

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        | ) |               |
|                         | ) | CONSENT ORDER |
| MILLENNIUM BANK         | ) |               |
| DES PLAINES, ILLINOIS   | ) | FDIC-16-0016b |
|                         | ) | 2016-DB-04    |
|                         | ) |               |
| (ILLINOIS CHARTERED     | ) |               |
| INSURED NONMEMBER BANK) | ) |               |
|                         | ) |               |

Millennium Bank, Des Plaines, Illinois, ("**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 or regulation alleged to have been committed by the Bank, including those related to the Bank Secrecy Act, 31 U.S.C. §§ 5311-5330, and its implementing regulations including 12 C.F.R. Part 326, Subpart B, and 31 C.F.R. Chapter X (hereinafter collectively, the "**Bank Secrecy Act**" or "**BSA**"), and of its right to a hearing on the charges under section 8(b) of the Federal

Deposit Insurance Act ("**Act**"), 12 U.S.C. § 1818(b), and under 38 Ill. Adm. Code Part 392, regarding hearings before the Division, and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER ("**STIPULATION**") with representatives of the Federal Deposit Insurance Corporation ("**FDIC**") and the Illinois Department of Financial and Professional Regulation, Division of Banking ("**Division**"), dated March 2, 2016, 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 or regulation, the Bank consented to the issuance of a CONSENT ORDER ("**ORDER**") by the FDIC and the Division.

The FDIC and the Division considered the matter and decided to accept the STIPULATION.

Having also determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and Section 48(6) of the Illinois Banking Act, 205 ILCS 5/48(6), have been satisfied, the FDIC and the Division **HEREBY ORDER** 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, take affirmative action as follows:

#### MANAGEMENT

1. During the life of this ORDER and thereafter, the Bank shall have and retain management qualified to oversee all aspects of the Bank's BSA 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's Rules and Regulations ("**FDIC Rules**"), 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.

#### BSA STAFF

2. Within forty-five (45) days from the effective date of this ORDER, the Bank shall analyze and assess the Bank's staffing needs in order to provide for an adequate number of qualified staff for the Bank's BSA Department, including provision for succession of BSA responsibilities. The BSA Department staff shall be evaluated to determine whether these individuals possess the ability, experience, training and other necessary qualifications required to perform present and anticipated duties, including adherence to the Bank's BSA

Compliance Program, the requirements of the BSA regulations, and the provisions of this ORDER.

#### TRAINING

3. Within forty-five (45) days from the effective date of the ORDER, the Bank shall identify staff positions and personnel whose duties, assignments, and responsibilities call for knowledge of the compliance requirements for the BSA Rules. Such personnel shall include, but not necessarily be limited to, directors, executive officers, department heads, supervisors, loan officers, loan operations staff, private and personal banking officers, tellers, customer service representatives, bookkeepers, couriers, proof operators, information technology staff, wire-transfer staff, and all other customer contact personnel.

- (a) Within ninety (90) days from the effective date of the ORDER, the Bank shall develop a revised, comprehensive training program that shall have a general component for all directors and staff and specific components that are tailored to the needs of specific positions, departments, and personnel. The revised training program shall provide for both initial and periodic refresher training, and shall specify who is responsible for dissemination of changes in the BSA

Rules and in what media and time notifications of changes are to be made. The revised training program shall require documentation of attendance at training with full explanations of absences with notation of when absentees will be trained.

- (b) The revised, comprehensive training program shall be approved by the Board of Directors ("**Board**") and forwarded to the Regional Director of the FDIC's Chicago Regional Office ("**Regional Director**") and the Division along with the next progress report required by paragraph 9 (nine) of this ORDER due following the Board's approval.

#### WRITTEN BSA COMPLIANCE PROGRAM

4. Within ninety (90) days of the effective date of this ORDER, the Bank shall develop, adopt, and implement a revised written BSA compliance program, which fully meets all applicable requirements of section 326.8 of the FDIC's Rules, 12 C.F.R. § 326.8, and which is designed to, among other things, assure and maintain full compliance by the Bank with the BSA and the rules and regulations issued pursuant thereto. The Bank shall provide the Regional Director and the Division with a copy of the revised written BSA compliance program for review. Thereafter, the revised program and its implementation shall be prepared and conducted in a manner

acceptable to the Division and the Regional Director, as determined at subsequent examinations and/or visitations of the Bank. At a minimum, the revised program shall:

(a) Require the Bank to develop, adopt and implement a revised, effective written policy designed to assure full compliance with all provisions of the BSA.

(b) Require the Bank to develop a revised system of internal controls to assure 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 assure the identification and proper reporting of all known or suspicious criminal activity, money laundering activity, or violations of the BSA.

