

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 )	
COMMUNITY BANK OF OAK PARK )	CONSENT ORDER
RIVER FOREST )	
OAK PARK, ILLINOIS )	FDIC-11-051b
(ILLINOIS CHARTERED )	2011-DB-09
INSURED NONMEMBER BANK) )	
_____ )	

Community Bank of Oak Park River Forest, Oak Park, 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 regulations implementing the Bank Secrecy Act, including 12 C.F.R. Part 326, Subpart B, and 31 C.F.R. Part 103 (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, § 392 et seq., regarding hearings before the Illinois Department of Financial and Professional Regulation, Division of Banking, ("**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 Division, dated March 25, 2011, 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 relating to the Bank Secrecy Act, 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 determined that they had reason to believe the Bank had engaged in unsafe or unsound banking practices related to the Bank Secrecy Act and therefore accepted the STIPULATION.

Having also determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and Section 48(6), 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 Rules and Regulations, 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.

## MANAGEMENT CHANGES

2. During the life of this ORDER, the Bank shall notify the Regional Director of the Chicago Regional Office of the FDIC ("**Regional Director**") and the Division in writing when it proposes to add any director to the Bank's Board or employ any individual as a senior executive officer, as that term is defined in Part 303 of the FDIC's Rules and Regulations, 12 C.F.R. §303.102. The notification shall include a description of the background and experience of the individual or individuals to be added or employed and must be received at least thirty (30) days before such addition or employment is intended to become effective. The Bank may not add any director to its Board or employ any individual as a senior executive officer unless

the Division provides written approval of such individual and the Regional Director does not issue a notice of disapproval pursuant to section 32 of the Act, 12 U.S.C. §1831i.

WRITTEN BSA COMPLIANCE PROGRAM

3. 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 and Regulations ("**FDIC 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.

(a) 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 program shall:

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

- ii. Require the Bank to develop a 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 including, but not limited to, those conducted by Remote Deposit Capture ("RDC") and bulk cash shipment services, to assure the identification and proper reporting of all known or suspicious criminal activity, money laundering activity, or violations of the BSA.
- iii. Provide for improved, comprehensive independent testing of compliance with all applicable rules and regulations related to the BSA, and shall assure that compliance audits are performed at least annually, are fully documented, require a comprehensive scope, and are conducted with the appropriate segregation of duties. Written findings of each audit shall be presented to the Board and noted in the minutes of the Board's meeting at which received.

- iv. 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.
- v. Provide for written, detailed guidelines regarding the administration of the RDC program, Money Service Business ("MSB") account activity, administration of accounts for foreign financial institutions and their agents, and bulk cash shipment services, including the solicitation, opening, and ongoing monitoring of all such accounts for suspicious activity and the filing of all required reports resulting there from.

- vi. Provide for accurate and comprehensive risk assessments for BSA and OFAC compliance which fully take into account the nature of the Bank's operations including, but not limited to, MSB, foreign financial institution, RDC and bulk cash shipment activities.
- vii. Establish 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.
- viii. Establish due diligence practices and written guidelines for MSBs that are fully consistent with the Interagency Interpretive Guidance on Providing Banking Services to Money Services Businesses Operating in the United States, as set forth in FDIC Financial Institution Letter 32-2005, dated April 26, 2005 ("FIL-32-2005") and the FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual.
- ix. 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 MSB, foreign financial institution, RDC, and bulk cash shipment 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 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.

BSA STAFF

4. 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.

DIRECTORS' BSA COMMITTEE

5. Within thirty (30) days from the effective date of this ORDER, the Board shall establish a Directors' BSA Committee ("**BSA Committee**") to oversee the Bank's compliance with BSA regulations and the Bank's BSA Compliance Program. A majority of the members of the BSA Committee shall be independent, outside directors. The BSA Committee shall receive comprehensive monthly reports from the BSA Compliance Officer, appointed pursuant to paragraph 3(a)(iv) above, regarding the Bank's compliance with

BSA regulations and the Bank's BSA Compliance Program described in paragraph 3 above. The BSA Committee shall present a report to the Board, at each regularly scheduled board meeting, regarding the Bank's compliance with BSA regulations and the Bank's BSA Compliance Program, which shall be recorded in the appropriate minutes of the board meeting and retained in the Bank's records.

#### TRAINING

6. 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 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 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 training program shall require documentation of attendance at training with full explanations of absences with notation of when absentees will be trained.

(b) The comprehensive training program shall be approved by the Board and forwarded to the Regional Director and the Division along with the next progress report required by paragraph 17 of this ORDER due following the Board's approval.

