

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

_____)	
In the Matter of:)	AA-EC-2015-5
)	
Mutual Savings Association, FSA)	
Leavenworth, Kansas)	
_____)	

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”), through his authorized representative, has supervisory authority over Mutual Savings Association, FSA, Leavenworth, Kansas (“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 (“Stipulation”), dated January 21, 2015, that is accepted by the Comptroller through his authorized representative.

WHEREAS, by this Stipulation, 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 him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

COMPLIANCE COMMITTEE

(1) Within ten (10) days of this Order, the Board shall appoint a Compliance Committee of at least three (3) Board members, of which no more than one (1) shall be an

employee of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. The Board shall remain responsible for the Bank’s adherence to the provisions of this Order and the appointment of the Compliance Committee shall not relieve the Board’s compliance responsibilities. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member, shall be submitted in writing to the Assistant Deputy Comptroller.

(2) The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Order and shall meet at least monthly.

(3) By no later than February 28, 2015, and by the end of every calendar month thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the action needed to achieve full compliance with each Article of this Order;
- (b) actions taken to comply with each Article of this Order; and
- (c) the results and status of those actions.

(4) The Compliance Committee’s reports shall also include copies of any reports prepared by or for the Bank or Board relating to BSA/AML activity, compliance, or audit at the Bank.

(5) The Board shall provide a summary report of the progress reached in attaining compliance with each Article of this Order to the Assistant Deputy Comptroller within thirty (30) days of the end of each calendar quarter.

(6) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Order shall be forwarded to:

Doug Pittman
Assistant Deputy Comptroller
Kansas City Field Office
7101 College Blvd., Suite 1600
Overland Park, Kansas 66210

(7) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies, procedures, and programs required by this Order.

ARTICLE II

BSA/AML RISK ASSESSMENT

(1) Within ninety (90) days of this Order, the Board shall develop, implement, and ensure Bank adherence to a written, institution-wide ongoing BSA/AML risk assessment program that accurately identifies the BSA/AML risks posed to the Bank after consideration of all pertinent information (“Risk Assessment”). The Risk Assessment shall reflect a comprehensive analysis of the Bank’s vulnerabilities to money laundering and financial crimes activity, the quality of the Bank’s current risk management as it relates to BSA/AML, and shall provide strategies to control risk and limit any identified vulnerabilities. The Risk Assessment methodology shall follow the risk assessment expectations and logic set forth in the 2014 FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual (“FFIEC BSA/AML Examination Manual”) and shall include:

- (a) the identification of all activities and other elements that pose BSA/AML risk to the Bank, including but not limited to, the volumes and types of the Bank’s:

- (i) products and services, including but not limited to, automated clearing house (“ACH”) activity or cross-border ACH activity, loans secured by cash collateral, and stand-by letters of credit;
 - (ii) customers and entities, including but not limited to, individual personal customers, business customers, non-government organizations, and entire customer relationships;
 - (iii) geographic locations;
 - (iv) methods that the Bank uses to interact with its customers such as face-to-face contact or through electronic means (collectively, (i) through (iv) are the “specific risk categories”); and
 - (v) findings or relevant information contained in any future internal audits or external reviews, including the BSA/AML audit and OCC examinations.
- (b) a detailed analysis of all data pertinent to the Bank’s specific risk categories in relation to the Bank’s Customer Identification Program (“CIP”) and Customer Due Diligence Program (“CDD”). The analysis should consider, as appropriate, the following factors:
- (i) purpose of the account;
 - (ii) actual or anticipated activity in the account;
 - (iii) nature of the customer’s business or occupation;
 - (iv) geographic location;
 - (v) the types of products and services used by the customer;

- (vi) an assessment of BSA/AML risk both individually within the Bank's business lines and on a consolidated basis across all Bank activities and product lines; and
- (vii) a provision requiring maintenance of appropriate documentation, including CDD information, to support the Risk Assessment conclusions.

(2) The Board shall ensure the Risk Assessment is updated annually, at minimum, to identify and respond to changes in the Bank's risk profile (including, but not limited to, new products or services, changes to existing products or services, and higher-risk customer activities).

