

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

and

COMMONWEALTH OF MASSACHUSETTS
DIVISION OF BANKS
BOSTON, MASSACHUSETTS

In the Matter of)

CONSENT ORDER

MEETINGHOUSE BANK)
BOSTON, MASSACHUSETTS)

FDIC-2016-0047b

(INSURED STATE NONMEMBER BANK))

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate federal banking agency for Meetinghouse Bank, Boston, Massachusetts (“Bank”) under section 3(q) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1813(q), and the Division of Banks of the Commonwealth of Massachusetts (“Division”) is the appropriate state banking agency for the Bank under Massachusetts General Laws (“M.G.L.”) Chapters 30A, 167, and 170.

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 (“CONSENT AGREEMENT”), dated April 22, 2016, that is accepted by the FDIC and the Division. With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation relating to (i) oversight by the Board of Directors, (ii) management, (iii) resources, and (iv) the Bank Secrecy Act and its

implementing regulations, to the issuance of this CONSENT ORDER ("ORDER") by the FDIC and the Division.

Having determined that the requirements for issuance of an order under section 8(b) of the Act, 12 U.S.C. § 1818(b), and under M.G.L. Chapters 30A, 167, and 170, have been satisfied, the FDIC and the Division hereby order that:

BOARD OF DIRECTORS AND MANAGEMENT

1. As of the effective date of this ORDER, the Board shall enhance its oversight of the Bank's Bank Secrecy Act/Anti-Money Laundering ("BSA/AML") program, exercising full responsibility for the approval of sound policies and objectives and for the oversight of all of the Bank's activities related to the BSA/AML program, consistent with the role and expertise commonly expected for directors of banks of comparable size and risk.

2. The Bank shall have and retain qualified management over the BSA/AML program. Each member of management shall possess qualifications and experience commensurate with his or her duties and responsibilities at the Bank. The qualifications of management shall be assessed on its ability to:

- (a) Comply with the requirements of this ORDER;
- (b) Implement the BSA/AML program in a safe and sound manner;
- (c) Comply with applicable laws, rules, and regulations; and

- (d) Restore all aspects of the BSA/AML program to a safe and sound condition, including appropriate Board oversight, management, and resources.

3. The Bank shall notify the Deputy Regional Director of the FDIC (“Deputy Regional Director”) and the Commissioner of the Division of Banks (“Commissioner”) in writing of any resignations or terminations of any members of its Board, any of its “senior executive officers” (as that term is defined in section 303.101(b) of the FDIC’s Rules and Regulations, 12 C.F.R. § 303.101(b)), or of the Bank Secrecy Act Officer within ten (10) days after the event. Any notification required by this paragraph shall include a description of the background(s) and experience of any proposed replacement personnel and must be received at least thirty (30) days prior to the individual(s) assuming the new position(s), unless that time frame is waived in writing by the FDIC and the Division.

RESOURCE ASSESSMENT AND RESOURCE PLAN

4. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall complete a staff and resource assessment (“Resource Assessment”) for the purpose of ensuring that the Bank has or obtains appropriate management, staff, and other resources to effectively mitigate BSA/AML risks and to ensure appropriate implementation and supervision of the BSA/AML program. The Resource Assessment shall be conducted by a qualified individual(s) who is independent of operating management and may be a third party engaged by the Bank who is a recognized expert

within the field regionally or nationally. At a minimum, the scope of the assessment shall:

- (i) Identify the staff and resources required to properly manage and supervise the BSA/AML program, including mitigating risks and ensuring the safety and soundness of the institution; and
- (ii) Evaluate each employee with duties and responsibilities related to the operation and supervision of the BSA/AML program to determine whether the individual possesses the ability, experience, and other qualifications required to perform present and anticipated duties, including those under the BSA/AML program, to adhere to the Bank's established BSA/AML policies and practices, and to operate the Bank in a safe and sound condition.

(b) Upon completion of the Resource Assessment, the assessor(s) conducting it shall document, within a written report to the Board, the scope of the Resource Assessment, the results of the Resource Assessment, and appropriate recommendations for future action based on the Resource Assessment.

5. (a) Within thirty (30) days after completion of the Resource Assessment required in paragraph 4, the Bank shall:

- (i) Provide for the Board's comprehensive review of the written Resource Assessment report;

- (ii) Develop, based on the findings of the Resource Assessment, a written plan (“Resource Plan”), which shall include appropriate corrective actions to address each Resource Assessment finding, and responsibility and timeframe for completion of each corrective action;
- (iii) Record the Board’s review of the Resource Assessment and approval of the Resource Plan within Board minutes; and
- (iv) Submit a copy of the Resource Assessment and Resource Plan to the Deputy Regional Director and Commissioner.

(b) Within thirty (30) days of receipt of any comments from the Deputy Regional Director or Commissioner, the Bank shall incorporate and adopt all such comments into the Resource Plan. Following review and approval of the Resource Plan by the Board, the Bank shall implement and fully comply with the revised Resource Plan.

BANK SECRECY ACT COMPLIANCE PROGRAM

6. Within ninety (90) days from the effective date of this ORDER, the Bank shall develop and implement a written BSA Compliance Program (“BSA Compliance Program”), including policies and procedures, which adequately addresses all applicable requirements of Section 326.8 of FDIC Rules and Regulations, 12 C.F.R. § 326.8, as well as the applicable provisions of Chapter X of FinCEN’s regulations, 31 CFR Chapter X,

and is reasonably designed to assure ongoing compliance by the Bank with the BSA and its implementing rules and regulations.

