

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

AND

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

SPRINGFIELD, ILLINOIS

_____)	
In the Matter of)	AMENDED
)	CONSENT ORDER
PLAZA BANK)	
NORRIDGE, ILLINOIS)	FDIC-10-682b
)	2010-DB-101a
(ILLINOIS CHARTERED)	
INSURED NONMEMBER BANK))	
_____)	

The Federal Deposit Insurance Corporation ("FDIC") and the State of Illinois Department of Financial and Professional Regulation, Division of Banking, ("Division"), issued a CONSENT ORDER ("ORDER") against Plaza Bank, Norridge, Illinois ("Bank"), dated January 13, 2011. The FDIC and the Division have determined that it is now necessary to amend the existing ORDER to address serious new conditions and circumstances.

The Bank, having already been advised of its rights to a NOTICE OF CHARGES AND OF HEARING detailing the additional unsafe and unsound banking practices alleged to have been committed by the Bank, and of its right to a hearing on those charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12

U.S.C. § 1818(b), and under 38 Ill. Adm. Code, § 392 et seq., regarding hearings before the Division and, having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN AMENDED CONSENT ORDER ("STIPULATION") with the representatives of the FDIC and the Division, dated May 2, 2013, whereby, solely for the purpose of this proceeding and without admitting or denying the additional charges of unsafe and unsound banking practices alleged, the Bank consented to the issuance of an AMENDED CONSENT ORDER ("AMENDED ORDER") by the FDIC and the Division.

The FDIC and the Division considered the matter and determined that the requirements for issuance of an amendment to an order under 12 U.S.C. § 1818(b) and Section 48 of the Illinois Banking Act, 205 ILCS 5/48, have been satisfied. The FDIC and the Division therefore accepted the STIPULATION and now **HEREBY ORDER** that the ORDER be and is hereby amended to require the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns, to take the following additional affirmative actions:

MANAGEMENT

1. During the life of this AMENDED ORDER, the Bank shall have and retain qualified management. Management shall be provided the necessary written authority to implement the

provisions of the ORDER and AMENDED ORDER. The qualifications of management shall be assessed on its ability to:

- (i) Comply with the requirements of the ORDER and AMENDED ORDER;
- (ii) Operate the Bank in a safe and sound manner;
- (iii) Comply with applicable laws, rules, and regulations; and
- (iv) Restore all aspects of the Bank to a safe and sound condition, including capital adequacy, asset quality, management effectiveness, earnings, liquidity, and sensitivity to interest rate risk.

RESTRICTIONS ON BANK PAYMENTS

2. (a) As of the effective date of this AMENDED ORDER, the Bank shall not make any payment, directly or indirectly, to or for the benefit of:

- (i) the Bank's holding company or any other Bank affiliate, or any Bank affiliate's shareholders, including immediate family members and related interests of shareholders; or
- (ii) third parties under contract or other agreement between the third party and the Bank's holding company or any other Bank affiliate, or any Bank affiliate's shareholders, including

immediate family members and related interests of
shareholders;

without the prior written authorization of the Bank's Board of
Directors ("**Bank Board**").

(b) Prior to granting authorization for any
payments as described in subparagraph (a) above, the Bank Board
shall determine that such payments are appropriate business
expenses of the Bank, that the Bank has derived a benefit or
value commensurate with the amount of payment or reimbursement,
that payments are consistent with law and regulation, safe and
sound banking practices and Bank policies, and that the Bank
Board has received appropriate documentation to support its
authorization for payment or reimbursement.

EXPENSE PAYMENT/REIMBURSEMENT PRACTICES

3. (a) Within sixty (60) days from the effective date of
this AMENDED ORDER, the Bank shall retain a bank consultant,
acceptable to the Regional Director of the FDIC's Chicago
Regional Office ("**Regional Director**") and the Division, for the
purpose of conducting a review of the Bank's expense payments
from January 1, 2011 through the date of this Amended Order.

(b) The consultant shall prepare a written report
that includes identification of all expenses, including but not
limited to, payments or reimbursements made by the Bank to, on
behalf of, or under contracts executed by Bank affiliates,

officers, directors, and employees of the Bank or its affiliates, and shareholders of the Bank's affiliates, their immediate family members, or related interests of these individuals and entities. The consultant's analysis of expenses paid or reimbursed shall specifically include a determination of whether or not the Bank received benefits or value commensurate with the amount of payment or reimbursement, and whether said payments or reimbursements were supported by appropriate written agreements, policies and procedures.

