

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

_____)	
In the Matter of)	
)	
PARK BANK)	
HOLMEN, WISCONSIN)	CONSENT ORDER
)	FDIC-19-0160b
(State Chartered)	
Insured Nonmember Bank))	
_____)	

Park Bank, Holmen, Wisconsin (“Bank”), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the 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 12 U.S.C. § 1818(b) of the Federal Deposit Insurance Act (“Act”), 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 January 22, 2020, whereby, solely for the purpose of this proceeding and without admitting or denying the violations of law or regulation relating to weaknesses in the area of consumer protection and compliance, 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 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 actively participate in the oversight of the Bank's compliance management system ("Compliance Management System"), to include full responsibility for the supervision of the Bank's compliance-related activities and in conformity with the following principles, consistent with the role and expertise commonly expected for directors of banks of comparable size:

- (i) Commitment to and oversight of the Bank's Compliance Management System;
- (ii) Dedication of adequate resources toward compliance functions;
- (iii) Exercising due diligence and oversight of third parties to ensure compliance with consumer protection laws and regulations;
- (iv) Anticipation and responsiveness to changes in applicable laws and regulations, market conditions, and products and services offered;
- (v) Commitment to supporting due diligence reviews in advance of product changes, considering the entire lifecycle of the product or service, and supporting such reviews after implementation of changes;
- (vi) Comprehension and identification of compliance risks, including emerging risks, in the Bank's financial products, services, and other activities;
- (vii) Management of identified risk, including self-assessments; and
- (viii) Identification of and responsiveness to compliance risk management deficiencies and violations of laws or regulations, including remediation.

(b) Within thirty (30) days from the effective date of this ORDER, the Board

shall have and maintain a compliance committee (“Compliance Committee”) comprised of at least one (1) director who is not an active officer of the Bank and at least one (1) member of senior management, plus the compliance coordinator (“Compliance Coordinator”) retained pursuant to this ORDER and other bank staff as the Board may deem appropriate.

(i) The Compliance Committee shall continue to meet no less frequently than monthly during which, at a minimum, the following areas shall be reviewed and approved: minutes of the Compliance Committee along with all supporting documents, Compliance Coordinator written reports, compliance audit reports, Compliance Management System policies and procedures, compliance monitoring results, training records, and compliance with this ORDER. The Compliance Committee shall continue to summarize discussions and actions taken during each of its meetings in written minutes.

(ii) The Compliance Committee shall present its meeting minutes and report on the status of the Compliance Management System and, as of the effective date of this ORDER, report on compliance with this ORDER to the Board at each regularly scheduled Board meeting. The Board shall document the review of the Compliance Committee minutes, any corresponding Board discussions of the matters reviewed, and any actions taken in response, including the names of any dissenting directors.

(iii) The Board, in conjunction with the Compliance Committee, shall ensure the compliance area has the necessary resources:

(A) Commensurate with the level of complexity of the Bank’s operations to ensure the adequate modification and implementation of the Compliance Management System, including procedures ensuring the Bank’s compliance with all

federal consumer protection and compliance laws, rules, and regulations (“Consumer Laws”); and

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

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

Compliance Coordinator, shall:

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

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

(C) Require the Compliance Coordinator 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 Coordinator has and retains sufficient authority and independence to adopt, modify, and implement specific guidelines and policies related to Consumer Laws 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, and effectuate corrective action upon discovering deficiencies; and

(E) Ensure the Compliance Coordinator and Compliance Committee receive immediate and ongoing training, sufficient time, and adequate resources to effectively oversee, coordinate, and implement the Bank's Compliance Management System.

(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 accountable for following adopted policies, procedures, and regulatory requirements related to the Bank's Compliance Management System.

MANAGEMENT

2. While this ORDER is in effect, the Bank shall have and retain qualified management. Each member of management shall have full authority to implement the provisions of this ORDER. The qualifications of management shall be assessed by the FDIC on its ability to comply with the requirements of this ORDER.

