

**UNITED STATES OF AMERICA  
NATIONAL CREDIT UNION ADMINISTRATION  
NATIONAL CREDIT UNION ADMINISTRATION BOARD**

In the Matter of the	)	
Cease-and-Desist Order of	)	
	)	Dkt No. 07-0502-II
	)	
Garden Savings	)	
Federal Credit Union	)	
	)	
Respondent.	)	
	)	
	)	

**FINAL CEASE AND DESIST ORDER**

WHEREAS, Garden Savings Federal Credit Union (“the Credit Union”) is a federal credit union, as defined by 12 U.S.C. Section 1752(1);

WHEREAS, the credit union has, through its officers and directors, executed a Consent to Issuance of a Final Order to Cease and Desist which is accepted and approved by the National Credit Union Administration Board (“the NCUA Board”) acting through its counsel;

WHEREAS, the credit union has consented and agreed to the issuance of this Final Order to Cease and Desist pursuant to Section 206(e)(1) of the Federal Credit Union Act, 12 U.S.C. §1786(e)(1), and Part 747 of the National Credit Union Administration Rules and Regulations.

NOW THEREFORE, IT IS ORDERED THAT:

1. The Consent to the Final Order to Cease and Desist is incorporated and made part hereof by this reference; and

2. The Credit Union shall take all actions as specified in paragraphs one (1) through twenty (20), pages two (2) through eight (8) of the executed Consent to the Final Order to Cease and Desist.

3. This Final Order shall be and is effective on the date it is issued.

NATIONAL CREDIT UNION ADMINISTRATION BOARD

Dated: July 3, 2007

Mary F. Rupp  
Mary F. Rupp  
Secretary of the Board

**NATIONAL CREDIT UNION ADMINISTRATION**

**NOTATION VOTE  
TALLY SHEET**

**I CERTIFY THAT THE FOLLOWING ACTION WAS TAKEN BY  
THE NCUA BOARD ON July 3, 2007**

**SUBJECT: Final Cease & Desist Order Based on Consent,  
Garden Saving Federal Credit Union.**

**APPROVED   x   (unanimous)**

**DISAPPROVED \_\_\_\_\_**

**NOT PASSED (Failure to get a second) \_\_\_\_\_**

**SCHEDULE FOR BOARD MEETING \_\_\_\_\_**

  
\_\_\_\_\_  
Secretary of the Board

**Item to be made publicly available:   YES**

**Consent to Cease and Desist Order**

**for**

*Garden Savings Federal Credit Union*

**Enclosed below**

**UNITED STATES OF AMERICA  
NATIONAL CREDIT UNION ADMINISTRATION  
NATIONAL CREDIT UNION ADMINISTRATION BOARD**

\_\_\_\_\_  
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Cease-and-Desist Order of )  
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\_\_\_\_\_ )

Docket No. 07-0502-II

**CONSENT CEASE AND DESIST ORDER**

The National Credit Union Administration Board ("NCUA Board"), by and through its undersigned counsel, and Garden Savings Federal Credit Union ("the Credit Union") hereby stipulate and agree as follows:

1. Consideration. The National Credit Union Administration is of the opinion that grounds exist to initiate an administrative cease and desist action against the Credit Union pursuant to Section 206(f)(1),(q)(3) of the Federal Credit Union (FCU) Act, 12 U.S.C. §1786(f)(1),(q)(3). The Credit Union, without admitting or denying that said grounds exist (except those set forth as to Jurisdiction in paragraph 2), desires to avoid the time, cost, and expense of administrative litigation. Accordingly, the Credit Union consents to the issuance by the NCUA Board of a Cease and Desist Order ("Order").

2. Jurisdiction.

(a) The Credit Union at all times relevant hereto, was a federally chartered and insured credit union within the meaning of 12 U.S.C. §1752(1) and 12 U.S.C. §1752(7). Accordingly, the Credit Union is subject to supervision of the NCUA Board. 12 U.S.C. §1756.

(b) The Credit Union's directors, officers, committee members, and employees are "institution-affiliated parties" within the meaning of Section 206(r) of the Federal Credit Union Act, 12 U.S.C. §1786(r).

