FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of	)	
	)	
BANK OF LAKE MILLS LAKE MILLS, WISCONSIN	)	CONSENT ORDER
	)	FDIC-14-0400b
(Wisconsin Chartered Insured Nonmember Bank)	)	

The Bank of Lake Mills, Lake Mills, Wisconsin ("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 in the area of consumer protection and compliance, 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 having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER ("STIPULATION") with counsel for the Federal Deposit Insurance Corporation ("FDIC"), dated August 19, 2015, 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.

The FDIC considered the matter and determined to accept the STIPULATION.

Having also determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) have been satisfied, the FDIC HEREBY ORDERS 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:

BOARD OVERSIGHT

1. (a) From the effective date of this ORDER, the Bank's board of directors ("Board") shall increase its participation in the oversight of the Bank's compliance management system ("Compliance Management System"), as described in Section II of the FDIC's Compliance Examination Manual ("Compliance Management System Guidance"), to include full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's compliance-related activities, consistent with the role and expertise commonly expected for directors of banks of comparable size.

(b) During the life of this ORDER, the Board shall maintain a compliance committee ("Compliance Committee") comprised of at least two (2) directors who are not active officers of the Bank and at least one (1) member of senior management, plus the compliance officer ("Compliance Officer").

(i) The Compliance Committee, which meets monthly, shall, at a minimum, ensure that the following areas shall be reviewed and approved: oversight of the Bank’s third-party relationships (“Third Parties”), minutes of the Compliance Committee, Compliance Officer reports, compliance audit reports, Compliance Management System policies and procedures, compliance monitoring results, training records, and compliance with this ORDER.

(ii) The Compliance Committee shall report its monthly discussions to the Board at each regularly scheduled Board meeting and the Board shall document the review and approval, including the names of any dissenting directors.

(iii) The Board, in conjunction with the Compliance Committee, shall allocate additional resources to the compliance area that are:

(A) Commensurate with the level of complexity of the Bank’s operations to ensure the adequate modification and implementation of the Compliance Management System as described in the Compliance Management System Guidance, including procedures ensuring the Bank’s compliance with all federal consumer protection and compliance laws, rules, and regulations (“Consumer Laws”);

(B) Sufficient to ensure the Bank’s timely compliance with the provisions of this ORDER; and

(C) Sufficient to ensure the Bank’s ability to assess, measure, monitor, and control third-party risk.

(iv) The Board, in conjunction with the Compliance Committee, shall:

(A) Ensure that the duties and responsibilities of the Compliance Officer are clearly defined and communicated, providing for accessibility to both the Board and senior management;

(B) Require the Compliance Officer to provide to the Compliance Committee monthly written reports on all aspects of the Compliance Management System and compliance with this ORDER;

(C) Require the Compliance Officer to review and respond promptly in writing to audit reports relating to all areas of the Bank’s Compliance Management System;

(D) Ensure that the Compliance Officer has and retains sufficient authority and independence to adopt, modify, and implement specific guidelines and policies related to Consumer Laws; to assess, measure, monitor, and control third-party risk; and to institute corrective action as needed. This authority shall include the ability to cross departmental lines, have access to all areas of the Bank’s operations, including Third Parties, and effectuate corrective action upon discovering deficiencies;

(E) Ensure the Compliance Officer receives immediate and ongoing training, sufficient time, and adequate resources to effectively oversee, coordinate, and implement the Bank’s Compliance Management System; and

(F) Ensure the Compliance Officer is assessing, measuring, monitoring, and controlling third-party risk.

(c) The existence of the Compliance Committee in no way diminishes the responsibility of the entire Board for ensuring compliance with the provisions of this ORDER.

(d) The Board shall hold employees and Third Parties accountable for following adopted policies, procedures, and regulatory requirements related to the Bank's Compliance Management System.

MANAGEMENT

2. (a) While this ORDER is in effect, the Bank shall have and retain qualified management, with the qualifications and experience commensurate with the employee's assigned duties and responsibilities at the Bank. Each member of Management shall have full authority to implement the provisions of this ORDER. The qualifications of management shall be assessed on its ability to comply with the requirements of this ORDER, as well as its ability to assess, measure, monitor, and control third-party risk.