(c) The Bank shall provide the Regional Director and Division with a copy of the proposed engagement letter or contract with the consultant for review before it is executed. The contract or engagement letter, at a minimum, shall include:

- (i) A description of the work to be performed under the contract or engagement letter;
- (ii) The responsibilities of the consultant;
- (iii) Identification of the professional standards to be utilized by the consultant in the work to be performed;
- (iv) A description of the specific procedures the consultant will use in carrying out and completing its analysis within any applicable required timeframe;

(v) A description of the qualifications of the specific employee(s) of the consultant who will perform the work;

(vi) The agreed time frame for completion of the analysis;

(vii) A description of the restrictions, if any, imposed on use of the reported findings; and

(viii) A provision for unrestricted examiner access to consultant workpapers.

(d) All reports prepared by the consultant shall be submitted simultaneously to the Bank Board, the Regional Director and the Division. The reports shall be reviewed by each member of the Bank Board, with each director's review documented in the board minutes.

(e) Within thirty (30) days of receipt of any consultant report in which it is determined that prior expense payments by the Bank were inappropriate, the Bank Board shall ensure that reimbursement or restitution for the inappropriate payments is immediately sought on behalf of the Bank from the party or entity to whom the payments were made.

BANK EXPENSE POLICY

4. (a) Within ninety (90) days from the effective date of this AMENDED ORDER, the Bank shall formulate a revised written policy establishing clear, specific procedures for the

approval and payment or reimbursement of expenses to the Bank's affiliates and the Bank's and its affiliates' directors, officers, employees, shareholders, and related interests thereof. Upon completion, a copy of the written policy required by this paragraph shall be submitted to, and deemed to be acceptable by, the Regional Director and the Division. At a minimum, the policy shall include:

- (i) A provision requiring the Bank to determine, in advance of payment, that all proposed expense and/or reimbursement payments are fully compliant with the requirements of Federal Reserve Board Regulations 23A and 23B;
- (ii) Provisions which specify reasonable limitations for all categories of expenses related to customer entertainment and business development;
- (iii) Provisions requiring complete documentation for, and Bank Board pre-approval of, the payment of all expenses related to customer entertainment and business development; and
- (iv) Provisions prohibiting the payment or reimbursement of personal expenses for the Bank's, or its affiliates', directors, officers, and employees.

(b) While this AMENDED ORDER remains in effect, the Bank Board, or a committee of independent directors, shall conduct monthly reviews of all expenses submitted for payment by the Bank's, or its affiliates', officers and directors, with the results of these reviews recorded in the Bank Board minutes. The Bank Board shall ensure that the Bank seeks immediate reimbursement for any expenses paid by the Bank which are not in conformance with the policy established pursuant to this paragraph.

(c) Within thirty (30) days from the receipt of any comments from the Regional Director or the Division, and after adoption of any recommended changes, the Bank shall approve, implement, and follow the policy, which approval shall be recorded in the minutes of the Bank Board meeting at which approved.

REVISED CAPITAL PROVISION

5. As of the effective date of this AMENDED ORDER, Paragraph 4 of the original ORDER, CAPITAL, is hereby amended to add the following subparagraph: (d) Should the Bank be unable to reach the required capital levels within the time frames specified in subparagraph (a) of the ORDER, or be unable to maintain those levels, then within thirty (30) days of receipt of written direction from the Regional Director and the Division, the Bank shall develop, adopt, and implement a written

plan to sell or merge itself into another federally insured financial institution or to otherwise immediately obtain a sufficient capital investment into the Bank to fully meet the capital requirements of this paragraph. A copy of the plan required by this paragraph shall be submitted to, and determined to be acceptable by, the Regional Director and the Division.

CORRECTION OF VIOLATIONS

6. (a) Within ninety (90) days from the effective date of this AMENDED ORDER, the Bank shall eliminate and/or correct all violations of law, rule, and regulations cited in the Joint Report of Examination dated April 2, 2012 and the Bank Secrecy Act Examination Report dated June 4, 2012 ("Current ROE").

(b) To the extent the Bank believes a specific cited violation cannot be eliminated or corrected, the Bank shall provide a detailed written statement, acceptable to the Regional Director and the Division, explaining precisely why it is believed the specific violation cannot be corrected or eliminated.

(c) Within one-hundred-twenty (120) days from the effective date of this AMENDED ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws, rules, and regulations.

REVISED BSA/AML COMPLIANCE PROGRAM

7. (a) Within thirty (30) days from the effective date of this AMENDED ORDER, the bank shall develop, adopt, and implement a revised written Bank Secrecy Act/Anti-Money Laundering ("BSA/AML") compliance program which fully meets all applicable requirements of the Bank Secrecy Act, 31 U.S.C. §§ 5311-5330, and its implementing regulations including 12 C.F.R. Part 326, Subpart B, and 31 C.F.R Chapter X (hereafter collectively "**Bank Secrecy Act**" or "**BSA**"), and which is designed to, among other things, assure and maintain full compliance by the Bank with the Bank Secrecy Act and all implementing rules and regulations. The revised BSA/AML program revisions shall minimally include new and revised policies and procedures to fully address and correct all BSA/AML deficiencies noted in the Current ROE.

