

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

In the Matter of:

Clear Fork Bank, N.A.
Albany, Texas

AA-ENF-2024-82

CONSENT ORDER

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) has supervisory authority over Clear Fork Bank, N.A., Albany, Texas (“Bank”);

WHEREAS, the OCC intends to initiate cease-and-desist proceedings against the Bank pursuant to 12 U.S.C. § 1818(b) and (s), through the issuance of a Notice of Charges, for violating 12 C.F.R. §§ 21.21 and 21.11 (see also 31 C.F.R. § 1020.210 and 31 U.S.C. § 5318(h)(1); and 31 C.F.R. § 1020.320); engaging in unsafe or unsound practices; and failing to correct previously reported problems in violation of 12 U.S.C. § 1818(s);

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”), 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 national banking association within the meaning of 12 U.S.C. § 1813(q)(1)(A), and is chartered and examined by the OCC. *See* 12 U.S.C. § 1 *et seq.*

(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) Throughout at least 2022 and 2023, the Bank failed to implement a Bank Secrecy Act/anti-money laundering (“AML”) compliance program reasonably designed to assure and monitor 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, and 12 C.F.R. Part 21, Subparts B and C (collectively referred to as the “Bank Secrecy Act” or “BSA”).

(2) As of the most recent examination as of June 30, 2023, the Bank had failed both to correct a problem with its BSA/AML compliance program previously reported to the Bank by the OCC and achieve compliance with requirements in its 2021 Formal Agreement with the OCC concerning the Bank’s BSA/AML compliance program involving Customer Due Diligence and suspicious activity monitoring and identification.

(3) Since at least October 2022, the Bank failed to adequately monitor suspicious

activity and file suspicious activity reports (“SARs”) as required pursuant to 12 C.F.R. § 21.11 (see also 31 C.F.R. § 1020.320).

(4) The Bank engaged in unsafe or unsound practices, including those related to BSA/AML and oversight of third-party payment processor accounts.

ARTICLE III

COMPLIANCE COMMITTEE

(1) By October 15, 2024, the Board shall appoint a Compliance Committee of at least three (3) members of which a majority shall be directors who are not employees or officers of the Bank or any of its subsidiaries or affiliates. The Board shall submit in writing to the Assistant Deputy Comptroller the names of the members of the Compliance Committee within ten (10) days of their appointment. In the event of a change of the membership, the Board shall submit in writing to the Assistant Deputy Comptroller within ten (10) days the name of any new or resigning committee member. The Compliance Committee shall monitor and oversee the Bank’s compliance with the provisions of this Order. The Compliance Committee shall meet at least quarterly and maintain minutes of its meetings.

(2) By January 30, 2025, and thereafter within thirty (30) days after the end of each quarter, the Compliance Committee shall submit to the Board a written progress report setting forth in detail:

- (a) a description of the corrective actions needed to achieve compliance with each Article of this Order;
- (b) the specific corrective actions undertaken to comply with each Article of this Order; and
- (c) the results and status of the corrective actions.

(3) Upon receiving each written progress report, the Board shall forward a copy of the report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of the first Board meeting following the Board's receipt of such report.

ARTICLE IV

BANK SECRECY ACT

(1) Within sixty (60) days of the date of this Order, the Board shall review, revise, and thereafter ensure Bank adherence to its written program of policies and procedures to provide for compliance with the BSA. The program shall include, but not be limited to:

- (a) all corrective actions identified in the ROE (as defined in the February 2021 Formal Agreement) as necessary to address Customer Due Diligence ("CDD")/Enhanced Due Diligence and third-party risk management of third-party payment processors; and
- (b) processes to evaluate BSA/AML compliance risks posed by new business lines and new and modified products and services and to implement controls to manage such risks before entering into new business lines and offering new and modified products and services.

ARTICLE V

SUSPICIOUS ACTIVITY IDENTIFICATION, EVALUATION, AND REPORTING

(1) Within sixty (60) days of the date of this Order, the Board shall adopt a written suspicious activity monitoring and reporting program to ensure the timely and appropriate identification, review, and disposition of unusual activity, and the filing of SARs consistent with 12 C.F.R. § 21.11 (see also 31 C.F.R. § 1020.320) ("Suspicious Activity Review Program"). Refer to the *FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual*: "Suspicious

Activity Report – Overview” (Rev. Feb. 2015).

