

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

**In the Matter of:**

Rabobank, N.A.  
Roseville, California

AA-WE-2013-92

**CONSENT ORDER**

The Comptroller of the Currency of the United States of America (“Comptroller”), through his national bank examiners and other staff of the Office of the Comptroller of the Currency (“OCC”), has conducted an examination of Rabobank, N.A., Roseville, California (“Bank”). The OCC 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, 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 December 5, 2013, 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 Order (“Order”) by the Comptroller. The Bank has committed to taking all necessary and appropriate steps to remedy the deficiencies identified by the OCC, and to enhance the Bank’s BSA/AML compliance program.

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) Within ten (10) days of this Order and for at least so long as the Order remains in effect, the Board shall appoint and maintain a Compliance Committee of at least three (3) directors, of which a majority may not be employees or officers of the Bank or any of its subsidiaries or affiliates. The names of the initial members of the Compliance Committee shall be submitted in writing to the Assistant Deputy Comptroller for a written determination of no supervisory objection. In the event of a change in membership, the name of any new member shall be submitted in writing to the Assistant Deputy Comptroller for a written determination of no supervisory objection. The Compliance Committee shall be responsible for coordinating and monitoring the Bank's adherence to the provisions of this Order. The Compliance Committee shall meet at least monthly and maintain minutes of its meetings.

(2) By no later than December 31, 2013, and by the end of every calendar quarter thereafter, 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;
- (b) actions taken to comply with each Article of this Order; and
- (c) the results and status of those actions.

(3) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

(4) All reports or plans that the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Order shall be forwarded to the:

Assistant Deputy Comptroller  
San Francisco Field Office  
One Front Street, Suite 1000  
San Francisco, California 94111

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies, procedures, and programs required by this Order.

## ARTICLE II

### COMPREHENSIVE BSA/AML ACTION PLAN

(1) Within forty-five (45) days of this Order, the Bank shall submit to the Assistant Deputy Comptroller a plan containing a complete description of the actions that are necessary and appropriate to achieve full compliance with Articles III through XIV of this Order (“Action Plan”). Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall immediately implement the Action Plan. In the event the Assistant Deputy Comptroller asks the Bank to revise the Action Plan, the Bank shall immediately make the requested revisions and resubmit the plan to the Assistant Deputy Comptroller. Following implementation, the Bank shall not take any action that will cause a significant deviation from, or material change to, the Action Plan unless and until the Bank has received a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(2) The Board shall ensure that the Bank achieves and thereafter maintains compliance with this Order, including, without limitation, successful implementation of the Action Plan. The Board shall further ensure that, upon implementation of the Action Plan, the

Bank achieves and maintains an effective BSA/AML compliance program, in accordance with the BSA and its implementing regulations. 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 Order;
- (b) follow up on any noncompliance with such actions in a timely and appropriate manner; and
- (c) require corrective action be taken in a timely manner for any noncompliance with such actions.

(3) The Action Plan must specify timelines for completion of each of the requirements of Articles III through XIV of this Order. The timelines in the Action Plan shall be consistent with any deadlines set forth in Articles III through XIV.

(4) The Action Plan must specify in detail budget outlays and staffing, including staff compensation, that are necessary to achieve and maintain full compliance with Articles III through XIV of this Order.

(5) Upon request by the Assistant Deputy Comptroller, the Bank shall modify the Action Plan to comply with any Matters Requiring Attention concerning BSA/AML matters, or citations of violations of law concerning these matters, which the OCC may issue to the Bank following the effective date of this Order.

(6) Any independent consultant or auditor engaged by the Bank or the Board to assist in the assessment of the Action Plan or other compliance with this Order must have demonstrated and specialized experience with the BSA/AML matters that are the subject of the

engagement, and must not be subject to any conflict of interest affecting the consultant's or auditor's independence.

(7) Within ten (10) days of this Order, the Bank shall designate an officer to be responsible for coordinating and submitting to the OCC the written plans, reports, and other documents required to be submitted under the terms and conditions of this Order.