ARTICLE III

CUSTOMER DUE DILIGENCE, ENHANCED DUE DILIGENCE AND CUSTOMER RISK IDENTIFICATION PROGRAMS

(1) Within ninety (90) days of this Order, the Board shall implement risk-based processes to obtain and analyze appropriate CDD information at the time of account opening and on an ongoing basis, and effectively use this information to monitor for, and investigate, suspicious or unusual activity. The processes will include the following items:

- (a) the type of due diligence information the Bank will collect to document its understanding of normal and expected activity for the customer's occupation or business operations, including consideration of all accounts in a customer's overall banking relationship;
- (b) a risk rating methodology to differentiate between lower-risk and higher-risk customers and relationships based on the types of transactions the

customer is likely to engage. The customer risk rating methodology will detail processes for maintaining or changing customer risk ratings;

- (c) processes for conducting and documenting enhanced due diligence (“EDD”) on high-risk accounts and relationships, including ongoing monitoring expectations, which shall include, as appropriate, monitoring of cash and check activities. The EDD standards will comply with the guidance in the FFIEC BSA/AML Examination Manual and ensure the Bank has an understanding of anticipated high-risk customer transactions;
- (d) periodic updates to CDD to reflect changes in the customer’s behavior, activity profile, or other factors that affect the BSA/AML risk for the client. The periodic update of due diligence will be documented and subject to quality assurance processes; and
- (e) periodic review of customer activities by type and volume, including but not limited to, appropriate review of customer checks or images thereof, to determine if the customer’s activity is reasonable, that CDD information is current and complete, and that the customer risk rating is accurate. These reviews must be well-documented and quality assurance processes must ensure the reviews are comprehensive and accurate. Standards and processes shall be established for elevating reviews for additional management consideration regarding increased monitoring, additional due diligence or account closure.

ARTICLE IV

SUSPICIOUS ACTIVITY MONITORING AND REPORTING

(1) Within ninety (90) days of this Order, the Board shall ensure that the Bank develops, implements, and thereafter adheres to a written program to establish a system of internal controls and processes to ensure compliance with the requirements to file suspicious activity reports (“SARs”) as set forth in 12 C.F.R. § 163.180. At a minimum, this written program shall include appropriate policies and procedures to ensure that the Bank:

- (a) incorporates CDD and EDD processes and applicable risk assessment information into the suspicious activity monitoring process;
- (b) appropriately uses management information systems (“MIS”) information to review checks, deposits, and other information, as needed, to effectively monitor and escalate for investigation unusual or potentially suspicious activity;
- (c) identifies and reports known or suspected violations of federal law, violations of the BSA, or suspicious transactions related to money laundering activity, including suspicious activity relating to the opening of new accounts, identified through the monitoring of current accounts, and the transfer of funds through the Bank;
- (d) includes specific policies and procedures for handling suspicious, or potentially suspicious, activity on accounts of insiders of the Bank;
- (e) completes its final disposition of each alert within a reasonable time period after the generation of the alert;

- (f) files SARs within the time frames specified in the applicable rules, regulations, and regulatory guidance, and files follow-up SARs every ninety (90) days in cases where suspicious activity is ongoing;
- (g) files accurate and complete SARs with narratives that provide a sufficient description of the activity reported and the basis for filing;
- (h) thoroughly documents individual decisions to file or not file a SAR;
- (i) provides sufficient information on its SAR filings to the Board or an appropriate committee thereof; and
- (j) retains copies of SARs and supporting documentation for five (5) years from the date of filing the SAR.

ARTICLE V

BSA/AML AUDIT

(1) Within thirty (30) days of this Order, the Board shall adopt, implement, and thereafter ensure Bank adherence to an effective, independent, BSA/AML audit program, so that its scope, testing, documentation , and follow-up testing are sufficient to:

- (a) detect irregularities in the Bank's operations;
- (b) determine the Bank's level of compliance with all applicable laws, rules, regulations, and regulatory guidance;
- (c) evaluate the Bank's adherence to established policies and procedures;
- (d) evaluate the reasonableness of the Risk Assessment, required by Article III of this Order, confirm the conclusions contained therein, and determine whether changes are needed to the Risk Assessment;
- (d) perform an appropriate level of testing to support the audit findings; and

(e) ensure adequate audit coverage in all areas.

(2) The Board shall ensure that the person(s) or external firm responsible for implementing the BSA/AML audit program described in paragraph (1) of this Article reports directly to the Board, or a designated committee thereof, which shall have the sole power to direct the audit activities. All reports prepared by the internal audit staff with respect to any external BSA/AML audit shall be filed directly with the Board, or a designated committee thereof, and not through any intervening party.

(3) By June 30, 2015, the Board shall cause the Bank to commence a comprehensive BSA/AML audit conducted by a qualified, independent third party. The engagement letter with the independent BSA/AML audit firm shall clearly set forth the Board's expectations of the audit with respect to the scope, testing, conclusions, and documentation.

(4) All audit reports prepared by internal audit staff or an independent third party shall be in writing and supported by adequate work papers, which must be provided to the Bank. The Board, or a designated committee thereof, shall ensure the Bank takes immediate actions to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.

(5) The audit staff shall have access to any records necessary for the proper conduct of its activities. The OCC shall have access to all reports and work papers of the audit staff and any other parties working on its behalf.

