

**#2012-126**

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

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**In the Matter of:**  
Old National Bank  
Evansville, Indiana

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AA-CE-12-40

**CONSENT ORDER**

The Comptroller of the Currency of the United States of America (“Comptroller”) through his National Bank Examiner has supervisory authority over Old National Bank, Evansville, Indiana (“Bank”). The Comptroller has identified deficiencies in the Bank’s overall program for Bank Secrecy Act/anti-money laundering (“BSA/AML”) compliance and has informed the Bank of the findings resulting from the examination. The Bank neither admits nor denies these findings. The Bank has begun corrective action and has committed to take all necessary and appropriate steps to remedy the deficiencies identified by the OCC in order to enhance the Bank’s BSA/AML compliance program.

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,” dated June 4, 2012, that is accepted by the Comptroller. By this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Cease and Desist Order (“Consent Order”) by the Comptroller, pursuant to 12 U.S.C. § 1818(b).

Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), the Comptroller hereby orders that:

## ARTICLE I

### COMPLIANCE COMMITTEE

(1) The Board appointed Compliance Committee shall continue to be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Consent Order. The Compliance Committee shall meet at least monthly and shall maintain minutes of its meetings. The Board shall remain responsible for the Bank's adherence to the provisions of this Consent Order. The appointment of the Compliance Committee shall not in any way affect or relieve the Board's responsibility.

(2) Within forty-five (45) days of the date of this Consent 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 action needed to achieve compliance with each Article of this Consent Order;
- (b) actions taken to comply with each Article of this Consent Order; and
- (c) the results and status of those actions.

(3) The Bank shall forward a copy of each Compliance Committee quarterly report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report. All submissions required to be made pursuant to this Consent Order shall be addressed to:

Assistant Deputy Comptroller  
Office of the Comptroller of the Currency  
Midsize Bank Supervision  
1 South Wacker Drive, Suite 2000  
Chicago, Illinois 60606

## ARTICLE II

### COMPREHENSIVE BANK SECRECY ACT ACTION PLAN

(1) The Board shall ensure that the Bank achieves and thereafter maintains compliance with this Consent Order, including, without limitation, successful implementation of the existing action plan containing a description of the actions that are necessary and appropriate to achieve compliance with Articles III through IX of this Consent Order. The Board shall further ensure that the Bank achieves and adheres to a program that ensures compliance with the Bank Secrecy Act and its implementing regulations (collectively referred to as “Bank Secrecy Act,” “BSA,” or “BSA/AML”). In order to comply with these requirements, the Board shall:

- (a) require the timely reporting by Bank management of such actions directed by the Board to be taken under this Consent Order;
- (b) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (c) require corrective action to be taken in a timely manner for any non-compliance with such actions.

## ARTICLE III

### BANK SECRECY ACT RISK ASSESSMENT

(1) The Bank shall continue to review, update, and implement a written institution-wide, ongoing BSA/AML Risk Assessment that accurately identifies the BSA/AML risks posed to the Bank after consideration of all pertinent information (“Risk Assessment”). The Risk Assessment shall reflect a comprehensive analysis of the Bank’s vulnerabilities to money laundering and financial crimes activity and provide strategies to control risk and limit any

identified vulnerabilities. The Risk Assessment methodology shall follow the risk assessment expectations and logic set forth in the *2010 FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual* (Rev. April 29, 2010) (“FFIEC BSA/AML Examination Manual”) and shall include:

- (a) the identification of all activities and other elements that pose BSA/AML risk to the Bank, including, but not limited to, the Bank’s: (i) products and services; (ii) customers and entities; (iii) transactions; (iv) countries or geographic locations; and (v) methods that the Bank uses to interact with its customers (collectively, the “specific risk categories”);
- (b) a detailed analysis of all pertinent data obtained regarding the specific risk categories, including but not necessarily limited to: (i) volumes and types of transactions and services by country or geographic location, and (ii) numbers of customers that typically pose higher BSA/AML risk, both by type of risk and by geographic location, so as to permit the Bank to revise or develop, as necessary, and implement appropriate policies, processes, and procedures to monitor and mitigate the Bank’s BSA/AML risks within those risk categories. The analysis to be conducted shall include an evaluation of all relevant information obtained through the Bank’s Customer Identification Program (CIP) and Customer Due Diligence Program (CDD);
- (c) an assessment of BSA/AML risk both individually within the Bank’s business lines and on a consolidated basis across all Bank activities and product lines;

- (d) a provision requiring that the Risk Assessment be updated at least every twelve (12) months so as to identify and respond to changes in the Bank's risk profile (such as when new products or services are introduced, existing products or services change, high-risk customers open or close accounts, or the Bank expands through mergers or acquisitions);
- (e) a provision requiring maintenance of appropriate documentation, including customer due diligence information, so as to be able to support the Risk Assessment's conclusions; and
- (f) a provision requiring testing to confirm the reasonableness of the Risk Assessment. Test results will be documented in writing.

