FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

STATE OF FLORIDA
OFFICE OF FINANCIAL REGULATION
TALLAHASSEE, FLORIDA

In the Matter of	)	CONSENT ORDER
	)	
BANESCO USA	)	
CORAL GABLES, FLORIDA	)	FDIC-13-166b
	)	OFR 1007 -FI-13
(Insured State Nonmember Bank)	)	
	)	

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for Banesco USA, Coral Gables, Florida, ("Bank"), under section 3(q) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a "STIPULATION TO THE ISSUANCE OF A CONSENT ORDER" ("STIPULATION"), dated November 22, 2013, that is accepted by the FDIC and the Florida Office of Financial Regulation ("OFR"). With the STIPULATION, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation relating to weaknesses in Bank Secrecy Act ("BSA") compliance, to the issuance of this Consent Order ("ORDER") by the FDIC and the OFR. The OFR may issue an ORDER pursuant to Chapter 120 and Section 655.033, Florida Statutes (2013).

Having determined that the requirements for issuance of an order under section 8(b) of the Act, 12 U.S.C. § 1818(b), and under Chapter 120 and Section 655.033, Florida Statutes, have been satisfied, the FDIC and the OFR hereby order that:

BOARD OF DIRECTORS

1. (a) As of the effective date of this ORDER, the Board shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size. This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: audit reports; internal control reviews including management's responses; high-risk deposit accounts; information technology; foreign correspondent banking ("FCB"); BSA risk rating; BSA staffing; BSA training; BSA compliance; and compliance with this ORDER. Board meeting minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within 30 days from the effective date of this ORDER, the Board shall establish a Board committee ("Directors' Committee") charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. The Directors' Committee shall formulate and review monthly reports detailing the Bank's actions with respect to compliance with this ORDER. The Directors' Committee shall present a report detailing the Bank's adherence to this ORDER to the Board at each regularly scheduled Board meeting. Such report shall be recorded in the appropriate minutes of the Board's meetings and shall be retained in the Bank's records. Establishment of this committee does not in any way diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

BSA COMPLIANCE PLAN

2. (a) Within 60 days from the effective date of this ORDER, the Bank shall review, enhance, or restate its written plan ("Compliance Plan") for administration of a program reasonably designed to ensure and maintain compliance with the law and regulations related to the BSA, subchapter II of Chapter 53 of Title 31 of the United States Code, and its implementing rules issued by the U.S. Department of Treasury, 31 C.F.R. Chapter X; the FDIC's BSA compliance regulations, 12 C.F.R. § 326.8; the FDIC's suspicious activity report ("SAR") regulations, 12 C.F.R. Part 353 ("Part 353"), and Section 655.50, Florida Statutes (collectively, the "BSA Rules"). The Bank shall submit the Compliance Plan to the FDIC's Atlanta Regional Office and the OFR (collectively, the "Supervisory Authorities") for review and comment. The Compliance Plan shall be tailored to address the risk profile of the Bank identified in the Bank's BSA risk assessment required by paragraph 4 of this ORDER and shall address all recommendations in the Report of Examination dated July 8, 2013 ("Report"). Upon receipt of the Supervisory Authorities' comments, if any, the Board shall review and approve the Compliance Plan. After the Board has approved the Compliance Plan, the review and approval shall be recorded in the minutes of the Board. At a minimum, the Compliance Plan shall require that the Bank comply with the BSA Rules, and provide for the following:

(i) A system of internal controls, including policies and procedures to detect and monitor all transactions to ensure compliance with the BSA Rules. Such controls shall specifically address the opening and monitoring of accounts with frequent wire and check activity and the monitoring of high-risk and suspicious activities for all types of products, services, accounts including FCB program, and geographic areas;

(ii) Procedures for the Bank's Customer Identification Program ("CIP") and account opening procedures as further required by Paragraph 3 including, but not limited to: policies and procedures with respect to high-risk accounts and customers, including adequate methods for identifying and conducting due diligence on high-risk accounts and customers at account opening and thereafter, and for monitoring high-risk customer relationships by transaction , account and customer, including a formal visitation program for high-risk customers;

