#2012-220

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

IN THE MATTER OF:	)	AA-EC-12-119
	)	
ONE BANK & TRUST, NATIONAL ASSOCIATION	)	
LITTLE ROCK, ARKANSAS	)	Effective Date:
	)	September 28, 2012

PROMPT CORRECTIVE ACTION DIRECTIVE

WHEREAS, One Bank & Trust, National Association, Little Rock, Arkansas ("Bank") is an "adequately capitalized" insured depository institution pursuant to 12 U.S.C. § 1831o and 12 C.F.R. Part 6; and

WHEREAS, the Office of the Comptroller of the Currency ("OCC") is authorized, pursuant to 12 U.S.C. § 1831o(g) and 12 C.F.R. § 6.4 to reclassify institutions based on supervisory criteria other than capital; and

WHEREAS, on September 21, 2012, the OCC notified the Bank (i) that it deems the institution to be engaging in unsafe or unsound practices, and (ii) of its intention to reclassify the Prompt Corrective Action ("PCA") capital category of the Bank to "undercapitalized" pursuant to 12 U. S.C. § 1831o, 12 C.F.R. Part 6, and 12 C.F.R. Part 19, subpart M; and

WHEREAS, on September 24, 2012, the Bank consented to the OCC's reclassification of its PCA capital category; and

WHEREAS, on September 25, 2012, the OCC notified the Bank that (i) it is reclassifying the Bank's capital category from "adequately capitalized" to "undercapitalized" pursuant to 12 U. S.C. § 1831o(g), 12 C.F.R. § 6.4(d)(2), and 12 C.F.R. Part 19, subpart M, and (ii) it may require the Bank to comply with certain mandatory or discretionary supervisory actions as if the bank were undercapitalized; and

WHEREAS, the OCC is authorized, pursuant to 12 U.S.C. § 1831o(e), to take certain supervisory actions against undercapitalized banks, including those available pursuant to 12 U.S.C. § 1831o(e)(5) and (f)(2); and

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

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

ARTICLE I

<u>JURISDICTION</u>

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

(3) The Bank is an "insured depository institution" within the meaning of 12 U.S.C. § 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 under12 U.S.C. § 1831o and is subject to the assessment of civil money penalties under 12 U.S.C. § 1818(i)(2).

ARTICLE II

COMPLIANCE COMMITTEE

(1) Effective immediately, the Bank's Compliance Committee appointed and maintained pursuant to Article I of the Consent Order issued pursuant to 12 U.S.C. § 1818 on May 23, 2012 ("2012 Consent Order") shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Directive and the 2012 Consent Order.

(2) Within ten (10) days of the date of this Directive, the Compliance Committee shall submit a written progress report to the Board setting forth in detail its actions taken to ensure compliance with this Directive. This report shall be included in the Board of Directors ("Board") minutes and a copy of the report shall be sent to the Director for Special Supervision ("Director").

(3) Thereafter, the Bank's Compliance Committee shall submit monthly written compliance reports to the Board, with a copy to the Director. These written compliance reports shall be submitted in compliance with and as part of the monthly Compliance Committee reporting required by the 2012 Consent Order.

(4) Nothing in this Directive shall diminish the responsibility of the entire Board to comply with this Directive and the terms of the 2012 Consent Order.

ARTICLE III

DISMISSAL: CHIEF EXECUTIVE OFFICER, PRESIDENT, CHAIRMAN OF THE BOARD AND DIRECTOR

(1) The Board shall immediately dismiss Layton Stuart from the positions of Chief Executive Officer ("CEO"), President, Chairman of the Bank's Board, and director, pursuant to 12 U.S.C. § 1831o(f)(2) and 12 C.F.R. § 6.21(a)(2).

(2) Following the Board's dismissal of Mr. Stuart, the Board shall ensure that Mr. Stuart immediately relinquishes all Bank-owned or Bank-issued property in his possession. The Board shall provide Mr. Stuart twenty-four (24) hours to relinquish any Bank-owned or Bank-issued property currently located at any distant location. Such Bank-owned or Bank-issued property may include, but is not limited to: vehicles and keys; keys to all Bank premises; credit cards; computers and disc drives; printers; fax machines; photocopiers; cell phones; audiovisual equipment; other electronic devices; supplies; and documents that are originals and/or copies of the Bank's books and records.

