

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of)	
)	
GREAT FLORIDA BANK)	ORDER TO CEASE AND DESIST
MIAMI, FLORIDA)	
)	FDIC-06-183b
(Insured State Nonmember Bank))	
)	

GREAT FLORIDA BANK, MIAMI, FLORIDA ("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 and/or regulations alleged to have been committed by the Bank and of its right to a hearing on the alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b)(1), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with a representative of the Legal Division of the Federal Deposit Insurance Corporation ("FDIC") dated November 14, 2006, whereby, solely for the purpose of this proceeding and without admitting or denying any of the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

The FDIC considered the matter and determined that there is reason to believe that the Bank has engaged in unsafe or unsound banking practices and has committed violations of law and/or regulations. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as such term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns cease and desist from the following unsafe or unsound banking practices and violations of law and/or regulations:

- (a) operating without effective Board of Directors (“Board”) oversight and executive management supervision to prevent unsafe or unsound banking practices and violations of law and regulations related to, the Bank Secrecy Act (“BSA”), subchapter II of Chapter 53 of Title 31 of the United States Code, and its implementing rules issued by the U.S. Department of Treasury, 31 C.F.R. Part 103; and the FDIC’s BSA compliance regulations, 12 C.F.R. § 326.8 and the FDIC’s suspicious activity report regulations, 12 C.F.R. Part 353 (“Part 353”) (collectively, “BSA Rules”);
- (b) operating in violation of law and regulations concerning BSA as identified on pages 13 and 14 of the FDIC Report of Visitation of the Bank dated April 24, 2006 (“Report”);
- (c) operating with an inadequate audit program to ensure ongoing compliance with the BSA Rules;
- (d) operating with an ineffective system of internal controls to ensure ongoing compliance with the BSA Rules;
- (e) operating with an ineffective training program for appropriate Bank personnel to ensure compliance with the BSA Rules;

- (f) operating without effective coordinating and monitoring procedures by a designated individual responsible for ensuring day-to-day compliance with the BSA Rules;
- (g) operating without an effective system of independent testing for compliance with the BSA Rules; and
- (h) operating with an ineffective customer identification program (“CIP”). CIP is the collective reference to section 103.121 of the Rules and Regulations of the Department of Treasury, 31 C.F.R. § 103.121.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns take affirmative action as follows:

BSA COMPLIANCE PLAN

1. a. Within sixty (60) days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a written plan for continued administration of a program reasonably designed to ensure and maintain compliance with the BSA Rules and CIP (“Compliance Plan”). The Bank shall submit the Compliance Plan to the Regional Director of the FDIC’s Atlanta Regional Office (“Regional Director”) for review and comment. Upon receipt of the Regional Director’s comments, if any, the Board shall review and approve the Compliance Plan. After the Board has approved the Compliance Plan, the review and approval shall be recorded in the minutes of the Board. Thereafter, the Bank shall implement the Compliance Plan. At a minimum, the Compliance Plan shall:

- (i) require a system of internal controls, including policies and procedures to detect and monitor all transactions to ensure compliance with the BSA Rules. Such controls shall specifically address the opening and monitoring of accounts with frequent wire and check activity;

- (ii) establish procedures for the Bank's CIP and account opening procedures;
- (iii) establish policies and procedures with respect to high-risk accounts and customers, including the adequacy of methods for identifying and conducting due diligence on high-risk accounts and customers at account opening and thereafter, and for monitoring high-risk client relationships on a transaction basis as well as by account and customer;
- (iv) establish policies, procedures, and systems for identifying, evaluating, monitoring, investigating, and reporting suspicious activity, particularly including transactions involving high-risk customers or accounts, and/or high-risk jurisdictions, and the appropriateness of the Bank's criteria for designating an account as high-risk and assessing the Bank's procedures and systems for identifying and monitoring customer transactions in accordance with the BSA Rules;
- (v) establish policies and procedures regarding the identification and reporting of cash transactions;
- (vi) establish policies and procedures with respect to wire transfer recordkeeping requirements;
- (vii) establish policies and procedures for transactions involving non-customers, including, but not limited to, wire transfer services, traveler's check services, and foreign exchange services;
- (viii) designate a senior Bank official ("BSA Officer") responsible for coordinating and monitoring day-to-day compliance with the BSA Rules and ensure adequate staffing in the BSA area;
- (ix) provide for independent annual testing for compliance with the BSA in

accordance with the procedures described in section 326.8 of the FDIC's Rules and Regulations, 12 C.F.R. § 326.8;