#### ARTICLE IV

##### CUSTOMER DUE DILIGENCE

(1) Within ninety (90) days of the date of this Consent Order, the Board shall ensure that Bank management reviews, updates, and implements its risk-based processes to obtain and analyze appropriate customer due diligence information at the time of account opening and on an ongoing basis, and effectively uses this information to monitor for, and investigate, suspicious or unusual activity, that includes:

- (a) risk-based policy requirements regarding the identification of customers and the scope of due diligence information to be collected and documented;
- (b) for high-risk accounts, Bank management shall conduct and document its analyses of enhanced due diligence gathered to facilitate ongoing

monitoring efforts, including expectations for customer activities that are supported and periodically reviewed for reasonableness and are used as part of the ongoing monitoring process;

- (c) updates to customer due diligence to reflect changes in customer's behavior, activity profile, derogatory information, periodic reviews of the customer relationship, or other factors that impact the AML risk;
- (d) periodic evaluations of employee knowledge of, and adherence to, Bank policies and procedures for identifying customers and for gathering, analyzing, and documenting due diligence in order to determine whether additional or enhanced training should be conducted; and
- (e) procedures to address cases where there is on-going suspicious activity to ensure appropriate management review and determination of whether the customer relationship should be continued.

## ARTICLE V

### BSA INTERNAL CONTROLS AND HIGH RISK ACCOUNT IDENTIFICATION

(1) Within ninety (90) days of the date of this Consent Order, the Board shall revise, implement, and thereafter ensure Bank adherence to a written program of policies and procedures to provide for compliance with the BSA and for the appropriate identification, analyzing, and monitoring of transactions that pose greater than normal risk for compliance with the BSA. This program shall include the following:

- (a) enhanced policies and procedures for timely identification and monitoring of transactions that pose greater than normal risk for compliance with the BSA;

- (b) enhanced policies and procedures for timely investigation and resolution of transactions that have been identified as posing greater than normal risk for compliance with the BSA;
- (c) enhanced policies and procedures for recording, maintaining, and recalling information about transactions that pose greater than normal risk for compliance with the BSA;
- (d) operating procedures for both the opening of new accounts and the monitoring of existing accounts, including collecting customers' identifying information, verifying customers' identification, maintaining identification records, and determining whether customers appear on any list of suspected terrorists or terrorist organizations; and
- (e) procedures for identification of varying risk factors and characteristics among those customers identified as "high-risk."

(2) The BSA/AML program shall include policies and procedures for maintenance of accurate systems for all Bank areas to produce and aggregate periodic reports designed to identify unusual or suspicious activity, including patterns of activity, to monitor and evaluate unusual or suspicious activity on a consolidated basis, and to maintain accurate information needed to produce these reports, to include at a minimum:

- (a) periodic reports covering a number of days and monthly reports that differentiate transactions that pose a greater than normal risk for compliance with the BSA;
- (b) periodic reports of all high-risk accounts that are newly-established, renewed, or modified; and

- (c) other periodic reports deemed necessary or appropriate by the BSA Officer or the Bank.

(3) The BSA/AML program shall include policies and procedures to provide for the application of appropriate thresholds for monitoring, both manually and using automated systems, 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, this written program shall establish:

- (a) meaningful thresholds and alert scenarios for filtering accounts and customers for further monitoring, review, and analyses; and
- (b) periodic testing and monitoring of thresholds for their appropriateness to the Bank's customer base, products, services, and geographic area, including maintenance of documentation supporting the Bank's methodology for establishing and developing the testing thresholds.

