

#2013-161

Also Terminates #2013-107 and #2012-220

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

In the Matter of:) AA-EC-13-82
One Bank & Trust, N.A.)
Little Rock, Arkansas)

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”), through his National Bank Examiner, has supervisory authority over One Bank & Trust, N.A., Little Rock, Arkansas (“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 October 9, 2013, that is accepted by the Comptroller through his duly authorized representative; 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 that:

ARTICLE I

COMPLIANCE COMMITTEE

(1) The Board shall continue to maintain an active Compliance Committee of at least three (3) directors of which at least two (2) shall not be employees, former employees, or controlling shareholders of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)). In the event of a change of the membership, the name of any new member shall be immediately submitted in writing to the Director of 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 continue to meet at least monthly.

(3) Within thirty (30) days of the date of this Order, and every thirty (30) days thereafter or within such other time period as the Director requires in writing, 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, Bank personnel responsible for implementing the corrective actions and the timeframes for completion;
- (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.

ARTICLE II

STRATEGIC PLAN

(1) By January 31, 2014, the Board shall revise and forward to the Director for his review, pursuant to paragraph (3) of this Article, a written Strategic Plan for the Bank that is acceptable to the Director, covering at least a two (2) year period. 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 and liquidity adequacy, 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) the strategic goals and objectives to be accomplished, including key financial indicators and risk tolerances;

- (c) an assessment of the Bank's strengths, weaknesses, opportunities and threats that impact strategic goals and objectives;
- (d) an identification and prioritization of initiatives and opportunities, including timeframes that take into account the requirements of this Order;
- (e) a description of the processes in place to ensure the Bank has sufficient and adequate processes, personnel, succession programs and control systems to effectively implement and adhere to the Strategic Plan and this Order;
- (f) a description of the Bank's targeted market(s) and competitive factors in its identified target market(s) and a description of control systems to mitigate risks in the Bank's markets;
- (g) an assessment of the present and planned product lines (assets and liabilities) and the identification of appropriate risk management systems to identify, measure, monitor, and control risks within the product lines;
- (h) an assessment of the funding sources, including a wholesale and contingency funding plan, for present and planned product lines (assets and liabilities);
- (i) assigned responsibilities and accountability for the strategic planning process;
and
- (j) a description of systems, metrics and tolerances designed 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 includes a proposed sale or merger of the Bank, the Strategic Plan shall, at a minimum, address the steps that will be taken and the associated timeline to effectuate the implementation of that alternative.

(3) Prior to adoption by the Board, a copy of the Strategic Plan, and any subsequent amendments or revisions, shall be submitted to the Director for review and prior written

determination of no supervisory objection. 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 immediately implement and thereafter ensure adherence to the Strategic Plan.

(4) The Bank may not initiate any action that deviates significantly from the Strategic Plan (that has received a supervisory no-objection from the Director and that has been adopted by the Board) without a written determination of no supervisory objection from the Director. The Board must give the Director at least thirty (30) days 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. 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 marketing strategies, products and services, marketing partners, underwriting practices and standards, credit administration, account management, collection strategies or operations, fee structure or pricing, 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.

(5) At least quarterly, the Board shall prepare a written evaluation of the Bank's performance against the Strategic Plan 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. Upon completion of its evaluation, the Board shall submit a copy to the

Director.

(6) The Board shall review and update the Strategic Plan at least annually and more frequently if necessary or if requested by the Director in writing.

(7) Until the Strategic Plan required under this Article has been submitted by the Bank for the Director's review, has received a written determination of no supervisory objection from the Director, and is being implemented by the Bank, the Bank shall not significantly deviate from the products, services, asset composition and size, funding sources, structure, operations, policies, procedures, and markets of the Bank that existed before this Order without first obtaining the Director's prior written determination of no supervisory objection to such significant deviation. Any request to the Director for prior written determination of no supervisory objections to a significant deviation must be submitted to the Director at least 30 days in advance of the significant deviation, 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.

