

{{10-31-92 p.C-506}}

[¶10,104] **In the Matter of The Patterson Bank, Patterson, Georgia, Docket No. FDIC-90-165b (8-28-90).**

Bank to cease and desist from such practices as operating with inadequate supervision and direction by the board of directors to prevent violations of the Bank Secrecy Act, and engaging in violations of the Bank Secrecy Act Compliance. *(This order was terminated by order of the FDIC dated 8-11-92; see ¶15,504.)*

[.1] **Bank Secrecy Act—Compliance Program—Minimum Requirements—Approval**

[.2] **Shareholders—Disclosure—Cease and Desist Order**

[.3] **Compliance—Progress Reports—Frequency**

In the Matter of

**THE PATTERSON BANK
PATTERSON, GEORGIA
(Insured State Nonmember Bank)
ORDER TO CEASE AND DESIST
FDIC-90-165b**

The Patterson Bank, Patterson, Georgia ("Bank"), having been advised of its right of a written Notice Of Charges And Of Hearing detailing unsafe or unsound banking practices and violations of applicable law and regulations alleged to have been committed by the Bank and of its right to a hearing regarding such alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(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 a representative of the Legal Division of the Federal Deposit Insurance Corporation ("FDIC"), dated August 14, 1990, whereby solely for the purpose of this proceeding and without admitting or denying any of the alleged charges of unsafe or unsound banking practices and violations of applicable law and 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 had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had committed violations of applicable law and regulations.

The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank and its institution-affiliated parties, as such term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), cease and desist from the following unsafe or unsound banking practices and violations of law and regulations:

A. Failing to provide adequate supervision and direction over the Bank's compliance with applicable laws and regulations by the board of directors of the Bank to prevent violations of the Bank Secrecy Act, 31 U.S.C. §§ 5311 *et seq.*, and the implementing regulations promulgated thereunder by the Department of Treasury at 31 C.F.R. Part 103, made applicable to insured state nonmember banks by section 326.8 of {{5-31-91 p.C-506.1}}the FDIC's Rules and Regulations ("regulations"), 12 C.F.R. § 326.8; and

B. Engaging in violation of section 326.8 of the Regulations, 12 C.F.R. § 326.8; entitled "Bank Secrecy Act compliance."

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

[.1] 1. (a) Within 30 days from the effective date of this ORDER, the Bank shall review and revise, if necessary, its written Bank Secrecy Act compliance program to ensure its conformance with sections 326.8(b) and (c) of the regulations, 12 C.F.R. §§ 326.8(b) and (c). Such written compliance program, as revised, shall, at a minimum provide for each of the elements listed in sections 326.8(c)(1)-(4) of the Regulations, 12 C.F.R. §§ 326.8(c)(1)-(4), and shall, in addition, provide for the continued administration of a program reasonably designed to assure and monitor compliance with the recordkeeping and reporting requirements set forth in subchapter II of chapter 53 of Title 31, United States Code, and the

implementing regulations contained in 31 C.F.R. Part 103. The board of directors shall approve the written Bank Secrecy Act compliance program and/or any subsequent modification thereto, which approval(s) shall be recorded in the minutes of the board of directors. Thereafter, the Bank and its institution-affiliated parties shall implement and follow the written Bank Secrecy Act compliance program as it subsequently may be modified.

(b) Within 30 days from the effective date of this ORDER, the Bank shall designate or reaffirm the designation of the individual or individuals responsible for coordinating and monitoring day-to-day compliance with the Bank Secrecy Act, 31 U.S.C. §§ 5311 *et seq.*, and implementing regulations. The board of directors shall approve such designation(s), which approval shall be recorded in the minutes of the board of directors. Thereafter, the board of directors shall adequately supervise the performance and activities of the designated individual(s).

(c) A copy of the written Bank Secrecy Act compliance program, as required by paragraph 1(a) of this ORDER, and the identity of the individual or individuals designated pursuant to paragraph 1(b) of this ORDER, as well as any additional or replacement personnel so designated in the future, shall be submitted to the Regional Director of the FDIC's Atlanta Regional Office ("Regional Director").

[.2] 2. Following the effective date of this ORDER, the Bank shall send to its shareholders or otherwise furnish 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 this ORDER in all material respects. The description and any accompanying communication, statement or notice shall be sent to the FDIC, Registration and Disclosure Unit, 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.

[.3] 3. Within 30 days from the effective date of this ORDER, and every 90 days thereafter, unless and until each and every corrective action required by this ORDER has been accomplished, the Bank shall furnish written progress reports to the Regional Director detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports shall address all requirements of sections 326.8(b) and (c) of the regulations, 12 C.F.R. §§ 326.8(b) and (c), and shall include the results of the required independent testing for compliance with the Bank Secrecy Act, 31 U.S.C. §§ 5311 *et seq.*, and implementing regulations. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director has released the Bank in writing from making further reports. All progress reports and other written responses to this ORDER shall be reviewed by the board of directors of the Bank and made part of the minutes of the appropriate board meeting.

4. The provisions of this ORDER shall become effective ten (10) days from the date of its issuance and shall be binding upon the Bank and its institution-affiliated parties. 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 28th day of August, 1990.