

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY

In the Matter of: Security Bank, N.A. North Lauderdale, Florida)))	AA-EC-10-36
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CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America ("Comptroller" or "OCC"), through his National Bank Examiner, has supervisory authority over Security Bank, N.A, North Lauderdale, Florida ("Bank");

WHEREAS, the Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a Stipulation and Consent to the Issuance of a Consent Order ("Stipulation and Consent"), dated May 19, 2010, that is acceptable to the Comptroller; and

WHEREAS, by this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order ("Order") by the Comptroller;

NOW, THEREFORE, pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders the following:

ARTICLE I

COMPLIANCE COMMITTEE

(1) Within five (5) days, the Board shall appoint a Compliance Committee of at least three (3) directors, of which no more than one (1) shall be an employee or controlling shareholder of the Bank or any of its affiliates (as the term "affiliate" is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be submitted in writing to the Director for Special Supervision

("Director"). The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Order.

(2) The Compliance Committee shall meet at least monthly.

(3) Within thirty (30) days of the date of this Order and quarterly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the actions needed to achieve full compliance with each Article of this Order;
- (b) actions taken to comply with each Article of this Order; and
- (c) the results and status of those actions.

(4) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Director within ten (10) days of receiving such report.

(5) All reports or plans which the Bank or Board has agreed to submit to the Director pursuant to this Order shall be forwarded, by overnight mail or via email, to the following:

Director for Special Supervision
Comptroller of the Currency
250 E Street, S.W.
Mail Stop 7-4
Washington, DC 20219

with a copy to:
South Florida Field Office
9800 Northwest 41st Street
Suite 120
Miami, FL 33178

(6) The Board shall ensure that the Bank has sufficient processes, personnel, and control systems to effectively implement and adhere to all provisions of this Order, and that Bank personnel have sufficient training and authority to execute their duties and responsibilities under this Order.

ARTICLE II

STRATEGIC PLAN

(1) Within sixty (60) days, the Board shall forward to the Director for his review, pursuant to paragraph (5) of this Article, a written Strategic Plan for the Bank that is acceptable to the Director, covering at least a three-year period. At the next Board meeting following receipt of the Director's written determination of no supervisory objection, the Board shall adopt and the Bank (subject to Board review and ongoing monitoring) shall implement and thereafter ensure adherence to the Strategic Plan. The Strategic Plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, reduction in the volume of nonperforming assets, product line development, and market segments that the Bank intends to promote or develop, together with strategies to achieve those objectives, and shall, at a minimum, include:

- (a) a mission statement that forms the framework for the establishment of strategic goals and objectives;
- (b) a description of the Bank's targeted market(s) and an assessment of the current and projected risks and competitive factors in its identified target market(s);
- (c) the strategic goals and objectives to be accomplished;
- (d) specific actions to improve Bank earnings and accomplish the identified strategic goals and objectives;
- (e) identification of Bank personnel to be responsible and accountable for achieving each goal and objective of the Strategic Plan, including specific time frames;

- (f) a financial forecast, to include projections for major balance sheet and income statement accounts, targeted financial ratios, and growth projections over the period covered by the Strategic Plan;
- (g) a description of the assumptions used to determine financial projections and growth targets;
- (h) an identification and risk assessment of the Bank's present and planned future product lines (assets and liabilities) that will be utilized to accomplish the strategic goals and objectives established in the Strategic Plan, with the requirement that the risk assessment of new product lines must be completed prior to the offering of such product lines;
- (i) a description of control systems to mitigate risks associated with planned new products, growth, or any proposed changes in the Bank's markets;
- (j) an evaluation of the Bank's internal operations, staffing requirements, board and management information systems, and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives established in the Strategic Plan;
- (k) a management employment and succession program to promote the retention and continuity of capable management;
- (l) assigned responsibilities and accountability for the strategic planning process, new products, growth goals, and proposed changes in the Bank's operating environment; and
- (m) a description of systems to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives.

(2) If the Board's Strategic Plan under paragraph (1) of this Article is a sale or merger of the Bank, the Strategic Plan shall, at a minimum, describe the actions that will be taken, including the associated timeline, to execute a definitive agreement for the sale or merger to occur within ninety (90) days after the receipt of the Director's written determination of no supervisory objection pursuant to paragraph (5) of this Article.