### ARTICLE III

#### BSA/AML RISK ASSESSMENT

(1) Within forty-five (45) days of this Order, the Board shall ensure that the Bank develops, implements, and adheres to a written, institution-wide ongoing BSA/AML risk assessment program 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 set forth in the *2010 FFIEC Bank Secrecy Act/Anti-Money Laundering 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 volumes and types of the Bank's:
  - (i) products and services;
  - (ii) customers and entities;
  - (iii) geographic locations; and

- (iv) methods that the Bank uses to interact with this customers such as face-to-face contact or through electronic means (collectively, (i) through (iv) are the “specific risk categories”);
- (b) a detailed analysis of all data pertinent to the Bank’s specific risk categories in relation to the Bank’s Customer Identification Program (“CIP”) and Customer Due Diligence/Enhanced Due Diligence (“CDD/EDD”) programs. The analysis should consider, as appropriate, the following factors:
  - (i) purpose of the account;
  - (ii) actual or anticipated activity in the account;
  - (iii) nature of the customer’s business or occupation;
  - (iv) geographic location; and
  - (v) the types of products and services used by the customer;
- (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; and
- (d) a provision requiring maintenance of appropriate documentation, including CDD/EDD information, to support the Risk Assessment conclusions.

(2) The Board shall ensure the Risk Assessment is updated annually, at a minimum, to identify and respond to changes in the Bank’s risk profile (e.g., new products or services, changes to existing products or services, higher-risk customer activities, etc.).

(3) The Board shall require annual independent testing to confirm the reasonableness of the Risk Assessment conclusions. The Board shall review the results of the testing for appropriateness and whether changes are needed to the Risk Assessment or the Bank's BSA compliance program and document its review in writing.

#### ARTICLE IV

##### INDEPENDENT REVIEW OF BSA COMPLIANCE PROGRAM

(1) Within thirty (30) days of this Order, the Bank shall submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection the name, qualifications, and terms of engagement for an independent consultant to conduct an independent review of the Bank's BSA compliance program ("BSA Program Review"), in accordance with OCC Bulletin 2013-33. The purpose of the BSA Program Review shall be to conduct a comprehensive review of the following (including, as appropriate, systems and controls to ensure the effectiveness of policies and procedures):

- (a) the Bank's implementation of its computer-based monitoring system to ensure that all potentially suspicious transactions are appropriately identified;
- (b) the BSA Officer's level of authority and independence;
- (c) the numbers and the qualifications of staff that support the BSA Officer in performing his or her assigned responsibilities in maintaining effective compliance with the BSA and its implementing regulations;
- (d) the adequacy of the budget for maintaining effective compliance with the BSA and its implementing regulations;
- (e) the governance structure of the BSA program;

- (f) channels for informing the Board, or a committee thereof, and senior management, of compliance initiatives, identified compliance deficiencies, and corrective action taken;
- (g) succession plans for ensuring the program's continuity despite changes in management, staffing, or structure;
- (h) policies and procedures in all lines of business for identifying customers who are high risk and for monitoring the accounts associated with these customers;
- (i) policies and procedures for gathering CDD/EDD information when opening new accounts or when renewing or modifying existing accounts;
- (j) policies and procedures for investigating and dispositioning transactions that are identified as unusual or suspicious;
- (k) policies and procedures for completing and filing SARs on a timely basis; and
- (l) the level of knowledge of the Bank's operational and supervisory personnel of the Bank's policies and procedures for identifying transactions that pose greater than normal risk for compliance with the BSA in order to determine the types of additional or enhanced training that should be conducted.

(2) A written report of the findings and recommendations from the BSA Program Review shall be submitted to the Assistant Deputy Comptroller within ninety (90) days of this Order. The supporting materials associated with the BSA Program Review shall be made available to the OCC upon request.

(3) The Board shall ensure that the Bank addresses the findings from the BSA Program Review in the Action Plan described in Article II of this Order.