- (2) The Bank’s Suspicious Activity Review Program shall include, at a minimum:
 - (a) procedures for identifying, evaluating, and reporting suspicious activity, known or suspected violations of Federal law, violations of the BSA, terrorist financing and other illicit financial activity, or suspicious transactions related to potential money laundering activity across all lines of business, including suspicious activity relating to the opening of new accounts, the monitoring of current accounts, and transactions through the Bank;
 - (b) standards for dispositioning different types of alerts that are reasonable, communicated in writing to relevant staff, and are adhered to by Bank staff;
 - (c) requirements for the BSA Department staff to consider appropriate CDD information when conducting alert reviews and suspicious activity investigations;
 - (d) requirements for the maintenance of adequate documentation to support the disposition of alerts and case investigations;
 - (e) procedures for an effective SAR decision-making process that require documenting individual decisions on whether to file SARs and key facts supporting each decision not to file a SAR;
 - (f) procedures to ensure SARs are filed timely, completely, and accurately, with a sufficient description of the suspicious activity and the basis for filing;

- (g) procedures for reporting continuing suspicious activity and when to escalate issues or problems to the Board or Bank management identified as the result of repeat SAR filings on customers or accounts;
- (h) ensuring that monitoring systems apply appropriate rules, thresholds, and filters for monitoring transactions, accounts, customers, products, services, and geographic areas commensurate with the Bank's BSA/AML risk profile; and
- (i) processes for ongoing, risk-based independent validation of alert triggers, parameters, and other settings, including factors for developing a customer risk profile.

(3) Upon adoption of the Suspicious Activity Review Program, Bank management, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Suspicious Activity Review Program and any amendments thereto. The Board shall review the effectiveness of the Bank's Suspicious Activity Review Program at least annually, and more frequently if necessary or if required by the OCC in writing, and amend the Bank's Suspicious Activity Review Program as needed or directed by the OCC.

ARTICLE VI

SUSPICIOUS ACTIVITY REVIEW LOOK-BACK

(1) Within forty-five (45) days of the date of this Order, the Bank shall submit to the Assistant Deputy Comptroller, for review and prior written determination of no supervisory objection, a written plan to conduct a review and provide a written report on the Bank's suspicious activity monitoring, investigation, decisioning, and reporting of third-party payment processor accounts ("SAR Look-Back"). The submission shall include a proposed scope and

timeline for completion of the SAR Look-Back that address the requirements of paragraphs (2) and (3) of this Article.

(2) The purpose of the SAR Look-Back is to determine whether SARs should be filed for any previously unreported suspicious activity, including cases in which the BSA Officer or staff identified suspicious activity but failed to adequately support a decision not to file a SAR; and to review the quality and accuracy of previous SAR filings to determine whether corrections or amendments are necessary to ensure that the suspicious activity identified was accurately reported in accordance with 12 C.F.R. § 21.11.

(3) The scope of the SAR Look-Back shall include a review of the following from October 1, 2022 to January 5, 2024:

- (a) activity flowing through the Bank's third-party payment processor portfolio;
- (b) merchant accounts not provided to the third party hired by the Bank as part of its review of activity; and
- (c) SARs filed at any time on activity flowing through the Bank's third-party payment processor portfolio to ensure filing was accurate and completed according to proper SAR filing procedures.

(4) Within sixty (60) days of completion of the SAR Look-Back, the Bank shall provide the Board and the Assistant Deputy Comptroller with a written report that addresses:

- (a) the analytical techniques, tools, methodologies, factors, and other considerations used in conducting the SAR Look-Back;
- (b) the process used for investigating customers, accounts, and transactions;
- (c) the number and types of customers, accounts, and transactions reviewed;

- (d) a list of the customers, accounts, and transactions that require additional investigation;
- (e) a list of any SARs that the Bank should file for any previously unreported suspicious activity;
- (f) a list of previously filed SARs that the Bank should correct or amend;
- (g) a list of customers, accounts, and transactions where, contrary to the conclusions of the SAR Look-Back, the Bank determined not to file a SAR or to amend existing SAR filings, and the reasons provided for that decision; and
- (h) any corrective actions that the Bank will take as a result of the SAR Look-Back.

