

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

AND

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

SPRINGFIELD, ILLINOIS

_____	)	
IN THE MATTER OF	)	ORDER TO CEASE AND DESIST
	)	
AMERICAN METRO BANK,	)	
CHICAGO, ILLINOIS	)	FDIC-07-114b
	)	DB NO. 2007-DB-14
(Illinois Chartered	)	
Insured Nonmember Bank	)	
_____	)	

American Metro Bank, Chicago, Illinois (the "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, rule or regulation alleged to have been committed by the Bank related to the Bank Secrecy Act, 31 U.S.C. §§ 5311-5330, and regulations implementing the Bank Secrecy Act, including 12 C.F.R. Part 326, Subpart B, and 31 C.F.R. Part 103 (hereinafter collectively, the "Bank Secrecy Act"), and of its right to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act (the "Act"), 12 U.S.C. § 1818(b), and 38 Ill. Adm.

Code, Section 392.30, regarding hearings before the Illinois Department of Financial and Professional Regulation, Division of Banking (the "Division"), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("STIPULATION") with representatives of the Federal Deposit Insurance Corporation (the "FDIC") and the Division, dated July 25, 2007, 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, rule, or regulation related to the Bank Secrecy Act, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and the Division.

The FDIC and the Division considered the matter and determined that there was reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws, rules, or regulations related to the Bank Secrecy Act. The FDIC and the Division, therefore, accepted the STIPULATION 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 following unsafe or unsound banking

practices and violations of law, rule, or regulation related to the Bank Secrecy Act:

- A. Operating the Bank with a Bank board of directors ("Board") which has failed to provide adequate supervision over and direction to the executive management of the Bank to prevent unsafe or unsound practices and violations of law and regulations related to the Bank Secrecy Act.
- B. Operating the Bank with an ineffective system of internal controls to ensure ongoing compliance with the Bank Secrecy Act;
- C. Failing to implement effective customer identification procedures;
- D. Operating the Bank with an ineffective training program for appropriate Bank personnel to ensure compliance with the Bank Secrecy Act;
- E. Operating in violation of section 326.8, of the FDIC's Rules and Regulations, 12. C.F.R. § 326.8, and the Treasury Department's Financial Recordkeeping Regulations, 31 C.F.R Part 103, more fully described on pages 12 through 24 of the FDIC Report of Examination dated February 5, 2007;

F. Operating the Bank with management whose practices have resulted in violations of law and regulation related to the Bank Secrecy Act.

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

MANAGEMENT

1. During the life of this ORDER, the Bank shall have and thereafter retain management qualified to oversee all aspects of the Bank's Bank Secrecy Act Compliance Program and to assure compliance with all applicable laws and regulations related thereto. Each member of management with responsibilities relating to section 326.8 of the FDIC Rules and Regulations, 12 C.F.R. § 326.8, or the Treasury Department's Financial Recordkeeping Regulations, 31 C.F.R. Part 103, shall have the qualifications and experience commensurate with his or her duties and responsibilities under those regulations.

WRITTEN COMPLIANCE PROGRAM

2. Within 60 days of the effective date of this ORDER, the Bank shall develop, adopt and implement a revised, more effective written compliance program, which meets all applicable requirements of section 326.8 of the FDIC's Rules and Regulations, 12 C.F.R. § 326.8, designed to, among other things, ensure and maintain full compliance by the Bank with the Bank

Secrecy Act and the rules and regulations issued pursuant thereto. Such program and its implementation shall be in a manner acceptable to the Division and the Regional Director of the Chicago Regional Office ("Regional Director") as determined at subsequent examinations and/or visitations of the Bank. At a minimum, the program shall:

(a) Require the Bank to develop, adopt and implement a revised, more effective written plan designed to ensure full compliance with all provisions of the Bank Secrecy Act.

(b) Improve the system of internal controls to ensure full compliance with the Bank Secrecy Act and the rules and regulations issued pursuant thereto, including policies and procedures to detect and monitor all transactions to ensure that they are not being conducted for illegitimate purposes.

(c) Provide for improved, more comprehensive independent testing of compliance with all applicable rules and regulations related to the Bank Secrecy Act, and ensure that compliance audits are performed at least annually, are fully documented, require a comprehensive scope, and are conducted with the appropriate segregation of duties. Written findings of each audit shall be presented to the Board and noted in the minutes of the Board's meeting at which received.

(d) Designate a senior bank official to be responsible for overall Bank Secrecy Act compliance. This

designated senior official shall be in a position, and have the authority, to make and enforce policies with respect to Bank Secrecy Act compliance, and ensure that full and complete corrective action is taken regarding previously identified violations and deficiencies.

(e) Establish an improved, more comprehensive customer identification program commensurate with the level of risk posed by the Bank's operations.

(f) Provide for more accurate and comprehensive risk assessments which take into account the nature of the Bank's operations.

(g) Establish due diligence practices and written guidelines for Money Service Business customers that comply with Interagency Interpretive Guidance on Providing Banking Services to Money Services Businesses Operating in the United States.

(h) Provide for a more accurate and comprehensive administration of nonresident aliens and foreign accounts.

(i) Provide and document for improved and more effective training by competent staff and/or independent contractors of all appropriate personnel, including, without limitation, tellers, customer service representatives, lending officers, private and personal banking officers and all other customer contract personnel, in all aspects of regulatory and internal policies and procedures related to the Bank Secrecy

Act, with a specific emphasis on accurate recordkeeping, form completion and the detection and reporting of known and/or suspected criminal activity. Training shall be updated on a regular basis to ensure that all personnel are provided with the most current and up to date information.