## ARTICLE V

### BSA COMPLIANCE PROGRAM

(1) Within ninety (90) days of this Order, the Board shall ensure that the Bank develops, implements, and thereafter adheres 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. Chapter X, as amended, 12 C.F.R. §§ 21.11 and 21.21, 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) operating procedures for opening new accounts that provide for collecting customers’ identifying information, verifying customers’ identities, maintaining identification records, and identifying and monitoring higher-risk accounts;
- (b) comprehensive policies and procedures for identifying, monitoring, investigating, and resolving transactions that pose greater than normal risk for compliance with the BSA;

- (c) policies and procedures for ensuring all suspicious and large currency transactions are identified and reported; and
- (d) a written, institution-wide, ongoing BSA risk assessment, consistent with Article III of this Order, that accurately identifies the BSA/AML risks posed to the Bank after consideration of all pertinent information.

## ARTICLE VI

### MANAGEMENT INFORMATION SYSTEM

(1) Within ninety (90) days of this Order, the Board shall ensure that the Bank conducts a management information system (“MIS”) assessment, and develops a plan that will enable management to more effectively identify, monitor, and manage the Bank’s BSA/AML risks on a timely basis. This plan should address any system limitations, provide for appropriate reporting, and consider the following:

- (a) any trends in unusual or suspicious activity that have been identified and reported by the Bank, as well as the product lines, departments and branches in which suspicious activity has occurred;
- (b) high risk accounts by line of business and type of business, countries of origin, location of the customers’ businesses and residences, average dollar, and transaction volume of activity;
- (c) information regarding any type of grand jury or law enforcement subpoena received by the Bank, any other law enforcement inquiry directed to the Bank, and any action taken by the Bank on the affected account;
- (d) information regarding pouch activity, politically exposed persons (“PEPs”), and foreign correspondent accounts;

- (e) information regarding compliance with this Order; and
- (f) any additional information deemed necessary or appropriate by the BSA Officer or the Bank.

(2) Upon completion, a copy of the MIS plan shall be submitted to the Assistant Deputy Comptroller. If the Assistant Deputy Comptroller recommends changes to the plan, the Board shall incorporate those changes into the plan or suggest alternative changes that are acceptable to the Assistant Deputy Comptroller.

(3) Within one hundred twenty (120) days of this Order, the Board shall ensure that the Bank has begun implementation of, and thereafter adheres to, the MIS plan.

## ARTICLE VII

### CDD/EDD INFORMATION

(1) Within sixty (60) days of this Order, the Bank shall develop and submit to the Assistant Deputy Comptroller for prior written determination of no supervisory objection appropriate policies and procedures for gathering CDD and EDD information when opening new accounts or when renewing or modifying existing accounts for customers. At a minimum, these policies and procedures must include:

- (a) a methodology for assigning risk levels to the Bank's customer base that assesses appropriate factors such as type of customer, type of product or service, and geographic location, and specification of the CDD and EDD information the Bank must obtain, commensurate with these risk levels;
- (b) periodic updating of CDD and EDD information to reflect changes in the customer's behavior, activity profile, derogatory information, or other factors that impact the BSA/AML risk for the client;

- (c) EDD for higher risk clients and/or products and services, in compliance with the *2010 FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual* and industry standards;
- (d) periodic assessments by the BSA Officer or his/her designee of the effectiveness of the Bank's CDD, EDD, and monitoring activities, and timely corrective action of weaknesses identified in the assessments. These assessments and corrective actions shall, as appropriate, be incorporated into the Bank's BSA/AML Risk Assessment;
- (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; and
- (f) procedures to ensure Remote Deposit Capture ("RDC") accounts are properly administered and monitored to include: (i) the establishment of appropriate individual RDC transaction limits; (ii) determination of anticipated RDC transactions and dollar volumes; and (iii) a comparison of projected activity to actual activity to ensure the activity is reasonable.

(2) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall immediately implement and thereafter ensure adherence to the CDD/EDD policies and procedures required under Paragraph (1) of this Article.

(3) The BSA Officer or his/her designee shall review at least once every twelve (12) months account documentation for all higher-risk customers and the related accounts of those customers at the Bank to determine whether the account activity is consistent with the customer's business and the stated purpose of the account.

(4) The Bank shall not open any account for a customer, and shall close any existing account of a customer, if the information available to the Bank indicates that the customer's relationship with the Bank would be detrimental to the reputation of the Bank from a BSA/AML perspective.

