

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:

NEWTON FEDERAL BANK,

Covington, Georgia
OTS Docket No. 03575

Order No.: ATL-2005- 15

Date: June 20, 2005

**STIPULATION AND CONSENT TO ISSUANCE OF
AN ORDER OF ASSESSMENT OF CIVIL MONEY PENALTY**

WHEREAS, the Office of Thrift Supervision (OTS), based upon information derived from the exercise of its regulatory responsibilities, has informed Newton Federal Bank, Covington, Georgia, OTS Docket No. 03575 (Newton Federal or Bank) that the OTS is of the opinion that grounds exist to initiate an administrative proceeding, the assessment of a civil money penalty, against Newton Federal pursuant to Section 8(i) of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. § 1818(i),¹ and

WHEREAS, Newton Federal desires to cooperate with the OTS to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist, but only admitting the statements and conclusions in Paragraph 1 below, hereby stipulates and agrees to the following terms:

1. Jurisdiction

a. Newton Federal, at all times relevant hereto, was a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b), and Section 2(4) of the Home

¹ All references in this Stipulation and Consent to Issuance of an Order of Assessment of Civil Money Penalty (Stipulation) and the related Order are to the United States Code as amended.

Owners' Loan Act (HOLA), 12 U.S.C. § 1462(4). Accordingly, Newton Federal was an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

b. Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal banking agency" with jurisdiction to assess civil money penalties against such a savings association. Therefore, Newton Federal is subject to the jurisdiction of the OTS to initiate and maintain civil money penalty assessment proceedings against it pursuant to Section 8(i) of the FDIA, 12 U.S.C. § 1818(i). The Director of the OTS has delegated to the Regional Director of the Southeast Region of OTS or his/her designee (Regional Director) the authority to issue civil money penalty assessment orders where an association has consented to the issuance of the order.

2. OTS Findings of Fact

The OTS finds that Newton Federal has failed to comply with the Bank Secrecy Act (BSA), 31 U.S.C. § 5311 et seq., and the implementing regulations set forth at 31 C.F.R. Part 103, in its completion and filing of Currency Transaction Reports (CTRs). More specifically, CTRs filed by the Bank contained multiple errors and omissions of required information. Such errors and omissions of information include: (i) failing to identify the method used to verify a customer's identity; (ii) failing to include all required information; and (iii) failing to ensure the accuracy of the information that was included. While Newton Federal has taken steps to correct the deficiencies, the OTS is of the opinion that a civil money penalty (CMP) is necessary and appropriate to address the violations and practices committed by the Bank. Accordingly, OTS believes that a CMP of Six Thousand Four Hundred Dollars (\$6,400.00) should be assessed.

3. Consent

Newton Federal consents to the issuance by the OTS of the accompanying Consent Order of Assessment of Civil Money Penalty (Order). Newton Federal further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality

The Order is issued by the OTS under the authority of 12 U.S.C. § 1818(i). Upon issuance by the Regional Director, the Order shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers

Newton Federal waives the following:

- a. the right to be served with a written notice of OTS's assessment of civil money penalty against it (12 U.S.C. § 1818(i) and 12 C.F.R. Part 509);
- b. the right to an administrative hearing of OTS's charges against it (12 U.S.C. § 1818(i);
- c. the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(i), or otherwise to challenge the validity of the Order;
- d. the right to assert this proceeding, this consent to issuance of the Order, and/or the issuance of the Order, the payment of any monies, or the provision of any other financial relief as contemplated by the Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity; and
- e. any and all claims against OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law or the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412.

6. Scope of Release; Other Governmental Actions Not Affected

Newton Federal acknowledges and agrees that its consent to the issuance of the accompanying Order is solely for the purpose of resolving certain potential OTS administrative enforcement charges as provided above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, liability, or other administrative, civil, or criminal proceeding that arise pursuant to this action or otherwise, and that may be or has been brought by the OTS or by another governmental entity.

7. Reservation of Rights

Newton Federal acknowledges that the OTS reserves the right to bring such additional action(s), charge(s), or proceeding(s) arising from or related in any way to the Findings of Fact or any other matter, as the OTS deems appropriate, in its sole discretion.

8. Miscellaneous

a. The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America;

b. In case any provision of this Stipulation and the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise;

c. All references to OTS in this Stipulation and the Order shall also mean any of OTS's predecessors, successors, and assigns;

d. The section and paragraph headings in this Stipulation and the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation or the Order; and

e. This Stipulation and the Order shall remain in effect until terminated, modified, or

suspended in writing by OTS, acting through its Director, Regional Director, or other authorized representative.

9. Signature of Directors

Each Director signing this Stipulation attests that s/he voted in favor of a Board Resolution authorizing execution of the Stipulation.

WHEREFORE, Newton Federal, by a majority of its directors, executes this Stipulation and Consent to the Issuance of an Order of Assessment of Civil Money Penalty, intending to be legally bound hereby.