(3) Immediately following the Board's dismissal of Mr. Stuart, the Board also shall take immediate action to eliminate Mr. Stuart's access to Bank data systems, books, and records, and to implement procedures to prevent Mr. Stuart from removing Bank-owned or Bank-issued property. However, Mr. Stuart may retain access to his personal Bank accounts to the same extent granted to other Bank customers.

(4) The Bank shall make no payments of any kind to, or on behalf of, Mr. Stuart, without the prior written determination of no supervisory objection from the Director. Any request for the Director's written determination of no supervisory objection shall be in writing and shall include a justification setting forth the basis for the determination that the Bank should be permitted to continue such benefit or make any payment.

(5) Pursuant to 12 U.S.C. § 1831o(f)(2)(J), the Bank shall not cause any indemnification payments to be made to, or on behalf of, Mr. Stuart, without obtaining the prior written determination of no supervisory objection from the Director. Any request for the Director's written determination of no supervisory 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.

(6) The Bank shall not employ, or enter into, or renew contracts or engagements with either Mr. Stuart or any company affiliated with Mr. Stuart, to perform any services for, or on behalf of, the Bank without obtaining the prior written determination of no supervisory objection from the Director.

(7) The requirements and restrictions on the Bank set forth in paragraphs (2) through (6) of this Article are applicable to the Bank with respect to all directors or officers dismissed by the Board, as well as directors or officers who resign or retire. The Board shall ensure that paragraphs (2) through (6) of this Article are followed with respect to each such dismissed, resigning, or retiring director or officer.

ARTICLE IV

APPOINTMENT OF NEW CEO/PRESIDENT AND DIRECTORS

(1) No later than January 23, 2013, the Bank shall appoint a qualified, capable, full-time, and permanent CEO/President and director. Pursuant to 12 U.S.C. § 1831i and 12 C.F.R. § 5.51, the Bank must receive a written notice of intent not to disapprove from the OCC before appointing an individual as permanent CEO/President and director. Accordingly, no later than October 26, 2012, the Bank shall provide the OCC with the prior written notice required by 12 U.S.C. § 1831i and 12 C.F.R. § 5.51 to appoint a qualified, capable, full-time, and permanent CEO/President and director.

(2) No later than January 23, 2013, the Bank shall appoint two qualified and capable directors to serve on the Bank's Board, at least one of whom shall be independent. The two directors required by this paragraph are in addition to the director required by paragraph (1) of

the Article. Pursuant to 12 U.S.C. § 1831i and 12 C.F.R. § 5.51, the Bank must receive a written notice of intent not to disapprove from the OCC before appointing an individual as director. Accordingly, no later than October 26, 2012, the Bank shall provide the OCC with the prior written notices required by 12 U.S.C. § 1831i and 12 C.F.R. § 5.51 to appoint two qualified and capable directors, at least one of whom shall be independent. The term "independent" means a person who is not a current or former officer, employee, agent, or contractor of the Bank, and who is not a current or former director, officer, employee, agent, or contractor of its affiliates or subsidiaries.

(3) Prior to the appointment of any individual as a director or senior executive officer of the Bank, 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.

ARTICLE V

BOARD TO ENSURE COMPETENT MANAGEMENT

(1) The Board shall ensure that the Bank has competent management in place on a full-time basis in all senior executive officer level positions to carry out the Board's policies; ensure compliance with this Directive and the 2012 Consent Order; ensure compliance with applicable laws, rules, and regulations; and manage the day-to-day operations of the Bank in a safe and sound manner.

(2) Within sixty (60) days of the date of this Directive, the Board shall prepare a written assessment of the capabilities of the Bank's senior executive officers to perform present and anticipated duties, which considers the officers' past actual performance, experience, and qualifications, compared to their position descriptions, duties, and responsibilities. Upon completion, a copy of the written assessment shall be submitted to the Director.

(3) If the Board determines that a senior executive officer's performance, skills, or abilities need improvement, the Board will, within fifteen (15) days following its determination, require the Bank to develop and implement a written program, with specific timeframes, to improve the officer's performance, skills, and abilities. Upon completion, a copy of the written program shall be submitted to the Director.

(4) If the Board determines that a senior executive officer will not continue in his/her position, the Board shall document the reasons for this decision in its assessment performed pursuant to paragraph (3) of this Article, and shall within thirty (30) days of such vacancy identify and provide notice to the Director, pursuant to Article IV, paragraph (4), of a qualified and capable candidate for the vacant position, who shall be vested with sufficient authority to ensure the Bank's compliance with this Directive and the 2012 Consent Order and the safe and sound operation of the functions within the scope of that person's responsibility.