(5) The term "related accounts," as referenced in this Article, shall be broadly construed and shall include the following accounts:

- (a) all accounts for which there are common signatories, officers, directors, addresses, taxpayer identification numbers, or phone numbers that can be reasonably identified;
- (b) all accounts of a customer's immediate relatives by blood, marriage, or adoption (for example, spouses, children, parents, siblings, uncles, and aunts) that can be reasonably identified;
- (c) all accounts of any corporation, joint enterprise, partnership, or any undertaking whatsoever that can be reasonably identified as controlled by or operated substantially in the interest of any Bank customer. "Control" includes direct or indirect ownership of ten percent (10%) or more of the stock, capital, or equity of any such undertaking; and "substantial interest" shall mean derivation in any manner of income of ten thousand dollars (\$10,000) or more per annum from the operation of any such undertaking;
- (d) all accounts where the Bank's customer can be reasonably identified as exercising control or authority over the account holder; and
- (e) any account(s) so designated by the Assistant Deputy Comptroller.

## ARTICLE VIII

### MONITORING

(1) Within thirty (30) days of this Order, the Bank shall submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection the name, qualifications, and terms of engagement for an independent consultant to evaluate its suspicious activity identification processes, in accordance with OCC Bulletin 2013-33, to ensure the processes are effective and provide comprehensive coverage to the Bank. The evaluation shall consider the requirements of paragraphs (2) and (3) of this Article and include, but not be limited to, an assessment of the capabilities of any surveillance and transaction monitoring system used, the scope of coverage provided by the systems, and the management of those systems, to determine if the systems are sufficiently robust to provide for the timely identification of potentially suspicious activity. The independent consultant shall deliver to the Bank a comprehensive listing of weaknesses or deficiencies in the systems and the risks presented by these deficiencies shall be highlighted for management consideration.

(2) The Bank's implementation of each surveillance and transaction monitoring system shall ensure:

- (a) the integrity of data feeding the transaction monitoring systems;
- (b) the system has been sufficiently tailored to the Bank's risk profile and operations;
- (c) the system's functionality is being utilized to appropriately address risk, including the ability to aggregate data across platforms, lines of business, and relationships; and

- (d) the business logic units, parameters, rules, or other factors selected for automated monitoring are appropriate and effective in identifying client activity that is unreasonable or abnormal given the nature of the client's occupation or business and expected activity. In addition, there shall be:
  - (i) sufficient management information and metrics to manage and adjust the system, as necessary; and
  - (ii) statistically valid processes to validate and optimize monitoring system settings and thresholds, and to measure the effectiveness of the automated system and individual scenarios, where appropriate.
- (3) The Bank's implementation of the alert investigation processes shall ensure:
  - (a) the adequacy of staffing to investigate and clear alerts;
  - (b) the quality and completeness of information available to analysts working transaction monitoring alerts and conducting investigations;
  - (c) the standards for dispositioning different types of alerts are reasonable, communicated in writing to relevant staff, and are adhered to by the alert investigators;
  - (d) adequate documentation is maintained to support the disposition of alerts;
  - (e) the availability and adequacy of information to investigate potentially suspicious activity;
  - (f) standards that ensure accounts with high volumes of alerts are identified, elevated, and properly categorized as high risk, and subject to enhanced due diligence and monitoring; and

- (g) sufficient quality control processes to ensure the surveillance and transaction monitoring system, alert management process, and SAR decisioning and filing are working effectively and according to internal standards.