(b) Within sixty (60) days from the effective date of this ORDER, the Bank shall cause an independent review to be conducted to develop an analysis and perform an assessment of the Bank's management needs ("Management Study") for the purpose of providing qualified management for the Bank. The Management Study shall include, at a minimum:

(i) Identification of both the type and number of officer positions needed to properly manage and supervise the affairs of the Bank, and to assess, measure, monitor, and control third-party risk;

(ii) Identification and establishment of such Bank committees as are needed to provide guidance and oversight to active management;

(iii) Evaluation of all Bank officers and senior staff members to determine whether these individuals possess the ability, experience, and other qualifications required to perform present and anticipated duties, including adherence to the Bank’s established policies and practices, to adequately assess, measure, monitor, and control third-party risk and operate the Bank in a safe and sound manner;

(iv) Evaluation of all Bank officers’ compensation, including salaries, director fees, and other benefits; and

(v) A plan to recruit and hire any additional or replacement personnel with the requisite ability, experience, and other qualifications to fill those officer or staff positions identified by this Paragraph of this ORDER.

(c) Within thirty (30) days after the Management Study is completed, the Bank shall formulate a plan to implement the recommendations of the Management Study, which shall be submitted to the Regional Director for review and comment. Within sixty (60) days of receipt of any comments from the Regional Director, the Bank shall incorporate any changes required and thereafter adopt, implement, and adhere to the plan.

COMPLIANCE OFFICER

3. (a) Within thirty (30) days of the effective date of this ORDER, the Board shall have and maintain a qualified, full-time Compliance Officer who shall be given sufficient written authority by the Board to adopt, implement, modify, and supervise the Bank’s Compliance Management System and the activities of Third Parties, including but not limited to, providing training, including appropriate cross-training, to the Board and employees for all Consumer Laws; establishing controls and procedures to prevent violations of Consumer Laws; and to

assess, measure, monitor, and control third-party risk. The Compliance Officer shall report directly to the Board and shall possess the requisite knowledge, capacity, and experience to administer and oversee an effective Compliance Management System.

(b) The Bank shall ensure the Compliance Officer is sufficiently trained, on an ongoing basis, to perform the duties of a Compliance Officer. All training received by the Compliance Officer shall be documented and maintained for review at future FDIC compliance examinations and/or visitations.

(c) The assessment of whether the Bank has a qualified and sufficiently trained Compliance Officer shall be based upon the Bank's record in complying with: (i) the requirements of this ORDER; (ii) applicable Consumer Laws; and (iii) the Bank's ability to adequately assess, measure, monitor, and control third-party risk.

(d) The Bank may fulfill its requirement to have and maintain a Compliance Officer with multiple compliance officers, provided the compliance officers constitute, at a minimum, one full-time equivalent position.

COMPLIANCE POLICY AND PROCEDURES

4. Within sixty (60) days from the effective date of this ORDER, the Bank shall review, update, adopt, and implement its compliance policy ("Compliance Policy"). At a minimum, the

Compliance Policy shall require the maintenance of a comprehensive risk-based Compliance Management System, which will be reviewed and approved annually by the Board and ensure that all activities, including activities of Third Parties, comply with all applicable Consumer Laws and assess, measure, monitor, and control third-party risk. The Compliance Policy shall be acceptable to the Regional Director as determined at subsequent FDIC compliance examinations and/or visitations.

COMPLIANCE MONITORING

5. Within sixty (60) days from the effective date of this ORDER, the Bank shall ensure that effective compliance monitoring procedures are developed and instituted throughout the Bank and with all Third Parties. The procedures required by this paragraph shall be acceptable to the Regional Director as determined at subsequent FDIC compliance examinations and/or visitations of the Bank.

