

UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
COMPTROLLER OF THE CURRENCY

In the Matter of: )  
 )  
Brian Williams, )  
Former Senior Loan Officer and Director )  
 )  
Community State Bank, N.A. )  
Ankeny, Iowa )

AA-EC-08-69

CONSENT ORDER

WHEREAS, on June 18, 2009, the Comptroller of the Currency of the United States of America (“Comptroller”) filed a Notice of Charges (“Notice”) initiating this proceeding for prohibition, a cease and desist order, and civil money penalty against Brian Williams (“Respondent”) pursuant to 12 U.S.C. § 1818(b), (e), and (i) on the basis of Respondent’s activities during the period of May 2004 through March 2006 while serving as Senior Loan Officer and Director of Community State Bank, N.A., Ankeny, Iowa (“Bank”);

WHEREAS, on July 8, 2009, Respondent filed an answer to the Notice;

WHEREAS, in the interest of cooperation and to avoid the costs associated with further litigation and future administrative and judicial proceedings with respect to the above matter, Respondent, without admitting or denying any wrongdoing, desires to enter into this Consent Order (“Order”);

WHEREAS, on October 30, 2009, the administrative proceeding initiated by the

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Notice was stayed pending resolution of a parallel criminal action against Respondent;

NOW, THEREFORE, it is stipulated by and between the Comptroller, through his duly authorized representative, and Respondent that:

Article I

JURISDICTION

(1) Community State Bank, Ankeny, Iowa (“Bank”) is a national banking association, chartered and examined by the Comptroller, pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 et seq. Accordingly, the Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) Respondent was a senior loan officer and director of the Bank and is an “institution-affiliated party” of the Bank as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years from the date hereof (*see* 12 U.S.C. § 1818(i)(3)).

(3) Pursuant to 12 U.S.C. § 1813(q), the Comptroller is the “appropriate Federal banking agency” to maintain an enforcement proceeding against institution-affiliated parties. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain prohibition, cease and desist, and civil money penalty proceedings against him pursuant to 12 U.S.C. § 1818(b), (e), and (i).

Article II

COMPTROLLER'S FINDINGS

The Comptroller finds, and respondent neither admits nor denies, the following:

(1) During the period of approximately October 2004 through September 2005, Respondent caused the Bank to make \$905,049 in direct and nominee loans to Megaladon Development, Inc. ("Megaladon") ("Megaladon Loans").

(2) At the time Respondent caused the Megaladon Loans to be made, he was an agent, employee, officer and/or director of Megaladon and another corporate entity related to Megaladon.

(3) Respondent caused the Megaladon Loans to be made and extended without sufficient underwriting, financial analysis, collateral, and/or securitization; Respondent falsely stated the purpose of the loans in Bank loan applications and documentation; and/or Respondent failed to disclose the true recipient of the loan proceeds.

(4) On or about October 27, 2004, Respondent received a \$100,000 payment from Megaladon which was wired into his personal bank account. The payment related to Respondent's improper effort to secure the foregoing loans on Megaladon's behalf.

(5) During the period of approximately September 2004 through March 1, 2006, Respondent caused the Bank to make \$1,555,718 in loans to various companies and/or principals ("Problem Loans").

(6) Respondent caused the Problem Loans to be made and extended without sufficient underwriting, financial analysis, or collateral, and Respondent falsely stated the purpose of the loans in Bank loan applications and documentation.

(7) On or about October 7, 2004, Respondent received a \$30,000 payment from a Problem Loan borrower which was wired into his personal bank account. The payment related to Respondent's improper effort to secure the foregoing loans on behalf of at least one Problem Loan borrower.

(8) The Bank charged off approximately \$2.1 million in principal and interest as a result of Respondent's conduct in causing the Bank to make the Megaladon Loans and the Problem Loans. The Bank sustained a net loss of \$485,970 from these loans as of July 31, 2008.

(9) By reason of the foregoing conduct, Respondent caused the Bank to incur a net loss in the amount of \$485,970 as of July 31, 2008. In addition, Respondent was unjustly enriched by receipt of \$130,000 related to the foregoing loans.

(10) On August 25, 2010, Respondent pled guilty to one count of conspiracy to commit bank fraud in violation of 18 U.S.C. §§ 1344 and 1349 in a criminal action related to the foregoing conduct, titled *United States v. Brian Williams, et al.*, Case No.: 4-09-CR-131 (S.D.IO) (hereinafter "*U.S. v. Williams*").

(11) By reason of the foregoing conduct, Respondent violated the law, engaged in recklessly unsafe or unsound practices, and breached his fiduciary duty to the Bank.

(12) Such violations, practices and/or breach of duty involved personal dishonesty by Respondent and demonstrated willful and/or continuing disregard for the Bank's safety and soundness and reckless disregard for the law, and were part of a pattern or practice of misconduct by Respondent that caused more than a minimal loss to the Bank and pecuniary gain or other benefit to Respondent.