(4) Within ninety (90) days of this Order, in response to the findings of the evaluation required under paragraph (1) of this Article and the risks identified in the Risk Assessment under Article III of this Order, the Board shall ensure that the Bank develops, implements, and thereafter adheres to a written program of policies and procedures to provide for the appropriate identification, analysis, and monitoring of customers and transactions that pose greater than normal risk for compliance with the BSA. This program shall include:

- (a) timely identification and monitoring of transactions, including:
  - (i) employee identification and referral;
  - (ii) law enforcement inquiries and requests; and
  - (iii) use of automated systems;
- (b) application of appropriate thresholds and filters for automated systems in monitoring all types of transactions, accounts, customers, products, services, and geographic areas that include, at a minimum:
  - (i) meaningful thresholds and alert scenarios for filtering accounts and customers for further monitoring, review, and analysis;
  - (ii) an analysis of the thresholds and filters established by the Bank;
  - (iii) maintenance of documentation supporting the Bank's methodology for establishing thresholds and filters; and

- (iv) periodic independent testing of thresholds and filters for their appropriateness to the Bank's customer base, products, services, and geographic area;
- (c) timely investigation and resolution of transactions;
- (d) procedures for recording, maintaining, and recalling information;
- (e) maintenance of an accurate and complete list of higher-risk customers using:
  - (i) CDD/EDD information, including normal and expected account activity;
  - (ii) the BSA/AML Risk Assessment; and
  - (iii) automated systems;
- (f) periodic review of reports on all higher-risk customers that include:
  - (i) the name of the customer;
  - (ii) the officers, directors, and major shareholders of any corporate customer, and the partners of any partnership customer;
  - (iii) any other accounts maintained by the customer and, as applicable, its officers, directors, major shareholders, or partners;
  - (iv) any related accounts of the customer at the Bank;
  - (v) any action the Bank has taken on the account;
  - (vi) the purpose and balance of the account; and
  - (vii) any unusual activity for each account or any significant deviations from expected activity as set forth in the Bank's CDD and EDD file; and

- (g) a requirement for a detailed annual review of each higher-risk customer that includes updating all pertinent customer information, analyzing actual activity and comparing it with expected activity, and taking action(s) as deemed appropriate based on the results of the review.

## ARTICLE IX

### SUSPICIOUS ACTIVITY REPORTING

(1) Within ninety (90) days of this Order, the Board shall ensure that the Bank develops, implements, and thereafter adheres to a written program to establish a system of internal controls and processes to ensure compliance with the requirements to file SARs as set forth in 12 C.F.R. § 21.11. At a minimum, this written program shall include appropriate policies and procedures to ensure that the Bank:

- (a) identifies and reports known or suspected violations of Federal law, violations of the BSA, or suspicious transactions related to money laundering activity, including suspicious activity relating to the opening of new accounts, identified through the monitoring of current accounts, and the transfer of funds through the Bank;
- (b) completes its final disposition of each alert within a reasonable time period after the generation of the alert;
- (c) files SARs within the time frames specified in the applicable rules, regulations, and regulatory guidance, and files follow-up SARs every ninety (90) days in cases where suspicious activity is ongoing;
- (d) files accurate and complete SARs with narratives that provide a sufficient description of the activity reported and the basis for filing;

- (e) thoroughly documents individual SAR decisions;
- (f) provides sufficient information on its SAR filings to the Board or an appropriate committee thereof; and
- (g) retains copies of SARs and supporting documentation for five (5) years from the date of filing the SAR.

## ARTICLE X

### ACCOUNT/TRANSACTION ACTIVITY REVIEW (“LOOK-BACK”)

(1) Within thirty (30) days of this Order, the Bank shall submit to the Assistant Deputy Comptroller for prior written determination of no supervisory objection the name, qualifications, and terms of engagement of an independent consultant to review account and transaction activity (“Look-Back”), in accordance with OCC Bulletin 2013-33, covering areas to be specified in writing by the Assistant Deputy Comptroller. The purpose of the Look-Back is to determine whether suspicious activity was timely identified by the Bank, and if appropriate to do so, was then timely reported by the Bank in accordance with 12 C.F.R. § 21.11.

(2) The Look-Back must be conducted by an independent consultant with expertise in the review of cross-border activity. The Look-Back shall be risk-based, including the risks identified in the Bank’s current Risk Assessment, and shall identify the sampling, software screening, or analytical techniques the consultant will use to identify transactions that are subject to review for suspicious activity.

(3) Upon completion of the Look-Back, the written findings shall be reported to the Board, with a copy to the Assistant Deputy Comptroller. The Bank shall file Suspicious Activity Reports (“SARs”), in accordance with 12 C.F.R. § 21.11, for any previously unreported suspicious activity identified during the Look-Back.

