



Department of Banking and Finance

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Sonny Perdue

Governor

January 31, 2007

Robert M. Braswell

Commissioner

VIA

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Magnolia International Bank and Trust
Five Concourse Parkway NE
Suite 1450
Atlanta, Georgia 30328

Re: Order to Cease and Desist

To the President/Manager:

On December 22, 2006, the Department sent a letter to Magnolia International Bank and Trust requiring a written response by January 8, 2007 concerning unauthorized banking activities of Magnolia International Bank and Trust. As of January 31, 2007, the Department has not received a response from Magnolia International Bank and Trust. Therefore, the Department has issued the enclosed Order to Cease and Desist (Order) effective January 31, 2007.

Sincerely,

Grace M. Lurry, CFE, CEM
Deputy Commissioner for Supervision
Phone: (770) 986-1646
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Enclosure

cc: Federal Deposit Insurance Corporation
Federal Reserve Board
Georgia Secretary of State
Georgia Office of Attorney General

FINANCIAL INSTITUTION ORDER TO CEASE AND DESIST

The Department of Banking and Finance of the State of Georgia ("Department") has the authority pursuant to O.C.G.A. Section 7-1-91(d) and O.C.G.A. Section 7-1-5 to issue a Cease and Desist Order to any financial institution which has violated any law of this state or any order or regulation of the Department, to any financial institution which is conducting business in an unsafe or unauthorized manner, or to any person or corporation conducting business as a financial institution without authority under Chapter 1 of Title 7 of the Official Code of Georgia.

On December 22, 2006, the Department sent a letter to the President/Manager of Magnolia International Bank and Trust ("Magnolia"), informing Magnolia of the Department's concerns regarding unauthorized banking activity in Georgia conducted by Magnolia and requiring a response to the Department's letter by January 8, 2007 providing evidence of Magnolia's legal authority to conduct a banking business in Georgia. As of January 31, 2007, the Department has received no response in writing from Magnolia.

Magnolia is found to be in violation of Georgia Statute as follows:

- Magnolia is a company which, according to documentation obtained by the Department, is providing financial services from at least one address in Georgia – Five Concourse Parkway NE, Suite 1450, Atlanta, Georgia 30328. This documentation indicates that Magnolia may be conducting a banking business in Georgia without authority, which is in violation of O.C.G.A. Section 7-1-241.
- Magnolia, by use of the words "Bank & Trust" purports to be either a state chartered bank and trust company, a federally chartered bank and trust company, or a bank and trust company chartered by a foreign country. The Department has found no evidence that Magnolia is either state or federally chartered to act as a bank and/or trust company. If Magnolia is a bank and trust company chartered and located in a foreign country, Magnolia has not been authorized pursuant to O.C.G.A. Section 7-1-713 to conduct business in Georgia as an international agency or representative office.

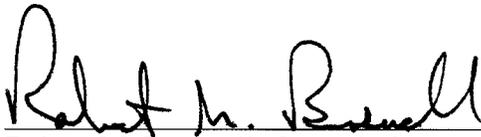
Therefore the Georgia Department of Banking and Finance, pursuant to O.C.G.A. Sections 7-1-91 and 7-1-5, does hereby Order Magnolia International Bank and Trust, its successors and assigns and the officers, employees and directors thereof, to Cease and Desist conducting an unauthorized banking and trust business in violation of Georgia Law and to take the following actions:

- 1) Magnolia shall immediately cease indicating in any form, including any internet website, marketing material, signage, correspondence, and/or legal documentation that could reach Georgia consumers that it is a bank and trust company, and that it is authorized to do business in Georgia.
- 2) Magnolia shall immediately cease using "Bank & Trust" in its name and shall not use the words "Bank", "Banking Company", "Banker", "Banking House", "Credit

Union”, “Trust” and/or any similar terminology or derivative thereof in its name or in reference to activities conducted in the State of Georgia.

- 3) Magnolia shall not conduct a banking business unless it demonstrates to the Department's satisfaction that it is authorized to conduct a banking business in accordance with the provisions of federal or state law. O.C.G.A. Section 7-1-241 specifies that only a state chartered bank, a national bank, a federally chartered thrift, credit union or other agency otherwise authorized by Georgia Law may do a banking business in this state.
- 4) Magnolia shall not provide financial products or services to the citizens of Georgia by any delivery system, to include the internet, or other electronic access to financial products or services or alternative methods of delivery which differ from geographically based banking without the authorization of the Department pursuant to O.C.G.A. Section 7-1-241(c).
- 5) Magnolia shall immediately return all funds in their entirety, if any, collected from Georgia consumers and provide evidence to the satisfaction of the Department that such funds were returned to Georgia consumers.
- 6) If Magnolia is a bank and trust company chartered or licensed in a foreign country, this foreign corporation shall not transact a banking business or maintain an office in Georgia without the specific written authorization of the Department in accordance with Section 7-1-713 of the Code of Georgia.
- 7) Representatives of Magnolia shall respond to the Department by February 14, 2007 indicating the actions taken regarding compliance with the provisions of this Order. The Department may take further legal action through the State Attorney General as authorized by law.

The above provisions are effective on January 31, 2007, the date of issuance of this Order.



Robert M. Braswell, Commissioner
State of Georgia Department of Banking and Finance