

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.
and
LOUISIANA OFFICE OF FINANCIAL INSTITUTIONS
BATON ROUGE, LOUISIANA

In the Matter of:)	
)	
CITIZENS BANK & TRUST COMPANY)	CONSENT ORDER
OF VIVIAN)	
VIVIAN, LOUISIANA)	FDIC-23-0034b
)	
(INSURED STATE NONMEMBER BANK))	
)	
)	

The Federal Deposit Insurance Corporation (FDIC) is the appropriate Federal banking agency for CITIZENS BANK & TRUST COMPANY OF VIVIAN, VIVIAN, LOUISIANA (Bank) under Section 3(q) of the Federal Deposit Insurance Act (FDI Act), 12 U.S.C. § 1813(q).

The Louisiana Office of Financial Institutions (OFI) is the state regulator for the Bank pursuant to Louisiana Law, including the Louisiana Banking Law, LA. REV. STAT. ANN. § 6:1 et seq., and especially LA. REV. STAT. ANN. § 6:101.

The Bank, by and through its duly elected and acting Board of Directors (Board), has executed a Stipulation to the Issuance of a Consent Order (Stipulation), dated September 18, 2023, that is accepted by the FDIC. With the Stipulation, the Bank has consented, without admitting or denying any charges of violating the Bank Secrecy Act, 31 U.S.C. §§ 5311 *et. seq.*, 12 U.S.C. § 1829b, and 12 U.S.C. §§ 1951-60 and the implementing regulations, 31 C.F.R. Chapter X, and 12 U.S.C. § 1818(s) and its implementing regulations, 12 C.F.R. § 353 and 12 C.F.R. § 326.8 (collectively referred to as the Bank Secrecy Act or BSA), to the issuance of this Consent Order (ORDER) by the FDIC pursuant to Section 8(b)(1) of the FDI Act.

Having determined that the requirements for issuance of an ORDER under Section 8(b) of the FDI Act, 12 U.S.C. § 1818(b) have been satisfied, the FDIC hereby orders that:

COMPLIANCE WITH BSA

1. Within ninety (90) days of the effective date of this ORDER, the Bank shall comply in all material respects with the BSA and its rules and regulations.

VIOLATIONS OF LAW

2. Within ninety (90) days of the effective date of this ORDER, the Bank shall correct all BSA violations of law, as more fully set forth in the OFI Report of Examination dated December 5, 2022 (ROE). In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable BSA laws and regulations.

ACTION PLAN

3. Within forty-five (45) days of the effective date of this ORDER, the Bank shall develop and implement a written action plan (Plan) that details the actions, including the relevant timelines, that the Board and management will take to correct the Bank's Anti-Money Laundering/Countering the Financing for Terrorism (AML/CFT) Program deficiencies and apparent violations cited in the ROE, and to comply with this ORDER. Such Plan and its implementation shall be acceptable to the Regional Director of the FDIC's Dallas Regional Office (Regional Director) and the Commissioner of the Louisiana Office of Financial Institutions (Commissioner), as determined at subsequent examinations and/or visitations.

BOARD OVERSIGHT

4. Within ninety (90) days of the effective date of this ORDER, the Board shall increase its oversight of the Bank's compliance with the BSA.

(a) Within thirty (30) days of the effective date of this ORDER, the Bank's Board shall establish a subcommittee of the Bank's Board charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER (Consent Order Compliance Committee). The Consent Order Compliance Committee must be comprised of at least three

members, the majority of which must be outside directors. The Consent Order Compliance Committee shall prepare and review monthly reports detailing the Bank's actions with respect to compliance with this ORDER. The Consent Order Compliance Committee shall present a report detailing the Bank's adherence to this ORDER to the Board at each regularly scheduled Board meeting. A copy of the report and any discussion related to the report or the ORDER shall be included in the minutes of the Bank's Board meeting. Nothing contained herein shall diminish the responsibility of the entire Bank's Board to ensure compliance with the provisions of this ORDER.

