

**UNITED STATES OF AMERICA**  
**Before the**  
**OFFICE OF THRIFT SUPERVISION**

_____ )	
In the Matter of )	Order No.: CN 11-08
)	
)	
<b>CROSSROADS BANK</b> )	Effective Date: March 25, 2011
)	
)	
Wabash, Indiana )	
OTS Docket No. 04175 )	
_____ )	

**ORDER TO CEASE AND DESIST**

**WHEREAS**, Crossroads Bank, Wabash, Indiana, OTS Docket No. 04175 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to Issuance of an Order to Cease and Desist (Stipulation); and

**WHEREAS**, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

**WHEREAS**, pursuant to delegated authority, the OTS Regional Director for the Central Region (Regional Director) is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

**NOW, THEREFORE, IT IS ORDERED that:**

## **Cease and Desist.**

1. The Association and its institution-affiliated parties,<sup>1</sup> successors, and assigns shall cease and desist from any action (alone or with others) for or toward, causing, bringing about, participating in, counseling, or aiding and abetting the unsafe or unsound banking practices that resulted in the Association operating with an ineffective Bank Secrecy Act and Anti Money Laundering (BSA/AML) compliance program as described in the OTS Report of Examination of the Association dated October 18, 2010 (2010 ROE).

2. The Association and its institution-affiliated parties, successors, and assigns also shall cease and desist from any action (alone or with others) for or toward, causing, bringing about, participating in, counseling, or aiding and abetting violations of the following laws and regulations cited in the 2010 ROE:

- (a) 12 C.F.R. § 563.177(c)(1) (requiring the development of a system of internal controls to assure ongoing compliance with the BSA/AML laws and regulations<sup>2</sup>); and
- (b) 12 C.F.R. § 563.180(d)(3)(iv) (requiring the filing of suspicious activity reports (SARs) that involve potential money laundering or violations of the BSA/AML laws and regulations).

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<sup>1</sup> The term “institution-affiliated party” is defined at 12 U.S.C. § 1813(u).

<sup>2</sup> BSA/AML laws, regulations, and regulatory guidance include, but are not limited to, the Currency and Foreign Transactions Reporting Act, as amended by the USA PATRIOT Act and other laws (the Bank Secrecy Act or BSA), 31 USC §§ 5311 et seq., and the related regulations issued and/or administered by the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN), 31 CFR §§ 103.11 et seq., and the related BSA regulations issued by OTS, 12 CFR § 563.177 (collectively the BSA Laws and Regulations), the FinCEN regulations governing suspicious activity reports (SARs) set forth at 31 CFR § 103.18, and the OTS SAR regulations set forth at 12 CFR § 563.180 (the SAR Regulations).

**Bank Secrecy Act.**

3. Within thirty (30) days, the Association shall revise its policies, procedures and systems related to the BSA/AML laws and regulations (BSA/AML Compliance Program) to address all corrective actions in the 2010 ROE related to the Association's BSA/AML Compliance Program.

At a minimum, the Association's BSA/AML Compliance Program shall:

- (a) require the Association to enhance its monitoring of all transactions for possible suspicious activity and/or structuring activities and to timely report such activities pursuant to the BSA/AML laws and regulations; and
- (b) require enhancement of the Association's process regarding decisions on whether to file a SAR on an account and the retention of documentation supporting its decision; and
- (c) require annual BSA/AML training for all appropriate Association employees and Board members.

4. Within forty-five (45) days, the Association shall engage a qualified, independent third party (Consultant) to conduct a review of all cash transactions and wire transfers from July 1, 2009 through December 31, 2010 for compliance with BSA/AML laws and regulations. The Consultant shall prepare a written report (Look Back Report) identifying, at a minimum:

- (a) details of all cash transactions and/or wire transfers that should have been reviewed for compliance with BSA/AML laws and regulations; and
- (b) proposed corrective actions with respect to identified accounts and/or relationships.

5. Within ninety (90) days, the Association shall implement corrective actions to ensure that any violations or weaknesses of BSA/AML laws and regulations identified in Look Back Report

are addressed.

6. Within one hundred twenty (120) days, a copy of the Look Back Report and a description of any corrective actions taken by the Association shall be provided to the Regional Director.

