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{{10-31-01 p.C-4945}}

[¶11,718**] In the Matter of Peoples Community Bank, Colquitt, Georgia, Docket No. 00-030b (5-31-00)**

A cease and desist order was issued, based on findings by the FDIC that it had reason to believe that respondent had engaged in unsafe and unsound practices. (*This order was terminated by order of the FDIC dated 8-22-01; see ¶16,289.*)

[.1] Bank Operations—Internal Compliance Program—Written Revision Required

[.2] Bank Secrecy Act—Compliance Officer Required

[.3] Violations of Law—Correction of Violations Required

[.4] Bank Secrecy Act—Compliance Reports—Minimum Requirements

[.5] Bank Secrecy Act—Compliance—Employee Bonuses

[.6] Shareholders—Disclosure of Cease and Desist Order Required

In the Matter of
PEOPLES COMMUNITY BANK,
COLQUITT, GEORGIA
(Insured State Nonmember Bank)

ORDER TO CEASE AND DESIST

FDIC-00-030b

Peoples Community Bank, Colquitt, Georgia ("Insured Institution"), having been advised of its right to a Notice of Charges and of Hearing detailing the unsafe or unsound banking practices and violations of laws and/or regulations alleged to have been committed by the Insured Institution and of its right to a hearing on the alleged charge 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 {{10-31-01 p.C-4946}} AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with Counsel for the Federal Deposit Insurance Corporation ("FDIC") May 22, 2000, 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 laws and/or regulations, the Insured Institution 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 Insured Institution had engaged in the unsafe or unsound banking practices and had committed violations of laws and/or regulations. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED that the Insured Institution, its directors, officers, employees, agents, and other 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 following unsafe and unsound banking practices and violations of laws and/or regulations:

(a) Operating without a qualified compliance officer;

(b) Failing to substantially comply with federal consumer laws and regulations to which the Insured Institution is subject, particularly those specific items identified in the Report of Examination dated November 15, 1999, including operating with excessive internal routine and control deficiencies to prevent violations of federal consumer laws.

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

[.1**]** 1. Within ninety (90) days from the effective date of this ORDER, the Insured Institution shall revise its written internal compliance program to ensure that it addresses each compliance related regulation to which the Insured Institution is subject and provides for, at a minimum, an annual audit or review (either internal or external) to ensure on-going compliance with applicable consumer laws and regulations. At subsequent examinations or visitations, the compliance program and its implementation shall be evaluated to determine whether it is satisfactory. The Insured Institution shall implement its written internal compliance program which, at a minimum:

a. Shall assign specific responsibilities to bank personnel;

b. Shall outline an on-going training program for appropriate bank personnel, to include, at a minimum:

i) Employee training shall be conducted at the time of employment for new employees;

ii) Employee training shall be provided at least once a year to all employees whose duties and responsibilities include compliance with regulations;

iii) Training shall include periodic updates to review revisions and amendments to existing laws and regulations;

c. Shall set forth specific review procedures for monitoring compliance with applicable regulations;

d. Shall develop procedures to ensure that all changes to the consumer regulations are disseminated to all appropriate personnel;

e. Shall be distributed to all personnel who have compliance responsibilities; and

f. Shall provide for the completion and presentation of a monthly compliance report to the board of directors.

[.2**]** 2. Within thirty (30) days from the effective date of this ORDER, the Insured Institution shall designate and retain a qualified compliance officer who shall be given stated written authority by the Insured Institution's board of directors to implement and supervise the Insured Institution's compliance program. The qualifications and experience of the compliance officer should be commensurate with his or her duties and responsibilities as a compliance officer. The compliance officer's duties shall include, but not be limited to, providing training for the bank's employees in all applicable consumer laws and regulations, establishing internal controls and procedures reasonably designed to prevent violations of consumer laws, and performing and supervising periodic internal audits to ascertain compliance with consumer laws and regulations and/or the Insured Institution's compliance program. The compliance officer shall also be accorded the time, training, and resources necessary to administer an effective compli-
{{6-30-02 p.C-4947}} ance program. The compliance officer shall report directly to the board of directors and the minutes of the meeting of the board of directors shall reflect the approval of the activities of the compliance officer. The Insured Institution shall advise the Regional Director of the designation of the compliance officer.

3. On or before the tenth day after the end of the first calendar quarter following the effective date of this ORDER, and on or before the tenth day after the end of every calendar quarter thereafter, the Insured Institution shall furnish written progress reports to the Regional Director which detail the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. In addition to these written progress reports, the Insured Institution shall provide to the Regional Office copies of the monthly compliance report required by this ORDER and signed by the board of directors following their review.

[.3**]** 4. Within one hundred twenty (120) days from the effective date of this ORDER, the Insured Institution shall correct all violations of law described in the FDIC's Compliance Report of Examination as of November 15, 1999, and implement procedures to prevent their recurrence. The Insured Institution's actions as required by this paragraph shall be satisfactory to the Regional Director as determined at subsequent examinations and/or visitations. The Insured Institution shall, within one hundred twenty

(120) days from the effective date of this ORDER,:

a. Comply with all provisions of Regulations AA, B, C, and Z of the Board of Governors of the Federal Reserve System. Such compliance shall include correction of all items noted in the Report of Examination dated November 15, 1999. Such compliance shall incorporate appropriate training of personnel as set forth in paragraph 1 of this ORDER.

b. Comply with all provisions of Part 339 of the Federal Deposit Insurance Corporation's Rules and Regulations (Flood Insurance). Such compliance shall include the corrections of all items identified in the November 15, 1999, Report of Examination. Such compliance shall incorporate appropriate training of personnel as set forth in paragraph 1 of this ORDER.

c. Comply with all provisions of Regulation X of the Department of Housing and Urban Development (Real Estate Settlement Procedures). Such compliance shall include the corrections of all items identified in the November 15, 1999, Report of Examination. Such compliance shall incorporate appropriate training of personnel as set forth in paragraph 1 of this ORDER.

[.4**]** 5. The monthly compliance reports required to be completed and presented to the board of directors pursuant to this ORDER shall detail, at a minimum:

a. scheduled review procedures;

b. actual procedures performed if different than those scheduled;

c. reasons for any deviation from the performance of the scheduled procedures;

d. the number of transactions actually reviewed;

e. the number and nature of violations;

f. names of Insured Institution personnel associated with the violations;

g. the reason for the violations;

h. the measures taken to correct violations;

i. training performed and names of attendees;

j. names of those scheduled for training but who failed to attend;

k. plan to provide training for those who failed to attend scheduled training.

6. The Insured Institution may discontinue submitting reports required pursuant to this ORDER when the corrections required by this ORDER have been accomplished and the Regional Director has expressly released the Insured Institution in writing from making any further reports.

[.5**]** 7. For the duration of this ORDER, the Insured Institution shall take into consideration an employee's level of compliance with the applicable consumer law and regulations prior to the payment of any bonuses.

[.6**]** 8. Following the effective date of this ORDER, the Insured Institution shall send to its shareholders or otherwise furnish a description of this ORDER (i) in conjunction with the Insured Institution's next written shareholder communication, and (ii) in conjunction with its notice or proxy statement preceding the Insured Institution's next shareholder meeting. The description shall fully describe this 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, Washington, D.C., 20429, for review at least twenty (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.

9. This ORDER shall become effective ten (10) days from the date of its issuance. The provisions of this ORDER shall be binding upon the Insured Institution and 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 provisions of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.

Pursuant to delegated authority.

Dated at Atlanta, Georgia, this 31st day of May, 2000.