

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

In the Matter of:	)	
	)	
GN Bank	)	AA-EC-2020-50
Chicago, Illinois	)	
	)	

**CONSENT ORDER**

**WHEREAS**, the Office of the Comptroller of the Currency (“OCC”) has supervisory authority over GN Bank, Chicago, Illinois (“Bank”);

**WHEREAS**, the Bank consented to the issuance of a Consent Order on April 16, 2015, AA-EC-2015-33 (“2015 Order”), for unsafe or unsound banking practices relating to strategic and capital planning, credit risk management, and governance.

**WHEREAS**, the OCC has determined that the Bank has not attained compliance with all articles of the 2015 Order, and that new violations of law, rule, or regulation, and unsafe or unsound practices exist;

**WHEREAS**, the OCC intends to initiate new cease and desist proceedings against the Bank pursuant to 12 U.S.C. § 1818(b), through the issuance of a Notice of Charges, for engaging in unsafe or unsound banking practices, including certain practices relating to the Bank’s asset quality, credit risk management, audit and internal controls, earnings and capital, and corporate governance policies.

**WHEREAS**, in the interest of cooperation and to avoid additional costs associated with administrative and judicial proceedings with respect to the above matter, the Bank, by and through its duly elected and acting Board of Directors (“Board”), consents to the issuance of this Consent Order (“Order”), which is intended to replace and supersede the 2015 Order and has

been tailored to address the Bank’s new, remaining, and continuing violations and unsafe or unsound practices, by the OCC through the duly authorized representative of the Comptroller of the Currency (“Comptroller”); and

**NOW, THEREFORE**, pursuant to the authority vested in the OCC by Section 8(b) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), the OCC hereby orders that:

**ARTICLE I**  
**JURISDICTION**

(1) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) The Bank is a federal savings association within the meaning of 12 U.S.C. § 1813(q)(1)(C), and is chartered and examined by the OCC. *See* 12 U.S.C. § 1461 *et seq.*, 5412(b)(2)(B).

(3) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this cease and desist action against the Bank pursuant to 12 U.S.C. § 1818(b).

**ARTICLE II**  
**COMPTROLLER’S FINDINGS**

The Comptroller finds, and the Bank neither admits nor denies, the following:

(1) Prior to the 2015 Order, the OCC issued a formal agreement dated February 28, 2013 (“2013 Agreement”) to correct the Bank’s deteriorating condition and deficiencies related to capital and strategic planning, asset quality, and allowance for loan lease losses (ALLL)

methodology. The Bank did not achieve compliance with the 2013 Agreement and the OCC terminated it and replaced it with the 2015 Order.

(2) The Board and management have not corrected deficiencies that led to the 2015 Order within an appropriate timeframe. In addition, the Board and management have not corrected previously identified unsafe or unsound practices, such as the Bank's deficient asset quality, weak credit risk management, weak audit and internal controls, and deficient earnings and capital, and the Board did not adopt and implement comprehensive corporate governance policies, which has resulted in unsafe or unsound practices, violations of law and regulation, and conflict of interest with affiliate relationships.

### **ARTICLE III**

#### **COMPLIANCE COMMITTEE**

(1) Effective as of the date of this Order, the Board shall appoint a Compliance Committee of at least five (5) directors, of which no more than one (1) shall be an employee of the Bank or any of its affiliates (as the term "affiliate" is defined in 12 U.S.C. § 371c(b)(1)). Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be submitted in writing to the Director for 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 meet at least monthly.

(3) Within forty-five (45) days of the date of this Order and monthly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the action needed to achieve compliance with each Article of this Order, Bank personnel responsible for implementing the corrective actions, and 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, on a quarterly basis, to the Director within ten (10) days of receiving such report or within such other time period as the Director may require in writing.

#### **ARTICLE IV**

##### **CAPITAL AND STRATEGIC PLAN**

(1) The Bank shall achieve and thereafter maintain the following minimum capital ratios (as defined in 12 C.F.R. 3):

- (a) Tier 1 capital to adjusted total asset ratio at least equal to eight percent (8%); and
- (b) Tier 1 risk-based capital ratio at least equal to eleven percent (11%).