(b) Within thirty (30) days from the effective date of this AMENDED ORDER, the Bank shall complete an enhanced BSA/AML Risk Assessment to accurately identify and fully address the current risk profile of the Bank. This Risk Assessment shall be repeated annually thereafter, updated as necessary, and approved in writing each year by management.

(c) Within sixty (60) days from the effective date of this AMENDED ORDER, the Bank shall perform a staffing and organization analysis, incorporating findings of the risk assessment, to ensure the Bank has the proper resources assigned

to perform the duties associated with monitoring of BSA/AML activities along with oversight of the BSA/AML program.

(d) Within ninety (90) days from the date of this AMENDED ORDER, management shall identify, develop, and implement a BSA/AML data review process system that is capable of analyzing account relationships and aggregating in a timely manner same customer transactions that may consist of cash, wire transfers, official checks, ACH, deposit transfers, and check depositing/writing/cashing. The data review process system should be commensurate with the size, complexity, and BSA/AML risk profile of the institution and should, to the extent possible, allow the Bank to reduce its reliance on manual review and consolidation of reports necessary for the identification of transactions requiring Currency Transaction Reports ("CTRs") or Suspicious Activity Reports ("SARs").

(e) Within sixty (60) days from the effective date of this AMENDED ORDER, the Bank shall revise and expand its BSA/AML Policies, including the Customer Identification Policy ("CIP"), Money Service Business ("MSB") Policy, and High Risk Customer Policy. The policy revisions shall incorporate the findings of the enhanced risk assessment and the BSA/AML recommendations made in the Current ROE. Minimally, the policy revisions shall include provisions that:

- (i) Establish an adequate system of internal controls;
- (ii) Implement effective and comprehensive procedures to ensure all required CTRs are identified, reviewed, and appropriately filed;
- (iii) Implement effective and comprehensive monitoring procedures to aid in the identification of suspicious activity;
- (iv) Implement effective and comprehensive procedures for timely monitoring of wire transfer activity, ACH activity, and cross bank transactions;
- (v) Establish and identify roles and responsibilities for administering and monitoring compliance with policies, procedures, and regulations;
- (vi) Implement a process for risk rating existing customers and new customers;
- (vii) Establish transaction profiles to use as benchmarks for identifying unusual activity;
- (viii) Implement a process to timely review identified high risk customers or activity;
- (ix) Implement consistent documentation used for monitoring high risk customers;

- (x) Implement a tracking system for identifying stale documentation during the Customer Due Diligence/Enhanced Due Diligence ("CDD/EDD") review process;
- (xi) Implement a process to identify and document customer accounts that may be related to other high risk customer relationships; and
- (xii) Implement consistent documentation of risk assessments for all MSB accounts.

(f) Within sixty (60) days of the effective date of this AMENDED ORDER, the Bank shall review and approve a comprehensive plan for the expansion of the scope of independent review under the Bank's BSA program to be performed by either qualified employees of the internal audit department of the holding company or by a third party consultant approved by the FDIC and Division. The expanded scope of independent review shall minimally include review of all BSA/AML deficiencies cited and those areas specifically discussed in the Current ROE.

NOTIFICATION OF SHAREHOLDER

8. Following the effective date of this AMENDED ORDER, the Bank shall send to its shareholder a copy of this AMENDED ORDER: (1) in conjunction with the Bank's next shareholder communication; or (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting.

WRITTEN PROGRESS REPORTS

9. Within thirty (30) days of the end of each calendar quarter following the effective date of this AMENDED ORDER, the Bank shall furnish written progress reports to the Regional Director and the Division detailing the form and manner of actions taken to secure compliance with each provision of this AMENDED ORDER and the results thereof. These progress reports shall be in addition to the progress reports currently required by the original ORDER. The Bank shall also furnish such other reports as requested by the Regional Director and the Division. Such reports may be discontinued when the corrections required by this AMENDED ORDER and the original ORDER have been accomplished and the Regional Director and the Division have released, in writing, the Bank from making further reports. All progress reports and other written responses submitted to the Regional Director and Division shall be reviewed by the Bank's Board and made a part of the minutes of the applicable Board meeting.

CLOSING PARAGRAPHS

The effective date of this AMENDED ORDER shall be the date of issuance by the FDIC and the Division.

The provisions of this AMENDED ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this AMENDED ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC and the Division.

All provisions of the existing ORDER shall remain in full force and effect except as otherwise modified by this AMENDED ORDER.

Pursuant to delegated authority.

Dated: May 7, 2003.

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M. Anthony Lowe
Regional Director
Chicago Regional Office
Federal Deposit Insurance
Corporation

Manuel Flores
Acting Secretary
Illinois Department of
Financial and Professional
Regulation