- (x) require and implement an appropriate training program for the Bank to assure that appropriate personnel are regularly trained to comply with the BSA Rules.

b. The Bank shall at all times provide for the continued administration of the Compliance Plan designed to assure and monitor compliance with the BSA Rules.

CUSTOMER IDENTIFICATION PLAN

2. Within sixty (60) days from the effective date of the ORDER, the Bank shall develop, adopt, and implement a written customer CIP as required by 31 C.F.R. Section 103.121, appropriate for the Bank's size and type of business, consistent with the requirements of the BSA Rules and which addresses the criticisms enumerated in the Report. The Bank shall submit the CIP to the Regional Director for review and comment. Upon receipt of the Regional Director's comments, if any, the Board shall review and approve the CIP. After the Board has approved the CIP, the review and approval shall be recorded in the minutes of the Board. Thereafter, the Bank shall implement the CIP.

FORENSIC REVIEW

3. a. Within sixty (60) days of the effective date of the ORDER, the Bank shall contract with an independent auditor to conduct a forensic review of all high-risk accounts and high-risk transactions, including, but not limited to, the Bank's large currency transaction reports, currency purchases of monetary instruments, wire transfer activity, and foreign exchange services maintained since January 1, 2005, to the present and determine whether Suspicious Activity Reports ("SARs") should be filed. This forensic review shall be completed within 180 days of the effective date of this ORDER and the written report provided to the Board and the Regional Director. The BSA Officer shall prepare and file any additional Currency Transaction

Reports (“CTRs”) and SARs necessary based upon the review. Documentation supporting any determination made pursuant to this paragraph shall be retained in the Bank’s records for such period of time as may be required by any applicable rules and regulations.

b. Upon completion of the reviews required pursuant to the subparagraph 3.a. above, the Bank shall submit a written report of the review and copies of any additional SARs and CTRs filed to the Regional Director.

DIRECTORS’ COMMITTEE

4. Within thirty (30) days from the effective date of the ORDER, the Board shall establish a Board committee (“Directors’ Committee”), consisting of at least five members, to oversee the Bank’s compliance with the BSA Rules and the ORDER. A majority of the members of the Directors’ Committee shall not be officers of the Bank. The Directors’ Committee shall receive from Bank management monthly reports regarding the Bank’s actions with respect to the Compliance Plan described above and compliance with this Order. The Directors’ Committee shall present a report regarding the Bank’s adherence to the Compliance Plan and to the Order to the Board at each regularly scheduled Board meeting. Such report shall be recorded in appropriate minutes of the Board’s meeting and shall be retained in the Bank’s records.

RISK ASSESSMENT

5. Within one hundred and twenty (120) days from the effective date of the ORDER, the Board shall conduct or have conducted an overall BSA risk assessment of the Bank’s compliance with the BSA Rules that considers all major risks, including but not limited to products, services, types of customers, and geographic locations, with analysis of the major risk categories. The Board shall specify in Bank policy how frequently the risk assessment will be updated or reassessed. The Bank shall establish a program to detect and obtain missing

documents for customers' accounts that should have been obtained at the time the accounts were opened, with such documents including verifications of sources of funds used to open accounts.

This review will cover accounts opened during 2005 and 2006.

BSA POLICIES

6. Within ninety (90) days from the effective date of the ORDER, the Board shall revise the Bank's policies, procedures, and practices regarding the BSA Rules to provide for the following.