AML/CFT PROGRAM

5. Within ninety (90) days of the effective date of this ORDER, the Bank shall develop, adopt, and implement written policies and procedures that establish a satisfactory AML/CFT program, designed to, among other things, ensure and maintain compliance by the Bank with the BSA. The AML/CFT program shall ensure that clear and comprehensive compliance reports are provided to the Board on a monthly basis. Such AML/CFT program and its implementation shall be in a manner acceptable to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank. At a minimum, the program shall establish the following components or pillars:

- (a) A system of internal controls to assure ongoing compliance with the BSA, including policies and procedures to detect and report all suspicious activity and fully comply with the requirements of Part 353 of the FDIC Rules and Regulations;
- (b) Independent testing for the AML/CFT program;
- (c) A designated individual or individuals responsible for coordinating and monitoring the AML/CFT program; and
- (d) Training for appropriate personnel.

INTERNAL CONTROLS

6. Risk Assessments

Within ninety (90) days of the effective date of this ORDER, and at least annually thereafter, the Bank shall perform a Money Laundering/Terrorist Financing (ML/TF) Risk Assessment (RA). The RA shall address all pertinent risk factors that affect the overall ML/TF risk profile of the Bank, including but not limited to all products, services, types of customers, business lines, geographic locations, staffing levels, mitigating controls, and any identified BSA issues/concerns in the ROE. The Bank shall ensure that the AML/CFT program appropriately addresses and mitigates ML/TF risks related to the Bank's products and services, including but not limited to, cash transactions, wire transactions, remote deposit capture, independent ATM owners or operators (formerly privately-owned ATMs), and monetary instruments. Further, the Bank shall ensure that such information contained within the RA is current, complete, and accurate. The completed RA must be reviewed and approved by the Board, with risk mitigation strategies adopted and implemented as appropriate. A copy of the RA shall be included with the progress report required by this ORDER that is due following the Board's approval of the RA. The RA shall ensure that the Bank's AML/CFT program appropriately addresses and mitigates ML/TF risks related to the Bank's products and services including but not limited to cash transactions, wire transactions, remote deposit capture, independent ATM owners or operators, and monetary instruments.

7. Customer Due Diligence

Within ninety (90) days of the effective date of this ORDER, the Bank shall develop, adopt, and implement a written Customer Due Diligence (CDD) program, as set forth in 31 C.F.R. § 1020.210(a)(2)(v), which includes the requirement to maintain and update Beneficial Owner (BO) information. Such program and its implementation shall be in a manner acceptable

to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations of the Bank. At a minimum, the CDD program shall provide for the following:

(a) Appropriate risk-based policies, procedures and processes for conducting ongoing CDD for new and existing customers. The CDD program shall include written processes for identifying and verifying BO information of legal entity customers in compliance with 31 C.F.R. § 1010.230. The Bank shall collect and/or verify, as appropriate, BO information on any customer accounts for which such information has not been collected and/or verified and develop policies and procedures to address accounts when the Bank is not able to form a reasonable belief that it knows the true identity of a customer or if the Bank does not receive the required information.

(b) A customer risk rating system that ensures that all customers of the Bank are appropriately risk-rated to capture the ML/TF risk they pose. For each customer, the risk rating assessment shall take into account, but shall not necessarily be limited to: the nature and purpose of the account; the anticipated type and volume of account activity; and the types of products and services offered. Furthermore, with regard to high-risk accounts, the risk rating shall take into account the potential risk for money laundering, terrorist financing, or other illicit activity posed by the customer's activities, with consideration given to the purpose of the account, the anticipated type and volume of account activity, types of products and services offered, and locations and markets served by the customer. In addition, all customers of the Bank shall be risk rated under the customer risk rating system as soon as possible, but in no event later than one hundred eighty (180) days from the effective date of this ORDER. The Bank's CDD program shall operate in conjunction with its Customer Identification Program to enable the Bank to understand the nature and purpose of customer relationships and develop sufficient customer risk profiles.