(c) Pursuant to the authority vested in the NCUA Board under Section 206(e) of the Federal Credit Union Act, 12 U.S.C. §1786(e), and Part 747 of the National Credit Union Administration Rules and Regulations, NCUA is the appropriate Federal agency to maintain enforcement proceedings against the Credit Union and any institution-affiliated parties. Therefore, the Credit Union, its directors, officers, committee members, and employees are subject to the authority of the NCUA Board to initiate and maintain enforcement proceedings against them.

3. Consent. The Credit Union consents to the issuance by the NCUA Board of the accompanying Order. The Credit Union agrees that the Order complies with all requirements of the Federal Credit Union Act and consents to the following terms and conditions:

The Credit Union (including all directors, committee members, officers, and employees) shall immediately:

1. Engage an individual or firm of Bank Secrecy Act/Anti-Money Laundering (BSA/AML) specialists as a consultant to assist the Credit Union in correcting BSA/AML compliance program deficiencies within 60 days of this Order. The BSA/AML consultant must have the requisite expertise with current knowledge of BSA/AML compliance requirements for depository financial institutions. Consultants must have an AML specialist designation, experience litigating BSA suits or other factors evidencing BSA/AML competency. The specialist must also have an established history of providing such specialized services to depository financial institution clients.

2. Complete a comprehensive BSA/AML risk assessment with the assistance of a BSA/AML specialist within 90 days of this Order.
3. Develop and maintain a list of high and moderate risk members based on the results of the risk assessment within 90 days of this Order. Ensure account activities of high risk members are reviewed and analyzed monthly and moderate risk members are reviewed and analyzed quarterly.
4. File all required Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs) for past, reportable activities within 30 days of this Order. Back-file all CTRs for improperly exempted businesses within 30 days of this Order.
  - a. Ensure all future required reports, including CTRs and SARs, are completed timely, accurately and fully. Implement policies or procedures to require documenting decisions not to file SARs.
  - b. Ensure all SAR information is kept confidential and all individuals named as suspects or subjects on SARs are never informed of SAR filings.
  - c. File SARs for high risk accounts and any other members as necessary after reviewing transactions and determining activities meet requirements to file a SAR.
  - d. Document situations where your research resulted in a decision not to file a SAR.
  - e. Maintain a list of all CTRs and SARs filed. At a minimum, the list must include the member's name, account number, the amount of the reported transaction and the date (or initial date) of the reported activity.

5. Establish written high-risk member policies and procedures within 90 days of this

Order to:

- a. Identify all high-risk members.
- b. Conduct a documented risk assessment of each high-risk member.
- c. Assess the potential risks posed by each relationship.
- d. Conduct appropriate, enhanced, and ongoing due diligence of high-risk accounts as necessary.
- e. Ensure high-risk accounts are appropriately monitored for suspicious activity.
- f. Confirm appropriate and current FinCEN registration and state licensing for applicable high-risk members.
- g. Confirm agent status for multi-branch, national and internationally based applicable high-risk members.
- h. Ensure transactions conducted in or through Credit Union accounts are consistent with each high-risk member's registered or licensed activities, as applicable.
- i. Request, review and determine the adequacy of the written BSA/AML and Customer Identification Program (CIP) policies and procedures of each high-risk member with BSA/AML and CIP requirements conducting transactions in Credit Union accounts.
- j. Request and review copies of annual BSA/AML compliance program independent testing/audit reports. Use the report from each applicable



member's independent review/audit to assist with determining the Credit Union's risk exposure resulting from each relationship.

6. Hire a competent, full-time BSA Compliance Officer with the delegated authority and necessary resources to implement and enforce BSA policies and procedures and to ensure compliance with all material aspects of the BSA and its implementing rules and regulations within 90 days of this Order.
7. Approve a detailed job description for the BSA Compliance Officer and submit a copy of the job description to the NCUA District Examiner within 90 days of this Order.
8. Ensure the BSA Compliance Officer obtains all training necessary to knowledgeably perform duties and oversee daily compliance.
9. Create a BSA compliance team and dedicate sufficient staffing and resources to BSA/AML compliance based on your written risk assessment. Cross-train staff to perform BSA/AML related duties to ensure BSA compliance program continuity within 90 days of this Order.
10. Obtain and research all 314(a) information sharing requests from FinCEN within 14 days of receipt in compliance with 31 C.F.R. §103.100. Require applicable staff to document all 314(a) reviews performed and establish timely secondary oversight processes. Amend the written BSA Compliance Policy to address 314(a) processes.
11. Develop and implement a comprehensive BSA/AML training program within 90 days of this Order. Include the following elements in your BSA/AML training program and materials:

