reviewer of each document shall be an individual(s), other than the preparer of such documents, knowledgeable in State and Federal consumers laws and regulations.

(c) The System shall provide for a monthly written Report to be furnished to the Bank's board of directors which shall identify the number of transactions reviewed and the number of transactions found to be in noncompliance with all State and Federal consumer laws and regulations. A copy of each monthly Report shall be attached to the progress reports required by paragraph 10 below.

[.5**]** 5. (a) Within 120 days of the effective date of this ORDER, the Bank shall train all persons involved in the credit solicitation and review process, on the requirements of the Truth in Lending Act, 15 U.S.C. § 1601 *et seq.*, and Regulation Z of the Board of Governors of the Federal Reserve System, 12 C.F.R. Part 226, promulgated thereunder; Regulation B of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 202.5; the Fair Housing Act, 42 U.S.C. §§ 3604 and 3605; the Home Mortgage Disclosure Act, 12 U.S.C. § 2801 *et seq.*, the Real Estate Settlement Procedures Act of 1974, 12 U.S.C. §§ 2601–2617, and Regulation X of the Secretary of the Department of Housing and Urban Development, 24 C.F.R. Part 3500.

(b) The training required shall be conducted at least every 12 calendar months.

(c) The Bank may use an outside vendor/ contractor to provide the required training.

[.6**]** 6. Within 60 days after the effective date of this ORDER, the Bank shall develop and implement a written Bank Secrecy Act compliance program ("BSA program") in accordance with the provisions of section 326.8(c)(2) of the FDIC Rules and Regulations, 12 C.F.R. § 326.8(c)(2). The BSA program shall, at a minimum, provide for the following:

(a) The monitoring and independent testing of the Bank's compliance with the provisions of the Bank Secrecy Act, 31 U.S.C. §§ 5311–5326, by Bank personnel or by an outside party.

(b) The establishment of training for appropriate personnel as required by 12 C.F.R. § 326.8(c)(4).

(c) The designation of a senior Bank official who shall be responsible for coordinating and monitoring day-to-day compliance with the Bank Secrecy Act, 31 U.S.C. §§ 5311–5326.

(d) The board of directors shall approve and fully implement the written Bank Secrecy Act compliance program or any modification thereto, which approval shall be recorded in the minutes of the board of directors. Thereafter, the Bank and its successors {{9-30-96 p.C-4145}}and assigns shall comply with the Bank's written Bank Secrecy Act compliance program.

[.7**]** 7. (a) Within 90 days of the effective date of this ORDER, the Bank shall develop and implement procedures for requesting and retaining data on home purchase loan applicants as required by section 338.7 of the FDIC Rules and Regulations, 12 C.F.R. § 338.7.

(b) In addition to the above, the Bank shall establish adequate procedures for monitoring the Bank's compliance with sections 338.7 of the FDIC Rules and Regulations, 12 C.F.R. §§ 338.7 and 338.8, which procedures shall at a minimum provide for:

(i) Quarterly internal reviews performed by an individual qualified to determine the accuracy and completeness of the information gathered.

(ii) A mechanism for reporting periodically, no less than quarterly, to the board of directors the results of the internal reviews and analysis performed.

[.8**]** 8. Within 60 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all (where legally possible) violations of law and/or regulations which are set out on pages 2 through 3 of the FDIC Compliance Report of the Bank as of March 17, 1995. In addition, the Bank shall henceforth comply with all applicable laws and regulations.

[.9**]** 9. Following the effective date of this ORDER, the Bank shall send to its shareholders a description of this ORDER, (A) in conjunction with the Bank's next shareholder communication, and also (B) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The 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, Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 24029-9990, 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.

[.10**]** 10. Within 15 days following each calendar quarter, the Bank shall furnish a written progress report to the Regional Manager detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Manager has released the Bank in writing from making further reports.

The effective date of this ORDER shall be ten (10) days from the date of its issuance.

The provisions of this ORDER shall be binding upon the Bank, its directors, officers, employees, agents, successors, assigns, and other persons participating in the conduct of the Bank.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision of the ORDER shall be modified, terminated, suspended, or set aside by the FDIC.

Dated: November 20, 1995

Pursuant to delegated authority.