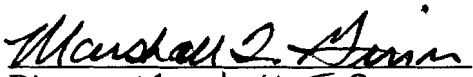
NEWTON FEDERAL BANK
by a majority of its directors

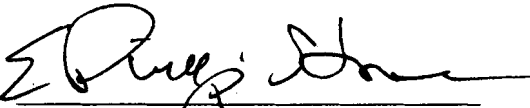
By:

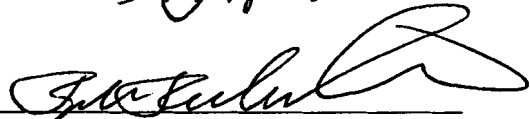

Director Greeley Ellis


Director George Lazenby

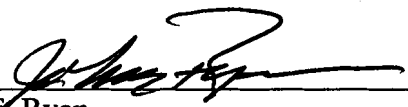

Director William D. Fortson, Jr.


Director Marshall T. Ginn


Director E. Phillip Stone


Director Bob Richardson

OFFICE OF THRIFT SUPERVISION


John E. Ryan
Regional Director, Southeast Region

Dated: 6/20/05

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:)

NEWTON FEDERAL BANK,)

Covington, Georgia)
OTS Docket No. 03575)
_____)

Order No.: ATL-2005- 15

Date: June 20, 2005

**ORDER OF ASSESSMENT OF
CIVIL MONEY PENALTY**

WHEREAS, Newton Federal Bank, Covington, Georgia, OTS Docket No. 03575 (Newton Federal or Bank), by and through its Board of Directors (Board), has executed a Stipulation and Consent to the Issuance of an Order of Assessment of Civil Money Penalty (Stipulation); and

WHEREAS, Newton Federal, by executing the Stipulation, has consented and agreed to the issuance of this Order of Assessment of Civil Money Penalty (Order) by the Office of Thrift Supervision (OTS), pursuant to Section 8(i) of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. § 1818(i)¹; and

WHEREAS, the Director of OTS, pursuant to delegated authority, has delegated to the Regional Directors of OTS the authority to issue Orders of Assessment of Civil Money Penalty on behalf of OTS where the savings association that is the subject of the Order has consented to the issuance of the Order.

¹ All references to the United States Code (U.S.C.) are as amended.

NOW THEREFORE, IT IS ORDERED that:

1. Payment of Civil Money Penalty

Within ten (10) calendar days of the date of this Order, Newton Federal shall pay the sum of Six Thousand Four Hundred Dollars (\$6,400.00) by tendering a certified check or bank draft made payable to the order of the Treasurer of the United States. The certified check or bank draft and a copy of the Order shall be delivered by overnight courier, together with a cover letter referencing Newton Federal Bank, Covington, Georgia, OTS Docket No. 03575, to the following address: Controller's Division, Office of Thrift Supervision, 1700 G Street, N.W., Washington, D.C., 20552. A copy of the certified check or bank draft and the cover letter shall be provided by U.S. Mail or overnight courier to Karen Bruton, Regional Counsel, Office of Thrift Supervision, 1475 Peachtree St., N.E., Atlanta, GA 30309.

2. Definitions

All technical words or terms used in this Order and the Stipulation for which meanings are not specified or otherwise provided by the provisions of this Order shall, insofar as applicable, have meanings as defined in the FDIA. Any such technical words or terms used in this Order and the Stipulation and undefined in said FDIA shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

3. Successor Statutes, Regulations, Guidance, and Amendments

Reference in this Order and the Stipulation to provisions of statutes, regulations, and OTS Publications shall be deemed to include references to all amendments to such provisions as have been made as of the effective date of this Order, and references to

successor provisions as they become applicable.

4. Notices

a. Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted by the Order to be made upon, given or furnished to, delivered to, or filed with:

i. OTS, by Newton Federal, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Regional Director, Office of Thrift Supervision, Department of the Treasury, 1475 Peachtree St., N.E., Atlanta, GA 30309 or telecopied to 404.897.1861 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

ii. Newton Federal by OTS, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid, or sent via overnight delivery service or physically delivered, in each case addressed to the Newton Federal Bank's Board at 3175 Highway 278, Covington, GA 30014 or telecopied to 770.787.9290 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

b. Notices hereunder shall be effective upon receipt, if by mail, overnight delivery service, or telecopy, and upon delivery, if by physical delivery. If there is a dispute about the date on which a written notice has been received by a party to this Order, then, in the event such notice was sent by the United States mail,

there shall be a presumption that the notice was received two business days after the date of the postmark on the envelope in which the notice was enclosed.

5. Duration, Termination or Suspension of Order

This Order is and shall become effective on the date it is issued, as shown in the caption hereof. The Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by OTS, acting through its Director, Regional Director, or other authorized representative.

THE OFFICE OF THRIFT SUPERVISION

By: John E. Ryan by KKB
John E. Ryan
Regional Director
Southeast Region