

## **Star Bank of Texas**

### **Right to Financial Privacy Policy and Procedures**

Employees of Star Bank of Texas have a duty to protect the confidential nature of customers' financial records. Employees will not release customer financial information to any source other than a credit bureau without written authorization from the customer, a subpoena, summons, or warrant.

The Right to Financial Privacy Act establishes specific procedures for federal government authorities to follow when seeking customer records. Our employees will follow the procedures contained in this policy when a federal agency requests customer financial information.

#### **APPLICABILITY**

The act covers individuals or partnerships, if the partnership consists of five or fewer individuals. Corporations or partnerships of six or more individuals are not covered by the act. In addition, the act excludes access by state government agencies, state or local law enforcement officials, or private individuals.

#### **REQUIREMENTS**

To gain access to a customer's records, the act requires, with certain exceptions, that the federal government agency obtain one of the following:

- An authorization signed and dated by the customer, which identifies the records being sought, the reasons the records are being requested, and the customer's rights under the Right to Financial Privacy Act (The agency's request should be on an official form and contain the required customer authorization.)
- An administrative subpoena or summons
- A search warrant
- A judicial subpoena
- A formal written request by a government agency (to be used only if no administrative summons or subpoena authority is available)

If the bank receives a request for information from a federal agency, the bank may not release the financial records of a customer until the federal government authority seeking the records certifies in writing that it has complied with the applicable provision of the Right to Financial Privacy Act. Documents will not be furnished to the federal agency for at least 14 days after a request is received.

#### **EXCEPTIONS**

Certain requests by federal agencies are exempt from the Right to Financial Privacy Act, as follows:

- Requests from federal law enforcement offices for information relevant to violations of the law or crimes
- Requests from a court or agency when perfecting a security interest, proving a claim in bankruptcy, or collecting a debt
- An agency's request for records that do not individually identify a particular customer
- A supervisory agency's request for records sought in connection with its supervisory, regulatory, or monetary function
- Specific reports required by federal statute or rules, such as the Home Mortgage Disclosure Act report
- Grand jury subpoenas

### ***Exception to Notice Requirement But Where Certification Is Required***

In certain instances, the act does not require a federal agency to provide a written notice to a customer if the agency requests financial information for the following purposes:

- Records incidental to a government loan, loan guaranty, loan insurance agreement, or default on a government-guaranteed or -insured loan
- Government-authorized foreign intelligence activities or the Secret Service conduct of protective functions
- Securities and Exchange Commission request with an order from a United States district court

In these instances, the federal government agency must provide written certification that it has met all requirements of the Right to Financial Privacy Act before the bank will release the requested information. The customer may examine these records.

### **RECORD RETENTION**

The bank maintains a file of all federal government agency requests for customer records and copies of the furnished documents. The file contains the agency's official request, a summary of the information provided, the date provided, and the name of the employee providing the information. The act does not specify how long to keep copies. The bank will keep copies for four years.

This file will contain all requests covered by the Right to Financial Privacy Act as well as requests from state and local governments and the Internal Revenue Service.

### **COST FOR PRODUCTION**

Regulation S (Reimbursement for Providing Financial Records) allows our bank to be reimbursed with certain document production in connection with the Right to Financial Privacy Act from a government authority, or a court issuing an order or subpoena in connection with grand jury proceedings. The reimbursement schedule is set forth in Appendix A to 12 CFR 219.3 (See Appendix A). These rates are recalculated by the Federal Reserve Board on October 1 every three years using the Bureau of Labor Statistics (BLS) data or equivalent data.

If itemized separately, search and processing costs may include the actual cost of extracting electronically stored records, based on computer time and necessary supplies; however, personnel time for computer searches may be paid for at the rates set for a computer support specialist, specified in Appendix A to 12 CFR 219.3, but only when compliance with the request for information requires that we use programming or other higher level technical services of a computer support specialist in order to reproduce electronically stored information in the format requested by the government authority.

The following costs are reimbursable:

- **Search and processing costs:** Reimbursement of search and processing costs shall cover the total amount of personnel time spent in locating, retrieving, reproducing, and preparing financial records for shipment. Search and processing costs shall not cover analysis of material or legal advice. If itemized separately, search and processing costs may include the actual cost of extracting information stored by computer in the format in which it is normally produced, based on computer time and necessary supplies; however, personnel time for computer search may be paid for only at the rates specified in Appendix A to 12 CFR 219.3.
- **Reproduction costs:** Rates for reproduction costs for requested documents are set forth in Appendix A to 12 CFR 219.3. Copies of photographs, films, computer tapes, and other materials not listed in Appendix A are reimbursed at actual cost.

- **Transportation costs:** We may be reimbursed for transportation costs that are necessary and directly incurred to transport personnel to locate and retrieve the requested information, and to convey such material to the place of examination.

We will not be reimbursed under Regulation S for document production relating to:

- Security interests, bankruptcy claims, debt collection
- Government loan programs
- Non-identifiable information
- Financial supervisory agencies
- Internal Revenue summons (Although, we may be reimbursed under IRS rules.)
- Federally required reports
- Government civil or criminal litigation
- Administrative agency subpoenas
- Investigation of financial institution or its noncustomer
- General Accounting Office requests
- Federal Housing Finance Board requests
- Department of Veterans Affairs

### ***Payment Procedures***

We will keep detailed records of the time it takes to produce documents for each request, subpoena, or summons. We will submit an itemized bill or invoice to the address furnished by the agency in order to obtain payment. If a grand jury or government authority withdraws the legal process or formal written request, or if the customer revokes the authorization, or if the legal process or request has been successfully challenged by the customer, and we are notified by the agency of this fact, we will submit a bill for the work done up to the time we received notice that the documents were no longer required.

### **CONDITION OF DOING BUSINESS**

The act prohibits us from refusing to do business with a customer without the customer's prior authorization to disclose financial records. Therefore, this is not a condition of doing business with our bank.

### **SUMMARY AND PROCEDURES**

The Right to Financial Privacy Act establishes specific procedures for federal government authorities to follow when seeking customer financial records from financial institutions and imposes certain duties on institutions prior to releasing such information. In almost all instances, the federal agency must obtain written authorization from the customer or must serve us with a subpoena, summons, or warrant.

The federal agency must notify the customer that his or her records are being requested. The bank must receive written certification that the agency has complied with the act prior to our bank releasing the information.

The bank's employees who receive a release of financial records from any government agency or court will immediately notify the bank's Security Officer, Christy Dusek, VP/Cashier, who is the Registered Agent of Record.

## APPENDIX A

### Appendix A to §219.3—Reimbursement Schedule

<b>As of October 1, 2009</b>	
Reproduction:	
Photocopy, per page	\$0.25
Paper copies of microfiche, per frame	0.25
Duplicate Microfiche, per microfiche	0.50
Storage media	Actual cost.
Search and Processing:	
Clerical/Technical, hourly rate	22.00
Computer Support Specialist, hourly rate	30.00
Manager/Supervisory, hourly rate	30.00