(2) The requirement in this Order to meet and maintain a specific capital level means that the Bank is not to 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(c)(1)(v).

(3) Within thirty (30) days of the date of this Order, the Board shall forward to the Director for review and written determination of no supervisory objection, a written Capital and Strategic Plan for the Bank covering at least a two-year period.

(4) The Bank’s capital planning process shall be consistent with safe and sound practices and ensure the integrity, objectivity, and consistency of the process through adequate

governance. Refer to the “Capital and Dividends” booklet of the *Comptroller’s Handbook* for guidance. The internal capital planning process shall ensure the Bank maintains capital adequacy relative to its risk profile, which shall in no event be less than the requirements of paragraph (1) of this Article. The Board must document, review, and update the capital planning process at least annually or more frequently if requested by the Director in writing.

(5) The Capital and Strategic Plan shall establish objectives for the Bank’s 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 establishing strategic goals and objectives;
- (b) the Bank’s strategic goals and objectives, 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 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;
- (e) a financial forecast, to include projections for major balance sheet and income statement accounts, targeted financial ratios, and growth projections over the period covered by the Strategic Plan;
- (f) a description of the assumptions used to determine financial projections and growth targets;

- (g) an evaluation of the Bank's internal operations, staffing requirements, salary and related compensation, board and management information systems, and policies and procedures for their adequacy and contribution to the goals and objectives established in the Strategic Plan;
- (h) specific actions to improve Bank earnings and overall financial condition;
- (i) assigned responsibilities and accountability for the strategic planning process; and
- (j) description of systems and metrics to monitor the Bank's progress in meeting the Capital and Strategic Plan's goals and objectives.

(6) If the Board's Capital and Strategic Plan includes a proposed sale or merger of the Bank, the Capital and Strategic Plan shall, at a minimum, address the steps and the associated timeline to implement the sale or merger.

(7) Prior to adoption by the Board, a copy of the Capital and 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 implement and ensure adherence to the Capital and Strategic Plan and any amendments or revisions thereto. The Board shall review and update the Bank's Capital and Strategic Plan on an annual basis; more frequently if warranted or if requested by the Director in writing. Copies of the reviews shall be submitted to the Director. Revisions to the Capital and Strategic Plan shall be submitted to the Director for a prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection to the revised Capital and Strategic Plan from the

Director, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall implement and adhere to the Capital and Strategic Plan.

(8) The Bank may not initiate any action that deviates significantly from the Capital and Strategic Plan 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 Capital and 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 Capital and Strategic Plan.

(9) At least quarterly, the Board shall prepare a written evaluation of the Bank's performance against the Capital and Strategic Plan that includes 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.

(10) If the Bank fails to maintain the level of capital required by paragraph (1) of this Article or fails to implement the Capital and Strategic Plan to which the Director has provided a written determination of no supervisory objection, then the Bank may, at the Director's sole discretion, be deemed to be undercapitalized for purposes of this Order and 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 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 Tier 1 capital to the minimum levels 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 V**

### **ACCURATE BOOKS AND RECORDS**

(1) Effective immediately upon the issuance of this Order, the Bank, subject to Board oversight, shall ensure:

- (a) the Bank’s books and records are maintained in compliance with Generally Accepted Accounting Principles (“GAAP”) and are consistent with safe and sound banking practices, including but not limited to ensuring all assets are accounted for in accordance with GAAP and appropriate adjustments are made as required by any written communication from the OCC; and
- (b) the Bank timely files complete and accurate Consolidated Reports of Condition and Income (“Call Reports”) in accordance with the Federal Financial Institutions Examination Council’s “Instructions for Preparation of Consolidated Reports of Condition and Income,” and submits a copy of all adjustments to Call Reports to the Director upon re-filing the Call Report.

(2) The Board shall ensure adherence to written policies and procedures to ensure that all regulatory reports filed by the Bank are accurate. A copy of all written policies and procedures developed as a result of this article must be readily accessible for OCC review.