ARTICLE III

CAPITAL PLAN

(1) By December 31, 2013, the Bank shall meet and maintain the following minimum capital ratios (as defined in 12 C.F.R. Part 3):

- (a) Total capital at least equal to twelve percent (12%) of risk-weighted assets;
- (b) Tier 1 capital at least equal to eight (8%) of adjusted total assets.¹

¹ Adjusted total assets is defined in 12 C.F.R. § 3.2(a) as the average total assets figure required to be computed for and stated in a bank's most recent quarterly Consolidated Report of Condition and Income minus end-of-quarter intangible assets, deferred tax assets, and credit-enhancing interest-only strips, that are deducted from Tier 1 capital,

(2) 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).

(3) By January 31, 2014, the Board shall develop and implement an effective internal capital planning process to assess the Bank’s capital adequacy in relation to its overall risks and to ensure maintenance of appropriate capital levels, which shall in no event be less than the requirements of paragraph one (1) of this Article. The capital planning process shall be consistent with OCC Bulletin 2012-16 (June 7, 2012), *Guidance for Evaluating Capital Planning and Adequacy*, and shall ensure the integrity, objectivity, and consistency of the process through adequate governance. The Board shall document the initial capital planning process and thereafter review and document the capital planning process at least annually or more frequently if requested by the Director in writing.

(4) By January 31, 2014, the Board shall forward to the Director for his review, pursuant to paragraph six (6) of this Article, a written Capital Plan for the Bank, consistent with the Strategic Plan pursuant to Article II, covering at least a two (2) year period. The Capital Plan shall include, at a minimum:

- (a) specific plans for the maintenance of adequate capital, which may in no event be less than the requirements of paragraph (1) of this Article;
- (b) identify and evaluate all material risks;
- (c) determine the Bank’s capital needs in relation to material risks and strategic direction;
- (d) identify and establish a strategy to maintain capital adequacy and strengthen

and minus nonfinancial equity investments for which a Tier 1 capital deduction is required pursuant to section 2(c)(5) of appendix A of 12 C.F.R. § Part 3.

capital if necessary and establish a contingency or back-up capital plan commensurate with the Bank's overall risk and complexity;

- (e) include detailed quarterly financial projections; and
- (f) include specific plans detailing how the Bank will comply with restrictions or requirements set forth in this Order that will have an impact on the Bank's capital.

(5) The Bank may declare or 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 declaration or payment of any dividend;
- (b) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60;
- (c) when the Bank is in compliance with the minimum capital ratios set forth in paragraph (1) of this article; and
- (d) with the prior written determination of no supervisory objection by the Director.

(6) Prior to adoption by the Board, a copy of the Capital Plan shall be submitted to the Director for a prior written determination of no supervisory objection. The Board shall review and update the Bank's Capital Plan at least annually and more frequently if necessary or if requested by the Director in writing. Revisions to the Bank's Capital Plan shall be submitted to the Director for a prior written determination of no supervisory objection. 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 Capital Plan and any amendments or revisions thereto.

(7) At least monthly, the Board shall review financial reports and earnings analyses that

evaluate the Bank's performance against the goals and objectives established in the written Capital Plan, as well as the Bank's written explanation of significant differences between the actual and projected balance sheet, income statement, and expense accounts, including descriptions of extraordinary and/or nonrecurring items. This review shall include a description of the actions the Board will require the Bank to take to address any deficiencies. At least quarterly the Board shall prepare a written evaluation of the Bank's performance against the Capital Plan 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. Upon completion of the evaluation, the Board shall submit a copy to the Director.

(8) If the Bank's Capital Plan outlines a sale or merger of the Bank, the Capital Plan shall only 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 written Capital Plan, a definitive agreement for the sale or merger is executed.

(9) If the Bank fails to maintain the capital ratios required by paragraph one (1) of this Article, fails to submit a Capital Plan as required by paragraph four (4) of this Article, or fails to implement a Capital Plan to which the Director has provided a written determination of no supervisory objection, then the Bank may, in the Director's sole discretion, be deemed undercapitalized for purposes of this Order. The Bank shall take such corrective measures as the OCC may direct in writing from among the provisions applicable to undercapitalized depository institutions under 12 U.S.C. § 1831o(e) and 12 C.F.R. Part 6 for national banks. For purposes of this requirement, an action "necessary to carry out the purpose of this section" under 12 U.S.C. § 1831o(e)(5) shall include restoration of the Bank's capital to the minimum ratios required by this Order, and any other action deemed advisable by the OCC to address the Bank's capital deficiency or the safety and soundness of its operations.