(3) At least monthly, the Board shall review financial reports and earnings analyses prepared by the Bank that evaluate the Bank's performance against the goals and objectives established in the Strategic Plan, as well as the Bank's written explanation of significant differences between actual and projected balance sheet, income statement, and expense accounts, including descriptions of extraordinary and/or nonrecurring items.

(4) At least quarterly, the Board shall prepare a written evaluation of the Bank's performance against the Strategic Plan, based on the Bank's monthly reports, analyses, and written explanations of any differences between actual performance and the Bank's strategic goals and objectives, and shall include a description of the actions the Board will require the Bank to take to address any shortcomings, which shall be documented in the Board meeting minutes. Within ten (10) days of completing its evaluation, the Board shall submit a copy to the Director.

(5) Prior to adoption by the Board, a copy of the Strategic Plan, and any subsequent amendments or revisions, shall be forwarded to the Director for review and prior written determination of no supervisory objection. Upon receiving a written determination of no supervisory objection from the Director, the Board shall adopt and the Bank shall immediately implement and adhere to the Strategic Plan, and any subsequent amendments or revisions.

(6) The Bank may not initiate any action that deviates significantly from the Board-approved Strategic Plan without a written determination of no supervisory objection from the Director. The Board must give the Director advance, written notice of its intent to deviate

significantly from the Strategic Plan, along with an assessment of the impact of such change on the Bank's condition, including a profitability analysis and an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the change in the Strategic Plan.

(7) For the purposes of this Article, changes that may constitute a significant deviation from the Strategic Plan include, but are not limited to, a change in the Bank's products and services, marketing strategies, marketing partners, underwriting practices and standards, credit administration, accounting processes and practices, or funding strategy, any of which, alone or in aggregate, may have a material impact on the Bank's operations or financial performance; or any other changes in personnel, operations, or external factors that may have a material impact on the Bank's operations or financial performance. For purposes of this paragraph, "personnel" shall include the president, chief executive officer, chief operating officer, chief financial officer, chief credit officer, chief compliance officer, risk manager, auditor, member of the Bank's board of directors, or any other position subsequently identified in writing by the Director.

ARTICLE III

CAPITAL PLAN AND HIGHER MINIMUMS

(1) Within ninety (90) days achieve and thereafter maintain the following minimum capital ratios (as defined in 12 C.F.R. Part 3)¹:

- (a) Total capital at least equal to thirteen percent (13%) of risk-weighted assets;
- (b) Tier 1 capital at least equal to nine percent (9%) of adjusted total assets.²

¹ The requirement in this Order to meet and maintain a specific capital level means that the Bank may not be deemed to be "well capitalized" for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6, pursuant to 12 C.F.R. § 6.4(b)(1)(iv).

² Adjusted total assets is defined in 12 C.F.R. § 3.2(a) as the average total asset figure used for call report purposes minus end-of-quarter intangible assets.

(2) Within sixty (60) days, the Board shall develop and forward to the Director for his review, pursuant to paragraph (4) of this Article, a written Capital Plan for the Bank covering at least a three-year period. At the next Board meeting following receipt of the Director's written determination of no supervisory objection, the Board shall adopt and the Bank (subject to Board review and ongoing monitoring) shall implement and thereafter ensure Bank adherence to the Capital Plan. The Capital Plan shall include:

- (a) specific plans for the maintenance of adequate capital that may in no event be less than the requirements of paragraph (1) of this Article;
- (b) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (c) projections of the sources and timing of additional capital to meet the Bank's current and future needs;
- (d) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs;
- (e) contingency plans that identify alternative methods should the primary source(s) under (d) above not be available.

(3) The Bank may pay a dividend or make a capital distribution only:

- (a) when the Bank is in compliance with its approved Capital Plan and would remain in compliance with its approved Capital Plan immediately following the payment of any dividend or capital distribution;
- (b) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
- (c) following the prior written determination of no supervisory objection by the Director.

(4) Prior to adoption by the Board, a copy of the Capital Plan shall be submitted to the Director for prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Director, the Board shall adopt and the Bank shall implement and adhere to the Capital Plan. The Board shall review and update the Bank's Capital Plan on an annual basis, or more frequently if necessary or if requested by the Director. Copies of the reviews and revisions to the Capital Plan shall be submitted to the Director for a prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection to the revised Capital Plan from the Director, the Board shall adopt and the Bank shall implement and adhere to the revised Capital Plan or provide to the Director reasons, in writing, as to why the revised Capital Plan should not be implemented.