## ARTICLE VI

### **CORPORATE GOVERNANCE AND CONFLICTS OF INTEREST**

(1) Effective as of the date of this Order, the Board shall adopt, implement and thereafter adhere to policies and procedures that require detailed minutes of all Board and committee meetings to include at a minimum:

- (a) all topics and matters discussed;
- (b) deliberations, including indications by members of support, dissention, or abstention of all topics and matters; and
- (c) records of all votes taken, including a record of directors dissenting or abstaining from specific actions.

(2) Within forty-five (45) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written, comprehensive conflict of interest policy applicable to the Bank's directors, principal shareholders, executive officers, affiliates, and employees (Insiders) and related interests of such Insiders. Refer to the "The Directors Book: Role of Directors for National Banks and Federal Savings Associations" (July 2016) and "Corporate and Risk Governance" booklet of the *Comptroller's Handbook* for guidance. In addition to defining a conflict of interest, the policy shall address and include:

- (a) avoidance of conflicts of interest and breaches of fiduciary duty, and the appearance of conflicts of interest;
- (b) disclosure of actual and potential conflicts of interest to the Board, and periodic disclosure of "related interests" as defined by 12 C.F.R. Part 215;
- (c) requirements for arms-length dealing in any transactions by Insiders, or their related organizations, involving the Bank's sale, purchase, or rental of

property and services;

- (d) measures to maintain the Bank's separate corporate identity from any associated companies or third parties providing services to the Bank;
- (e) development and implementation of policies, procedures, controls, and documentation regarding the contracts for services and payment of invoices to third-party vendors or consultants of the Bank; and
- (f) development and implementation of policies, procedures, controls, and documentation regarding extensions of credit to any persons or companies conducting business or providing services to the Bank to include: (i) disclosure in the credit approval file of the borrower(s) relationship with the Bank and/or the Bank's insiders, and an analysis and documentation in the credit approval file that the transaction was at arms length and conformed to the Bank's written credit underwriting policies;

(3) Within sixty (60) days, the Compliance Committee shall conduct a review of the Bank's existing relationships with directors, executive officers, affiliates, principal shareholders, employees and their related interests for the purpose of identifying relationships not in conformity with the policy. The Board shall ensure that:

- (a) any nonconforming relationships are brought into conformity with the policy within ninety (90) days; and
- (b) that within ninety (90) days the Bank is properly reimbursed for any excess or improper payments to Insiders and their related interests, associated companies, or related organizations; and

(4) Thereafter, the Board shall review all proposed transactions, or modifications of

existing relationships, between the Bank and any of its directors, executive officers, affiliates, principal shareholders, employees and their related interests. Documentation supporting these reviews, including determination that the transaction is advantageous to the Bank, shall be in writing and preserved in the Bank.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policy developed pursuant to this Article. A copy of the written policy shall be readily accessible for review by the OCC.

## **ARTICLE VII**

### **BOARD TO HIRE AND ENSURE COMPETENT MANAGEMENT**

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

(2) On an annual basis, the Board (with the exception of any Bank executive officers) shall prepare a written assessment of the capabilities of the Bank's executive officers to perform present and anticipated duties, taking into account the findings contained in the most recent Report of Examination, and in any subsequent Report of Examination, and factoring in the officer's past performance, experience, and qualifications, compared to their position description, duties and responsibilities, with particular emphasis on their responsibilities for effective management, supervision and correcting the concerns raised in any Report of Examination.

(3) If the Board determines that an executive officer's performance, skills or abilities need improvement, the Board will, within thirty (30) days following its determination, require the Bank to develop and implement a written program, with specific time frames, to improve the

officer's performance, skills, and abilities. Upon completion, a copy of the written program shall be submitted to the Director.

(4) If an executive officer position becomes vacant or if the Board determines from the written assessment performed pursuant to paragraph (2) of this Article that an executive officer will not continue in his/her position, the Board shall within ninety (90) days of such vacancy or determination -- or within a period of greater than ninety (90) days if an extension is approved in writing by the Director -- identify and provide to the Director, pursuant to 12 CFR § 5.51, prior written notice of a qualified and capable candidate for the position who shall be vested with sufficient executive authority to ensure the Bank's compliance with this Order and the safe and sound operation of functions within the scope of that position's responsibility.