(c) For those customers who the Bank has reason to believe pose a heightened

risk of illicit activities at or through the Bank and consequently whose transactions require additional due diligence, procedures to:

- (i) Determine the appropriate documentation necessary to confirm the identity and business activities of the customer; and
 - (ii) Understand the nature and purpose of the customer relationship and transactions.
- (d) Guidance for obtaining, analyzing, and maintaining sufficient customer information necessary to allow effective suspicious activity monitoring, including documentation of normal and expected transactions of the customer;
- (e) Guidance for documenting the analysis conducted under the CDD process, including guidance for resolving issues when insufficient or inaccurate information is obtained;
- (f) Procedures for the required monitoring of each customer category under the ML/TF risk ratings;
- (g) Guidelines to reasonably assure the identification and timely, accurate reporting of known or suspected criminal activity, as required by the suspicious activity reporting provisions of Part 353 of the FDIC Rules and Regulations, 12 C.F.R. § 353; and
- (h) Periodic, risk-based monitoring of customer relationships to determine whether the original risk profile remains accurate.

8. **Suspicious Activity Reporting**

Within sixty (60) days of the effective date of this ORDER, the Bank shall develop and implement effective processes, across all business lines for identifying and monitoring unusual or unexpected activity in order to detect, investigate, and, if applicable, report suspicious activity. The Bank shall ensure that such processes are in place and are operating effectively at all times.

- (a) The Bank shall ensure that decisions not to file a Suspicious Activity Report

(SAR) are fully documented, including the rationale for concluding that a SAR filing is not necessary. The Bank shall retain such documentation in accordance with applicable laws and regulations.

(b) The Bank shall establish and implement policies and procedures to ensure that SARs are filed within thirty (30) days of identifying a suspect or unusual and suspicious activity (or a total of sixty (60) days if a suspect is unknown or once every one hundred twenty (120) days for ongoing unusual or suspicious activity). Such a program must also ensure that timely identification of suspicious activity occurs; that timely investigation into unusual activity is undertaken; that related accounts are considered and discussed in the SARs filing, as appropriate; and that a detailed, accurate, comprehensive, and readable narrative description of the activity is included in the SARs filing

(c) The SAR program shall also be tested for accuracy and completeness through independent testing immediately after its implementation and thereafter at least annually. Documentation of the testing shall be provided to the Consent Order Compliance Committee and be documented in the Committee's meeting minutes. Such documentation shall also be available to the FDIC and the OFI examiners upon request.

(d) Within sixty (60) days of the effective date of this ORDER, the Bank shall establish and implement policies and procedures to advise the Board of all SARs. The policies and procedures shall also include guidelines to determine which SARs are significant.

9. **Customer Exemptions from Currency Transaction Reporting and Recordkeeping Requirements**

To the extent the Bank intends to exempt certain types of customers from Currency Transaction Report (CTR) filing in accordance with 31 C.F.R. §1020.315, the Bank shall ensure that its policies and procedures address all aspects of compliance with this provision, including:

(a) Adequate review and evaluation of a customer's eligibility for such exemption commensurate with the customer type and category;

(b) Appropriate documentation as to the basis of the Bank's decision to grant the exemption;

(c) Timely electronic filing of the Designation of Exempt Person report by the close of the 30 calendar day period beginning after the day of the first reportable transaction in currency with the customer the Bank wishes to exempt; and

(d) Required annual review of certain exempt customers (listed public company, a listed public subsidiary, non-listed business, or a payroll customer) to confirm whether the customer remains eligible for exemption. As part of the annual review, the Bank shall review the application of its SAR monitoring systems to each of these exempt customers to ensure the Bank is able to detect and report suspicious transactions.

