

UNITED STATES OF AMERICA  
BEFORE  
THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

_____ )	
Written Agreement by and between )	
THE MARATHON BANK )	
Winchester, Virginia )	Docket No. 03-013-WA/RB-SM
and )	
FEDERAL RESERVE BANK OF )	
RICHMOND )	
Richmond, Virginia )	
_____ )	

WHEREAS, in recognition of their common goal to maintain the financial soundness of The Marathon Bank, Winchester, Virginia (the "Bank"), a state chartered bank that is a member of the Federal Reserve System, the Bank and the Federal Reserve Bank of Richmond (the "Reserve Bank") have mutually agreed to enter into this Written Agreement (the "Agreement");

WHEREAS, as the result of the identification of deficiencies, the Bank is taking steps to enhance and improve its policies and procedures for complying with the Currency and Foreign Transactions Reporting Act (31 U.S.C. 5311 et seq.) (the Bank Secrecy Act (the "BSA")) and the regulations issued thereunder by the U.S. Department of the Treasury (31 C.F.R. 103.11 et seq.), and with the applicable provisions of Regulation H (12 C.F.R. 208.62 and 208.63) of the Board of Governors of the Federal Reserve System (the "Board of Governors"); and

WHEREAS, on   May 20  , 2003, the board of directors, at a duly constituted meeting, adopted a resolution authorizing and directing Donald L. Unger, to enter into this Agreement on behalf of the Bank, and consenting to compliance by the Bank and its institution-affiliated parties, as defined in section 3(u) of the Federal Deposit Insurance Act,

as amended (the "FDI Act") (12 U.S.C. 1813(u)), with each and every provision of this Agreement.

NOW, THEREFORE, the Bank and the Reserve Bank agree as follows:

**Bank Secrecy Act**

1. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written compliance program, as required by applicable provisions of Regulation H of the Board of Governors (12 C.F.R. 208.63) and the BSA (31 U.S.C. 5318(h)), designed to ensure and maintain compliance with all provisions of the BSA. The program shall, at a minimum, include all elements required by Regulation H, and in particular shall provide for:

(a) Adequate internal controls to ensure compliance with all provisions of the BSA and the regulations issued thereunder, including but not limited to requirements relating to the recordkeeping and reporting requirements for currency transactions of over \$10,000 (31 C.F.R. 103.22) and the timely filing of such reports (31 C.F.R. 103.27);

(b) independent testing of compliance with the BSA and the rules and regulations issued thereunder, including all steps necessary to ensure that compliance audits are performed frequently, are fully documented, and are conducted with the appropriate segregation of duties; and

(c) the training of all appropriate personnel conducted on a regular basis by competent personnel in all aspects of regulatory and internal policies and procedures related to the BSA (including accurate recordkeeping and form completion requirements), and the documentation of the training provided.

## **Approval of Program**

2. The written program required by paragraph 1 of this Agreement shall be submitted to the Reserve Bank for review and approval. An acceptable program shall be submitted within the time period set forth in this Agreement. The Bank shall adopt the approved program within 10 days of approval by the Reserve Bank and then shall fully comply with it. During the term of this Agreement, the Bank shall not amend or rescind the approved program without the prior written approval of the Reserve Bank.

## **Compliance with Agreement**

3. Within 30 days after the end of each calendar quarter (June 30, September 30, December 31, and March 31) following the date of this Agreement, the board of directors shall furnish to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof. Such reports may be discontinued when the corrections required by this Agreement have been accomplished and the Reserve Bank has, in writing, released the Bank from making further reports.

## **Communications**

4. All communications regarding this Agreement shall be sent to:
- (a) Mr. Jeffrey S. Kane  
Senior Vice President  
Banking Supervision and Regulation  
Federal Reserve Bank of Richmond  
Post Office Box 27622  
Richmond, Virginia 23261
  - (b) Mr. Donald L. Unger  
President and Chief Executive Officer  
The Marathon Bank  
Post Office Box 998  
Winchester, Virginia 22655

**Miscellaneous**

5. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to the Bank to comply with any provision of this Agreement.

6. The provisions of this Agreement shall be binding upon the Bank and all of its institution-affiliated parties, in their capacities as such, and their successors and assigns.

7. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated or suspended by the Reserve Bank.

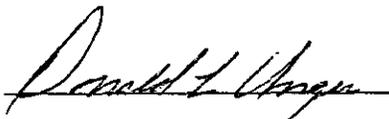
8. The provisions of this Agreement shall not bar, estop or otherwise prevent the Board of Governors, the Reserve Bank or any other federal or state agency from taking any other action affecting the Bank or any of its current or former institution-affiliated parties and their successors and assigns.

9. This Agreement is a "written agreement" for the purposes of, and is enforceable by the Board of Governors as an order issued under, section 8 of the FDI Act (12 U.S.C. 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 20th day of May, 2003.

The Marathon Bank

Federal Reserve Bank of Richmond

By: 

By: 