(5) Within ninety (90) days of this Order, the Board and management shall take steps to hire adequate and competent staff, ensure a robust training program is in place to train staff in performing their duties, and should, at least annually, evaluate the Bank's overall internal operations and staffing and address any deficiencies.

## **ARTICLE VIII**

### **CREDIT RISK MANAGEMENT**

(1) Within ninety (90) days of the date of this Order, the Bank shall adopt, implement, and thereafter ensure adherence to a credit underwriting and administration program (the "Credit Risk Management Program") to ensure the Bank obtains and analyzes credit and collateral information sufficient to identify, monitor, and report the Bank's credit risk, properly account for loans, and assign accurate risk ratings in a timely manner. The Credit Risk Management Program shall be consistent with safe and sound banking practices and at minimum shall include:

- (a) policies that address acceptable loan types, terms, concentration limits, and collateral requirements and exceptions;
- (b) a description of the types of credit information required from borrowers and guarantors prior to making a loan determination, including annual audited statements, interim financial statements, personal financial statements, and tax returns with supporting schedules;
- (c) procedures that require any extensions of credit are granted, by renewal or otherwise, only after obtaining the required credit information and adequately analyzing and documenting the borrower's and guarantor's global financial condition, including, but not limited to, cash flow, debt service requirements, contingent liabilities, liquidity condition, and sensitivity analysis in support of the credit decision;
- (d) procedures to identify and track all exceptions and efforts to mitigate or cure exceptions, including but not limited to financial, collateral, policy, and underwriting exceptions. The number of loans with exceptions, and their aggregate dollar value, shall be reported to the Board on a monthly basis. The Board shall establish aggregate exception level limits. The Bank shall consider each loan officer's exceptions in conducting periodic performance reviews and compensation decisions;
- (e) policies and procedures to ensure internal risk ratings of credit relationships, as assigned by responsible loan officers and by any independent loan reviewer, are timely, accurate and consistent with the Bank's Credit Risk Management Program. Refer to the "Rating Credit

Risk” booklet of the *Comptroller’s Handbook* and OCC Bulletin 2000-20, “Uniform Retail Credit Classification and Account Management Policy” for guidance;

- (f) procedures for the identification of, and accounting treatment for, nonaccrual loans that are consistent with the accounting requirements contained in the appropriate FFIEC Instructions for Preparation of Consolidated Reports of Condition and Income;
- (g) establishment and adherence to individual workout plans designed to protect the Bank’s interest in or eliminate the basis of criticism of assets criticized in a Report of Examination, or by any internal or external loan review, or in any list provided to management by the OCC;
- (h) policies and procedures for underwriting and monitoring loan participations (refer to “Purchase of Loans In Whole or In Part – Participations,” Banking Circular 181 (REV), for guidance);
- (i) specific assignment of responsibility and accountability over the credit administration process to ensure the Credit Risk Management Program developed pursuant to this Article is effectively implemented;
- (j) annual risk-based reviews of commercial lending relationships greater than \$500,000 to support or revise risk ratings;
- (k) an independent loan review process reporting directly to the Board;
- (l) a concentration management program for identifying, monitoring, and controlling risks associated with asset and liability concentrations, including off-balance sheet commitments. Refer to the “Concentrations of

Credit” booklet of the *Comptroller’s Handbook* and OCC Bulletin 2012-33, “Community Bank Stress Testing” for guidance; and

- (m) related management information systems and Board reporting sufficient to document the credit risk of the Bank.

## **ARTICLE IX**

### **AUDIT PROGRAM**

(1) Within forty-five (45) days of the effective date of this Order, the Bank shall develop and the Board shall adopt a comprehensive, written internal audit program that adequately assesses controls and operations and reports any deficiencies in the Bank’s internal controls system (“Internal Audit Program”) to the Board and management. Upon adoption, Bank management, subject to Board review and ongoing monitoring, shall immediately implement and adhere to the Internal Audit Program and any amendments or revisions thereto.