ARTICLE VI

PRESERVATION OF BOOKS AND RECORDS

(1) The Board shall immediately 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 until further written notice from the Director. However, such documents, books, and records may be updated to accurately and timely record routine banking transactions, including but not limited to: taking and withdrawal of deposits, making loans, and receiving loan payments. 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, electronic mail, voice mail, financial instruments, and tapes.

(2) The Board also shall take action to ensure that it maintains in its possession accurate and complete information concerning the books and records of any Bank affiliates, and that such information is sufficient and adequate for the Bank to carry out its activities and monitor operations.

(3) The Board shall ensure that, within twenty-four (24) hours of the date of this Directive, all of the Bank's documents, books, records, and other property that are not currently maintained on the Bank's premises are returned to the Bank and thereafter maintained in accordance with paragraph one (1) of this Article.

(4) The Bank shall not permit, and the Board shall ensure that, effective immediately, no Bank director, officer, employee, former director or officer or employee, agent, or independent contractor shall permit Mr. Stuart access to any of the Bank's documents, books, or records, whether such documents, books, or records are located on the Bank's premises, or are not currently maintained on the Bank's premises.

(5) 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 also shall 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.

(6) The Bank shall provide full and complete details of the purpose of any transactions (i) by and between the Bank and any of its customers, (ii) by and between the Bank and any of its affiliates or subsidiaries, or (iii) by and between the Bank and any of its current or former directors, officers, employees, contractors, or agents, to OCC personnel upon inquiry.

(7) Effective immediately, the Bank and Board, Directors, officers, and staff shall cease and desist from any action that directly or indirectly conceals transactions from the OCC, hinders or

obstructs the OCC examination process, or constitutes the making of false entries or statements on any of the Bank's documents, books, or records.

ARTICLE VII

FORENSIC AUDIT TO VERIFY ACCURACY AND COMPLETENESS OF BANK DOCUMENTS, BOOKS, AND RECORDS

(1) Within thirty (30) days of the date of this Directive, the Bank shall engage the services of a forensic auditor to verify, from January 1, 2009 to the present, the accuracy and completeness of the Bank's documents, books, and records.

(2) The Bank shall ensure that the forensic auditor retained pursuant to paragraph (1) of this Article agrees in the engagement letter to provide the OCC with access to and copies of any work papers, policies, and procedures relating to the services performed by the forensic auditor for the Bank.

(3) Prior to engaging the forensic auditor, the Bank shall submit the name and qualifications of the forensic auditor and the proposed engagement contract to the Director for prior written determination of no supervisory objection. The audit must be completed within sixty (60) days of receipt of the Director's written determination of no supervisory objection. Immediately following completion, the Bank shall submit the results of the forensic audit to the Director.

(4) Within ten (10) days of the date of receipt of the forensic audit, the Board shall develop a plan to address the results of the forensic audit ("Audit Plan"). The Audit Plan shall include, at a minimum, specific plans for:

(a) making appropriate adjustments to the Bank's books and records;

(b) exercising the Bank’s rights or claims for damages, restitution, indemnification, or other monetary claims identified as a result of the forensic audit; and

(c) filing Suspicious Activity Reports, as required by 12 C.F.R. § 21.11.

The Bank shall submit the Audit Plan to the Director for prior written determination of no supervisory objection. Upon receipt of a written determination of no supervisory objection to the Audit Plan, the Board shall adopt, and thereafter ensure that the Bank implements, subject to Board review and ongoing monitoring, and adheres to the Audit Plan. Any proposed changes to or deviations from the approved Audit Plan shall be submitted in writing to the Director for prior supervisory review and written determination of no supervisory objection.

ARTICLE VIII

COMPLIANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

(1) Effective immediately, the Board shall ensure the Bank’s books and records are maintained in compliance with Generally Accepted Accounting Principles (“GAAP”) and are consistent with safe or sound banking practices including, but not limited to, ensuring all assets are accounted for in accordance with GAAP.

(2) Within ten (10) days of the date of this Directive, the Bank shall retain the services of a qualified and independent Certified Public Accountant to render an opinion on the Bank’s December 31, 2011 Statement of Condition (“Balance Sheet”) and its Income Statement for calendar year 2011 and for each subsequent year-end Balance Sheet and Income Statement during the term of this Order.