(5) If the Bank fails to submit an acceptable Capital Plan as required by paragraph (2) of this Article, fails to implement or adhere to a Capital Plan to which the Director has taken no supervisory objection pursuant to paragraph (4) of this Article, or fails to achieve and maintain the minimum capital ratios as required by paragraph (1) of this Article; then in the sole discretion of the Director, the Bank shall, upon direction of the Director, within thirty (30) days develop and shall submit to the Director for his review and prior written determination of no supervisory objection a Disposition Plan that shall detail the Board's proposal to sell or merge the Bank, or liquidate the Bank under 12 U.S.C. § 181.

(6) In the event that the Disposition Plan submitted by the Bank's Board outlines a sale or merger of the Bank, the Disposition Plan shall, at a minimum, address the steps that will be taken and the associated timeline to ensure that within ninety (90) days after the receipt of the Director's written determination of no supervisory objection to the Disposition Plan a definitive agreement for the sale or merger is executed.

(7) After the Director has advised the Bank in writing that he does not take supervisory objection to the Disposition Plan, the Board shall immediately adopt and implement, and shall thereafter ensure adherence to, the terms of the Disposition Plan. Failure to submit a timely, acceptable Disposition Plan, or failure to implement and adhere to the Disposition Plan after the Board obtains a written determination of no supervisory objection from the Director, may be deemed a violation of this Order, in the exercise of the Director's sole discretion.

ARTICLE IV

LOAN PORTFOLIO MANAGEMENT

(1) The Board shall, within sixty (60) days, develop, implement, and thereafter ensure Bank adherence to a written program to improve the Bank's loan portfolio management. The program shall include, but not be limited to systems and procedures which:

- (a) ensure satisfactory and perfected collateral documentation;
- (b) require that extensions of credit are granted, by renewal or otherwise, to any borrower only after obtaining, performing and documenting a global analysis of current and satisfactory credit information;
- (c) track and analyze credit, collateral and policy exceptions;
- (d) provide for early problem loan identification to assure the timely identification and rating of loans and leases based on lending officer submissions;
- (e) monitor previously charged-off assets and their recovery potential;
- (f) ensure compliance with Call Report instructions, the Bank's lending policies, and laws, rules, and regulations pertaining to the Bank's lending function;
- (g) ensure the accuracy of internal management information systems; and

- (h) include a performance appraisal process, including performance appraisals, job descriptions, and incentive programs for loan officers, which adequately consider their performance relative to policy compliance, documentation standards, accuracy in credit grading, and other loan administration matters.

Upon completion, a copy of the program shall be forwarded to the Director for review.

ARTICLE V

COMMERCIAL REAL ESTATE MANAGEMENT AND CONCENTRATIONS OF CREDIT

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a revised written commercial real estate ("CRE") concentration management program (including appropriate revisions to policies and procedures) designed to manage the risk in the Bank's CRE loan portfolio in accordance with the guidelines in OCC Bulletin 2006-46, "Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices" (December 6, 2006), and "Commercial Real Estate and Construction Lending," Booklet A-CRE of the *Comptroller's Handbook*. The program shall, at a minimum, include the following:

- (a) a written description of and risk tolerance for CRE concentrations, including concentration limits, in relation to growth objectives, financial targets, and capital planning;
- (b) procedures for monitoring compliance with established CRE concentration limits and periodic Board review of risk limits;
- (c) policies to manage and reduce the CRE concentrations risks related to the overall loan portfolio and individual loans;
- (d) strategies to reduce or mitigate CRE concentrations in the event of adverse market conditions;

- (e) management information systems commensurate with the size and complexity of the Bank's CRE concentration portfolio that stratify the portfolio into various segments such as geographic location and types of construction lending;
- (f) portfolio stress testing and sensitivity analysis to quantify the potential impact of adverse market conditions on asset quality, earnings, and capital;
- (g) periodic analysis of market conditions to determine whether lending strategies, policies, and procedures remain appropriate;
- (h) an action plan to control future CRE growth;
- (i) a policy that establishes CRE underwriting standards and includes specific requirements relating to:
 - (i) maximum loan amount and maturity by type of property;
 - (ii) approval authorizations;
 - (iii) minimum file documentation and analysis, including collateral documentation;
 - (iv) minimum requirements for initial investment and maintenance of hard equity;
 - (v) minimum standards for borrower net worth, property cash flow and debt service, collateral coverage, and guarantor support;
 - (vi) performance of global cash flow analysis to evaluate the repayment ability of borrowers, including those with multiple projects;