ARTICLE IV

LOAN PORTFOLIO MANAGEMENT

(1) By January 31, 2014, the Board shall revise and approve a written Loan Portfolio Management (“LPM”) credit policy that is consistent with the “*Loan Portfolio Management*” booklet of the *Comptroller’s Handbook* and 12 C.F.R. § 30 Appendix A II D (1)-(6). Thereafter, the Board shall monitor and ensure adherence to the LPM credit policy through adequate Board and management information systems and independent testing.

- (a) At a minimum, written credit policies must be in conformance with and include:
 - (i) sound loan underwriting and approval requirements prior to any extension of credit, including new loans , renewals, modifications, extensions or similar transactions;
 - (ii) current and satisfactory credit information prior to the extension of credit and during the loan term;
 - (iii) satisfactory and perfected collateral documentation prior to the extension of credit and during the loan term;
 - (iv) satisfactory real estate appraisal and evaluation program that is consistent with 12 C.F.R. § 34 and applicable regulatory guidance, including the Interagency Appraisal and Evaluation Guidelines, OCC 2010-42, dated December 10, 2010, and the “*Commercial Real Estate and Construction Lending*” booklet of the *Comptroller’s Handbook*;
 - (v) satisfactory identification, measurement, and control of concentrations of credit that are consistent with the “*Concentration of Credit*” booklet of the *Comptroller’s Handbook*;

- (vi) satisfactory internal risk identification systems that includes a loan and lease grading system consistent with the guidelines set forth in “*Rating Credit Risk*” and “*Allowance for Loan and Lease Losses*” booklets of the *Comptroller’s Handbook*;
- (b) At a minimum, the credit management information system (“MIS”) must be consistent with the “*Management Information Systems*” booklet of the *Comptroller’s Handbook*, provide the information necessary to manage an organization effectively and include reports that track, analyze, and describe remedial action for adverse trends or noncompliance with Board policies for the following:
 - (i) exceptions to loan policy;
 - (ii) problem assets;
 - (iii) delinquent loans;
 - (iv) nonaccrual loans;
 - (v) troubled debt restructurings;
 - (vi) insider loans and their related interests as defined by Regulation O (12 C.F.R. § 215);
 - (vii) concentrations of credit;
 - (viii) credit exceptions;
 - (ix) collateral exceptions;
 - (x) violations of law or regulation;
- (c) The Board shall continue to review, monitor, and ensure adherence to an effective, independent, and on-going loan review system to review, at least quarterly, the Bank’s loan and lease portfolios to assure the timely identification

and categorization of problem credits. The system shall provide for a quarterly written report to be filed with the Board or a designated committee after each review and shall use a loan and lease grading system consistent with the guidelines set forth in “*Rating Credit Risk*” and “*Allowance for Loan and Lease Losses*” booklets of the *Comptroller’s Handbook*. Further, the loan review system will be consistent with generally accepted accounting principles (“GAAP”).

(2) The Board shall ensure that all Bank lenders or any other personnel performing credit analyses are adequately trained in cash flow analysis, particularly analysis using information on a global cash flow basis, evaluation of contingent liabilities, and verification of liquidity, and that processes are in place to ensure that additional training is provided as needed.

ARTICLE V

PROBLEM ASSET MANAGEMENT

(1) The Board shall continue to review, monitor, and ensure adherence to a written program designed to eliminate the basis of criticism of those assets criticized as “doubtful,” “substandard,” or “special mention”, including other real estate owned (“OREO”), in the most recent 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 include:

- (a) 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;
- (b) adequate MIS to measure the status of workout plans on each problem asset; and
- (c) the development of Problem Asset Reports (“PARs”) identifying all credit

relationships totaling in aggregate five hundred thousand dollars (\$500,000) or more, criticized as “doubtful,” “substandard,” or “special mention.” The PARs must be updated and submitted to the Board or a committee designated by the Board monthly and to the Director quarterly.