COMPLIANCE COORDINATOR

3. (a) Within thirty (30) days from the effective date of this ORDER, the Board shall maintain a qualified, full-time Compliance Coordinator who has been authorized by the Board to adopt, implement, modify, and supervise the Bank's Compliance Management

System, including but not limited to, providing training, including appropriate cross-training, to the Board and employees for all Consumer Laws and establishing controls and procedures to prevent violations of Consumer Laws. The Compliance Coordinator 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 Coordinator is sufficiently trained, on an ongoing basis, to perform the duties of a Compliance Coordinator. All training received by the Compliance Coordinator shall be documented and maintained for review at subsequent FDIC compliance examinations or visitations.

(c) The assessment of whether the Bank has a qualified and sufficiently trained Compliance Coordinator shall be based upon the Bank's record in complying with: (i) the requirements of this ORDER; and (ii) applicable Consumer Laws.

(d) The Bank may fulfill its requirement to maintain a full-time Compliance Coordinator with multiple compliance coordinators, provided the compliance coordinators 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, and adopt, as appropriate, and implement its compliance policy and procedures ("Compliance Policy and Procedures"). At a minimum, the Compliance Policy and Procedures shall require the maintenance of a comprehensive Compliance Management System, which is reviewed and approved annually by the Board. The Compliance Policy and Procedures shall be acceptable to the Regional Director as determined at subsequent FDIC compliance examinations or visitations.

COMPLIANCE MONITORING

5. Within ninety (90) days from the effective date of this ORDER, the Bank shall ensure that effective compliance monitoring procedures are developed and/or reviewed and instituted throughout the Bank. The procedures required by this paragraph shall be submitted to the FDIC for review to determine conformity with section 5(a) below as part of a quarterly report submitted to the FDIC pursuant to this ORDER, and furthermore, the effectiveness of these procedures shall be acceptable to the Regional Director as determined at subsequent FDIC compliance examinations or visitations.

(a) At a minimum, monitoring procedures should include ongoing reviews of:

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

(b) The monitoring procedures shall ensure that:

- (i) the Bank's actual practices reflect the Compliance Policy and Procedures; and
- (ii) all Consumer Laws are being followed.

(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 written reports shall be presented to the Board regarding monitoring results and corrective procedures taken to address deficiencies. These reports shall:

- (i) define the scope of the review;
- (ii) identify the number and type of transactions sampled;
- (iii) identify the employees involved in/responsible for the sampled transactions;
- (iv) identify deficiencies and provide recommended corrective actions;
- (v) establish timeframes for correction; and
- (vi) identify the individual(s) responsible for implementing corrective action(s).

TRAINING PROGRAM

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

(a) The training program, at a minimum, shall address the violations contained in the FDIC's Compliance Report of Examination of the Bank as of July 29, 2019 ("Compliance Report") and any deficiencies found through internal monitoring or independent reviews, and shall address updates to Consumer Laws and the Bank's policies and procedures.

(b) The training program shall continue to 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

subsequent FDIC compliance examinations 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 or visitations.

INDEPENDENT REVIEW

7. Within ninety (90) days from the effective date of this ORDER and thereafter on a quarterly basis, the Bank shall continue to cause an independent review to be commenced with respect to the Bank's compliance with Consumer Laws and the effectiveness of its Compliance Management System.

(a) The review shall assess the Bank's Compliance Management System, which at a minimum, shall:

- (i) be comprehensive in scope;
- (ii) identify the number of transactions sampled by category or product type;
- (iii) identify the employees involved in/responsible for the transactions;
- (iv) identify deficiencies and provide recommended corrective actions.

(b) The scope of the review, review findings, deficiencies, and recommendations must be documented in a written report and provided to the Compliance Committee and the Board within thirty (30) days after completion of the independent review.

(c) Within thirty (30) days from the Board's receipt of the written report concerning this review, the Board shall meet and take action to address the findings, correct any deficiencies noted, and implement any recommendations or indicate in the Board minutes why a particular recommendation has not been implemented.

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

CORRECTION OF VIOLATIONS

8. Within sixty (60) days from the effective date of this ORDER, the Bank shall eliminate or correct all violations of Consumer Laws identified in the Compliance Report.

DISCLOSURE TO SHAREHOLDERS

9. 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; or (3) in a separate, dedicated mailing. The communication medium shall be selected by the Bank and must comply with applicable securities laws.

PROGRESS REPORTS

10. 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 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 28th day of January, 2020.

/s/

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