**Effective Date, Incorporation of Stipulation.**

7. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

**Duration.**

8. This Order shall remain in effect until terminated, modified, or suspended, by written notice of such action by the OTS, acting by and through its authorized representatives.

**Time Calculations.**

9. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

10. The Regional Director or an OTS authorized representative may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

**Submissions and Notices.**

11. All submissions, including any reports, to the OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

12. Except as otherwise provided herein, all submissions, requests, communications, consents, or other documents relating to this Order shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission, or hand delivery by messenger) addressed as follows:

(a) **To the OTS<sup>3</sup>:**

Regional Director  
Office of Thrift Supervision  
One South Wacker Drive, Suite 2000  
Chicago, Illinois 60606  
Facsimile: (312) 917-5001

(b) **To the Association:**

Chairman of the Board  
Crossroads Bank  
1205 North Cass Street  
Wabash, Indiana 46992  
Facsimile: (260) 563-4841

**No Violations Authorized.**

13. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers, or employees to violate any law, rule, or regulation.

**IT IS SO ORDERED.**

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_ /s/  
Daniel T. McKee  
Regional Director, Central Region

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<sup>3</sup> Following the Transfer Date, as that term is defined in the Dodd-Frank Wall Street Reform and Consumer protection Act, Pub. Law No. 111-203, § 311, 124 Stat. 1520-21 (2010), all submissions, requests, communications, consents or other documents relating to this Order shall be directed to the Comptroller of the Currency or to the individual, division, or office designated by the Comptroller of the Currency.

**UNITED STATES OF AMERICA**  
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OTS Docket No. 04175 )	
_____ )	

**STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST**

**WHEREAS**, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Central Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Crossroads Bank, Wabash, Indiana, OTS Docket No. 04175 (Association) that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 1818(b);

**WHEREAS**, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

**WHEREAS**, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or

denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

**Jurisdiction.**

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).
2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

**OTS Findings of Fact.**

3. Based on its October 18, 2010 examination of the Association, the OTS finds that the Association has engaged in unsafe or unsound banking practices that resulted in the Association operating with an ineffective Bank Secrecy Act and Anti Money Laundering (BSA/AML) compliance program.
4. Based on its October 18, 2010 examination of the Association, the OTS finds that the Association violated the following laws and regulations:
  - (a) 12 C.F.R. § 563.177(c)(1) (requiring the development of a system of internal controls to assure ongoing compliance with the BSA/AML laws and regulations); and
  - (b) 12 C.F.R. § 563.180(d)(3)(iv) (requiring the filing of suspicious activity reports (SARs) that involve potential money laundering or violations of the BSA/AML regulations).

**Consent.**

5. The Association consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

**Finality.**

6. The Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the Order shall be a final order, effective, and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

**Waivers.**

7. The Association waives the following:

- (a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and
- (d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes or otherwise.

**OTS Authority Not Affected.**

8. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

**Other Governmental Actions Not Affected.**

9. The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 8 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

**Miscellaneous.**

10. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order.

11. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

12. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

13. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

14. The terms of this Stipulation and of the Order represent the final agreement of the parties

with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

15. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

**Signature of Directors/Board Resolution.**

16. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting.

**WHEREFORE**, the Association, by its directors, executes this Stipulation.

**CROSSROADS BANK**  
**Wabash, Indiana**

Accepted by:  
**Office of Thrift Supervision**

\_\_\_\_\_/s/\_\_\_\_\_  
Stanley J. Myers, Chairman

By: \_\_\_\_\_/s/\_\_\_\_\_  
Daniel T. McKee  
Regional Director, Central Region

\_\_\_\_\_/s/\_\_\_\_\_  
Roger K. Cromer, Director

Date: See Effective Date on page 1

\_\_\_\_\_/s/\_\_\_\_\_  
Daniel H. Ford, Director

\_\_\_\_\_/s/\_\_\_\_\_  
Thomas L. Frank, Director

\_\_\_\_\_/s/\_\_\_\_\_  
Joseph W. McSpadden, Director

\_\_\_\_\_/s/\_\_\_\_\_  
John N. Philippsen, Director

\_\_\_\_\_/s/\_\_\_\_\_  
Ronald D. Reynolds, Director