#### INDEPENDENT TESTING

7. Within one hundred twenty (120) days of the effective date of this ORDER, the Bank shall assure that an effective and comprehensive independent test of compliance with the BSA and 31 C.F.R. Part 103 is conducted. The independent testing should thereafter be conducted on an annual basis.

(a) The Bank shall provide to the Regional Director and Division a copy of the written reports documenting the scope of testing procedures performed, the findings and results made, and any recommendations for improvement based on those findings. At a minimum, the independent testing shall include, and the

contract or engagement letter entered into with any third party performing the testing shall provide for, the following:

- i. Testing of the Bank's internal procedures for monitoring BSA compliance;
- ii. Testing to ensure all reportable transactions have been identified and Currency Transaction Reports ("CTRs") have been filed within the prescribed time frames;
- iii. Testing to ensure the Bank is reviewing all applicable reports;
- iv. Testing to ensure Bank personnel are reviewing and monitoring reports for structuring activities and, if applicable, that appropriate Suspicious Activity Reports ("SARs") are filed in a timely manner with the appropriate law enforcement agencies;
- v. Sampling of large currency transactions followed by a review of the CTR filings;
- vi. Testing of the Bank's monitoring, analyzing, and filing procedures for high-risk MSB, foreign financial institution accounts, and bulk cash shipment services,

to ensure the proper filing of CTRs and SARs thereon. For purposes of this ORDER, a "high-risk MSB" is deemed to be an MSB which exhibits one or more of the "potentially higher risk indicators," as set forth under the Risk Indicators Section of FIL-32-2005, page 3, or an MSB which exhibits traits or characteristics posing a substantially similar or equivalent level of risk;

- vii. Testing of the validity and reasonableness of the customer exemptions granted by the Bank;
- viii. Testing of the Bank's customer identification program;
- ix. Testing of the Bank's recordkeeping system for compliance with the BSA;
- x. Testing to ensure that the Bank is in compliance with rules and regulations related to:
  - Identifying and reporting suspicious activities;
  - Funds transfer operations;

- On-going training of appropriate personnel;
  - OFAC restrictions and requirements;
  - High-risk activities related to customers and other areas of the Bank;
  - Compliance with information sharing requirements;
  - Testing of the accuracy and validity of the automated large transaction identification system;
  - Confirming the integrity and accuracy of management information reports used in the anti-money laundering compliance program; and
  - Retention of required records.
- xi. Allowing unrestricted examiner access to auditor workpapers if testing is conducted by an outside third party.

LOOK BACK REVIEW

8. Within forty-five (45) days of the effective date of this ORDER, the Bank shall develop a written plan detailing how it will conduct, through an independent and qualified auditor, a review of deposit account and transaction activity for the time

period beginning January 1, 2008 through the effective date of this ORDER, to determine whether suspicious activity involving any accounts of, or transactions through, the Bank were properly identified and reported in accordance with the applicable suspicious activity reporting requirements ("Look Back Review").

(a) The plan for the Look Back Review, and the subsequent contract or engagement letter entered into with the auditor performing the Review, shall include, at a minimum:

- i. The scope of the review, which shall specify the types of accounts and transactions to be reviewed, which shall include (1) the Bank's MSB customers, (2) correspondent accounts of foreign financial institutions, and (3) transactions involving their agents;
- ii. The methodology for conducting the Look Back Review, including any sampling procedures to be followed;
- iii. The resources and expertise to be dedicated to the Look Back Review;
- iv. The anticipated date of completion of the Look Back Review;
- v. A provision for unrestricted examiner access to auditor workpapers; and

vi. A provision that the audit firm will present its findings from the Look Back Review directly to the Bank's Board.

(b) The plan for the Look Back Review, and any subsequent modifications thereof, shall be prepared and implemented in a manner acceptable to the Regional Director and Division. For this purpose, the draft plan shall be submitted to the Regional Director and the Division for review and comment prior to implementation. After consideration of all such comments, and after adoption of any recommended changes, the Board shall approve the plan, which approval shall be recorded in the minutes of the Board's meeting at which approved.

(c) Within ten (10) days of receipt of written notice from the Regional Director and the Division indicating acceptability of the plan, the Bank shall implement the plan and commence the Look Back Review.

(d) By the 10<sup>th</sup> day of each month while the Look Back Review is being conducted, the Bank shall provide to the Regional Director and the Division a written report detailing the actions taken under the Look Back Review and the results obtained since the prior monthly report.

(e) Within thirty (30) days of completion of the Look Back Review, the Bank shall provide a list to the Regional Director and the Division, specifying all outstanding matters or



transactions identified by the Look Back Review which have yet to be reported, and detailing how and when these matters will be reported in accordance with applicable law and regulation.