(5) All supporting materials and work papers associated with the SAR Look-Back shall be made available to the OCC upon written request.

(6) Based upon the results of the SAR Look-Back, the OCC, in its sole discretion, may expand the scope of the SAR Look-Back, either in terms of the subjects to be addressed, or the time period(s) to be covered, or both (“Supplemental SAR Look-Back”). The Supplemental SAR Look-Back shall be carried out in a manner consistent with other requirements of this Article.

ARTICLE VII

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 imposes 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 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 VIII

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 19;
- (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 these proceedings, the consent to and/or the issuance of this Order, as the basis for a claim of double jeopardy in any pending or future proceedings 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 IX

OTHER PROVISIONS

- (1) As a result of this Order, the Bank is not:
 - (a) precluded from being treated as an “eligible bank” for the purposes of 12 C.F.R. Part 5, unless the Bank fails to meet any of the requirements contained in subparagraphs (1) – (4) of 12 C.F.R. § 5.3, Definitions,

Eligible bank or eligible savings association, or is otherwise informed in writing by the OCC;

- (b) subject to the restrictions in 12 C.F.R. § 5.51 requiring prior notice to the OCC of changes in directors and senior executive officers or the limitations on golden parachute payments set forth in 12 C.F.R. Part 359, unless the Bank is otherwise subject to such requirements pursuant to 12 C.F.R. § 5.51(c)(7)(i) and (iii); and
- (c) precluded from being treated as an “eligible bank” for the purposes of 12 C.F.R. Part 24, unless the Bank fails to meet any of the requirements contained in 12 C.F.R. § 24.2(e)(1)-(3) or is otherwise informed in writing by the OCC.

(2) This Order supersedes all prior OCC communications issued pursuant to 12 C.F.R. §§ 5.3, 5.51(c)(7)(ii), and 24.2(e)(4).

ARTICLE X

CLOSING

(1) This Order is a settlement of the cease-and-desist proceedings 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 and violations described in Article II of this Order, to the extent known to the OCC as of the effective date of this Order. The OCC expressly reserves its right to assess civil money penalties or take other enforcement actions if the OCC determines that the Bank has continued, or failed to correct, the practices and violations

described in Article II of this Order or that the Bank otherwise is violating or has violated this Order.

- (2) Nothing in this Order 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;
 - (b) instituting enforcement actions against the Bank based on any other findings, including if the OCC determines that the Bank has continued, or failed to correct, the practices and violations described in Article II of this Order or that the Bank otherwise is violating or has violated this Order;
 - (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; 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.

(3) 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.

- (4) 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).

(5) 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.

(6) 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, the Board or a Board-designee shall submit a written request to the Assistant Deputy Comptroller asking for the desired relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the circumstances that warrant the desired relief or prevent the Bank from complying with the relevant provision(s) of the 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.

(7) 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.

(8) 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.

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

(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, via email, to the Assistant Deputy Comptroller

(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: 2024.10.08

Grant Rada
Assistant Deputy Comptroller
Dallas/Fort Worth Office

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of Clear Fork Bank, N.A, have hereunto set their signatures on behalf of the Bank.

<u>/s/</u>	<u>10-08-24</u>
Robert Arnot	Date
<u>/s/</u>	<u>10-8-24</u>
Tim Cooper	Date
<u>/s/</u>	<u>10/8/24</u>
Julie Jones Jarvis	Date
<u>/s/</u>	<u>10-8-24</u>
Jon Rex Jones	Date
<u>/s/</u>	<u>10/08/24</u>
Stephen M. Jones	Date
<u>/s/</u>	<u>10/08/2024</u>
Madeline Jones Kasch	Date
<u>/s/</u>	<u>10/8/2024</u>
J. Randall Palmore	Date
<u>/s/</u>	<u>10/08/2024</u>
Glenn A. Picquet	Date
<u>/s/</u>	<u>10/8/2024</u>
<u>/s/</u>	<u>10/8/24</u>
Anthony Sandoval	Date
<u>/s/</u>	<u>10-8-24</u>
K. Kevin Simmons	Date
<u>/s/</u>	<u>10/8/24</u>
C. Andrew Woodward	Date