- (vii) standards for ensuring a complete and accurate assessment of guarantor support;
- (viii) standards for ensuring that CRE loans have appropriate minimum loan covenants;
- (ix) minimum standards and defined limits for the use of soft cost and interest reserve financing; and
- (x) maximum amortization periods and minimum principal curtailment for CRE and construction projects that are not meeting original projections;
- (j) requirements to ensure that participations purchased are consistent with safe and sound banking practices, guidelines set forth in Banking Circular 181 (revised), dated August 2, 1984, and the requirements of 12 C.F.R. Part 34;
- (k) procedures for maintenance of proper collateral margins in loans made for the purpose of constructing or developing real estate, including but not limited to, procedures for ensuring that:
 - (i) periodic and well-documented inspections are performed on all construction projects;
 - (ii) draw requests are advanced in accordance with construction progress and budget;
 - (iii) documentation is maintained on project completion versus amount advanced;
 - (iv) lien waivers are obtained from contractors and sub-contractors; and
 - (v) borrower's hard equity is tracked by project.

- (l) standards for allowing CRE loan policy exceptions, the factors that should exist to mitigate exceptions, and how the level and trend of exceptions shall be documented, tracked, and reported to the Board;
 - (m) standards for obtaining and reviewing appraisals in accordance with 12 C.F.R. Part 34; and
 - (n) standards and procedures to ensure that CRE loans are appropriately risk rated in accordance with "Rating Credit Risk," Booklet A-RCR of the *Comptroller's Handbook* and Article V.
- (2) The Board shall submit a copy of the program to the Director for review.

ARTICLE VI

CREDIT RISK AND PROBLEM ASSET MANAGEMENT

(1) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to reduce the high level of credit risk in the Bank. The program shall include, but not be limited to:

- (a) procedures to strengthen credit underwriting;
- (b) procedures to strengthen management of credit operations and to maintain an adequate, qualified staff in all loan functional areas; and
- (c) procedures for strengthening loan collections.

The Board shall submit a copy of the written program to the Director for review.

(2) At least quarterly, the Board shall prepare a written assessment of the Bank's credit risk, which shall evaluate the Bank's progress under the aforementioned program. The Board shall submit a copy of this assessment to the Director for review.

(3) Within thirty (30) days, the Board shall adopt and the Bank (subject to Board review and ongoing monitoring) shall implement and thereafter ensure adherence to a written

program designed to protect the Bank's interest in those assets criticized as "doubtful," "substandard," or "special mention" in the most recent Report of Examination ("ROE"), in any subsequent ROE, by any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination. The program shall be independent of the loan origination and approval functions; shall include sufficient staff having the qualifications, skills, and experience to effectively manage and resolve problem assets, who will be held accountable by the Bank's Board to successfully execute their assigned duties; and shall include adequate management information systems to measure the status of workout plans on each problem asset. The program shall include the development of Criticized Asset Reports ("CARs") for all credit relationships and other assets totaling in aggregate five hundred thousand dollars (\$500,000) or more, criticized as "doubtful," "substandard," or "special mention." The CARs must be updated and submitted to the Board and the Director monthly. Each CAR shall cover an entire credit relationship and other assets, and include, at a minimum, analysis and documentation of the following:

- (a) the origination date and any renewal or extension dates, amount, purpose of the loan or other asset, and the originating and current handling officer(s);
- (b) the expected primary and secondary sources of repayment, and an analysis of the adequacy of the repayment source;
- (c) the appraised value of supporting collateral, along with the date and source of the appraisal, and the position of the Bank's lien on such collateral, where applicable, as well as other necessary documentation to support the current collateral valuation;

- (d) an analysis of current and complete credit information, including a global cash flow analysis where loans are to be repaid from operations;
- (e) results of any Financial Accounting Standard ("FAS") 114 impairment analysis;
- (f) accurate risk ratings consistent with the classification standards contained in the *Comptroller's Handbook* on "Rating Credit Risk;"
- (g) appropriate accrual status pursuant to the FFIEC Instructions for the Preparation of Consolidated Reports of Condition and Income;
- (h) significant developments, including a discussion of changes since the prior CAR, if any; and
- (i) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment, including an appropriate exit strategy.