(3) The Bank shall ensure that the independent Certified Public Accountant retained pursuant to paragraph (2) of this Article agrees in the engagement letter to provide the OCC with

access to and copies of any work papers, policies, and procedures relating to the services performed by the independent Certified Public Accountant for the Bank.

ARTICLE IX

LIMITATIONS ON NEW CONTRACTS

(1) Effective immediately, all contracts must be in writing.

(2) Effective immediately, the Bank shall not enter into or renew any contracts over $25,000 without obtaining the prior written approval of the Bank's Board. Determinations by the Board shall be documented in the Board minutes and maintained.

(3) Any request for the Board's written approval shall include:

(a) a description of the goods received or services to be performed, including a copy of the proposed contract or engagement;

(b) a description of the Bank's due diligence process for selecting the contractor or service provider and the results of the due diligence review, including a description of why the contractor or service provider was selected;

(c) a cost/benefit analysis for engaging the contractor or service provider;

(d) a determination by the Board that the contract or engagement is being entered into at arm's length on terms and conditions fair and reasonable to the Bank, including the ability of the parties to perform under the contract or commitment; and

(e) a determination by the Board that the contract is in the best interests of the Bank.

(3) The Board must routinely monitor the performance of the contractor or service provider to ensure that committed goods or service are received, and that they are in compliance

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 X

DIRECTOR AND EXECUTIVE OFFICER COMPENSATION

(1) Effective immediately, the Bank shall obtain the Director's written determination of no supervisory objection prior to the payment of any fees, expense reimbursements, bonuses, commissions, or other types of compensation to a Bank director, an executive officer, or their related interests, as defined in 12 C.F.R. § 215.2, other than salary payments to the Bank's executive officers and Board fee payments to members of the Board that were approved by the Board prior to the date of this Directive or earned and accrued in any pay period prior to the date of this Directive.

(2) Any request for the Director's written determination of no supervisory objection pursuant to this Article shall contain, at a minimum and in writing, the Board's determination that such remuneration:

(a) is reasonable;

(b) is proportionate to the services rendered; and

(c) compensates only for providing services that meet the Bank's legitimate needs.

ARTICLE XI

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 Director's written determination of no supervisory objection.

(2) Any request for the Director'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 Director, 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 XII

OTHER ACTIONS REQUIRED

(1) Immediately upon issuance of this Directive, the Bank shall not do any of the following without the prior, written approval of the Bank's Board and the prior written determination of no supervisory objection of the Director:

(a) transfer any asset to a current or former institution-affiliated party, as defined by 12 U.S.C. § 1813(u), a current or former institution-affiliated party's related interests, including any family member, or to an affiliate, as defined by 12 U.S.C. § 371c, or to its holding company or other affiliated party or person;

(b) amend the Bank's charter or bylaws, except to the extent necessary to carry out any other requirement of law, regulation, or order;

(c) increase compensation or other payments, including bonuses, to the Bank's employees, agents, or independent contractors; and

(d) engage in any transaction for the transfer of funds, the extension of credit, the acceptance or transference of risk, and/or the conferring of another type of benefit, directly or indirectly, involving any Bank affiliates, as defined in 12 U.S.C. § 371c(b)(1), or current or former Bank directors, shareholders, senior executive officers, or their respective family members.

ARTICLE XIII

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 subsidiaries, its current or former directors, officers, employees, agents, successors, assigns, and other persons participating in the affairs of the Bank or its subsidiaries.

(2) Any time limitations imposed by this Directive shall begin to run from the date of this Directive. Calculation of time limitations for compliance with the terms of this Directive shall be based on calendar days, unless otherwise noted.

(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) If the Bank requires suspension or waiver of any provision or an extension of any timeframe within this Directive, 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, with relevant supporting documentation, the special facts and circumstances that prevent the Bank from complying with a provision and that require an exception to or waiver of a timeframe within this Directive.

(5) The Director’s decision concerning a request submitted pursuant to paragraph four (4) of this Article is final and not subject to further review.

(6) 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.

(7) Unless notified otherwise in writing, all submissions required to be provided pursuant to this Directive shall be forwarded via email and overnight mail to:

James R. Moore
Director for Special Supervision
Office of the Comptroller of Currency
250 E Street S.W.
Washington, DC 20219

IT IS SO ORDERED, this 28th day of September, 2012.

/s/______________________________
James R. Moore
Director for Special Supervision
Office of the Comptroller of the Currency