(4) Based upon the results of the Look-Back, the OCC, at its sole discretion, may expand the scope of the Look-Back or require a longer Look-Back period. If an additional Look-Back is deemed appropriate by the OCC, the Bank shall complete the Look-Back in accordance with this Article.

## ARTICLE XI

### NEW PRODUCTS, SERVICES, AND ACTIVITY

(1) Prior to introducing any new products or services, or entering into new or expanding existing activity in any market segments/industries, lines of business, or geographic locations, the Bank shall prepare a written assessment of the impact of the new or expanded activity on the Bank's BSA/AML risk profile. The assessment shall include:

- (a) an assessment of the BSA/AML risk posed by the new activity;
- (b) the impact of the new activity on compliance staffing;
- (c) the controls to be implemented for monitoring the new activity; and
- (d) the Bank's plan to ensure ongoing compliance with the BSA.

(2) The Board shall ensure that the Bank incorporates the new or expanded activity into its BSA/AML Risk Assessment under Article III of this Order, and makes any necessary changes to its BSA compliance program under Article V of this Order. The Bank shall make the written assessment under paragraph (1) of this Article available to the OCC upon request.

## ARTICLE XII

### BSA AUDIT

(1) By March 31, 2014, the Board shall ensure that the Bank adopts, implements, and thereafter adheres to an 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.

(2) The Board shall ensure that the person(s) or external firm responsible for implementing the BSA audit program described in paragraph (1) 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 filed directly with the Board, or a designated committee thereof, and not through any intervening party.

(3) All audit reports shall be in writing and supported by adequate workpapers, which must be provided to the Bank. The Board, or a designated committee thereof, shall ensure the Bank takes immediate actions to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.

(4) The audit staff shall have access to any records necessary for the proper conduct of its activities. The OCC shall have access to all reports and work papers of the audit staff and any other parties working on its behalf.

## ARTICLE XIII

### BSA OFFICER AND STAFF

(1) 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 the position is vacated, the Board shall appoint a new BSA Officer within ninety (90) days.

(2) Within forty-five (45) days after receipt of the written report from the independent BSA Program Review under Article IV, the Board shall ensure that the Bank conducts a formal written assessment of the Bank's oversight and infrastructure to ensure compliance with the BSA. This assessment shall consider the results of the independent BSA Program Review and include, at a minimum:

- (a) the adequacy of Board knowledge, oversight, and management information systems regarding the BSA requirements and Bank compliance;
- (b) the adequacy of staffing of the BSA compliance function, including:
  - (i) the level and scope of responsibilities of the BSA Officer;
  - (ii) the knowledge, skills, and capabilities of the BSA Officer to conduct assigned responsibilities and ensure the Bank's compliance with the BSA; and
  - (iii) the number of staff needed to support the BSA Officer and the Bank's BSA compliance function, and the level and scope of responsibilities of any support staff;
- (c) the BSA Officer's reporting structure and independence from the Bank's management; and
- (d) the Bank's performance evaluation program that addresses periodic performance evaluations of staff involved with BSA compliance.

(3) Within thirty (30) days after completing the formal written assessment under paragraph (2) of this Article, the Board shall ensure that the Bank implements 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.

(4) The Board shall periodically (no less than annually) review the adequacy of the Bank's BSA Officer and supporting staff, and shall document its determination(s) in writing. The periodic reviews shall consider the factors described in paragraph (2) of this Article.

#### ARTICLE XIV

##### BSA TRAINING

(1) By January 31, 2014, the Board shall ensure the Bank develops, implements, and thereafter adheres to a comprehensive training program for all appropriate 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 XV

### CLOSING

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

(2) If, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from doing so.

(3) The provisions of this Order are effective upon the issuance of this Order by the Comptroller, through his authorized representative whose signature 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 OCC.

(4) Any time limitations imposed by this Order shall begin to run from the effective date of this Order, as shown below, unless the Order specifies otherwise. The time limitations may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board. Any request to extend any time limitation shall include a statement setting forth in detail the specific circumstances that prevent the Bank from complying with the time limitation, and shall be accompanied by relevant supporting documentation. The Assistant Deputy Comptroller's decision regarding the request is final and not subject to further review.