(4) The Bank shall not extend credit, directly or indirectly, including renewals, modifications or extensions, to a borrower whose loans or other extensions of credit are criticized in any ROE, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination, unless and until each of the following conditions is met:

- (a) the Board, or a designated committee thereof, finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, modifying or extending any additional credit, a majority of the full Board (or designated committee) approves the credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank. A copy of the findings and approval of the Board or designated committee shall be maintained in the

credit file of the affected borrower and made available for review by National Bank Examiners;

(b) the Bank performs a written credit and collateral analysis as required by paragraph (1)(d) of this Article and, if necessary, the proposed action referred to in paragraph (1)(i) of this Article is revised, as appropriate; and

(5) the Board's formal plan to collect or strengthen the criticized asset will not be compromised by the extension of additional credit.

ARTICLE VII

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) The Board shall immediately require and the Bank shall implement and thereafter adhere to a written policy and procedures for the maintenance of an adequate Allowance for Loan and Lease Losses ("ALLL"). The policy and procedures shall be consistent with the comments on maintaining a proper ALLL found in the Interagency Policy Statement on the ALLL contained in OCC Bulletin 2006-47 (December 13, 2006) and with "Allowance for Loan and Lease Losses," Booklet A-ALLL of the *Comptroller's Handbook*, and shall incorporate the following:

- (a) internal risk ratings of loans;
- (b) results of the Bank's independent loan review;
- (c) criteria for determining which loans will be reviewed under FAS 114, how impairment will be determined, and procedures to ensure that the analysis of loans complies with FAS 114 requirements;
- (d) criteria for determining FAS 5 loan pools and an analysis of those loan pools;

- (e) recognition of non-accrual loans in conformance with generally accepted accounting principles and regulatory guidance;
- (f) loan loss experience;
- (g) trends of delinquent and non-accrual loans;
- (h) concentrations of credit in the Bank; and
- (i) present and projected economic and market conditions.

(2) The policy and procedures shall provide for a review of the ALLL by the Board at least once each calendar quarter. Any deficiency in the ALLL shall be remedied in the quarter it is discovered, prior to filing the Consolidated Reports of Condition and Income, by additional provisions from earnings. Written documentation shall be maintained of the factors considered and conclusions reached by the Board in determining the adequacy of the ALLL, and made available for review by National Bank Examiners.

(3) A copy of the Board's ALLL policy and procedures, and any subsequent revisions, shall be submitted to the Director for review.

ARTICLE VIII

BANK SECRECY ACT PROGRAM

(1) Within sixty (60) days of the date of this Order, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program of policies and procedures to provide for compliance with the Bank Secrecy Act ("BSA"), as amended (31 U.S.C. §§ 5311 et seq.), the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, and 12 C.F.R. Part 21, Subparts B and C, and the rules and regulations of the Office of Foreign Assets Control ("OFAC") (collectively referred to as the "Bank Secrecy Act" or "BSA") and for the appropriate identification and monitoring of transactions that pose greater than

normal risk for compliance with the BSA. This program shall include comprehensive policies, procedures and controls to:

- (a) identify and monitor transactions that pose greater than normal risk for compliance with the BSA;
- (b) record and maintain information about transactions that pose greater than normal risk for compliance with the BSA;
- (c) investigate and resolve the Bank's response to transactions that have been identified as posing greater than normal risk for compliance with the BSA;
- (d) perform sufficient due diligence prior to opening new accounts that provides for collecting customers' identifying information, verifying customers' identification, maintaining identification records, evaluating the BSA risk profile and determining whether customers appear on any list of suspected terrorists or terrorist organizations;
- (e) perform annual risk assessments which provide sufficient coverage of the Bank's operations, products, services and geographies of operation;
- (f) ensure that all suspicious and large currency transactions are identified and reported;
- (g) maintain records on monetary instrument transactions and funds transfers, as required by the BSA;
- (h) identify and report to appropriate management personnel receipt and disbursement of currency or monetary instruments that are suspicious or inconsistent with the customers' business and accounts opened in the name of or for the benefit of a financial institution or foreign bank, as defined in 31 C.F.R. § 103.11;

- (i) establish a method for introducing new products and services that ensures that the policies and procedures governing new products and services are consistent with the Bank's program for compliance with the BSA; and
- (j) implement escalation procedures concerning customers with multiple SAR filings or protracted periods of suspicious activity that include a formal written account closing policy.
- (k) include a formal evaluation of the knowledge, capabilities and performance of the Bank's BSA staff for identifying transactions that pose greater than normal risk for compliance with the BSA; taking into account the findings contained in the September 30, 2009 Report of Examination and any subsequent examination and audit findings, and factoring in the BSA staff performance, experience and qualifications compared to their position descriptions, duties and responsibilities;
- (l) a comprehensive training program for all appropriate operational and supervisory personnel to ensure their awareness of their responsibility for compliance with the requirements of the OFAC and the BSA, including the reporting requirements associated with SARs pursuant to 12 C.F.R. Part 21, Subpart B, regardless of the size of the relationship or type of customer involved.