(iii) Policies, procedures, and systems for identifying, evaluating, monitoring, investigating, and reporting suspicious activity, particularly including transactions involving high-risk customers or accounts and/or high-risk jurisdictions, and the appropriateness of the Bank's criteria for designating an account as high-risk and assessing the Bank's procedures and systems for identifying and monitoring customer transactions in accordance with the BSA Rules;

(iv) Sufficient, qualified staffing, based on the Bank's size and risk profile, including a qualified BSA Officer, as defined in Paragraph 11 of this ORDER;

(v) Periodic reports that address the following areas of activity: high-volume wire transfer accounts, the FCB program, remote deposit capture accounts, activity by risk code, and transactions by country. The reports shall also include tracking data to ensure appropriate CIP information is obtained, site visitations are conducted, and monitoring and SAR reporting systems procedures are being implemented in a timely manner;

(vi) Procedures for opening, maintaining and continuously monitoring all high-risk accounts including foreign deposit facilitator, FCB, politically exposed persons, bearer share, foreign nationals, private investment companies, offshore, and non-bank financial institutions accounts. The procedures shall provide for periodic update of risk grades based on changes in risk factors and for obtaining higher-level approvals for accounts and transactions where appropriate;

(vii) Independent annual testing of the Bank's BSA program, including its FCB and foreign deposit facilitator programs, for compliance with the BSA Rules in accordance with the procedures described in 12 C.F.R. § 326.8; and

(viii) An appropriate training program for the Bank to assure that appropriate personnel are adequately and regularly trained to comply with the BSA Rules.

(b) Immediately after the Board has approved the Compliance Plan, the Bank shall implement the Compliance Plan.

<u>CUSTOMER IDENTIFICATION PROGRAM</u>

3. Within 60 days from the effective date of this ORDER, the Bank shall review, enhance, or restate its written CIP required by 31 C.F.R. § 1010.100 - § 1020.100, which shall be appropriate for the Bank's size and type of business, consistent with the requirements of the BSA Rules, and address any criticisms enumerated in the Report. The Bank shall submit the CIP to the Supervisory Authorities for review and comment. Upon receipt of the Supervisory Authorities' comments, if any, the Board shall review and adopt the CIP. After the Board has approved the CIP, the review and approval shall be recorded in the minutes of the Board. Thereafter, the Bank shall implement the CIP.

RISK ASSESSMENT

4. Within 60 days from the effective date of this ORDER, the Board shall review and update the Bank's assessment of the vulnerability of its banking operations to attempts to launder money, finance terrorism, or conduct other criminal activities ("BSA risk assessment"). The BSA risk assessment shall weigh all relevant factors, including identification and measurement of the specific risk characteristics of the Bank's products, services, customers and geographic locations, with analysis of the major risk categories including the FCB program, foreign deposit facilitator accounts, politically exposed persons, bearer shares, foreign nationals, private investment companies, offshore accounts, and non-bank financial institutions. The Bank shall review and update its BSA risk assessment at least annually. The Board shall review and approve any change to the Bank's BSA risk assessment and forward it to the Supervisory Authorities with the progress report required by this ORDER that is next due following the Board's approval.

TRANSACTION REVIEW

5. (a) Within 60 days from the effective date of this ORDER, the Bank shall contract with an independent auditor or qualified consultant to review all high-risk accounts and high-risk transactions ("Transaction Review") between and including March 31, 2012, and the effective date of this ORDER ("Transaction Review Period"). Prior to commencement of the Transaction Review, the Bank shall submit to the Supervisory Authorities for approval a written plan that sets forth:

(i) The scope of the Transaction Review, including the types of accounts and transactions to be reviewed;

(ii) The methodology for conducting the Transaction Review, including any sampling procedures to be followed;

(iii) The expertise and resources devoted to the Transaction Review;

(iv) The anticipated completion date of the Transaction Review; and

(v) A commitment that any interim reports, draft reports, or workpapers associated with the Transaction Review will be made available to the Supervisory Authorities upon request.

(b) Within 210 days from the effective date of this ORDER, the Bank shall submit the written findings of the review and copies of any additional SARs and Currency Transaction Reports ("CTR") filed to the Supervisory Authorities. If the Bank does not file a CTR or SAR for any high-risk transaction that occurred within the Transaction Review Period, it shall document its basis for this decision with a written memorandum. Documentation supporting any determination made pursuant to this paragraph shall be retained in the Bank's records for such period of time as may be required by any applicable rules and regulations.