- (d) the development of OREO PARs identifying OREO totaling in aggregate two hundred and fifty thousand dollars (\$250,000) or more. The OREO PARs must be updated and submitted to the Board or a committee designated by the Board monthly and to the Director quarterly.

(2) Each PAR 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, 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 impairment analysis as required under Accounting Standards Codification (“ASC”) Topic 310;
- (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 PAR, if any; and
- (i) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment, including, if appropriate, an exit strategy.

(3) Each OREO PAR shall cover an entire OREO relationship and other assets, and include, at a minimum, analysis and documentation to ensure compliance with 12 U.S.C. § 29 and 12 C.F.R. Part 34 and the “*Other Real Estate Owned*” booklet of the *Comptroller’s Handbook*.

The OREO PARs shall, at a minimum, address and incorporate the following:

- (a) responsible officer;
- (b) date of foreclosure;
- (c) original balance, amount of any increases and the description of increases;
- (d) zoning, lien, tax, and insurance information;
- (e) income and expenses associated with the OREO;
- (f) date, source, and amount of the appraisal or evaluation;
- (g) accurate risk ratings consistent with the classification standards contained in the *Comptroller’s Handbook* on “*Rating Credit Risk*”;
- (h) actions and marketing efforts to dispose of OREO; and
- (i) if applicable, description of noncompliance with laws and regulation and GAAP.

(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 a majority of the Board, or a designated committee thereof, determines in writing that each of the following conditions are met:

- (a) the extension of additional credit is necessary to promote the best interests of the Bank;
- (b) a written credit and collateral analysis is performed as required by paragraphs (2)(b), (c) and (d) of this Article and, if necessary, the proposed action referred to in paragraph (2)(i) of this Article is revised; and
- (c) the Board's formal plan to collect or strengthen the criticized asset will not be compromised by the extension of additional credit.

(5) A copy of the findings and approval of the Board or designated committee thereof shall be maintained in the credit file of the affected borrower.

ARTICLE VI

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) The Board shall revise and approve written policy and procedures for the maintenance of an adequate Allowance for Loan and Lease Losses (“ALLL”). Thereafter, the Board shall ensure adherence to the ALLL policy and procedures. The policy and procedures shall be consistent with the guidance 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) loan risk ratings;
- (b) results of the Bank’s independent loan review;
- (c) criteria for determining which loans will be reviewed under ASC Topic 310, how impairment will be determined, and procedures to ensure that the analysis of loans complies with ASC 310 requirements;
- (d) criteria for determining loan pools under ASC 450 and an analysis of those loan

pools;

- (e) recognition of non-accrual loans in conformance with GAAP 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 of the factors considered and conclusions reached by the Board in determining the adequacy of the ALLL shall be maintained.

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

ARTICLE VII

AUDIT

(1) The Board shall continue to maintain an Audit Committee of which at least a majority of the members shall not be employees 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. The current audit charter shall be revised to accurately set forth the objectives, authorities, responsibilities, and organization of the Audit Committee.

(2) Within sixty (60) days of the date of this Order, the Board shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program sufficient to:

- (a) detect irregularities and weak practices in the Bank's operations;

- (b) determine the Bank's level of compliance with all applicable laws, rules and regulations;
- (c) assess and report the effectiveness of policies, procedures, controls, and management oversight relating to accounting and financial reporting;
- (d) evaluate the Bank's adherence to established policies and procedures, with particular emphasis directed to the Bank's adherence to its loan policies concerning underwriting standards and problem loan identification and classification;
- (e) adequately cover Bank activities to maintain or improve the efficiency and effectiveness of the Bank's risk management, internal controls, and corporate governance functions;
- (f) ensure timely follow-up on identified deficiencies to ensure their correction; and
- (g) establish an annual audit plan using a risk based approach sufficient to achieve these objectives.

(3) Within ninety (90) days of the date of this Order, the Bank shall retain the services of a qualified and independent Certified Public Accountant to render an opinion on the Bank's December 31, 2013, Statement of Condition ("Balance Sheet") and its Income Statement for year 2013 and for each subsequent year-end Statement of Condition and Income Statement during the term of this Order.