(4) The BSA program shall include expanded account-opening procedures for all 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 applicable rules, regulations, and regulatory guidance;
- (b) documentation for all deposit account customers that pose greater than normal risk for compliance with the BSA consistent with that required by the FFIEC BSA/AML Examination Manual addressing enhanced due diligence for "high risk" customers; and
- (c) any other due diligence required by this Consent Order, the BSA Officer, or the Bank.



(5) The Bank shall obtain the information required in the preceding paragraph (4) of this Article before renewing or modifying an existing customer's account within the scope of the preceding paragraph (4).

(6) The BSA Program shall include expanded due diligence reviews on existing "high risk" customers and any existing customers that are reclassified as "high risk" as a result of the requirements of this Consent Order.

## ARTICLE VI

### BANK SECRECY ACT INDEPENDENT TESTING

(1) The Board shall maintain an effective BSA independent testing function (whether independent testing is performed by the audit staff or an independent third party) so that it has appropriate scope, depth, timing, reporting and reliability of reports, and sufficiency of follow-up testing, 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; and
- (e) ensure adequate audit coverage in all areas.

(2) Within sixty (60) days of receiving a report pursuant to this Article, the Board, or a designated committee of the Board, shall evaluate the reports of any party providing independent testing services to the Bank, shall assess the impact on the Bank of any deficiencies cited in such reports, and shall remedy or develop a plan to remedy any

deficiencies identified. A written record describing actions taken pursuant to this Article shall be maintained.

## ARTICLE VII

### BANK SECRECY ACT COMPLIANCE PERSONNEL

(1) The Board shall ensure that the Bank's BSA Compliance department maintains sufficient personnel with requisite expertise, training, skills, and authority. The Board shall ensure that the Bank has a permanent, qualified, and experienced BSA Officer who shall be vested with sufficient executive authority, time, and resources to fulfill the duties and responsibilities of the position and ensure the safe and sound operation of the Bank.

(2) In the event that the BSA officer position is vacated, the Board shall within ninety (90) days appoint a new BSA Officer according to the requirements of this Article. Prior to the appointment of any individual to the BSA Officer position, the Board shall submit to the Assistant Deputy Comptroller the individual's name, qualifications, reasons for selection, written duties and responsibilities, and any other information required by 12 C.F.R. § 5.51 or the Assistant Deputy Comptroller.

(3) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed new BSA Officer. However, the lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed BSA Officer.

## ARTICLE VIII

### BANK SECRECY ACT TRAINING

(1) The Board shall maintain adherence to 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 Bank Secrecy Act, including the reporting requirements associated with Suspicious Activity Reports (SARs) pursuant to 12 C.F.R. Part 21, Subpart B, regardless of the size of the relationship or type of customer involved.

(2) This comprehensive training program shall provide for more extensive BSA/AML training for all operational and supervisory personnel assigned to the Bank's BSA/AML department(s) and more targeted training for other personnel focusing on the individual employee's specific duties and responsibilities.

(3) This comprehensive training program also shall include strategies for mandatory attendance, frequency of training, and timing for updating training programs and materials.

## ARTICLE IX

### ACCOUNT/TRANSACTION ACTIVITY REVIEW

(1) Within ninety (90) days, the Bank shall submit to the Assistant Deputy Comptroller for a written determination of no supervisory objection, a written plan to review account and transaction activity occurring at the Bank to determine whether suspicious activity was timely identified by the Bank, and if appropriate to do so, was then reported by the Bank in accordance with 12 C.F.R. § 21.11, as amended ("Activity Review").

(2) The Activity Review plan shall be risk-based, including the risks identified in the Risk Assessment performed pursuant to Article III, and shall identify the sampling, software screening or analytical techniques the Bank will use to identify transactions that pose (or posed) greater than normal risk for compliance with the Bank Secrecy Act, including at a minimum, deposit accounts, wire transactions, monetary instrument transactions and cash transactions (including structuring).

(3) In the event the Assistant Deputy Comptroller provides written comments, the Board shall immediately make the necessary revisions to the Activity Review plan and resubmit the Activity Review plan to the Assistant Deputy Comptroller. Based upon the results of the Activity Review plan, the OCC, at its sole discretion, may expand the scope and require a longer Activity Review period.

(4) Within two hundred forty (240) days of receiving a written determination of no objection from the Assistant Deputy Comptroller, the Bank shall complete the Activity Review in accordance with the Activity Review plan submitted pursuant to paragraph (1) of this Article. Upon completion of the Activity Review, the written findings shall be reported to the Board, with a copy to the Assistant Deputy Comptroller. The Bank shall file SARs, in accordance with 12 C.F.R. § 21.11, for any previously unreported suspicious activity identified during the Activity Review.