(2) Management shall ensure the Internal Audit Program’s compliance with the standards for internal audit systems set forth in Section II.B of the Interagency Guidelines Establishing Standards for Safety and Soundness, Appendix A to 12 C.F.R. Part 30. Refer to the “Internal and External Audits” booklet of the *Comptroller’s Handbook* for guidance. The Internal Audit Program shall incorporate standards of safety and soundness that are commensurate with the Bank’s size, complexity, scope of activities, and risk profile and shall, at a minimum:

- (a) require an internal audit plan that is risk-based and provides adequate audit scope, coverage, and frequency for all areas of the Bank, with annual documented Board approval of the internal audit plan and Board notification of any material variance from the plan;

- (b) address the use of third parties to complete any internal audit activities, including documented Board approval of selection and termination of third parties; refer to OCC Bulletin 2013-29, “Third-Party Relationships: Risk Management Guidance” for guidance;
- (c) evaluate the reliability, adequacy, and effectiveness of the Bank’s internal controls system, whether operated by the Bank or a third party;
- (d) evaluate whether the Bank’s internal controls system results in prompt and accurate recording of transactions and proper safeguarding of assets;
- (e) determine whether the Bank complies with laws and regulations and adheres to its established policies, procedures, and processes;
- (f) determine whether management is taking appropriate and timely steps to address control deficiencies and audit report recommendations, that the progress of such steps is adequately validated, documented, and tracked, and that such progress is reported to the Board on at least a monthly basis;
- (g) require all internal audit reports to be in writing and distributed directly, not through any intervening party, to the Board in a timely manner after audit completion; and
- (h) require audit work papers and documentation that provide a meaningful audit trail and validation for audit findings, conclusions, and recommendations.

(3) The Board shall provide effective oversight of the Internal Audit Program, including:



- (a) adequately staffing the internal audit function, using internal resources and/or third parties, with respect to both the number of auditors required and their knowledge, skills, and experience;
- (b) verifying the internal audit function is independent and objective. The person responsible for implementing the Internal Audit Program shall functionally report directly to the Board, which shall direct his or her activities, set compensation, and evaluate performance;
- (c) verifying management's actions to address material weaknesses in a timely manner and, where appropriate, directing management to take additional action; and
- (d) verifying management adheres to statutory, regulatory, and supervisory requirements.

(4) The internal 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 internal audit staff and any third parties providing internal audit services.

(5) Within thirty (30) days following the Board's adoption of the Internal Audit Program, the Bank shall forward a copy of the program to the Director.

(6) The Board shall review the effectiveness of the Internal Audit Program at least annually, and more frequently if necessary or if required by the Director in writing, and, if necessary, revise the program. Within thirty (30) days following the Board's adoption of any revisions to the Internal Audit Program, the Bank shall forward a copy of the revised program to the Director.

## ARTICLE X

### ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) By October 30, 2020, the Board shall adopt, implement, and thereafter, ensure adherence to safe and sound written policies and procedures for maintaining an adequate allowance for loan and lease losses (“ALLL”). The Board shall ensure the policies and procedures establish loss reserves in accordance with GAAP. Refer to OCC Bulletin 2006-47, “Interagency Policy Statement on the Allowance for Loan and Lease Losses”; OCC Bulletin 2001-37, “Policy Statement on Allowance for Loan and Lease Losses Methodologies and Documentation for Banks and Savings Institutions”; and the “Allowance for Loan and Lease Losses,” booklet of the *Comptroller’s Handbook* for guidance. The policies and procedures shall at a minimum include the following:

- (a) a determination of whether a loan is impaired and measuring the amount of impairment, consistent with Accounting Standards Codification (“ASC”) 310-10 (Receivables - Overall - Subsequent Measurement – Impairment);
- (b) a segmentation of the loan portfolio and estimating losses on groups of loans that are consistent with ASC 450-20 (Loss Contingencies);
- (c) a validation of the ALLL methodology;
- (d) support for each of the qualitative factor adjustments and impairment analysis calculations included in the written analysis;
- (e) a description of the individuals responsible and methodology used to determine the ALLL;
- (f) a process for ensuring that the estimation of credit losses considers the

relevant qualitative and environmental factors, with particular focus on the following:

- (i) trends in internal risk ratings and delinquent and nonaccrual loans;
  - (ii) results of the Bank's independent loan review;
  - (iii) concentrations of credit in the Bank;
  - (iv) present and prospective economic conditions; and
  - (v) experience of the Bank's lending staff;
- (g) a review on at least a quarterly basis, to determine the adequacy of the ALLL. The Board shall maintain written documentation indicating the factors considered and conclusions reached in its review; and
- (h) a summary with supporting documentation for the Board's prior review and approval of the ALLL amount to be reported in the Call Report.

