

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	)	
	)	
MARSHALL COUNTY STATE BANK	)	CONSENT ORDER
VARNA, ILLINOIS	)	
	)	
(Illinois Chartered	)	FDIC-13-142b
Insured Nonmember Bank)	)	2013-DB-09
_____	)	

Marshall County State Bank, Varna, Illinois ("Bank"),  
having been advised of its right to a NOTICE OF CHARGES AND OF  
HEARING detailing the unsafe or unsound banking practices and  
violations of law or regulation alleged to have been committed  
by the Bank, and of its right to a hearing on the charges under  
section 8(b) of the Federal Deposit Insurance Act ("Act"), 12  
U.S.C. § 1818(b), and under 38 Ill. Adm. Code Part 392,  
regarding hearings before the Illinois Department of Financial  
and Professional Regulation, Division of Banking ("Division"),

and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER ("STIPULATION") with counsel for the Federal Deposit Insurance Corporation ("FDIC") and the Division dated April 12, 2013, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices or violations of law or regulation, the Bank consented to the issuance of a CONSENT ORDER ("ORDER") by the FDIC and the Division.

The FDIC and the Division considered the matter and decided to accept this STIPULATION.

Having also determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and Section 48(6), 205 ILCS 5/48(6) have been satisfied, the FDIC and the Division HEREBY ORDER that 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, take affirmative action as follows:

1. As of the effective date of this ORDER, the Bank shall cease operating all tax refund deposit products, ("TRDP") whether known as 'QIK Fund Products' or 'QIKs' or any product or mechanism which processes consumer tax refunds. The Bank shall sever its relationship with all third party tax preparers, third party tax processors, and electronic refund originators

("EROS"). The Bank shall promptly remit all tax refunds to consumers and pay all third party fees from refund proceeds received from the Internal Revenue Service and applicable state taxing authorities for tax returns initiated prior to 12:00 am on Friday, April 12, 2013.

2. As of the effective date of this Order, the Bank shall employ an accounting firm, acceptable to the Regional Director and the Division, to conduct a forensic audit of all deposit and general ledger accounts associated with the Bank's TRDP. The Bank shall provide a copy of its engagement letter and scope of the proposed forensic audit to the Regional Director and the Division prior to the commencement of the audit. The engagement letter shall contain a target completion date for the forensic audit.

3. As of the effective date of this ORDER the Bank shall not enter into any new line of business without the prior written consent of the Regional Director and the Division.

4. As of the effective date of this ORDER the Bank shall take all necessary steps to maintain adequate reserves for any potential charge backs or other liabilities arising from its third party tax processing.

5. Within five (5) business days from the effective date of this ORDER, the Bank shall develop, adopt and implement a

plan for assessing the adequacy of the reserve balances for liabilities arising from its TRDP and shall submit the plan to the Board, Regional Director, and Division within twenty-four (24) hours of implementation.

6. During each week this ORDER is in effect the Bank shall submit a report to the Board, Regional Director, and the Division, detailing the volume of charge back activity arising from its and the adequacy of the reserve balance. The report shall also identify the progress made on the forensic audit. The report shall be in a format acceptable to the Regional Director and the Division.

7. Within twenty (20) days from the date of this ORDER, the Bank shall send to its shareholder a copy of this ORDER.

8. Within thirty (30) days from the end of the first calendar quarter following the date of this ORDER, and within thirty (30) days after the end of each successive calendar quarter thereafter, the Bank shall furnish written progress reports to the Regional Director and the Division detailing the form and manner of any action taken to secure compliance with this ORDER and the results thereof.

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


The provisions of this ORDER shall be binding upon the


Bank, its institution-affiliated parties, successors, and assigns.

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

Pursuant to delegated authority.

Dated this 12<sup>th</sup> day of APRIL, 2013.

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

  
\_\_\_\_\_  
Manuel Flores Acting  
Secretary Illinois  
Department of  
Financial and Professional  
Regulation, Division of  
Banking