

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

IN THE MATTER OF:)	AA-EC-12-43
)	
Security Bank, N.A.)	
North Lauderdale, FL)	

PROMPT CORRECTIVE ACTION DIRECTIVE

WHEREAS, Security Bank, N.A., North Lauderdale, Florida (“Bank”), is a critically undercapitalized bank pursuant to 12 U.S.C. § 1831o and 12 C.F.R. Part 6;

WHEREAS, the Office of the Comptroller of the Currency (“OCC” or “Comptroller”) is authorized, pursuant to 12 U.S.C. § 1831o, to take certain supervisory actions against critically undercapitalized banks;

WHEREAS, on March 8, 2012, the OCC issued a Notice of Intent to Issue a Prompt Corrective Action Directive (“Notice”) to the Bank to pursuant to 12 C.F.R. § 6.21;

WHEREAS, on March 19, 2012, the Bank submitted a written response to the Notice pursuant to 12 C.F.R. § 6.22;

WHEREAS, the OCC has carefully considered the Bank’s response to the Notice;

WHEREAS, the Comptroller finds it necessary in order to carry out the purpose of 12 U.S.C. § 1831o to issue this Prompt Corrective Action Directive (“PCA Directive” or “Directive”), requiring the Bank to immediately follow proscriptions and take actions;

NOW THEREFORE, pursuant to the authority in 12 U.S.C. § 1831o, the Comptroller hereby issues this Directive.

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 Bank is an “insured depository institution” within the meaning of 12 U.S.C. §§ 1813(c)(2) and 1831o.

(3) The OCC is “the appropriate Federal banking agency” regarding the Bank, pursuant to 12 U.S.C. §§ 1813(q) and 1831o.

(4) This Directive constitutes a final order under 12 U.S.C. § 1831o and is enforceable under 12 U.S.C. § 1818(i).

(5) A violation of this Directive constitutes a violation of a final order under 12 U.S.C. § 1831o and is subject to the assessment of civil money penalties under 12 U.S.C. § 1818(i).

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within five (5) days of issuance of the PCA Directive, the Board’s Compliance Committee shall include the actions taken to ensure compliance with the PCA Directive in regular written progress reports to the Board. The Board shall also include information about the Bank’s compliance with the PCA Directive in monthly reports to the OCC.

(2) The Board shall ensure that the Bank has sufficient processes, personnel,

and control systems to effectively implement and adhere to all provisions of this Directive, and that Bank personnel have sufficient training and authority to execute their duties and responsibilities under this Directive.

(3) All reports or plans which the Bank or Board is required to submit to the Director pursuant to this Directive 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 2-7
Washington, DC 20219

with a copy to
Comptroller of the Currency
9800 NW 41st Street
Suite 120
Miami, FL 33178

ARTICLE III

PRESERVATION OF BOOKS AND RECORDS

(1) Immediately upon issuance of the PCA Directive, the Board shall ensure that all of the Bank's documents, books, and records are accurately maintained and preserved on the premises of the Bank and shall ensure that no Bank documents, books, or records are destroyed, altered, or removed from the Bank's premises.

(2) For purposes of this Article, "documents, books, and records" shall have the broadest possible meaning reasonably imaginable and shall include, without limitation, paper and electronic records of all kinds, reports, notes, calendars, phone logs, e-mails, voice-mails, financial instruments, and tapes.

(3) The Bank shall provide OCC personnel with prompt and unrestricted access to the documents, books, records, directors, officers, and staff of the Bank. The Board shall also ensure all agents and representatives of the Bank provide OCC personnel

with prompt and complete access to the documents, books, and records of the Bank.

(4) The Bank shall provide full and complete details of the purpose of the transactions by and between the Bank and any of its customers and by and between the Bank and any of its directors, officers, and staff, to OCC personnel upon inquiry.

ARTICLE IV

SEVERANCE PAYMENTS AND INDEMNIFICATION

(1) The Bank shall make no severance or indemnification payments to, or on behalf of, any institution-affiliated party unless such payments fully comply with 12 U.S.C. § 1828(k) and 12 C.F.R. Part 359 and receive the prior, written non-objection of the OCC.

(2) Any request for the OCC's supervisory non-objection shall include a legal opinion from independent counsel setting forth the basis under which such indemnification payments fully satisfy the requirements of 12 U.S.C. § 1828(k) and 12 C.F.R. Part 359.

ARTICLE V

THIRD PARTY CONTRACTS INVOLVING SALE, MERGER, OR RECAPITALIZATION

(1) The Bank shall not enter into any contract with a third party to assist in the sale, merger, or recapitalization of the Bank that requires the payment of anything other than expenses prior to such sale, merger or recapitalization, or that requires the Bank to pay, directly or indirectly, the cost of performing due diligence, or other services related

to the transaction, unless the Bank first receives the OCC's written determination of no supervisory objection.