- a. Credit Union directors' and senior management's commitment to ongoing education, training and compliance.
  - b. Employee accountability to ensure BSA/AML compliance.
  - c. Risk-based training commensurate with the specific risks of Credit Union products, services, members and geographic locations.
  - d. Training frequency requirements.
  - e. Training attendance requirements and maintenance of training materials.
  - f. Credit Union policies, procedures, processes and new BSA/AML rules and regulations.
  - g. Different forms of money laundering and terrorist financing as it relates to identification of and examples of suspicious activity.
  - h. Penalties for noncompliance with internal policies and regulatory requirements.
12. Develop, implement, and maintain risk-based internal controls and appropriate transaction activity monitoring tools within 90 days of this Order to ensure all reportable transactions are promptly identified, researched, and reported. Ensure monitoring tools include monetary instrument sales and redemptions, incoming and outgoing wire transfers, automated teller machine transactions, and any other operational areas identified in your BSA/AML risk assessment requiring monitoring.
13. Evaluate current Customer Identification Program (CIP) verification processes and strengthen identified weak processes accordingly. Ensure processes to verify member information are appropriate for risk exposures within 90 days of this Order.

14. Expand CIP procedures, and implement due diligence and account monitoring processes for high-risk individual member and business accounts based on the Credit Union's risk assessment of account activities within 90 days of this Order.
15. Develop written procedures to direct responses to law enforcement subpoenas, notifications, requests or inquiries. Include processes to ensure all report error or Taxpayer Identification Number (TIN) mismatch notifications from the IRS Enterprise Computing center-Detroit (formerly Detroit Computing Center) are researched and addressed fully, appropriately and timely. Require organized maintenance of all notifications from law enforcement and government agencies in a secure and readily-retrievable manner.
16. Engage the services of a qualified, independent third party to conduct BSA/AML compliance program independent testing within 120 days of this Order. Ensure the testing is completed and reported within 180 days of this Order. Require additional BSA compliance program independent testing at least annually thereafter.
17. Review existing Designations of Exempt Persons and determine if exemptions are appropriate. Document reasons for continued exemptions.
18. Ensure Credit Union staff completes a check of all members against the Office of Foreign Assets Control (OFAC) Specially Designated Nationals (SDN) list monthly.
19. Ensure all personnel responsible for checking names against the OFAC SDN list are provided appropriate training for the Credit Union's OFAC software within 30 days of this Order.

20. Obtain OFAC training for all officials, including, but not limited to, operational management, staff, and board members, within 30 days of this Order.

The NCUA Regional Director, and all successor Regional Directors, may in their discretion approve minor modifications to the terms of the Order, such as extending the time frames referred to in the Order.

4. Waivers. The Credit Union waives its right to the administrative hearing provided for in Section 206(e)(1) of the Federal Credit Union Act, 12 U.S.C. §1786(e)(1). The Credit Union waives its right to seek judicial review of the Order or otherwise challenge the validity or legality of the Order.

5. Finality. The Order is issued pursuant to Section 206(f)(1),(q)(3) of Federal Credit Union Act, 12 U.S.C. §1786(f)(1),(q)(3). Upon its issuance by the NCUA Board, it shall be a final Order, effective and fully enforceable by the NCUA.


WHEREFORE, in consideration of the foregoing the undersigned, on behalf of the NCUA, and the Credit Union execute this Stipulation and Consent to Issuance of a Cease and Desist Order.

By:   
National Credit Union Administration

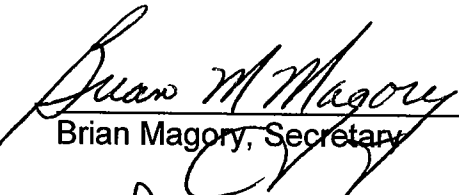
6-21-2007  
Date

  
Paul Mercer, Chairperson


6/22/07  
Date

  
Ronald Litchkowski, Vice-Chairman


6/25/07  
Date

  
Brian Magory, Secretary

6/25/2007  
Date

  
Lynn Dockrill, Treasurer

6/25/07  
Date

  
David Pitfield, Board Member

6-22-07  
Date