

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

In the Matter of:) AA-CE-12-20
The First National Bank of Niagara)
Niagara, Wisconsin)

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”), through his National Bank Examiner, has supervisory authority over The First National Bank of Niagara, Niagara, Wisconsin (“Bank”).

WHEREAS, the Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated 2/28/12, that is accepted by the Comptroller.

WHEREAS, by this Stipulation and Consent to the Issuance of a Consent Order, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order (“Order”) by the Comptroller.

NOW THEREFORE, pursuant to the authority vested in it by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

AFFILIATE TRANSACTIONS

(1) The Bank may, directly or indirectly, pay money or its equivalent to or for the benefit of, or extend credit in any form, including overdrafts, to or for the benefit of its affiliates, or transfer assets between the Bank and its affiliates, or enter into or engage in any transaction that obligates the Bank to do the same, only after:

- (a) the Board has conducted an independent review of the action, that is documented in writing; and
- (b) the Board has determined in writing that it is advantageous for the Bank to engage in such action, and that the action complies with all applicable laws, rules, regulations, and Comptroller's issuances, including, but not limited to 12 C.F.R. Part 223. Approval of an affiliate transaction noted in Board minutes does not fulfill the written requirements of this paragraph (1).

(2) For purposes of this Article, "affiliate" shall have the meaning set forth in 12 U.S.C. § 221a and 12 C.F.R. Part 223.

ARTICLE II

EXTENSIONS OF CREDIT TO INSIDERS

(1) The Bank is prohibited from making an extension of credit directly or indirectly to any insider, including any extension of credit made to a third-party borrower who then transfers the proceeds to an insider or uses the proceeds for the tangible economic benefit of an insider, unless the extension of credit is:

- (a) approved in advance by a majority of the entire Board, not merely a quorum thereof, with any interested insider abstaining from voting and participation directly or indirectly in the deliberations regarding the approval; and
- (b) the Board has determined in writing that it is advantageous for the Bank to engage in such action, and that the action complies with all applicable

laws, rules, regulations, and Comptroller's issuances, including, but not limited to 12 U.S.C. §§ 375a and 375b, and 12 C.F.R. Part 215. Approval of an extension of credit to an insider noted in Board minutes does not fulfill the written requirements of this paragraph (1).

(2) For purposes of this Article, "insider" and "extension of credit" shall have the same meanings as set forth in 12 C.F.R. §§ 215.2(h) and 215.3, respectively.

ARTICLE III

INSIDER TRANSACTIONS - RECORDKEEPING

(1) Within thirty (30) days of the date of this Order, the Board shall ensure that it has complete and centralized records of all extensions of credit made to insiders, as well as all extensions of credit made to any third-party who then transferred proceeds to an insider or used such proceeds for the tangible economic benefit of an insider. The records shall be in a form and manner that will enable easy, independent review. These records shall be maintained by the Board and any new extensions of credit, payoffs, renewals, modifications, or other change in circumstances regarding an insider's credit relationship with the Bank shall be immediately reported to the Board and reflected in the centralized records.

(2) The Board shall require each insider to immediately update or provide in writing a listing of the insider's respective related interests. The list of these persons' related interests shall be maintained by the Board and any changes to these listings shall be promptly reported to the Board and reflected in the centralized records.

(3) For purposes of this Article, “insider,” “related interest,” and “extension of credit” shall have the same meanings as set forth in 12 C.F.R. §§ 215.2(h), 215.2(n), and 215.3, respectively.

ARTICLE IV

FUNDS AVAILABILITY (DRAWING AGAINST UNCOLLECTED FUNDS)

(1) The Board shall immediately implement and thereafter ensure Bank adherence to the written policy on funds availability for all deposit transaction accounts offered by the Bank.

ARTICLE V

BANK SECRECY ACT AUDIT

(1) The Board shall immediately expand the Bank’s existing BSA audit scope to include testing of all processes identified as minimum testing requirements by the Federal Financial Institutions Examination Council BSA/AML Examination Manual, including but not limited to:

(a) a review of the effectiveness of the suspicious activity monitoring system used for BSA/AML compliance; and

(b) a review of staff training for adequacy, accuracy, and completeness.

(2) Within sixty (60) days of the date of this Order, the Bank shall conduct an audit of the effectiveness of the Bank’s suspicious activity monitoring system used for BSA/AML compliance and the adequacy, accuracy, and completeness of the staff’s BSA training. The Board shall provide a copy of the audit report to the Assistant Deputy Comptroller within fourteen (14) days of presentment to the Board or a designated committee thereof.