INDEPENDENT TESTING

3. Within 30 days of the effective date of this ORDER, the Bank shall provide for more effective and comprehensive independent testing of compliance with the Bank Secrecy Act and 31 C.F.R. Part 103. The independent testing should be conducted on an annual basis in compliance with the procedures described in the FDIC's "Guidelines for Monitoring Bank Secrecy Act Compliance." The testing, at a minimum, shall include the following:

(a) A test of the Bank's internal procedures for monitoring Bank Secrecy Act compliance;

(b) A test to ensure all reportable transactions have been identified and Currency Transaction Reports have been filed within the prescribed time frames;

(c) A test to ensure the Bank is reviewing all applicable reports;

(d) A test to ensure Bank personnel are reviewing and monitoring reports for structuring activities and, if applicable, that appropriate Suspicious Activity Reports are

filed in a timely manner with the appropriate law enforcement agencies;

(e) A sampling of large currency transactions followed by a review of the Currency Transaction Report filings;

(f) A test of the validity and reasonableness of the customer exemptions granted by the Bank;

(g) A test of the Bank's customer identification procedures;

(h) A test of the Bank's recordkeeping system for compliance with the Bank Secrecy Act;

(i) Ensuring that the Bank is in compliance with rules and regulations related to:

- (i) Identifying and reporting suspicious activities;
- (ii) Funds transfer operations;
- (iii) On-going training of appropriate personnel;
- (iv) Office of Foreign Assets Control (OFAC) compliance;
- (v) High-risk activities related to customers and other areas of the Bank;
- (vi) Compliance with information sharing requirements;

(vii) Testing of the accuracy and validity of the automated large transaction identification system;

(viii) Confirming the integrity and accuracy of management information reports used in the anti-money laundering compliance program, and;

(ix) Retention of required records.

(j) Written reports shall be prepared documenting the scope of testing procedures performed, the findings and results made, and providing recommendations for improvement based on those findings, which reports shall be presented to the Board and noted in the minutes of the Board's meeting at which received.

LOOK BACK REVIEW

4. Within 30 days of the effective date of this ORDER, the Board shall ensure development of a written plan ("Plan") detailing how it will conduct a review of account and transaction activity for the time period beginning February 9, 2004 through the effective date of this ORDER, to determine whether suspicious activity involving any accounts of or transactions within or through the Bank was properly identified and reported in accordance with the applicable suspicious

activity reporting requirements ("Look Back Review"). This Plan shall include, at a minimum:

- (i) the scope of the Look Back Review, including the types of accounts and transactions to be reviewed which shall include the Bank's nonresident alien customers, foreign customers, cash intensive customers whether businesses or individuals, customers with high or frequent international wire transactions, customers with common addresses, customers that send wire transfers to a common beneficiary, customers that have received structured money orders, customers for whom a tax identification number was not obtained at the time of account opening, accounts that have had cash transactions from common transactors, all customers identified by the Bank as high risk, customers on whom the bank has ever filed a suspicious activity report, and all customers that are related to any of these types of customers;
- (ii) the methodology for conducting the Look

Back Review, including any sampling procedures to be followed;

- (iii) the resources and expertise to be dedicated to the Look Back Review; and
- (iv) the anticipated date of the completion of the Look Back Review.

(a) The Plan and any subsequent modifications thereof shall be submitted to the Regional Director and the Division for review and comment. After consideration of all such comments, the Board shall approve the plan, which approval shall be recorded in the minutes of the Board's meeting at which approved.

(b) Within 10 days of receipt of written notice from the Regional Director and the Division indicating acceptability of the Plan, the Bank shall fully implement the Plan and commence the Look Back Review.

(c) Within 30 days of the completion of the Look Back Review, the Bank shall provide a report detailing its findings to the Regional Director and the Division, and shall ensure that all matters or transactions required to be reported, that have not previously been reported, are reported in accordance with applicable laws and regulations.

CORRECTION OF VIOLATIONS

5. Within 90 days from the effective date of this ORDER,

the Bank shall eliminate and/or correct all violations of law or regulation related to the Bank Secrecy Act detailed on pages 12 through 24 of the FDIC Report of Examination dated February 5, 2007.

DISCLOSURE TO SHAREHOLDERS

6. Following the effective date of this ORDER, the Bank shall send to its shareholders a copy or 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. The description shall fully describe this ORDER in all material respects. The description and any accompanying communication, notice or statement shall be sent to the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429, 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.

PROGRESS REPORTS

7. Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the Division written progress reports signed by each member of the Board, detailing

the actions taken to secure compliance with the ORDER and the results thereof. Along with each progress report, the Bank shall also provide reports on the Look Back Review, detailing the findings and actions taken. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and the Division have, in writing, released the Bank from making further reports.

CLOSING PARAGRAPHS

The effective date of this ORDER shall be the day of its issuance by the Division and 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 provision has been modified, terminated, suspended, or set aside by the Division and the FDIC.

Pursuant to delegated authority.

Dated: August 8, 2007.

Scott D. Clarke
Assistant Director
Division of Banking
Illinois Department of
Financial and
Professional Regulation

Sylvia H. Plunkett
Regional Director
Chicago Regional Office
Federal Deposit Insurance Corporation