DUE DILIGENCE PROGRAM

9. Within ninety (90) days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a written Customer Due Diligence ("CDD") Program. The 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.

(a) At a minimum, the 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 MSBs.

(b) At a minimum, the CDD Program shall provide for:

- i. Risk rating of the Bank's customers, specifically including MSBs and foreign financial institutions, based on the potential risk for money laundering or

terrorist financing 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;

- ii. Obtaining, analyzing, and maintaining sufficient customer information necessary to allow effective suspicious activity monitoring, including documentation of normal and expected transactions of the customer;
- iii. Guidance for documenting the analysis conducted under the CDD process, including guidance for resolving issues when insufficient or inaccurate information is obtained;
- iv. Monitoring procedures required for each customer category under the BSA/AML risk ratings;
- v. 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
- vi. Periodic, risk-based monitoring of customer relationships to determine whether the original risk profile remains accurate.

ACCOUNT MONITORING

10. (a) Within one hundred twenty (120) days from the effective date of this ORDER, the Bank shall establish an effective system for indentifying, verifying, monitoring, and determining the appropriateness of accounts with frequent cash, check, or wire transfer deposits and withdrawals. Documentation supporting the review of accounts and determinations made shall be retained in the Bank's records.

(b) Within one hundred twenty (120) days from the effective date of this ORDER, the Bank shall develop and implement internal control procedures requiring the regular periodic comparison of actual activity in each account identified under paragraph (a) above against expected or anticipated activity. Such internal control procedures shall include procedures for indentifying and documenting significant variances between anticipated and actual activity along with procedures for reporting variances to the Board and filing a SAR when necessary.

## SUSPICIOUS ACTIVITY MONITORING AND REPORTING

11. 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 and Regulations ("FDIC Rules"), 12 C.F.R. § 353, and which is designed to, among other things, assure and maintain full compliance by the Bank with the rules and regulations issued pursuant thereto for monitoring and reporting suspicious activity. The Bank shall review for accuracy and thoroughness, and amend as necessary, all SARs previously filed since January 1, 2008

## MSB AND FOREIGN FINANCIAL INSTITUTION PROCEDURES

12. Immediately upon the effective date of this ORDER, the Bank shall not open any new accounts for existing or new MSB or foreign financial institution customers without the prior written approval of the Regional Director and the Division.

## NEW BUSINESS LINES, PRODUCTS, AND SERVICES

13. During the life of this ORDER, the Bank shall not enter any new business lines, or offer any new products or services, without first having prepared a detailed, written proposal that at a minimum addresses the following: (a) a cost-benefit analysis; (b) an explanation of how the proposal is consistent with the Board-approved Strategic Plan; (c) a thorough BSA Risk Assessment

conducted by a qualified, independent third party consultant; and (d) assurance that adequate policies and procedures are established, appropriate staff is adequately trained, and adequate controls are in place to mitigate both the BSA and Safety/Soundness risks associated with these activities. A written copy of the Proposal, including the BSA Risk Assessment, shall be submitted to the Board for review and approval. Once approved by the Board, it shall be provided to the Regional Director and the Division for review and approval at least thirty (30) days prior to entering therein. The approval of any Proposal shall not be interpreted to allow the bank to perform any activity expressly prohibited by this Order.

OFAC

14. Within sixty (60) days of the effective date of this ORDER, the Bank shall develop, adopt and implement a revised, effective written program to assure full compliance with all OFAC rules and regulations. Said program shall, among other things, be designed to assure that the Bank adequately monitors and screens transactions appropriately based on the level of risk associated with such transactions.

(a) The program adopted by the Bank shall be prepared and implemented in a manner acceptable to the Regional Director and Division as determined at subsequent examinations or visitations of the Bank.

CORRECTION OF VIOLATIONS

15. 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 discussed in the FDIC's BSA Examination Summary presented at the February 16, 2011 meeting with management and the Board of Directors, and as detailed in the FDIC Bank Secrecy Act Report of Examination dated January 31, 2011 ("ROE").

NOTIFICATION OF SHAREHOLDER

16. 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

17. 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 its issuance by the Division and the FDIC.

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 Division and the FDIC.

Pursuant to delegated authority.

Dated: April 4, 2011.

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M. Anthony Lowe *MA*  
Regional Director  
Chicago Regional Office  
Federal Deposit Insurance  
Corporation

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Manuel Flores  
Acting Director  
Illinois Department of Financial  
and Professional Regulation  
Division of Banking