ARTICLE IX

BANK SECRECY ACT OFFICER

- (1) Within forty-five (45) days of the date of this Order, the Board shall appoint a qualified and experienced BSA Officer to oversee and manage the Bank's BSA operations and

compliance, who has sufficient training, authority, and skills to perform the assigned responsibilities.

(2) Prior to the appointment of any individual to the BSA Officer position, the Board shall submit to the Director written notice as required by 12 C.F.R. § 5.51 and in accordance with the Comptroller's Licensing Manual.

(3) The Director shall have the power to disapprove the appointment of the proposed new BSA Officer. However, the failure to exercise such veto power shall not constitute an approval or endorsement of the proposed officer or director.

(4) The requirement to submit information and the prior disapproval provisions of this Article are based on the authority of 12 U.S.C. § 1818(b)(6)(E) and do not require the Comptroller to complete his/her review and act on any such information or authority within ninety (90) days.

(5) The requirement to submit information and the provision for a prior determination of no supervisory objection in this Article are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Director to complete his review and act on any such information or authority within ninety (90) days.

ARTICLE X

ACCOUNT MANAGEMENT

(1) Within sixty (60) days of the date of this Order, the Board shall develop, implement, and thereafter ensure Bank adherence to expanded due diligence and risk management procedures for all existing accounts and new accounts that pose greater than normal risk for compliance with the BSA by requiring:

- (a) identification of all account owners and beneficial owners in compliance with 31 C.F.R. § 103.121 and consistent with the Guidance on Obtaining

and Retaining Beneficial Ownership Information issued by the Federal Banking Agencies, FinCEN and the Securities Exchange Commission dated March 5, 2010;

- (b) identification of the officers, directors, major shareholders or partners of the Bank's customers, as applicable;
- (c) identification of accounts that are related to officers, directors, shareholders and partners of the Bank and the Bank's holding company;
- (d) analysis and documentation of the BSA risk profile of account owners and beneficial owners;
- (e) documentation of the following information for all deposit account customers:
 - (i) all relevant financial information concerning the customer;
 - (ii) the type of business conducted by the customer;
 - (iii) the customer's source of income or wealth;
 - (iv) any other due diligence required by this Order, the BSA Officer, or the Bank;
- (f) guidance and standards for not opening an account, permitting the use of an account while verifying a customer's identity or other risks, closing an account, and filing SARs if the Bank does not receive the information required by paragraph (1) by the date the information is due or if the Bank is not able to form a reasonable belief that it knows the true identity of a customer.

(2) The Bank shall not open any account for a customer and shall close any existing account of a customer if the information available to the Bank indicates that the customer's

relationship with the Bank would be detrimental to the reputation or safety or soundness of the Bank.

ARTICLE XI

BANK SECRECY ACT MONITORING

(1) Within sixty (60) days of the date of this Order, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program of policies and procedures to provide for the Bank's monitoring of suspicious cash, monetary instruments, wire transfers, and other activities for all types of transactions, accounts, customers, products, services, and geographic areas. At a minimum, this written program shall establish:

- (a) reviews of cash purchases of monetary instruments;
- (b) reviews of wire transactions (including intermediary wires and cover payments) including the following:
 - (i) frequent or large volume cash deposits, wire transfers and book entry transfers to or from offshore or domestic entities or individuals;
 - (ii) wire transfers or book entry transfers that are deposited into several accounts;
 - (iii) receipt and disbursement of wire transfers or book entry transfers without an apparent bona fide business reason;
 - (iv) receipt and disbursement of wire transfers or book entry transfers that are suspicious or inconsistent with the customer's business;
- (c) periodic analysis of aggregate cash, monetary instrument, wire transactions and pouch activity;
- (d) periodic analysis of Currency Transaction Report filings;

- (e) automatic reviews of accounts or customers for which the Bank has received criminal subpoenas that may involve the BSA;
- (f) reviews of high risk transactions, accounts, customers, products, services, and geographic areas;
- (g) submission of SARs based on these reviews and analyses; and
- (h) adequate policies and procedures and documentation concerning the clearing of alerts and the determination of whether to file a SAR or not file a SAR.