BSA, AML, and OFAC POLICIES

6. Within 90 days from the effective date of this ORDER, the Board shall revise its BSA, AML, and OFAC policies, procedures, and practices to provide for:

(a) Comprehensive monitoring of high-risk accounts, with full utilization of account monitoring and anomaly detection software;

(b) Adequate systems for account aggregation to ensure sufficient data to determine if SARs should be filed;

(c) Standards for the documentation of new accounts, both to meet the minimum standards and to capture sufficient data for customer due diligence, with specification of the time and responsibility for obtaining missing documentation;

(d) Methods of enforcing the Bank's BSA and AML policies, procedures, and practices with consequences specified for noncompliance;

(e) Adequate risk-based OFAC policies and procedures for clearing and documenting potential OFAC matches for the FCB program and remote deposit capture transactions; and

(f) Procedures for informing management and the Board of any suspicious or high-risk activities conducted in the Bank.

DUE DILIGENCE PROGRAM

7. Within 90 days from the effective date of this ORDER, the Bank shall review, enhance, or restate its written customer due diligence program ("Due Diligence Program"). At a minimum, the customer Due Diligence Program shall provide for a risk-focused assessment of the customer base of the Bank to determine the appropriate level of Enhanced Due Diligence ("EDD") necessary for those categories of customers that the Bank has reason to believe pose a heightened risk of illicit activities at or through the Bank.

(a) The Due Diligence Program shall provide for, at a minimum:

(i) Time limits for Bank personnel to respond to account activity exceptions;

(ii) Time limits for determining if exceptions require a SAR; and

(iii) The identification of customers requiring site visitations and the frequency of visitations.

(b) EDD shall include the following procedures:

(i) Determination of the appropriate documentation necessary to confirm the identity and business activity of the customer;

(ii) Procedures to identify the normal and expected transactions of the customer; and

(iii) Procedures to ensure the identification and timely, accurate, and complete reporting of known or suspected criminal activity or a suspicious transaction related to a money laundering activity or a violation of the BSA to law enforcement and the Supervisory Authorities, as required by the suspicious activity reporting provisions of 12 C.F.R. Part 353.

INTERNAL CONTROLS

8. Within 90 days from the effective date of this ORDER, and as acceptable to the Supervisory Authorities, the Bank shall develop, adopt, and implement an enhanced system of internal routine and controls to enable the Bank to comply with the BSA Rules including, but not limited to, the monitoring of high-risk and suspicious activities for all types of accounts, including all accounts associated with the Bank's FCB program, customer products, services,

and geographic areas. This system of internal routine and controls shall address all items of criticism noted in the Report.

INDEPENDENT TESTING

9. Within 120 days from the effective date of this ORDER, the Bank shall provide for an independent testing program for compliance with the BSA Rules. The independent testing shall be conducted on a regular basis in compliance with the procedures described in *Bank Secrecy Act Provision for Independent Testing for BSA/AML Compliance,* FIL 38-2008 (May 16, 2008). The testing should also include an assessment of the effectiveness of the Bank's BSA Compliance Plan for its FCB program and its foreign deposit facilitator program.

TRAINING

10. (a) Within 60 days from the effective date of this ORDER, the Bank shall identify staff positions and personnel whose duties, assignments, and responsibilities require knowledge of the compliance requirements for BSA and AML. Such personnel shall include, but not necessarily be limited to, directors, executive officers, department heads, supervisors, foreign deposit facilitators, loan officers, loan operations staff, tellers, bookkeepers, couriers, proof operators, information technology staff, wire-transfer staff, and personnel within the Bank's FCB program and foreign deposit facilitator program.