(3) The Board, or a designated committee of the Board, shall ensure that the audit program is independent, and that nobody with operational responsibilities related to BSA/AML is involved in auditing the BSA/AML program. The persons responsible for implementing the BSA audit program shall report directly to the Board, or a designated committee of the Board, which shall have the sole power to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board and not through any intervening party.

ARTICLE VI

VIOLATIONS OF LAW

(1) The Board shall require and the Bank shall immediately take all necessary steps to correct each violation of law, rule or regulation cited in the most recent ROE, as well as any future ROE, or otherwise brought to the Board's or Bank's attention in writing by management, regulators, auditors, loan review, or other compliance efforts. The Board shall provide a written report to the Assistant Deputy Comptroller identifying the date and manner in which each correction has been effected within fourteen (14) days from the date of this Order or the date corrected, whichever is later.

(2) Within thirty (30) days of the date of this Order, the Board shall adopt or revise, and the Bank shall implement and thereafter ensure adherence to specific procedures to prevent future violations as cited in the most recent ROE and shall adopt or revise, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(3) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.

ARTICLE VII

OTHER PROVISIONS

(1) The Board shall ensure that the Bank has sufficient processes, management, personnel, and control systems in place to effectively implement and adhere to all provisions of this Order, and that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities under this Order.

(2) All reports and plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Order shall be forwarded by overnight mail to the following:

Office of the Comptroller of the Currency
Assistant Deputy Comptroller
Milwaukee Field Office
1200 Mayfair Rd., Suite 200
Wauwatosa, WI 53226

(3) Although the Board is required by this Order to submit certain reports and plans to the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

(4) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(5) Any time limitations imposed by this Order shall begin to run from the effective date of this Order. Such time limitations may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(6) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose signature appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(7) In each instance in this Order in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Order;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(8) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States.

(9) 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.

IT IS SO ORDERED, this 28 day of February, 2012.

/s/

Brian L. James
Assistant Deputy Comptroller
Milwaukee Field Office

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

In the Matter of:)	AA-CE-12-20
The First National Bank of Niagara)	
Niagara, Wisconsin)	

**STIPULATION AND CONSENT TO THE ISSUANCE
OF A CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist proceedings against The First National Bank of Niagara, Niagara, Wisconsin (“Bank”) pursuant to 12 U.S.C. § 1818(b), through the issuance of a Notice of Charges, for unsafe or unsound banking practices and violations of law related to affiliate transactions, extensions of credit to insiders and related recordkeeping, uncollected funds practices, and the independent audit function of the Bank’s BSA program.

WHEREAS, the Bank, in the interest of compliance and cooperation, and without admitting or denying any wrongdoing, consents to the issuance of a Consent Order, dated 2/28/12 (“Order”), by executing this Stipulation and Consent to the Issuance of a Consent Order;

NOW THEREFORE, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

JURISDICTION

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

(2) The Comptroller is “the appropriate Federal banking agency” regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1818(b)(1).

(4) This Order shall cause the Bank to be in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(6), unless otherwise informed in writing by the Comptroller. In addition, the Order shall cause the Bank not to be designated as an “eligible bank” for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the Comptroller.

ARTICLE II

ACKNOWLEDGEMENTS

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further acknowledges that the Order shall be deemed an “order issued with the consent of the depository institution” as defined in 12 U.S.C. § 1818(h)(2), and consents and acknowledges that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i). Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(i), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(3) The Bank also expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities.

ARTICLE III

WAIVERS

- (1) The Bank, by signing this Stipulation and Consent, hereby waives:
- (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
 - (b) any and all procedural rights available in connection with the issuance of the Order;
 - (c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i) or 12 C.F.R. Part 19;
 - (d) all rights to seek any type of administrative or judicial review of the Order; and
 - (e) any and all rights to challenge or contest the validity of the Order.

ARTICLE IV

OTHER PROVISIONS

(1) The provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, the Comptroller deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

/s/

Brian L. James
Assistant Deputy Comptroller
Milwaukee Field Office

2/28/12

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/

Dennis L. (Sam) Chartier

2/28/12

Date

/s/

Robert R. Gunville, Jr.

2/28/12

Date

/s/

David J. Herrick

2/28/12

Date

/s/

Alice M. Kallenbach

2/28/12

Date

/s/

Paul C. Lundy

2/28/12

Date

/s/

Lee M. Norton

2/28/12

Date

/s/

Susan M. Paoli

2/28/12

Date