

**DATE:** [Insert Date]

**TO:** [Insert Name of Insider/Affiliate]

**POSITION:** [Insert Job Title]

**ADDRESS:** [Insert Address]

**RE: OFFICIAL WARNING - VIOLATION OF INSIDER LENDING AND AFFILIATE TRANSACTION POLICIES**

Dear [Insert Name],

This letter serves as a formal warning regarding your recent actions involving [Insert specific transaction details, e.g., Loan Account #123 or Contract XYZ]. Upon internal review, it has been determined that this transaction violates the institution's policies and applicable regulatory requirements concerning insider lending and affiliate transactions.

Specifically, the following discrepancies were identified:

- [Detail Violation 1: e.g., Failure to obtain prior board approval]
- [Detail Violation 2: e.g., Preferential interest rates/terms not available to the public]
- [Detail Violation 3: e.g., Exceeding established credit limits for insiders]

These actions represent a breach of [Insert Specific Policy Name/Regulation, e.g., Regulation O]. Such violations expose the institution to significant legal, financial, and reputational risk.

**Required Corrective Actions:**

To remedy this situation, you are required to take the following steps by [Insert Deadline Date]:

1. [Required Action: e.g., Immediately restructure the loan to market terms]
2. [Required Action: e.g., Repay the outstanding unauthorized balance]
3. [Required Action: e.g., Complete mandatory compliance training]

Please be advised that further violations of insider lending policies may result in additional disciplinary action, up to and including termination of employment or removal from your position, as well as potential notification to regulatory authorities.

Please acknowledge receipt of this letter by signing below and returning a copy to the Compliance Department.

Sincerely,

[Your Name]

[Your Title]

[Organization Name]

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**Acknowledgment of Receipt:**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_