(2) Any request for the OCC's written determination of no supervisory objection shall include:

- (a) The Board's written analysis of why the proposed contract is in the best interests of the Bank;
- (b) A description of the due diligence credit review, fairness opinion or any other services to be performed by the third party, including a copy of the proposed contract or engagement;
- (c) A description of the Bank's due diligence process for agreeing to the services to be performed by a potential purchaser or merger partner; and
- (d) A determination by the Board that:
 - (i) The activities to be performed by the third party as part of the sale or merger requirements are fair and reasonable to the Bank;
 - (ii) The parties are able to perform under the contract or commitment;
 - (iii) The fees the Bank is required to pay to the third party are reasonable for the services provided; and
 - (iv) The contract is in the best interests of the Bank.

(3) Following any written determination of no supervisory objection by the OCC, the Board shall regularly monitor the contractor or service provider's performance

to ensure that the contractor or service provider is complying with the written contract or engagement. The Board shall immediately take appropriate action if the contractor or service provider is not complying with the written contract or engagement and shall maintain documentation of any such actions.

ARTICLE VI

CONTINUING OBLIGATION TO SUBMIT AN ACCEPTABLE CAPITAL RESTORATION PLAN

(1) The Bank first became undercapitalized as of November 8, 2011. The Bank remains under a continuing obligation to submit an acceptable Capital Restoration Plan (“CRP”), pursuant to 12 U.S.C. § 1831o(e)(2), 12 C.F.R. § 6.5, and the OCC’s letter dated November 8, 2011.

ARTICLE VII

OTHER ACTIONS REQUIRED

- (1) Immediately upon issuance of the PCA Directive, the Bank shall not do any of the following without the prior, written approval of the Bank’s Board and prior, written supervisory non-objection of the OCC:
- (a) Enter into any material transaction other than in the usual course of business, including any investment, expansion, acquisition, or other similar action;
 - (b) Engage in the sale or transfer of any other real estate owned (“OREO”) exceeding a fair market value of two hundred fifty

thousand dollars (\$250,000), or engage in the sale or transfer of any other Bank asset or pool of assets, excluding OREO, exceeding a fair market value of one hundred thousand dollars (\$100,000). Any sale or transfer of OREO less than \$250,000, and any sale or transfer of Other Assets less than \$100,000 must be reported to the OCC within five (5) days after the sale;

- (c) Transfer any asset to an institution-affiliated party, as defined by 12 U.S.C. § 1813(u), or to an affiliate, as defined by 12 U.S.C. § 371c;
- (d) Amend the Bank's charter or bylaws, except to the extent necessary to carry out any other requirement of law, regulation, or order;
- (e) Make any material change in accounting methods, except to the extent necessary to carry out any other requirement of law, regulation, or order;
- (f) Increase compensation or other payments, including bonuses, to the Bank's employees, directors, agents or independent contractors;
- (g) Pay any bonus to any senior executive officer; and
- (h) Enter into any new product or service, or undertake a significant expansion of any existing product or service.

ARTICLE VIII

VIOLATIONS OF LAW

(1) Immediately upon issuance of the PCA Directive, the Board shall require and the Bank shall immediately take all necessary steps to correct each violation of law, rule, or regulation cited in any ROE, or brought to the Board's or Bank's attention in writing by management, regulators, auditors, loan review, or other compliance efforts.

(2) Within fifteen (15) calendar days after the violation is cited or brought to the Board's attention, the Bank shall provide to the Board a list of any violations that have not been corrected. This list shall include an explanation of the actions taken to correct the violation, the reasons why the violation has not yet been corrected, and a plan to correct the violation by a specified date.

(3) The Board shall require and the Bank shall immediately take all necessary steps to comply with the requirements of the 2010 Consent Order, which shall remain in effect.

ARTICLE IX

CLOSING

(1) This Directive is enforceable under 12 U.S.C. § 1818(i). Each provision of this Directive shall be binding upon the Bank, its directors, officers, employees, agents, successors, assigns, subsidiaries, and other persons participating in the affairs of the Bank.

(2) Any time limitations imposed by this Directive shall begin to run from the effective date of this Directive. Such time limitations may be extended for good cause by the Director upon written application by the Board.

(3) The provisions of this Directive are effective upon issuance of this Directive 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 Directive shall have been amended, suspended, waived, or terminated in writing by the Director.

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

IT IS SO ORDERED, this 23rd day of March, 2012.

/s _____
Henry Fleming
Director
Special Supervision Division