ARTICLE VI

BSA/AML OFFICER AND BSA/AML DEPARTMENT STAFF

(1) Within sixty (60) days of this Order, the Board shall engage a qualified independent BSA/AML consultant to assist the BSA Officer in the performance of her duties and

responsibilities and to provide training to the BSA Officer. At a minimum, the BSA/AML consultant shall provide assistance to the BSA Officer in the performance of a BSA/AML risk assessment, developing a satisfactory BSA/AML compliance program, and developing a satisfactory BSA/AML training program. In addition, the BSA/AML consultant shall provide extensive one-on-one training to the BSA Officer. The BSA/AML consultant shall be utilized until such time as:

- (a) the current BSA Officer is adequately trained and has demonstrated effectiveness in all aspects expected of a BSA Officer; and
- (b) an ongoing BSA/AML compliance program is developed by the Board, implemented, and demonstrated to be effective.

(2) Prior to the engagement of, or entering into any contract with, any individual as the BSA/AML consultant, the Board shall submit the name and qualifications of the proposed consultant and the proposed terms of engagement to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(3) Before terminating the BSA/AML consultant's services, the Board shall certify the effectiveness of both (a) the BSA/AML compliance program and (b) the current BSA Officer and receive prior written determination of no supervisory objection for each such requirement from the Assistant Deputy Comptroller.

(4) Within ninety (90) days of this Order, the Board shall conduct a formal written assessment of the Bank's oversight and infrastructure to ensure compliance with the BSA. This assessment shall include, at a minimum:

- (a) the adequacy of Board knowledge and oversight regarding the BSA requirements and Bank compliance;

- (b) the adequacy of management information systems regarding the BSA requirements and Bank compliance;
- (c) the adequacy of staffing of the BSA/AML compliance function, including:
 - (i) the level and scope of responsibilities of the BSA Officer, including responsibilities outside the BSA/AML area;
 - (ii) the knowledge, skills, capabilities and authority of the BSA Officer to conduct assigned responsibilities and ensure the Bank's compliance with the BSA; and
 - (iii) the number of staff needed to support the BSA Officer and the Bank's BSA/AML compliance function, and the level and scope of responsibilities of any support staff;
- (d) the BSA Officer's reporting structure and independence from the Bank's management; and
- (e) the Bank's performance evaluation program that addresses periodic performance evaluations of staff involved with BSA/AML compliance.

(5) Within thirty (30) days after completing the formal written assessment under paragraph (4) of this Article, the Board shall ensure that the Bank implements any changes that are needed regarding the Bank's BSA Officer and supporting staff, including the responsibilities, authority, structure, independence, competencies, or capabilities. In particular, the Board shall ensure that the BSA Officer and supporting staff have sufficient training, authority, and skill to perform their assigned responsibilities.

(6) The Board shall periodically, but no less than annually, review the adequacy of the Bank's BSA Officer and supporting staff, and shall document its determination(s) in writing. The periodic reviews shall consider the factors described in paragraph (4) of this Article.

ARTICLE VII

BSA/AML TRAINING

(1) Within thirty (30) days of this Order, the Board shall receive adequate training, as determined by the Assistant Deputy Comptroller, on BSA/AML risks and program requirements, to be conducted by a qualified and knowledgeable individual.

(2) Within ninety (90) days of this Order, the Board shall develop, implement, and thereafter ensure Bank adherence to a comprehensive training program for all Bank employees to ensure their awareness of their responsibility for compliance with the requirements of the BSA.

This comprehensive training program shall:

- (a) provide for comprehensive ongoing training for the BSA Officer, which shall include her attendance at formal external training sessions and web-based training with interactive components to ensure she obtains and maintains the necessary knowledge, skills, and abilities to administer and oversee an effective BSA/AML program. This training shall include, but not be limited to, specific training on CDD/EDD and effective monitoring and reporting of suspicious activity;
- (b) provide for more extensive BSA/AML training for all operational and supervisory personnel assigned to the Bank's BSA/AML compliance function;

- (c) provide for more targeted training for other personnel focusing on the individual's specific duties and responsibilities; and
- (d) include strategies for mandatory attendance, the frequency of training, procedures and timing for updating the training program and materials, and the method for delivering training.

ARTICLE VIII

CLOSING

(1) Although this Order requires the Bank to submit certain actions, plans, programs, policies and procedures for the review or prior written determination of no supervisory objection by the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) If, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from doing so.

(3) The provisions of this Order are effective upon the 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 OCC.