(a) At a minimum, monitoring procedures should include ongoing reviews of the following for the Bank and all Third Parties:

i. banking transactions that constitute the routine daily activities of employees for all applicable departments;

ii. disclosures and calculations for various loan and deposit products;

iii. document filing and retention procedures;

iv. marketing literature and advertising;

v. the internal compliance communication system that provides updates resulting from revisions to Consumer Laws to appropriate Bank personnel;

vi. an effective consumer complaint monitoring and handling process, including the maintenance of adequate records of all written, oral, or electronic complaints or inquiries, formal or informal, received by the Bank and all Third Parties from any source, and the resolution of the complaints and inquiries; and

vii. the status of all lawsuits and administrative enforcement actions.

b. The monitoring procedures shall ensure that:

i. the Bank’s actual practices reflect the Compliance Policy;

ii. the Bank and its Third Parties are complying with Consumer Laws; and

iii. the Bank is assessing, measuring, monitoring, and controlling third-party risk.

c. Reviews of the routine daily activities of employees in all operating units of the Bank shall be conducted at the transactional level on a regular basis, but not less often than monthly.

d. Regular reports shall be made to the Board regarding monitoring results and corrective actions taken to address deficiencies.

TRAINING PROGRAM

6. Within sixty (60) days from the effective date of this ORDER, the Bank shall review, revise and implement its training program relating to Consumer Laws for all Bank personnel commensurate with their individual job functions and duties, and all Third Parties.

(a) The training program, at a minimum, shall address the violations contained in the FDIC's Compliance Report of Visitation of the Bank as of August 13, 2014 ("Compliance Visitation"), August 7, 2015 Compliance Visitation Addendum ("Addendum") and any deficiencies found through internal monitoring or independent reviews and shall address updates to Consumer Laws and Bank policies and procedures.

(b) The training program shall provide for training of all Bank personnel, including senior management and the Board, commensurate with their individual job functions and duties. All training shall be documented and maintained for review at all future FDIC compliance examinations and/or visitations.

(c) The training program shall include cross-training, where appropriate, to ensure an adequate number of knowledgeable employees in all areas relating to consumer compliance.

(d) All training efforts and activities shall be reported to the Board and documented in Board minutes.

(e) The training program required by this paragraph shall be acceptable to the Regional Director as determined at subsequent FDIC compliance examinations and/or visitations.

RELATIONSHIPS AND CONTRACTS WITH THIRD PARTIES

7. The Bank shall not enter into any further relationships or contracts to allow third parties to makes loans on the Bank's behalf unless: (a) the Bank's board has conducted a comprehensive due diligence review and analysis of the potential benefits and challenges of the relationship, with all

material concerns favorably resolved; and (b) the Bank has provided notice and the results of its due diligence review and analysis of the proposed relationship to the Regional Director no less than seven (7) days after the initiation of the relationship.

THIRD-PARTY OVERSIGHT

8. Within sixty (60) days after the effective date of this ORDER, the Bank shall develop, adopt, and implement a Third-Party Oversight Program based on the principles set forth in *Guidance for Managing Third-Party Risk* (FIL-44-2008, issued June 6, 2008). The Third Party Oversight Program Required by this paragraph shall be acceptable to the Regional Director as determined at subsequent FDIC compliance examinations and/or visitations of the Bank.

(a) The Third Party Oversight Program shall, at a minimum, include specific procedural steps for the following:

(i) Ensuring the Bank has written agreements with all Third Parties performing services for the Bank;

(ii) Reviewing all aspects of the Bank’s agreements with all third parties and the services performed for the Bank pursuant to these agreements ("Third Party Agreements");

(iii) Ensuring the Bank has and implements procedures that provide for effective monitoring, training, record-keeping, and audit over the Bank's third parties;

(iv) Ensuring that Bank employees have access to all systems necessary to determine compliance with all Consumer Laws and to perform their duties, including monitoring, training, and fulfilling regulatory requests;

(v) Monitoring Third Party Agreements to ensure that they are formalized, enforceable, and contain the specific expectations, obligations, and consequences for both the Bank and third parties;

(vi) Maintaining records of all service provider agreements and approved marketing and solicitation materials, including any changes or amendments with respect to such materials;

scripts; and any other materials provided or disseminated to customers or potential customers, including disclosures and privacy policies;

(vii) Ensuring prompt notification is provided to the Bank by third parties of all regulatory agencies' inquiries, consumer complaint correspondence, and/or legal action received (other than routine requests such as requests to cease and desist collection contact);

