

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

MONTANA DIVISION OF BANKING AND FINANCIAL INSTITUTIONS  
HELENA, MONTANA

Written Agreement by and among

FIRST CITIZENS BANK OF BUTTE  
Butte, Montana

Docket No. 24-010-WA/RB-SM

MONTANA DIVISION OF BANKING AND  
FINANCIAL INSTITUTIONS  
Helena, Montana

and

FEDERAL RESERVE BANK OF  
MINNEAPOLIS  
Minneapolis, Minnesota

WHEREAS, First Citizens Bank of Butte (the “Bank”), Butte, Montana, is a state-  
chartered bank that is a member of the Federal Reserve System;

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of  
Governors”) is the appropriate federal supervisor and the Montana Division of Banking and  
Financial Institutions (the “Division”) is the appropriate state supervisor for the Bank;

WHEREAS, the most recent examination of the Bank, conducted by the Division and the  
Federal Reserve Bank of Minneapolis (the “Reserve Bank” and collectively with the Division, the  
“Supervisors”), identified deficiencies relating to the Bank’s risk management and compliance  
with applicable federal laws, rules, and regulations relating to anti-money laundering (“AML”)

compliance, including the Bank Secrecy Act (“BSA”) (31 U.S.C. § 5311 *et seq.*), the rules and regulations issued thereunder by the U.S. Department of the Treasury (31 C.F.R. Chapter X), and the requirements of Regulation H of the Board of Governors to report suspicious activity and to maintain an adequate BSA/AML compliance program (12 C.F.R. §§ 208.62-63) (collectively, the “BSA/AML Requirements”);

WHEREAS, it is the common goal of the Bank and the Supervisors that the Bank operates in compliance with all applicable federal and state laws, rules, and regulations; and

WHEREAS, the Bank and the Supervisors have mutually agreed to enter into this Written Agreement (the “Agreement”);

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

### **Board and Management Oversight**

1. Within 60 days of the effective date of this Agreement, the board of directors of the Bank shall submit a written plan acceptable to the Supervisors to enhance board and management oversight of the Bank’s management and operations. The plan shall include the following four items:

(a) actions the board of directors will take to maintain effective control over, and oversight of, the Bank’s major operations and activities, including internal controls and audit;

(b) measures the board of directors will take to monitor management’s adherence to applicable laws and regulations, approved policies and procedures, and to exceptions to approved policies and procedures;

(c) measures to ensure that the board of directors provide adequate resources to ensure the Bank complies with this Agreement and maintains an adequate BSA/AML compliance program, including, but not limited to, sufficient staffing levels and succession planning; and

(d) maintenance of adequate and complete minutes of all board and committee meetings, approval of such minutes, and their retention for supervisory review.

### **BSA/AML Compliance Program**

2. Within 60 days of the effective date of this Agreement, the Bank shall submit a written plan acceptable to the Supervisors to improve the Bank's BSA/AML compliance program. The revised program shall include the following two items:

(a) measures to improve the Bank's internal controls to ensure compliance with the BSA/AML requirements, including but not limited to customer due diligence, suspicious activity monitoring and reporting, and the filing of currency transaction reports; and

(b) management of the Bank's BSA/AML compliance program by a qualified BSA/AML compliance officer who is provided with adequate resources, staff, training, and independence, who is responsible for implementing and maintaining an effective BSA/AML compliance program that is commensurate with the Bank's size and risk profile.

### **Customer Due Diligence**

3. Within 60 days of the effective date of this Agreement, the Bank shall submit a written revised customer due diligence program for the Bank acceptable to the Supervisors. The program shall include the following four items:

(a) risk-based policies, procedures, and processes to ensure that the Bank collects, analyzes, and retains complete and accurate customer information for all account

holders, including verification of each customer's identity to the extent reasonable and practicable within a reasonable time after an account is opened;

- (b) a plan, with timelines, to remediate deficient due diligence for existing customer accounts, including beneficial ownership information, as applicable;
- (c) an enhanced methodology for assigning risk ratings to account holders that considers factors such as type of customer, type of products and services, geographic locations, and expected and actual transactions with or through the Bank; and
- (d) risk-based procedures for performing ongoing monitoring of the customer relationship, including maintaining and updating customer information, including beneficial ownership information of legal entity customers, and if applicable, rationales for any revisions made to the customer risk rating.