(b) Within 60 days from the effective date of this ORDER, the Bank shall develop a comprehensive training program to ensure that all appropriate Bank personnel have information and knowledge of, and can comply with the requirements of the BSA Rules and the Bank's policies and procedures relating to BSA compliance. The training program shall have a general component for all directors, officers, and staff and specific components that are tailored to the needs of specific positions, departments, and personnel. The training program shall provide for both initial and periodic refresher training and shall specify who is responsible for dissemination of changes in BSA and AML requirements and in what media and time notifications of changes are to be made. The training program shall include training on the risk of payment activities, fraud red flags, and the appropriate documentation of due diligence for customers of the Bank's FCB program. The training program shall require documentation of attendance with full explanations of absences and notation of when absentees will be trained.

(c) The comprehensive training program shall be approved by the Board and forwarded to the Supervisory Authorities with the progress report required by this ORDER that is next due following the Board's approval.

BSA STAFF

11. Within 30 days from the effective date of this ORDER, the Bank shall analyze and assess the Bank's staffing needs to determine the appropriate number of qualified staff for the Bank's BSA Department. Within 90 days from the effective date of this ORDER, the Bank shall provide for an assessment of the BSA Department to determine whether the Bank's staff possesses the ability, experience, training, and other necessary qualifications required to perform present and anticipated duties, including adherence to the Bank's BSA Compliance Plan, the requirements of the BSA Rules, and the provisions of this ORDER. As part of this assessment, the Board shall designate a qualified officer responsible for managing, coordinating, and monitoring the Bank's BSA Compliance Plan ("BSA Officer"). The BSA Officer shall have the responsibility and necessary authority to ensure the Bank's compliance with the BSA Rules

including, without limitation, timely, accurate, and complete reporting to the Board, law enforcement and the Supervisory Authorities of required CTRs and reports regarding unusual or suspicious activity, or known or suspected criminal activity perpetrated against or involving the Bank. The BSA Officer shall report directly to the Board or to the Directors' Committee established by the Board pursuant to paragraph 1(b) of this ORDER. The Board shall ensure the BSA Officer has the necessary authority to implement all aspects of the BSA Compliance Plan.

VIOLATIONS OF LAW, REGULATION, AND CONTRAVENTION OF POLICY

12. Within 60 days from the effective date of this ORDER, the Bank will eliminate and/or correct all violations of laws, regulations, and/or contraventions of statements of policy in the Report and shall adopt and implement appropriate procedures to ensure future compliance with all such applicable federal and state laws, regulations, and/or statements of policy.

SHAREHOLDER DISCLOSURE

13. Within 30 days from the effective date of this ORDER, the Bank shall provide to its shareholders or otherwise furnish a description of this ORDER, in conjunction with the Bank's next shareholder communication and 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, Division of Risk Management Supervision, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room MB-5073, Washington, D.C. 20429 and to the Director of the OFR, 200 East Gaines Street, Tallahassee, FL 32399 to review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC and the

OFR shall be made prior to dissemination of the description, communication, notice, or statement.

PROGRESS REPORTS

14. Within 30 days from the end of the first full quarter following the effective date of this ORDER, and within 30 days from the end of each quarter thereafter, the Bank shall furnish written progress reports to the Supervisory Authorities detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports shall include a copy of the Bank's Consolidated Reports of Condition and of Income. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Supervisory Authorities have 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 and made a part of the appropriate Board meeting minutes.

The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC, the OFR, or any other federal or state agency or department from taking any action against the Bank, the Bank's current or former institution-affiliated parties, including, but not limited to, the imposition of civil money penalties.

This ORDER shall be effective on the date of issuance.

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 in writing.

Issued Pursuant to Delegated Authority

Dated: December 5, 2013

/s/

Thomas J. Dujenski
Regional Director
Division of Risk Management Supervision
Atlanta Region
Federal Deposit Insurance Corporation

The Commissioner of the OFR, having duly approved the foregoing ORDER, and the Bank, through its Board, agree that the issuance of said ORDER by the FDIC shall be binding as between the Bank and the OFR to the same degree and to the same legal effect that such ORDER would be binding if the OFR had issued a separate ORDER that included and incorporated all of the provisions of the foregoing ORDER, pursuant to Chapters 120, 655, and 658, Florida Statutes including specifically Sections 655.033 and 655.041, Florida Statutes.

Dated: November 25, 2013.

/s/

By: ______________________________

Robert D. Hayes
Director
Division of Financial Institutions
By Delegated Authority for the Commissioner
Office of Financial Regulation