(4) The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit, compliance, and regulatory reports, and maintain a written record describing the deficiency, the projected corrective action, and the status of the corrective action. The Board shall ensure that management provides detailed explanations in those circumstances, if any, where the deficiencies cannot be remedied, and that the audit staff maintain a written record

describing those actions. The Board shall provide for a timely independent written follow-up for any unremedied deficiencies.

ARTICLE VIII

BANK SECRECY ACT PROGRAM

(1) Within ninety (90) 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, as amended (31 U.S. C. § 5311 *et seq.*), the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, 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 “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, at a minimum, a system of internal controls, a program of independent testing, an independent and qualified BSA Officer and staff, and a comprehensive training program to ensure ongoing compliance with the BSA. The system of internal controls shall include, at a minimum:

- (a) a written, institution-wide, ongoing BSA risk assessment that accurately identifies the BSA risks posed to the Bank after consideration of all pertinent information;
- (b) customer due diligence and enhanced due diligence policies and procedures to ensure processes conform to regulatory guidance;
- (c) appropriate controls for risk rating accounts and confirmation, on at least an annual basis, of the accuracy of account risk ratings and stratifying the customer base by risk rating, entity type, and geographic region;
- (d) operating procedures conducted prior to opening a new account that provide for

collecting a customer's identifying information, verifying the customer's identification, maintaining identification records, evaluating and rating the customer's BSA risk profile, and identifying and monitoring higher-risk accounts; and

- (e) comprehensive policies and procedures for identifying, monitoring, investigating, and resolving transactions that pose greater than normal risk for compliance with the BSA and effective suspicious activity alert and investigation processes.

ARTICLE IX

BANK SECRECY ACT AUDIT

(1) Within ninety (90) days of the date of this Order, the Board shall cause the Bank to undergo a comprehensive BSA audit conducted by a qualified, independent third party.

(2) Within one hundred and twenty (120) days of the date of this Order, the Board shall adopt, implement, and thereafter ensure Bank adherence to an ongoing, effective, independent, BSA audit program, so that its scope, testing, documentation, and follow-up testing are sufficient to:

- (a) detect irregularities in the Bank's operations;
- (b) determine the Bank's level of compliance with all applicable laws, rules, regulations, and regulatory guidance;
- (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.

(3) The Board shall ensure that the person(s) or external firm responsible for implementing the BSA audit program described in paragraph (2) of this Article reports directly to

the Board, or a designated committee thereof, which shall have the sole power to direct the audit activities. All reports prepared by the audit staff shall be in writing and supported by adequate work papers. Reports shall be filed directly with the Board, or a designated committee thereof, and not through any intervening party. The Board, or a designated committee thereof, shall ensure the Bank takes immediate action to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.

ARTICLE X

BANK SECRECY ACT OFFICER AND STAFFING

(1) Within ninety (90) days of the date of this Order, the Board shall ensure that the Bank has a permanent, qualified, and experienced BSA Officer who shall be vested with sufficient authority to fulfill the duties and responsibilities of the position and ensure the safe and sound operation of the Bank at all times. In the event that the position is vacated, the Board shall appoint a new BSA Officer within ninety (90) days.

(2) Within sixty (60) days of the date of this Order, the Board, a committee thereof, or an independent third party reporting to the Board, shall conduct a formal written assessment of the Bank's oversight and infrastructure to ensure compliance with the BSA. This assessment shall include an assessment of the skills and capability of the BSA officer, adequacy of staffing, lines of reporting, and Board and management information systems.

(3) Within one hundred twenty (120) days of the date of this Order, based upon the results of the assessment required under paragraph (2) of this Article, the Board shall implement any changes that are needed regarding the Bank's BSA Officer and supporting staff, including the responsibilities, authority, structure, independence, competencies, or capabilities. In particular, the Board shall ensure that the BSA Officer and supporting staff have sufficient training, authority, and skill to perform their assigned responsibilities.