- a. Methods of determining, reviewing, and validating risk ratings of customers, with standards for periodic reassessments.
- b. Comprehensive monitoring of high-risk accounts, with full utilization of account monitoring software.
- c. Adequate systems for account aggregation to ensure sufficient data to determine if CTRs and SARs should be filed.
- d. Acceptable methods for maintaining and controlling documentation of owners of corporations and other entities where ownership is vested by bearer shares.
- e. Standards for documentation of new accounts, both to meet the minimum standards in regulation and to capture sufficient data for customer due diligence, with specification of the time and responsibility for obtaining missing documentation.
- f. Methods of enforcing the Bank's policies, procedures, and practices regarding the BSA Rules.

INTERNAL CONTROLS

7. Within sixty (60) days from the effective date of the ORDER, and as acceptable to the Regional Director, the Bank shall develop, adopt, and implement an enhanced system of internal routine and controls to ensure compliance with the BSA Rules including, but not limited

to, the monitoring of high-risk and suspicious activities for all types of accounts, customers products, services, and geographic areas.

DUE DILIGENCE PROGRAM

8. Within sixty (60) days from the effective date of the ORDER, and as acceptable to the Regional Director, the Bank shall develop, adopt, and implement a written customer due diligence program (“Due Diligence Program”). At a minimum, the customer Due Diligence Program shall provide for a risk focused assessment of the customer base of the Bank to determine the appropriate level of Enhanced Due Diligence (“EDD”) necessary for those categories of customers that the Bank has reason to believe pose a heightened risk of illicit activities at the Bank.

- a. The Due Diligence Program shall provide for, at a minimum:
 - (i) time limits for Bank personnel to respond to account activity exceptions;
 - (ii) time limits for determining if exceptions require a SAR; and
 - (iii) identification of customers requiring site visitations and frequency of visitations.
- b. EDD shall include the following procedures:
 - (i) determine the appropriate documentation necessary to confirm the identity and business activity of the customer;
 - (ii) understand the normal and expected transactions of the customer; and
 - (iii) reasonably ensure the identification and timely, accurate, and complete reporting of known or suspected criminal activity against or involving the Bank to law enforcement and the Regional Director, as

required by the suspicious activity reporting provisions of Part 353.

TRAINING

9. a. Within thirty (30) days from the effective date of the ORDER, the Bank shall identify staff positions and personnel whose duties, assignments, and responsibilities call for knowledge of the compliance requirements for the BSA Rules. Such personnel shall include, but not necessarily be limited to, directors, executive officers, department heads, supervisors, loan officers, loan operations staff, tellers, bookkeepers, couriers, proof operators, information technology staff, and wire-transfer staff.

b. Within sixty (60) days from the effective date of the ORDER, the Bank shall develop a comprehensive training program that shall have a general component for all directors and staff and specific components that are tailored to the needs of specific positions, departments, and personnel. The training program shall provide for both initial and periodic refresher training, and shall specify who is responsible for dissemination of changes in the BSA Rules and in what media and time notifications of changes are to be made. The training program shall require documentation of attendance at training with full explanations of absences with notation of when absentees will be trained.

c. The comprehensive training program shall be approved by the Board and forwarded to the Regional Director with the progress report required by paragraph 14 of this ORDER that is next due following the Board's approval.

INDEPENDENT TESTING

10. Within sixty (60) days from the effective date of the ORDER, the Board shall establish written standards for independent testing for compliance with the BSA Rules. The testing program shall focus on ensuring adequate and accurate evaluations of the overall integrity and effectiveness of the Bank's compliance with the BSA Rules, including policies, procedures,

and processes. Standards shall specify who will conduct independent tests or, if to be conducted by an external party, who will select the independent testers and the minimum qualifications of the independent testers. Standards will specify in-house responsibility for reviews of findings and for implementing or otherwise resolving recommendations in reports of the compliance testing regarding the BSA Rules, to include a comparison of major findings against other sources of external and internal information about the BSA Rules. The independent testing shall, at a minimum:

- (i) test the Bank's internal procedures for monitoring compliance with the BSA Rules, including interviews of employees who handle cash transactions;
- (ii) sample large currency transactions followed by a review of the CTR filings;
- (iii) test the validity and reasonableness of the customer exemptions granted by the Bank;
- (iv) test the Bank's recordkeeping system for compliance with the BSA Rules;
- (v) document the scope of the testing procedures performed and the findings of the testing; and
- (vi) test the Bank's procedures for identifying, reviewing, and timely filing of SARs including its decision making process in regard to when SARs should be filed.