(viii) Ensuring that the Bank has and implements procedures for promptly addressing and resolving consumer complaints and inquiries, regardless of the source;

(ix) Ensuring that the Bank has and implements procedures for effective complaint analysis, including identification of the root cause and any discernable patterns/trends in complaints about specific products or practices;

(x) Ensuring that the Bank has and implements procedures to ensure the Third Party conducts training for Third Party employees in Consumer Laws, including but not limited to the Truth in Lending Act, Equal Credit Opportunity Act, and Section 5 of the Federal Trade Commission Act;

(xi) Ensuring that the Bank has and implements procedures for terminating Third Party relationships in the event that any such relationship fails to comply with the Bank's systems and controls; and

(xii) Ensuring that the Bank has and implements procedures to ensure Third Parties' compliance with Consumer Laws.

(b) The Bank's Compliance Committee shall, on at least a quarterly basis, submit a written report to the Board and senior management addressing whether third parties are in compliance with Third Party Agreements. The written report shall include any new or substantive changes in Third Party relationships, the status of any ongoing reviews and audits, potential violations, deficiencies, trends, and analyses related to consumer complaints and inquiries or other concerns. The Board shall be responsible for ensuring that corrective actions are taken within thirty (30) days of receipt of the written report to address the findings. The Board minutes shall contain evidence of the Board's review and discussion of the foregoing and shall include an evaluation of the overall effectiveness of the Third Party Oversight program.

INDEPENDENT REVIEW

9. Within sixty (60) days from the effective date of this ORDER, the Bank shall cause an independent review to be commenced, and thereafter on a quarterly basis, with respect to the Bank's and any Third Parties' compliance with Consumer Laws and effectiveness of its Compliance Management System, as well as assessing, measuring, monitoring, and controlling of third-party risk.

(a) The independent review shall assess the Bank's Compliance Management System in conjunction with the Compliance Management System Guidance, and at a minimum, shall:

(i) be comprehensive in scope;

(ii) identify the number of transactions sampled by category or product type;

(iii) identify deficiencies;

(iv) provide descriptions of or suggestions for corrective actions and time frames for correction; and

(v) establish follow-up procedures to verify that corrective actions are implemented and effective.

(b) The scope of the independent review, its findings, deficiencies, and recommendations must be documented in a written report and provided to the Compliance Committee and the Board within ten (10) days after completion of the independent review.

(c) Within thirty (30) days of the Board's receipt of the written report concerning the independent review, the Board shall meet and take action to address the findings, correct any deficiencies noted, and implement any recommendations or explain in a written report, signed by all Board members and included in the minutes of the applicable Board meeting, why a particular recommendation has not been implemented.

(d) A copy of any reports concerning independent reviews received by the Bank and the Bank's response thereto shall be submitted to the Regional Director within forty-five (45) days of receipt.

CORRECTION OF VIOLATIONS

10. (a) Within thirty (30) days from the effective date of this ORDER, the Bank shall eliminate or correct all violations of Consumer Laws identified in the Compliance Visitation and Addendum.

(b) Within thirty (30) days from the effective date of this ORDER, the Bank shall take all action necessary to eliminate all violations of and ensure future compliance with Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45(a)(1). The Bank, whether acting directly or through third parties, shall not make, or allow to be made, any deceptive representations, statements, or omissions, expressly or by implication, in the marketing materials, telemarketing scripts, and/or sales presentations used to solicit any consumers to enroll in add-on products or obtain loans.

DISCLOSURE TO SHAREHOLDERS

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

PROGRESS REPORTS

12. Within thirty (30) days from the end of the first calendar quarter following the effective date of this ORDER, and

within thirty (30) days after the end of each successive calendar quarter thereafter, 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.

CLOSING PARAGRAPHS

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

The provisions of this ORDER shall be binding upon the Bank, its Third Parties, 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 provision of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.

Pursuant to delegated authority.

Dated this 1st day of September, 2015.

/S/

Teresa M. Sabanty
Deputy Regional Director
Chicago Regional Office
Federal Deposit Insurance Corporation