BANK SECRECY ACT/ANTI-MONEY LAUNDERING RISK ASSESSMENT

7. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall complete and document the results of an assessment of the Bank's BSA/AML risk ("BSA/AML Risk Assessment"), consistent with the guidance for risk assessments set forth in the *Bank Secrecy Act/Anti-Money Laundering Examination Manual* compiled by the Federal Financial Institutions Examination Council (www.ffiec.gov/bsa_aml_infobase/default.htm) ("BSA Manual"), inclusive of all pertinent risk factors impacting the Bank's BSA/AML risk profile, and based on accurate risk ratings that are well-supported by qualitative and quantitative data. Upon completion, the BSA/AML Risk Assessment should be presented to the Board for review and approval.

(b) Within sixty (60) days from the effective date of this ORDER, the Bank shall establish appropriate written policies and procedures regarding BSA/AML Risk Assessments.

BANK SECRECY ACT INTERNAL CONTROLS

8. Within ninety (90) days from the effective date of this ORDER, the Bank shall develop and implement a system of internal controls ("BSA Internal Controls") designed

to assure ongoing compliance with the BSA and its implementing rules and regulations. Specific BSA Internal Controls should exist or be created to address each risk identified in the Bank's BSA/AML Risk Assessment. At a minimum, such BSA Internal Controls shall include policies and procedures that provide for:

- (a) Guidelines for effective identification of high-risk customers and monitoring requirements;
- (b) Customer due diligence and enhanced due diligence procedures, which shall include, but not be limited to, comprehensive review of all business owners, appropriate site visit documentation requirements, and the establishment of a baseline level of expected activity to facilitate ongoing monitoring of account activity;
- (c) Maintenance of complete, current, and accurate customer information;
- (d) Timely completion of all wire transactions logs and appropriate monitoring of international wire transfers;
- (e) Risk assessments and appropriate monitoring procedures for ACH transactions;
- (f) Appropriate suspicious activity monitoring procedures commensurate with the level of inherent risk posed by the Bank's customer base; and
- (g) Appropriate remote deposit capture controls to assist in identifying suspicious activities and transactions and to effectively mitigate risk. The

controls should include single item limits, daily limits, and weekly or monthly limits, based on system capabilities.

BANK SECRECY ACT/ANTI-MONEY LAUNDERING TRAINING PROGRAM

9. Within ninety (90) days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a comprehensive and effective risk-based training program (“Training Program”) for Board members, management, and staff on all relevant aspects of laws, regulations, and Bank policies and procedures relating to BSA/AML. The Training Program should be consistent with the guidance for training set forth in the BSA Manual and should ensure that employees involved in the administration of the BSA/AML program receive comprehensive specialized training that enables them to effectively identify, measure, monitor, and control all BSA-related risks presented by the Bank’s business lines.

CORRECTION OF VIOLATIONS

10. Within ninety (90) days of the effective date of this ORDER, the Bank shall take all steps necessary, consistent with other provisions of this ORDER and safe and sound banking practices, to eliminate or correct unsafe or unsound banking practices, violations of law or regulation, and all contraventions of regulatory policies or guidelines related to BSA/AML cited in the Report of Examination dated November 9, 2015, and not specifically identified elsewhere within this ORDER, and to prevent the same kinds of unsafe or unsound banking practices, violations of law or regulation, and contraventions of regulatory policies or guidelines in the future.

REPORT OF EXAMINATION ACTION PLAN

11. Within forty-five (45) days from the effective date of this ORDER, the Board shall develop and implement an action plan (“Report of Examination Action Plan”) to adequately address all other BSA/AML-related recommendations identified within the Report of Examination dated November 9, 2015, and not specifically identified elsewhere in this ORDER. Within forty-five (45) days of the issuance of any subsequent Report of Examination during the duration of this ORDER, the Bank shall amend the Report of Examination Action Plan to incorporate any additional BSA/AML recommendations not previously identified. The Report of Examination Action Plan shall include, at a minimum, each recommendation, the required action to satisfactorily address the recommendation, staff responsibility for the action, and a target timeframe for completing the action item.

ENFORCEMENT ACTION COMPLIANCE COMMITTEE

12. (a) Within thirty (30) days from the effective date of this ORDER, the Board shall establish an enforcement action compliance committee (“Enforcement Action Compliance Committee”) charged with responsibility for ensuring compliance with the provisions of this ORDER. A majority of the Committee’s members shall be persons who are not now, and have never been, involved in the daily operations of the Bank.

(b) The Enforcement Action Compliance Committee shall monitor compliance with this ORDER and submit a written report monthly to the entire Board. The report shall include progress updates and any revised target completion dates for the

requirements in this ORDER and in the Bank's Report of Examination Action Plan. A copy of the monthly report, and any discussion related to the monthly report or this ORDER, shall be part of the minutes of the Board meeting. Copies of the monthly report shall be submitted to the Deputy Regional Director and the Commissioner as part of the progress reports required by this ORDER.

(c) Nothing contained in this section or in the ORDER shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

PROGRESS REPORTS

13. Within forty-five (45) days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Deputy Regional Director and the Commissioner written progress reports detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the Board minutes.

GENERAL PROVISIONS

14. The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC, Commissioner, 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.

15. This ORDER shall be effective on the date of issuance.

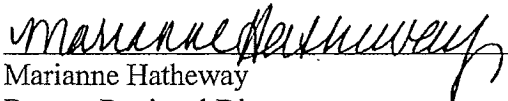
16. The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

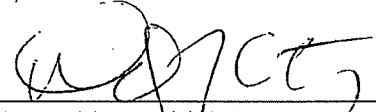
17. The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the Deputy Regional Director and Commissioner.

Issued Pursuant to Delegated Authority

Dated: April 22, 2016

By:


Marianne Hatheway
Deputy Regional Director
Division of Risk Management Supervision
Federal Deposit Insurance Corporation


Honorable David J. Cotney
Commissioner
Commonwealth of Massachusetts
Division of Banks