(2) The written program pursuant to paragraph (1) of this Article shall include the development and implementation of written policies and procedures to provide for the application of appropriate thresholds for monitoring all types of transactions, accounts, customers, products, services, and geographic areas that pose greater than normal risk for compliance with the BSA. At a minimum, these procedures shall establish:

- (a) meaningful thresholds for filtering accounts and customers for further monitoring, review, and analyses;
- (b) an analysis of the filtering thresholds established by the Bank; and
- (c) periodic testing and monitoring of thresholds for their appropriateness to the Bank's customer base, products, services, and geographic area.

ARTICLE XII

BANK SECRECY ACT REPORTS

(1) Within sixty (60) days of the date of this Order, the Board shall develop, implement, and thereafter maintain an integrated, accurate system for all Bank areas to generate account information and produce periodic reports designed to identify, monitor and evaluate

unusual or suspicious activity, including patterns of activity, and to maintain accurate information needed to produce these reports. The Bank's system shall be able to link related accounts, countries of origin, location of the customers' businesses and residences to evaluate patterns of activity. The reports shall provide information on the following:

- (a) a current list of all accounts associated with a relationship, a country or politically exposed persons ("PEPs"),
- (b) all high risk accounts, including the following information:
 - (i) the name of the customer;
 - (ii) the purpose and balance of the account;
 - (iii) the officers, directors and major shareholder of any corporate customer and the partners of any partnership customer;
 - (iv) any other accounts or related accounts maintained by the customer and, as applicable, its officers, directors, major shareholders or partners;
 - (v) a detailed analysis of the due diligence performed on the customer and, as applicable, its officers, directors, major shareholders or partners;
 - (vi) any unusual activity for each account; and
 - (vii) any action the Bank has taken on the account;
- (c) transactions occurring on a daily, weekly, monthly, quarterly and annual basis, which segregate transactions that pose a greater than normal risk for compliance with the Bank Secrecy Act;

- (d) any type of subpoena received by the Bank and on any law enforcement inquiry directed to the Bank and any action taken by the Bank on the affected account; and
- (e) any other reports deemed necessary or appropriate by the BSA Officer or the Bank.

(2) The BSA Officer or his/her designee shall periodically review, not less than each calendar year, all account documentation for all high risk accounts and the related accounts of those customers at the Bank to determine whether the account activity is consistent with the customer's business and the stated purpose of the account.

(3) The system developed pursuant to paragraph (1) shall incorporate sufficient controls and processes for identifying and reporting known or suspected violations of Federal law, violations of the Bank Secrecy Act, or suspicious transactions related to money laundering activity, including suspicious activity relating to the opening of new accounts, the monitoring of current accounts, and the transfer of funds through the Bank. to ensure compliance with the requirements to file Suspicious Activity Reports set forth in 12 C.F.R. § 21.11, as amended.

(4) The Bank shall provide the OCC with a detailed report of the scope, parameters and conclusions of the look-back of certain accounts and transactions from July 2008 conducted by an independent consultant retained by the Bank for this purpose, the number of accounts and transactions expected to be reviewed through the look-back, and the expected timeframe for completion. Upon completion of the look-back, the Bank shall report to the OCC the number of SARs filed and the dollar amount of the SARs filed as a result of the look-back. Any transactions involving reports to OFAC shall also be identified in this report.

ARTICLE XIII

BANK SECRECY ACT AUDIT

(1) Within sixty (60) days of the date of this Order, the Board, or a designated committee of the Board, shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program, including its scope, testing, and documentation, sufficient to:

- (a) detect irregularities in the Bank's operations;
- (b) determine the Bank's level of compliance with all applicable laws, rules and regulations;
- (c) evaluate the Bank's adherence to established policies and procedures;
- (d) perform an appropriate level of testing to support the audit findings;
- (e) ensure adequate audit coverage and audit frequency in all areas; and
- (f) establish an annual audit plan using a risk based approach sufficient to achieve these objectives.

(2) The Board, or a designated committee of the Board, shall ensure appropriate oversight of the BSA audit function, with particular emphasis on an adequately staffed department or outside firm with respect to both the experience level and number of the individuals employed.