10. **314(a) Information Sharing Requests**

Within thirty (30) days from the effective date of this ORDER, the Bank shall develop, implement, and adopt policies and procedures to ensure compliance with Section 1010.520(b)(3)(i) of the BSA. The Bank shall ensure that BSA staff reviews all transaction activity related to 314(a) information sharing requests from FinCEN in order to meet the 14-day response requirement.

INDEPENDENT TESTING

11. Within thirty (30) days from the effective date of this ORDER, the Bank shall ensure that the scopes of future AML/CFT program independent reviews are comprehensive and include a review of compliance with all BSA rules and regulations, policies and procedures, the RA, and BSA functions. In addition, the Bank shall ensure that future BSA independent reviews, whether conducted by internal or external parties, are appropriately staffed with respect to both resources and expertise to adequately perform a comprehensive review, reach a sound conclusion,

and provide appropriate support for their assessment in a timely manner. Further, the Bank shall obtain such an independent review within two hundred seventy (270) days from the effective date of this ORDER, and the results of such review shall be reported to the Board. During the term of this ORDER, such testing shall be done on an annual basis. The results of each independent test, as well as any exceptions noted during the testing, shall be presented to the Bank's Board. The Bank's 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

12. The Bank shall designate a qualified individual or individuals responsible for coordinating and monitoring day-to-day compliance with the BSA (BSA Officer) and managing the Bank's risks as reflected in the RA described in provision 6 of this ORDER. The adequacy of the BSA Officer shall be assessed during subsequent safety and soundness examinations and/or visitations of the Bank. In addition, the Board shall assess staffing needs and provide an adequate number of qualified staff for the Bank's BSA Department. The BSA Department staff shall be evaluated to determine ability, experience, training needs, and other necessary qualifications to perform present and anticipated duties, including adherence to the AML/CFT program requirements and the provisions of this ORDER. At a minimum, the BSA Officer shall:

- (a) Be responsible for determining the adequacy of AML/CFT staffing and for supervising such staff in complying with the BSA and its implementing rules and regulations;
- (b) Report to the Bank's Consent Order Compliance Committee on a regular basis, not less than monthly, with respect to any AML/CFT matter;
- (c) Oversee the Bank's compliance with the BSA and implementing regulations, including, but not limited to, the proper filing of CTRs and SARs; and
- (d) Provide monthly comprehensive written reports to the Bank's Consent

Order Compliance Committee regarding the Bank's adherence to this ORDER.

BSA TRAINING

13. Within sixty (60) days from the effective date of this ORDER, the Bank shall develop an effective AML/CFT Training Program for the BSA Officer and all staff, including newly hired employees, members of the Board, and management, on all relevant aspects of laws, regulations, and Bank policies and procedures relating to the Bank's AML/CFT program. The AML/CFT Training Program also shall reflect the particular money laundering, terrorist financing and illicit finance risks of the Bank based on its products, services, business lines, customer types, geographic reach and any other risks reflected in the RA. This training shall be conducted at least annually and shall be updated, as appropriate, to include changes to the Bank's RA, which shall also be reviewed annually.

The Bank shall ensure that all appropriate personnel are aware of and can comply with internal procedures and the requirements of the BSA and its implementing rules and regulations applicable to the individual's specific responsibilities. The Bank shall also ensure that all appropriate personnel are aware of and can comply with: (i) the CDD requirements; and (ii) the reporting requirements associated with SARs, CTRs, and wire activity. The AML/CFT Training Program must be designed to ensure that training is tailored to address the specific compliance responsibilities of the group or individual for which the training is being provided and ensure that those being trained are aware of and can comply with the requirements of the BSA on an ongoing basis and, at a minimum, include:

- (a) An overview of the BSA for new Bank personnel and specific training designed for their specific duties and responsibilities upon hiring;
- (b) Specific enhanced training on CDD policies and procedures with regard to due diligence and monitoring of high-risk customers;

(c) A requirement for periodic training, updated as appropriate and tailored to address the specific duties and responsibilities of those trained, regarding the Bank's AML/CFT policies, procedures, and processes, and any changes in them; changes in the Bank's ML/TF risk profile; new rules and requirements as they arise for appropriate Bank personnel; and

(d) A requirement that the Bank fully document the AML/CFT Training Program, including training materials, dates of the training sessions, attendance, and knowledge check results.