### **Suspicious Activity Monitoring and Reporting Program**

4. Within 60 days of the effective date of this Agreement, the Bank shall submit a written revised program acceptable to the Supervisors reasonably designed to ensure the identification and timely, accurate, and complete reporting by the Bank of all known or suspected violations of law or suspicious transactions to law enforcement and supervisory authorities as required by applicable suspicious activity reporting laws and regulations. The program shall include procedures to ensure the timely detection, investigation, and reporting of all known or suspected violations of law and suspicious transactions, including the following three items:

- (a) effective monitoring of customer accounts and transactions, including but not limited to the appropriate monitoring of cash transactions;

- (b) adequate escalation to senior management of information about potentially suspicious activity; and
- (c) maintenance of sufficient documentation with respect to the investigation and analysis of potentially suspicious activity, including the resolution and escalation of concerns.

### **Approval, Implementation, and Progress Reports**

5. (a) The board of directors of the Bank or the Bank, as applicable, shall submit the written plans, programs, and policies that are acceptable to the Supervisors within the applicable time periods set forth in paragraphs 1, 2, 3, and 4 of this Agreement. Each plan, program, and policy shall contain a timeline for full implementation of the plan, program, or policy with specific deadlines for the completion of each component of the plan, program, or policy. An independent third party acceptable to the Supervisors shall be retained in accordance with the Supervisors' requirements by the Bank within the time period set forth in paragraph 2 of this Agreement. An engagement letter shall be submitted to the Supervisors within the time period set forth in paragraph 2 of this Agreement.

(b) Within 10 days of approval by the Supervisors, the Bank shall adopt the approved plans, program, and policy. Upon adoption the Bank shall promptly implement the approved plans, program, and policy and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plans, program, policy, and engagement letters shall not be amended or rescinded without the prior written approval of the Supervisors.

6. Within 45 days after the end of each calendar quarter following the date of this Agreement, the Bank shall submit to the Supervisors written progress reports detailing the form

and manner of all actions taken to secure compliance with this Agreement and the results thereof.

## **Communications**

7. All communications regarding this Agreement shall be sent to:

- (a) Stephanie Weber  
Assistant Vice President  
Federal Reserve Bank of Minneapolis  
P.O. Box 291  
Minneapolis, Minnesota 55480-0291
- (b) Melanie G. Hall  
Commissioner  
Montana Department of Administration  
Division of Banking and Financial Institutions  
P.O. Box 200546  
Helena, Montana 49620-0546
- (c) Dennis Casey Reilly  
President and CEO  
First Citizens Bank of Butte  
3220 Harrison Avenue  
Butte, Montana 59701-3542

## **Miscellaneous**

8. Notwithstanding any provision of this Agreement, the Supervisors, as applicable, may in their sole discretion grant written extensions of time to the Bank to comply with any provision of this Agreement.

9. The provisions of this Agreement shall be binding upon the Bank and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the FDI Act (12 U.S.C. §§1813(u) and 1818(b)(3)), in their capacities as such, and their successors and assigns.

10. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Supervisors, as applicable.

11. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, the Division, 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.

12. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors 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 2nd day of May, 2024.

FIRST CITIZENS BANK OF BUTTE

FEDERAL RESERVE BANK  
OF MINNEAPOLIS

By: /s/ Dennis Casey Reilly  
Dennis Casey Reilly  
President and Chief Executive Officer

By: /s/ Stephanie A. Weber  
Stephanie A. Weber  
Assistant Vice President

MONTANA DIVISION  
OF FINANCIAL INSTITUTIONS

By: /s/ Melanie G. Hall  
Melanie G. Hall  
Commissioner