(5) If an additional Activity Review is deemed necessary by the Assistant Deputy Comptroller, the Bank shall complete the additional Activity Review in accordance with paragraphs (1) and (4) of this Article.

## ARTICLE X

### CLOSING

(1) Although the Board is by this Consent Order required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to, the programs, plans, assessments, policies, procedures, reviews, and provisions of this Consent Order.

(3) 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, nothing in this Consent Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(4) Any time limitations imposed by this Consent Order shall begin to run from the effective date of this Consent Order, unless the Consent Order specifies otherwise. Such time limitations may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board. The Assistant Deputy Comptroller's decision regarding the request is final and not subject to further review.

(5) The provisions of this Consent Order are effective upon issuance of this Consent 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 Consent Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(6) The terms of this Consent 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.

(7) This Consent 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.

(8) References to the “Bank” in this Consent Order shall mean that the Board, acting on behalf of the Bank, has the ultimate responsibility to ensure that the actions required are taken.

IT IS SO ORDERED, this 4th day of June, 2012.

/s/

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William D. Haas  
Deputy Comptroller  
Midsize Bank Supervision

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

<b>In the Matter of:</b>	)	
Old National Bank	)	AA-CE-12-40
Evansville, Indiana	)	

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

The Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist proceedings against Old National Bank, Evansville, Indiana (“Bank”) pursuant to 12 U.S.C. § 1818(b) and (s) for violations of law relating to the Bank Secrecy Act, 31. U.S.C. § 5311 *et seq.* and 12 C.F.R. § 21.21.

The Bank, in the interest of compliance and cooperation, enters into this Stipulation and Consent to the Issuance of a Consent Order and consents to the issuance of a Consent Order, dated June 4, 2012 (“Consent Order”).

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 Consent Order by the Comptroller.

(2) The Bank further agrees that said Consent 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 Consent 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).

(3) 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.

(4) The Bank declares that no separate promise or inducement of any kind has been made by the Comptroller, or by his agents or employees, to cause or induce the Bank to agree to consent to the issuance of the Consent Order and/or execute the Consent Order.

(5) 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.



(6) The terms and provisions of the Stipulation and the Consent Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Stipulation or the Consent Order, express or implied, shall give to any person or entity, other than the parties hereto, and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Stipulation or the Consent Order.

### 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 Consent 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) any and all claims for fees, costs or expenses against the Comptroller, or any of its agents or employees, related in any way to this enforcement matter or this Consent Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412;
  - (e) all rights to seek any type of administrative or judicial review of the Consent Order; and
  - (f) any and all rights to challenge or contest the validity of the Consent Order.

## ARTICLE IV

### CLOSING

(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, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

(2) The Bank understands that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Consent Order, and that nothing herein constitutes, nor shall the Bank contend that it constitute, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

(3) The Bank also agrees that the terms of the Stipulation and the Consent Order are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

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

/s/  
William D. Haas  
Deputy Comptroller  
Midsize Bank Supervision

6/4/12  
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/\_\_\_\_\_  
Caroline J. Ellspermann

6/4/12\_\_\_\_\_  
Date

/s/\_\_\_\_\_  
Robert G. Jones

6/4/12\_\_\_\_\_  
Date

/s/\_\_\_\_\_  
John R. Kamin

6/4/12\_\_\_\_\_  
Date

/s/\_\_\_\_\_  
Daryl D. Moore

6/4/12\_\_\_\_\_  
Date

/s/\_\_\_\_\_  
Barbara A. Murphy

6/4/12\_\_\_\_\_  
Date

/s/\_\_\_\_\_  
Candice J. Rickard

6/4/12\_\_\_\_\_  
Date

/s/\_\_\_\_\_  
James C. Ryan III

6/4/12\_\_\_\_\_  
Date

/s/\_\_\_\_\_  
James A. Sandgren

6/4/12\_\_\_\_\_  
Date

/s/\_\_\_\_\_  
Kendra L. Vanzo

6/4/12\_\_\_\_\_  
Date

/s/\_\_\_\_\_  
Christopher A. Wolking

6/4/12\_\_\_\_\_  
Date