(c) Designate a senior bank official to be responsible for overall BSA compliance. This designated senior official shall be in a position, and have the authority, to make and enforce policies with respect to BSA compliance, and to assure that full and complete corrective action is taken regarding previously identified violations and deficiencies. This senior bank official shall have the necessary knowledge and expertise to effectively oversee the Bank's BSA program commensurate with the level of risk

in the Bank's operations. The designated senior official shall have direct access to the Board for reporting on BSA compliance.

(d) Provide for revised, written and detailed guidelines regarding the administration of new business account activity, including the solicitation, opening, initial risk assessment, and ongoing monitoring of all such accounts for suspicious activity and the filing of all required reports resulting therefrom.

(e) Establish revised due diligence practices and written guidelines for all customers that are commensurate with the level of BSA and money laundering risk posed by each customer.

(f) Establish revised due diligence practices and written guidelines for monitoring high risk business accounts that fully address all deficiencies and recommendations noted in the November 2, 2015 FDIC/Division Visitation Report (**"Visitation Report"**).

(g) Provide for and document improved and effective training of all appropriate personnel, including, without limitation, directors, executive officers, department heads, supervisors, loan officers, loan operations staff, private and personal banking officers, tellers, customer service representatives, bookkeepers, couriers, proof

operators, information technology staff, wire-transfer staff, and all other customer contact personnel. The training shall be conducted by qualified staff and/or independent contractors, and the training requirement shall apply to all individuals involved in Bank operations, including those working with high risk customers, whether employees or contractors, and shall include training in all aspects of regulatory and internal policies and procedures related to the BSA, with a specific emphasis on accurate recordkeeping, form completion and the detection and reporting of known and/or suspected criminal activity. The revised training curriculum shall be updated on a regular basis, not less frequent than annually, to assure that all personnel are provided with the most current and up-to-date information.

#### DUE DILIGENCE PROGRAM

5. Within ninety (90) days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a revised, written Customer Due Diligence ("**CDD**") Program. The revised CDD Program and its implementation shall be prepared and conducted in a manner acceptable to the Regional Director and Division as determined at subsequent examinations and/or visitations of the Bank. The revised CDD Program shall provide for a risk focused assessment of the customer base of

the Bank to determine the appropriate level of ongoing monitoring required to assure that the Bank can reasonably detect suspicious activity, and determine which customers require Enhanced Due Diligence ("**EDD**") necessary for those categories of customers the Bank has reason to believe pose a heightened risk of illicit activity including, but not limited to, high-risk business accounts. At a minimum, the revised CDD program shall provide for:

- (a) Revised risk ratings of the Bank's customers based on the potential risk posed by the customer's activities, with consideration given to the purpose of the account, the anticipated type and volume of account activity, types of products and services offered, and locations and markets served by the customer;
- (b) Obtaining, analyzing, and maintaining sufficient effective suspicious activity monitoring, including documentation of normal and expected transactions of the customer;
- (c) Revised guidance for documenting the analysis conducted under the CDD process, including guidance for resolving issues when insufficient or inaccurate information is obtained;
- (d) Revised guidelines to reasonably assure the identification and timely, accurate reporting of known

or suspected criminal activity, as required by the suspicious activity reporting provisions of Part 353 of the FDIC rules, 12 C.F.R. § 353; and,

- (e) Periodic, risk-based monitoring of customer relationships to determine whether the original risk profile remains accurate.

#### SUSPICIOUS ACTIVITY MONITORING AND REPORTING

6. Within ninety (90) days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a revised written program for monitoring and reporting suspicious activity, which fully meets all applicable requirements of section 353 of the FDIC's Rules, 12 C.F.R. § 353, which fully addresses all deficiencies and recommendations made in the Visitation Report, and is designed to, among other things, assure and maintain full compliance by the Bank with the rules and regulations issued for monitoring and reporting suspicious activity.

#### CORRECTION OF VIOLATIONS

7. Within one hundred twenty (120) days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law or regulation as detailed in the Visitation Report.

#### NOTIFICATION OF SHAREHOLDER

8. Following the effective date of this ORDER, the Bank shall send to its shareholder a copy of this ORDER: (1) in conjunction with the Bank's next shareholder communication; or (2) in conjunction with its notice of proxy statement preceding the Bank's next shareholder meeting.

#### PROGRESS REPORTS

9. Within thirty (30) days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Division and Regional Director written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof.

#### CLOSING PARAGRAPHS

The effective date of this ORDER shall be the date of issuance by the FDIC and the Division.

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 FDIC and the Division.

Pursuant to delegated authority.

Dated: March 7, 2016.

/S/  
\_\_\_\_\_  
M. Anthony Lowe  
Regional Director  
Chicago Regional Office  
Federal Deposit Insurance  
Corporation

/S/  
\_\_\_\_\_  
Michael J. Mannion  
Director  
Division of Banking  
Illinois Department of Financial  
and Professional Regulation