The results of each independent test as well as any apparent exceptions noted during the testing shall be presented to the Board. The Board shall record the steps taken to correct any exceptions noted and address any recommendations made during each independent test in the minutes of the meeting.

BSA OFFICER

11. Within thirty (30) days from the effective date of the ORDER, the Board shall designate a qualified officer responsible for managing, coordinating, and monitoring the Bank's BSA Program. The BSA Officer shall have the responsibility and necessary authority to ensure the Bank's compliance with the BSA Rules and related matters, including, without limitation, the identification of timely, accurate and complete reporting to law enforcement and supervisory authorities of unusual or suspicious activity, or known or suspected criminal activity perpetrated against or involving the Bank. The BSA Officer shall report directly to the Board or to the Directors' Committee established by the Board pursuant to paragraph 4 of this ORDER. The Board shall ensure the BSA Officer has the necessary authority to implement all aspects of the Compliance Plan.

AUDITS

12. Within sixty (60) days from the effective date of this ORDER, the Bank shall adopt and implement a comprehensive written audit program, which shall include annual and thorough reviews of the Bank's compliance with the BSA Rules with significant exceptions reported directly to the Board or a designated committee thereof. The minutes of the meetings of the Board or such committee shall reflect consideration of these reports and describe any action taken as a result thereof.

The audit program and its implementation shall be approved by the Board and shall be in a form and manner acceptable to the Regional Director as determined at subsequent examinations and/or visitations. The Bank shall thereafter implement and enforce an effective system of internal and external audits, which includes a tracking and follow-up action matrix reviewed by the Board for audit exceptions.

VIOLATIONS OF LAW AND REGULATION

13. Within one hundred and twenty (120) days of the effective date of this ORDER, the Bank shall take steps necessary, consistent with sound banking practices, to eliminate and/or correct all violations of laws and regulations concerning BSA on pages 13-14 in the Report and shall adopt and implement appropriate procedures to ensure future compliance with all such applicable laws and regulations.

PROGRESS REPORTS

14. Within thirty (30) days from the end of the first calendar quarter following the effective date of this ORDER, and within thirty (30) days of the end of each quarter thereafter, the Bank shall furnish written progress reports to the Regional Director detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director has released the Bank in writing from making further reports. Such written progress reports shall provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER, including at a minimum:

- (i) description of the identified weaknesses and deficiencies;
- (ii) provision(s) of the ORDER pertaining to each weakness or deficiency;
- (iii) actions taken or in-process for addressing each deficiency;
- (iv) results of the corrective actions taken;
- (v) the Bank's status of compliance with each provision of the ORDER; and
- (vi) appropriate supporting documentation.

All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the minutes of the appropriate Board meeting.

DISCLOSURE TO SHAREHOLDERS

15. Following the issuance of this ORDER, the Bank shall provide to its shareholders or otherwise furnish a description of this ORDER (i) in conjunction with the Bank's next shareholder communication or Form 8-K, or (ii) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 16th Street, N.W., Room F-6066, Washington, D.C. 20429 to review at least twenty (20) days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

This ORDER shall become effective ten (10) days from the date of its issuance. The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this ORDER shall have been modified, terminated, suspended, or set aside in writing by the FDIC.

Pursuant to delegated authority.

Dated this 17th day of November, 2006

Mark S. Schmidt
Regional Director
Division of Supervision and Consumer

Protection

Atlanta Regional Office
Federal Deposit Insurance Corporation