ARTICLE XI

BANK SECRECY ACT TRAINING

(1) Within sixty (60) days of the date of this Order, the Board shall receive adequate training on BSA risks and program requirements, to be conducted by a qualified and knowledgeable individual.

(2) Within ninety (90) days of the date of this Order, the Board shall develop, implement, and thereafter ensure Bank adherence to a comprehensive training program for all Bank employees to ensure their awareness of their responsibility for compliance with the requirements of the BSA. This comprehensive training program shall:

- (a) provide for more extensive BSA training for all operational and supervisory personnel assigned to the Bank's BSA compliance function;
- (b) provide for more targeted training for other personnel focusing on the individual's specific duties and responsibilities; and
- (c) include strategies for mandatory attendance, the frequency of training, procedures and timing for updating the training program and materials, and the method for delivering training.

ARTICLE XII

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 items.

ARTICLE XIII

VIOLATIONS OF LAW

- (1) The Board shall require and the Bank shall immediately take all necessary steps to

correct each violation of law, rule, or regulation cited in the most recent ROE, any subsequent ROE, or brought to the Board's or Bank's attention in writing by management, regulators, auditors, loan review, or other compliance efforts. Within ninety (90) days after the violation is cited or brought to the Board's or appropriate committee'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 time.

(2) Within sixty (60) days of the date of this Order and thereafter within receipt of an ROE, the Board shall adopt and the Bank (subject to Board review and ongoing monitoring) shall implement and thereafter ensure adherence to:

- (a) specific procedures to prevent violations as cited in the most recent ROE and future ROEs; and
- (b) general procedures addressing compliance management that incorporate internal control systems and education of employees regarding laws, rules, and regulations applicable to their areas of responsibility.

ARTICLE XIV

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) Each citation or referenced guidance included in this Order includes any subsequent guidance that replaces, supersedes, amends, or revises the cited law, regulation, or guidance.

(4) Except as otherwise expressly provided herein, any time limitations imposed by this Order shall begin to run from the effective date of this Order.

(5) 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.

(6) In each instance in this Order in which the Board or a Board committee 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) ensure that the Bank has sufficient processes, management, personnel, and control systems to ensure implementation of and adherence to this Order, and that Bank management and personnel have sufficient training and authority to execute their duties under this Order;
- (b) 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;
- (c) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;
- (d) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (e) require corrective action be taken in a timely manner of any non-compliance

with such actions.

(7) If the Bank requires a waiver or suspension of any provision or 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, with relevant supporting documentation, the special circumstances that support the waiver or suspension of any provision or an extension of a timeframe within this Order.

(8) The Director's decision concerning a request submitted pursuant to paragraph seven (7) of this Article is final and not subject to further review.

(9) 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.

(10) All reports or plans that 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
400 7th St. SW, Suite 3E-218
Mail Stop 8E-12
Washington, DC 20219

with a copy to:
Little Rock Field Office
Comptroller of the Currency
1401 West Capitol Avenue, Ste 350
Little Rock, Arkansas 72201

(11) 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.

(12) The OCC and the Bank entered into a Consent Order dated May 23, 2012 (“2012 Consent Order”) and a Prompt Corrective Action Directive dated September 28, 2012 (“PCAD”). This Order replaces the 2012 Consent Order and PCAD in their entirety and, therefore, the 2012 Consent Order and PCAD are hereby terminated.

IT IS SO ORDERED, this 9th day of October, 2013.

/signed/

James R. Moore
Director
Special Supervision Division

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

In the Matter of:)
One Bank & Trust, National Association)
Little Rock, Arkansas)

AA-EC-13-82

**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 One Bank & Trust, National Association, Little Rock, Arkansas (“Bank”) pursuant to 12 U.S.C. § 1818 through the issuance of a Notice of Charges, for unsafe or unsound banking practices relating to asset quality, credit administration, violations of law and regulation and for the failure to comply with the Consent Order dated May 23, 2012;

WHEREAS, the Bank, in the interest of compliance and cooperation consents to the issuance of a Consent Order, dated October 9, 2013 (“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).

(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 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 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 provisions of this Stipulation and Consent Order 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.

/signed/

10/9/2013

James R. Moore
Director
Special Supervision Division

Date