## **ARTICLE XI**

### **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 Report of Examination or brought to the Board or Bank's attention in writing by management, regulators, auditors, loan review, or other compliance efforts. Within thirty (30) days after the violation is cited or brought to the Board or Bank's attention, the Board shall provide to the Director a plan to correct the violation by a specific date.

(2) The monthly progress reports required by Article III of this Order shall include the date and manner in which each correction has been effected during that reporting period.

(3) Within sixty (60) days of the date of this Order and thereafter within sixty (60) days of receipt of a Report of Examination, 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 cited in the most recent Report of Examination and any future Report of Examination or any supervisory or regulatory communication; and
- (b) written procedures addressing compliance management that incorporate internal controls systems and education of employees regarding laws, rules, and regulations applicable to their areas of responsibility.

## **ARTICLE XII**

### **GENERAL BOARD RESPONSIBILITIES**

(1) The Board shall ensure that the Bank has timely adopted and implemented all corrective actions required by this Order, and shall verify that the Bank adheres to the corrective actions and they are effective in addressing the Bank's deficiencies that resulted in this Order.

(2) In each instance in which this Order impose responsibilities upon the Board, it is intended to mean that the Board shall:

- (a) authorize, direct, and adopt corrective actions on behalf of the Bank as may be necessary to perform the obligations and undertakings imposed on the Board by this Order;
- (b) ensure that the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Order;
- (c) require that Bank management and personnel have sufficient training and

authority to execute their duties and responsibilities pertaining to or resulting from this Order;

- (d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Order;
- (e) require appropriate, adequate, and timely reporting to the Board by Bank management of corrective actions directed by the Board to be taken under the terms of this Order; and
- (f) address any noncompliance with corrective actions in a timely and appropriate manner.

### **ARTICLE XIII**

#### **WAIVERS**

- (1) The Bank, by executing and consenting to this Order, waives:
  - (a) any and all rights to the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818;
  - (b) any and all procedural rights available in connection with the issuance of this Order;
  - (c) any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818 and 12 C.F.R. Part 109;
  - (d) any and all rights to seek any type of administrative or judicial review of this Order;
  - (e) any and all claims for fees, costs, or expenses against the OCC, or any of its officers, employees, or agents related in any way to this enforcement matter or this Order, whether arising under common law or under the

terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412;

- (f) any and all rights to assert this proceeding, the consent to and/or the issuance of this 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
- (g) any and all rights to challenge or contest the validity of this Order.

#### **ARTICLE XIV**

##### **OTHER PROVISIONS**

(1) As a result of this Order, the Bank is in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(7)(ii), unless otherwise informed in writing by the OCC. In addition, as a result of this Order, the Bank is not an “eligible savings association” for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the OCC.

(2) This Order supersedes all prior OCC communications issued pursuant to 12 C.F.R. §§ 5.3(g)(5), 5.51(c)(7)(ii).

#### **ARTICLE XV**

##### **CLOSING**

(1) This Order is a settlement of the cease and desist proceeding against the Bank contemplated by the OCC, based on the unsafe or unsound practices and violations of law described in the Comptroller’s Findings set forth in Article II of this Order. The OCC releases and discharges the Bank from all potential liability for a cease and desist order that has been or might have been asserted by the OCC based on the practices described in Article II of this

Order, to the extent known to the OCC as of the effective date of this Order. Nothing in this Order, however, shall prevent the OCC from:

- (a) instituting enforcement actions other than a cease and desist order against the Bank based on the Comptroller's Findings set forth in Article II of this Order, including but not limited to a civil money penalty based on noncompliance with the 2015 Order;
- (b) instituting enforcement actions against the Bank based on any other findings;
- (c) instituting enforcement actions against institution-affiliated parties (as defined by 12 U.S.C. § 1813(u)) based on the Comptroller's Findings set forth in Article II of this Order, or any other findings, including but not limited to a civil money penalty based on noncompliance with the 2015 Order; or
- (d) utilizing the Comptroller's Findings set forth in Article II of this Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

(2) Nothing in this Order is a release, discharge, compromise, settlement, dismissal, or resolution of any actions, or in any way affects any actions that may be or have been brought by any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice.

(3) This Order is:

- (a) a "cease-and-desist order issued upon consent" within the meaning of 12 U.S.C. § 1818(b);

- (b) a “cease-and-desist order which has become final” within the meaning of 12 U.S.C. § 1818(e);
- (c) an “order issued with the consent of the depository institution” within the meaning of 12 U.S.C. § 1818(h)(2);
- (d) an “effective and outstanding . . . order” within the meaning of 12 U.S.C. § 1818(i)(1); and
- (e) a “final order” within the meaning of 12 U.S.C. § 1818(i)(2) and (u).

(4) This Order is effective upon its issuance by the OCC, through the Comptroller’s duly authorized representative. Except as otherwise expressly provided herein, all references to “days” in this Order shall mean calendar days and the computation of any period of time imposed by this Order shall not include the date of the act or event that commences the period of time.

(5) The provisions of this Order shall remain effective except to the extent that, and until such time as, such provisions are amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller’s duly authorized representative. If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of this Order, or within any plan or program submitted pursuant to this Order, the Board or a Board-designee shall submit a written request to the Director asking for relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with the relevant provision(s) of the Order or plan or program submitted pursuant to this Order, and shall be accompanied by relevant supporting documentation. The OCC’s decision concerning a request submitted pursuant to this paragraph, which will be communicated to the Board in writing, is final and not subject to further review.



(6) The Bank will not be deemed to be in compliance with this Order until it has adopted, implemented, and adhered to all of the corrective actions set forth in each Article of this Order; the corrective actions are effective in addressing the Bank's deficiencies; and the OCC has verified and validated the corrective actions. An assessment of the effectiveness of the corrective actions requires sufficient passage of time for the Bank to demonstrate the sustained effectiveness of the corrective actions.

(7) This Order is not a contract binding on the United States, the United States Treasury Department, the OCC, or any officer, employee, or agent of the OCC and neither the Bank nor the OCC intends this Order to be a contract.

(8) Each citation, guidance, or issuance referenced in this Order includes any subsequent citation, guidance, or issuance that replaces, supersedes, amends, or revises the referenced cited citation, guidance, or issuance.

(9) This Order applies to the Bank and all its subsidiaries.

(10) No separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to consent to the issuance of this Order.

(11) All reports, plans, or programs submitted to the OCC pursuant to this Order shall be forwarded, by email, to the Director, with a copy to the OCC Examiner in Charge.

(12) 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.

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

//s// Digitally Signed, Dated: 2020.09.18 13:54:29 -05'00'

Thomas Herslebs

Acting Director for Special Supervision

**IN TESTIMONY WHEREOF**, the undersigned, as the duly elected and acting Board of Directors of GN Bank, Chicago, Illinois have hereunto set their signatures on behalf of the Bank.

<u>/s/</u> Francis Baffour	<u>September 17, 2020</u> Date
<u>/s/</u> George T. Bonds	<u>9-17-20</u> Date
<u>/s/</u> James L. Buckner	<u>9/17/20</u> Date
<u>/s/</u> Donald Davidson, Sr.	<u>9/17/2020</u> Date
<u>/s/</u> Lisa L. Finch	<u>9/17/2020</u> Date
<u>/s/</u> William C. Goodall	<u>9/17/20</u> Date
<u>/s/</u> Yvonne Nduom	<u>September 17, 2020</u> Date
<u>/s/</u> Papa Kwesi Nduom	<u>September 17, 2020</u> Date