(3) All audit reports shall be in writing and supported by adequate work papers, which must be provided to the Bank. The Board, or a designated committee of the Board, shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.

(4) The Board, or a designated committee of the Board, shall evaluate the audit reports of any party providing services to the Bank, and shall assess the impact on the Bank of any audit deficiencies cited in such reports.

ARTICLE XIV

VIOLATIONS OF LAW

(1) The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule or regulation cited in the Report of Examination as of September 30, 2009 and in any subsequent Report of Examination. The quarterly progress reports required by Article I of this Order shall include the date and manner in which each correction has been effected during that reporting period.

(2) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(3) Within thirty (30) days of receipt of any subsequent Report of Examination which cites violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

Upon adoption, a copy of these procedures shall be promptly forwarded to the Director for review.

ARTICLE XV

ADMINISTRATIVE APPEALS AND EXTENSIONS OF TIME

(1) If the Bank requires an extension of any timeframe within this Order, the Board shall submit a written request to the Director asking for relief. Any written requests submitted pursuant to this Article shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with a provision and that require an extension of a timeframe within this Order.

(2) All such requests shall be accompanied by relevant supporting documentation, and any other facts upon which the Bank relies. The Director's decision concerning a request is final and not subject to further review.

ARTICLE XVI

OTHER PROVISIONS

(1) Although the Bank is by this Order required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Director, the Board has the ultimate responsibility for proper and sound management of the Bank and the completeness and accuracy of the Bank's books and records.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon it by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(3) Unless otherwise stated, any time limitations imposed by this Order shall begin to run from the effective date of this Order. Such time limitations may be extended in writing by the Director for good cause upon written application by the Board.

(4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Order in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Order;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States.

(7) The OCC and the Bank entered into a Formal Agreement dated April 3, 2008. This Order replaces the Formal Agreement in its entirety and, therefore, the April 3, 2008 Formal Agreement is hereby terminated.

(8) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IT IS SO ORDERED, this 19th day of May, 2010.

/s/ Henry Fleming

Henry Fleming

Director for Special Supervision

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY**

In the Matter of:)
Security Bank, N.A)
North Lauderdale, Florida)

AA-EC-10-36

**STIPULATION AND CONSENT TO THE ISSUANCE
OF A CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America ("Comptroller" or "OCC") intends to initiate cease and desist proceedings against Security Bank, N.A, North Lauderdale, Florida ("Bank") pursuant to 12 U.S.C. § 1818 through the issuance of a Notice of Charges, for failure to comply with the Formal Agreement entered into on April 3, 2008 and unsafe or unsound banking practices relating to credit administration, concentration risk management, BSA/AML compliance, asset quality, and capital levels;

WHEREAS, the Bank, in the interest of compliance and cooperation, and without admitting or denying any wrongdoing, consents to the issuance of a Consent Order, dated May 19, 2010 ("Order") by executing this Stipulation and Consent to the Issuance of a Consent Order;

NOW THEREFORE, in consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

JURISDICTION

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

(2) The Comptroller is "the appropriate Federal banking agency" regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an "insured depository institution" within the meaning of 12 U.S.C. § 1818(b)(1).

ARTICLE II

AGREEMENT

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees that said Order shall be deemed an "order issued with the consent of the depository institution" as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i). Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(i), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(3) The Bank also expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities.

ARTICLE III

WAIVERS

- (1) The Bank, by signing this Stipulation and Consent, hereby waives:
- (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);

- (b) any and all procedural rights available in connection with the issuance of the Order;
- (c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), 12 C.F.R. Part 19
- (d) all rights to seek any type of administrative or judicial review of the Order; and
- (e) any and all rights to challenge or contest the validity of the Order.

ARTICLE IV

CLOSING PROVISIONS

(1) The Bank agrees that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, it deems it appropriate to do so to fulfill the responsibilities placed upon it by the several laws of the United States of America.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

/s/ Henry Fleming
Henry Fleming
Director
Special Supervision Division

May 19, 2010
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/ Blas I. Betancourt 5/19/2010
Blas I. Betancourt Date

/s/ Robert Diez 5/19/10
Robert Diez Date

/s/ Manuel Fernandez 5/19/10
Manuel Fernandez Date

NO LONGER A BOARD MEMBER _____
Floyd Harper Date

/s/ Timothy H. Kenney 5/19/10
Timothy H Kenney Date

/s/ Larry Serlo 5/19/10
Larry Serlo Date