(5) In each instance in this Order in which the Board or a Board committee is required to ensure adherence to, or undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

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

(6) 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 the Comptroller or the United States.

(7) 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.

**IT IS SO ORDERED**, this 5th day of December, 2013.

/s/

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Thomas J. Jorn  
Assistant Deputy Comptroller  
San Francisco Field Office

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

**In the Matter of:**

Rabobank, N.A.  
Roseville, California

AA-WE-2013-92

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

**WHEREAS**, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist proceedings against Rabobank, N.A., Roseville, California (“Bank”), pursuant to 12 U.S.C. § 1818(b), for violations of 12 U.S.C. § 1818(s) and Bank Secrecy Act regulations, 12 C.F.R. §§ 21.11 and 21.21.

**WHEREAS**, the Bank, through its duly elected and acting Board of Directors (“Board”), and in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated December 5, 2013 (“Order”) by executing this Stipulation and Consent to the Issuance of a Consent Order (“Stipulation”).

**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 the 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 the 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 Order and/or execute the Order.

(5) The Bank 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 this Stipulation and the 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 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 Order.

### ARTICLE III

#### WAIVERS

- (1) The Bank, by executing this Stipulation, 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) any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. §§ 1818(b) and (h), and 12 C.F.R. Part 19;
  - (d) any and 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

#### ELIGIBLE BANK – OTHER PROVISIONS

- (1) As a result of the Order:

- (a) the Bank is an “eligible bank” pursuant to 12 C.F.R. § 5.3(g)(4) for the purposes of 12 C.F.R. Part 5 regarding rules, policies, and procedures for corporate activities, unless otherwise informed in writing by the OCC;
- (b) the Bank is not subject to the limitation of 12 C.F.R. § 5.51(c)(6)(ii) for the purposes of 12 C.F.R. § 5.51 requiring OCC approval of a change in directors and senior executive officers, unless otherwise informed in writing by the OCC;
- (c) The Bank is not subject to the limitation on golden parachute and indemnification payments provided by 12 C.F.R. § 359.1(f)(1)(ii)(C) and 12 C.F.R. § 5.51(c)(6)(ii), unless otherwise informed in writing by the OCC;
- (d) The Bank’s status as an “eligible bank” remains unchanged pursuant to 12 C.F.R. § 24.2(e)(4) for the purposes of 12 C.F.R. Part 24 regarding community and economic development, unless otherwise informed in writing by the OCC; and
- (e) The Order shall not be construed to be a “written agreement, order, or capital directive” within the meaning of 12 C.F.R. § 6.4, unless the OCC informs the Bank otherwise in writing.

## ARTICLE V

### CLOSING

- (1) The provisions of this Stipulation 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.

(2) Nothing in this Stipulation shall preclude any proceedings brought by the Comptroller to enforce the terms of the Order, and nothing in this Stipulation constitutes, nor shall the Bank contend that it constitutes, a waiver of any right, power, or authority of any other representative of the United States or any agency thereof, including, without limitation, the United States Department of Justice, to bring other actions deemed appropriate.

(3) The terms of this Stipulation, including this paragraph, and the 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/  
Thomas J. Jorn  
Assistant Deputy Comptroller  
San Francisco Field Office

12/5/2013  
Date

**IN TESTIMONY WHEREOF**, the undersigned, as the duly elected and acting Board of the Bank, have hereunto set their hands on behalf of the Bank.

/s/ Rick Arredondo	12/5/13 Date
/s/ John (Jack) B. Balousek	12/5/13 Date
/s/ Harry de Roo	5 December 2013 Date
/s/ Gary Gertz	12/5/13 Date
/s/ John Ryan	12/5/13 Date
/s/ Terry Schwakopf	12/5/13 Date
/s/ John Thacher	12/5/13 Date
/s/ Frank van Heyningen	12/5/13 Date
/s/ Robert van Zadelhoff	12/5/13 Date