

{{12-31-90 p.C-509}}

[¶10,106] **In the Matter of State Bank and Trust Company, Nevada, Iowa, Docket No. FDIC-90-172b (8-29-90).**

Bank to cease and desist from such practices as engaging in violations of applicable laws and regulations; engaging in management policies and practices which are detrimental to the Bank; and failing to provide adequate supervision and direction over the affairs of the Bank.

[.1] **Compliance—Compliance Officer—Compliance Program**

[.2] **Violations of Law or Regulations—Eliminate and/or Correct—Preventive Procedures**

[.3] **Advertising—Compliance**

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

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

In The Matter Of

STATE BANK AND TRUST COMPANY

NEVADA, IOWA

(Insured State Nonmember Bank)

ORDER TO CEASE AND DESIST

FDIC-90-172b

The State Bank and Trust Company, Nevada, Iowa ("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 laws and regulations alleged to have been committed by the Bank and of its right to a hearing on such alleged 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 August 21, 1990, whereby solely for the purpose of this proceeding and without admitting or denying any unsafe or unsound banking practices or violations of laws 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 violated laws 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, 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 and unsound banking practices and violations of laws and regulations:

- A. engaging in violations of applicable laws and regulations;
- B. engaging in management policies and practices which are detrimental to the Bank; and
- C. failing to provide adequate supervision and direction over the affairs of the Bank to prevent unsafe or unsound banking practices and violations of laws and regulations.

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

[.1] 1. (a) No more than 60 days from the effective date of this ORDER, the Bank shall have and thereafter retain a qualified "compliance officer". Such compliance officer shall be given stated written authority by the Bank's board of directors to implement and supervise the Bank's compliance program concerning consumer credit, electronic fund transfer, advertising and other laws and regulations referred to in the FDIC's Compliance Report as of March 30, 1990 ("consumer laws"). The compliance officer shall report directly to the Bank's board of directors. The compliance officer shall be provided training in applicable consumer laws, and said training shall be reported to, and recorded in the minutes of, the board of directors each calendar quarter. Each calendar quarter, the compliance officer shall perform, or

supervise the performance of, an internal audit of the Bank's compliance program, and shall report the results of said audit to the Bank's board of directors. The results of said audit and any recommendation by the compliance officer and/or the board shall be recorded in the board's minutes. "Compliance program" means the same as the definition contained in the FDIC Manual for Compliance Programs.

(b) The Bank shall promptly notify the Regional Director of the FDIC's Kansas City Regional Office ("Regional Director") of the identity of said compliance officer. If the compliance officer is to be added as a director of the Bank or employed as a senior executive officer, the Bank shall comply with the requirements of section 32 of the Act, 12 U.S.C. § 1831i, and section 303.14 of the FDIC's Rules and Regulations, 54 Fed. Reg. 53040 and 53043 (to be codified at 12 C.F.R. § 303.14), prior to the addition of the compliance officer to such position.

(c) The assessment of whether the Bank has a "qualified compliance officer" shall be based upon the officer's conduct with respect to the Bank in: (A) complying with the requirements of this ORDER; and (B) complying with consumer laws.

[.2] 2. No more than 60 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of laws and regulations committed by the Bank as described on pages 2 through 4 of the FDIC's Compliance Report of the Bank as of March 30, 1990.

3. No more than 60 days from the effective date of this ORDER, the Bank shall develop and implement policies and procedures to prevent violations, especially repeated violations, of consumer laws. Among other things, such policies and procedures shall specifically provide for:

(a) training in compliance with consumer laws for all Bank employees involved in lending and for others whose responsibilities include compliance with consumer loans; and

(b) monitoring the Bank's compliance with consumer laws, including a quarterly review of the Bank's 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 the report is made.

[.3] 4. Prior to publication, all Bank advertising shall be reviewed by the Bank's compliance officer to ensure that the advertising complies with all applicable laws and regulations, including but not limited to, advertising relating to deposit insurance, 12 C.F.R. Part 330; Regulation Z, 12 C.F.R. Part 226; Regulation B, 12 C.F.R. Part 202; and interest on deposits, 12 C.F.R. Part 329.

[.4] 5. 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 descrip- ~~tion~~ [{{5-31-94 p.C-511}}](#) 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.

[.5] 6. The Bank shall furnish written progress reports to the Regional Director detailing the form and manner of any action taken to secure compliance with this ORDER and the results thereof every 90 days, beginning 90 days from the effective date of this ORDER. In addition, the Bank shall furnish such reports on request of the Regional Director. All progress reports and other written responses to this ORDER shall be reviewed by the board of directors of the Bank and made a part of the minutes of the board meeting.

7. The Consent Agreement is made a part hereof and incorporated herein by reference.

This ORDER shall become effective 10 days from the date of its issuance.

The provisions of this ORDER shall be binding upon the Bank 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.

Dated this 29th day of August, 1990.

Pursuant to delegated authority.