(4) Any time limitations imposed by this Order shall begin to run from the effective date of this Order, as shown below, unless the Order specifies otherwise. The time limitations may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board. Any request to extend any time limitation shall include a statement

setting forth in detail the specific circumstances that prevent the Bank from complying with the time limitation, and shall be accompanied by relevant supporting documentation. The Assistant Deputy Comptroller's decision regarding the request is final and not subject to further review.

(5) In each instance in this Order in which the Board or a Board committee is required to ensure adherence to, or 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 noncompliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner for any noncompliance with such actions.

(6) The terms and provisions of this Order apply to the Bank and its subsidiaries, even though those subsidiaries are not named as parties to this Order. The Bank shall integrate any activities done by a subsidiary into its plans, policies, programs, and processes required by this Order. The Bank shall ensure that its subsidiaries comply with all terms and provisions of this Order.

(7) 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 the Comptroller or the United States.

(8) 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 23rd day of January, 2015.

/s/ _____
Ben Rudolph
Acting Associate Deputy Comptroller
Western District Office

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

In the Matter of:)	
Mutual Savings Association, FSA)	AA-EC-2015-5
Leavenworth, Kansas)	

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

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”) intends to initiate cease and desist proceedings against Mutual Savings Association, FSA, Leavenworth, Kansas (“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 12 C.F.R. § 21.21, an implementing regulation of the Bank Secrecy Act, 31 U.S.C. §§ 5311 *et seq.*

WHEREAS, the Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated January 23, 2015 (“Order”) by executing this Stipulation and Consent to the Issuance of a Consent Order (“Stipulation”);

NOW THEREFORE, in consideration of the above premises, 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

JURIDICTION

(1) The Bank is a “Federal savings association” within the meaning of 12 U.S.C. § 1462(3) and an “insured depository institution” within the meaning of 12 U.S.C. § 1813(c).

(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).

ARTICLE II

AGREEMENT

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

(2) The terms and provisions of the Order apply to the Bank and all its subsidiaries, even though those subsidiaries are not named as parties to the Order.

(3) The Bank further agrees that said 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 agrees 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).

(4) 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.

(5) The Bank declares that no separate promise or inducement of any kind has been made by the Comptroller, or by his agents or employees, to cause or induce the Bank to consent to the issuance of the Order and/or execute the Order.

(6) 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.

(7) The terms and provisions of this Stipulation and the Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Stipulation or the Order, express or implied, shall give any person or entity, other than the parties hereto, and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim under this Stipulation or the Order.

ARTICLE III

WAIVERS

- (1) The Bank, by signing this Stipulation, 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(b) or (h), and 12 C.F.R. Part 109;
 - (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

ELIGIBLE BANK – OTHER PROVISIONS

- (1) As a result of the Order:
 - (a) The Bank is an “eligible bank” pursuant to 12 C.F.R. § 5.3(g)(4) for the purposes of 12 C.F.R. Part 5 regarding rules, policies and procedures for corporate activities, unless otherwise informed in writing by the Office of the Comptroller of the Currency (“OCC”);
 - (b) The Bank is not subject to the limitation of 12 C.F.R. § 5.51(c)(6)(ii) for the purposes of 12 C.F.R. § 5.51 requiring OCC approval of a change in directors and senior executive officers, unless otherwise informed in writing by the OCC;
 - (c) The Bank is not subject to the limitation on golden parachute and indemnification payments provided by 12 C.F.R. § 359.1(f)(1)(ii)(C) and 12 C.F.R. § 5.51(c)(6)(ii), unless otherwise informed in writing by the OCC;
 - (d) The Bank’s status as an “eligible bank” remains unchanged pursuant to 12 C.F.R. § 24.2(e)(4) for the purposes of 12 C.F.R. Part 24 regarding community and economic development, unless otherwise informed in writing by the OCC; and
 - (e) The Order shall not be construed to be a “written agreement, order, or capital directive” within the meaning of 12 C.F.R. § 6.4, unless the OCC informs the Bank otherwise in writing.

ARTICLE IV

CLOSING PROVISIONS

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

(2) Nothing in this Stipulation shall preclude any proceedings brought by the Comptroller to enforce the terms of the Order, and nothing in this Stipulation constitutes, nor shall the Bank contend that it constitutes, a waiver of any right, power, or authority of any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice, to bring other actions deemed appropriate.

(3) The terms of this Stipulation, including this paragraph, and the Order are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

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

/s/
Ben Rudolph
Acting Associate Deputy Comptroller
Western District Office

1/23/15
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/
Stanley Byrne

1-21-15
Date

/s/
David Hoppes

1-21-15
Date

/s/
Stephen Kaaz

1/21/15
Date

/s/
Anthony Kramer

1/21/15
Date

/s/
Michael McCann

1-21-15
Date

/s/
Lois Meadows

1-21-15
Date