SAR LOOK-BACK REVIEW

14. Within ninety (90) days from the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and the Commissioner a written Look-Back Review Plan (Look-Back Review Plan). The Look-Back Review Plan must describe how the Bank will conduct a review of all accounts and transaction activity for the period of time beginning January 1, 2022, and ending March 31, 2023, to determine whether reportable transactions and suspicious activity involving any accounts or transactions within or through the Bank were identified and reported in accordance with the applicable SAR requirements (Look-Back Review). The Look-Back Review Plan and any contract or engagement letter entered into with a qualified firm performing the Look-Back Review, shall, at a minimum:

(a) Describe the scope of the Look-Back Review, which shall specify the types of accounts and transactions to be reviewed, including the Bank's high-risk account customers;

(b) Describe the methodology for conducting the Look-Back Review;

(c) Describe the resources and expertise to be dedicated to the Look-Back Review;

(d) Identify the anticipated date of completion of the Look-Back Review;

(e) Provide for unrestricted access to the work papers of any third party by the

FDIC and the OFI;

(f) Require the findings from the Look-Back Review to be summarized in a written report (Look-Back Review Report) and presented directly to the Board, with a copy of the Look-Back Review Report to be delivered simultaneously to the FDIC and the OFI; and

(g) Require the Bank to prepare and file any additional CTRs and SARs necessary based upon the Look-Back Review within thirty (30) days of receipt of the Look-Back Review Report.

The Look-Back Review Plan shall be submitted to the Regional Director and the Commissioner for review and comment prior to implementation. The Regional Director and the Commissioner shall provide a response regarding the Look-Back Review Plan within thirty (30) days of receipt thereof, unless the Regional Director and the Commissioner notifies the Bank, in writing, that a longer period will apply. Within ten (10) days of receipt of a response from the Regional Director and the Commissioner, the Board shall adopt the changes recommended by the Regional Director and the Commissioner, approve the Look-Back Review Plan, and record its approval and adoption in the minutes of the Board meeting at which it is approved.

PROGRESS REPORTS

15. Within thirty (30) days after the end of the first calendar quarter following the effective date of this ORDER, and within thirty (30) days after the end of each successive calendar quarter, the Bank shall furnish written progress reports to the Regional Director and the Commissioner 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 the ORDER have been accomplished and the Regional Director has released the Bank in writing from making additional reports.

DISCLOSURE OF ORDER TO SHAREHOLDER(S)

16. Following the effective date of this ORDER, the Bank shall send to its shareholder(s) or otherwise furnish a description of this ORDER in conjunction with the Bank's next shareholder communication and 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, Accounting and Securities Section, 550 17th Street, N.W., Washington, D.C. 20429, 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.

BINDING EFFECT

17. The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC, OFI, or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties, as that term is defined in Section 3(u) of the FDI Act, 12 U.S.C. § 1813(u).

This ORDER will become effective upon its issuance. The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this 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. Violation of any provisions of this ORDER will be deemed to be conducting business in an unsafe or unsound manner and will subject the Bank to further regulatory enforcement action.

Issued Pursuant to Delegated Authority.

Dated: September 19, 2023

By:

/s/
Serena L. Owens
Deputy Regional Director
Division of Supervision and Consumer Protection
Federal Deposit Insurance Corporation

Concurring in the oversight plan set forth in the above order and consenting to the role of OFI described therein.

Dated: September 19, 2023

By:

/s/
P. Scott Jolly
Commissioner
Louisiana Office of Financial Institution