### Article III

#### ORDER OF PROHIBITION

Respondent hereby consents to and it is Ordered that:

(1) With respect to the institutions and agencies set forth in paragraph (2) of this Article, Respondent shall not:

- (a) participate in any manner in the conduct of their affairs;
- (b) solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights;
- (c) violate any voting agreement previously approved by the "appropriate Federal banking agency," as defined in 12 U.S.C. § 1813(q) (as amended); or
- (d) vote for a director, or serve or act as an "institution-affiliated party," as defined in 12 U.S.C. § 1813(u) (as amended).

(2) The prohibitions in paragraph (1) of this Article apply to the following institutions and agencies:

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- (a) any insured depository institution, as defined in 12 U.S.C. § 1813(c);
- (b) any institution treated as an insured depository institution under 12 U.S.C. §§ 1818(b)(3), (b)(4) or (b)(5), including, but not limited to, any subsidiary of such institution, or treated as a savings and loan holding company or subsidiary under 12 U.S.C. § 1818(b)(9) (as amended);
- (c) any insured credit union under the Federal Credit Union Act;
- (d) any institution chartered under the Farm Credit Act of 1971;
- (e) any appropriate Federal depository institution regulatory agency; and
- (f) the Federal Housing Finance Board and any Federal Home Loan Bank.

(3) The prohibitions of paragraphs (1) and (2) of this Article shall cease to apply with respect to a particular institution if Respondent obtains the prior written consent of both the Comptroller and the institution's "appropriate Federal financial institutions regulatory agency," as defined in 12 U.S.C. § 1818(e)(7)(D) (as amended).

(4) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. § 1818(e) and (h) (as amended).

Article IV

ORDER FOR RESTITUTION

Respondent hereby consents to and it is Ordered that:

(1) Respondent shall make payment of restitution to the Bank in the amount of four hundred and eighty-five thousand nine hundred and seventy dollars (\$485,970).

(2) Respondent's obligation to pay restitution pursuant to this Order shall be reduced by the amount of restitution he pays pursuant to the sentence imposed in *U.S.v. Williams*. Thus, any payments Respondent makes pursuant to sentence imposed in *U.S. v. Williams* shall be credited towards this assessed restitution.

(3) Respondent shall make payment of restitution by check made payable to Community State Bank. The check shall be delivered to Ron Nagel, President and CEO, or his successor, at Community State Bank, 817 Ankeny Blvd., Ankeny, Iowa 50023-1768.

(4) Respondent shall deliver a copy of any restitution payments made in the foregoing criminal action and pursuant to this Order to Director, Enforcement & Compliance Division, Office of the Comptroller of the Currency, 250 E St., S.W., Washington, D.C. 20219. The docket number of this case shall be entered on all checks.

(5) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. §§ 1818 (b) or (h).

Article V

WAIVERS

(1) By executing this Order, Respondent waives:

- (a) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(b), (e), and (i) and 12 C.F.R. Part 19;
- (b) all rights to seek judicial review of this Order;
- (c) all rights in any way to contest the validity of this Order; and
- (d) any and all claims for fees, costs or expenses against the Comptroller, or any of his agents or employees, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

(2) Respondent shall not cause, participate in or authorize the Bank (or any subsidiary or affiliate thereof) to incur, directly or indirectly, any expense for the payment of restitution and the civil money penalty under this Order, or any legal (or other professional) expense relative to the negotiation and issuance of this Order except

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as permitted by 12 C.F.R. § 7.2014 and Part 359; and Respondent shall not, directly or indirectly, obtain or accept any indemnification (or other reimbursement) from the Bank (or any subsidiary or affiliate thereof) with respect to such amounts except as permitted by 12 C.F.R. § 7.2014 and Part 359.

(3) Any failure by Respondent to comply with this Order shall be subject to enforcement for the longer of (a) the period allowed by the applicable statute of limitations, or (b) five (5) years following the failure to comply.

(4) Respondent acknowledges that he has read and understands the premises and obligations of this Order and declares that no separate promise or inducement of any kind has been made by the Comptroller, his agents or employees to cause or induce Respondent to agree to consent to the issuance of this Order and/or to execute this Order.

(5) It is hereby agreed that the provisions of this Order constitute a settlement of this prohibition, cease and desist, and civil money penalty proceeding arising out of the specific acts, omissions, or violations described in Article II. However, the specific acts, omissions, or violations described in Article II may be used by the OCC in future enforcement actions to establish a pattern or practice of misconduct or the continuation of a pattern or practice of misconduct.

(6) It is further agreed that the provisions of this Order shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (5), shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action

affecting Respondent if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

(7) Respondent further agrees not to take any action or to make or permit to be made any public statement denying, directly or indirectly, the specific acts, omissions, or violations referenced in this Order, or otherwise creating the impression that this Order is without factual basis. If Respondent violates this provision, the OCC may set aside this settlement and recommence administrative proceedings on the actions alleged herein. Nothing in this paragraph shall affect Respondent's testimonial obligations.

(8) Respondent understands that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and that nothing herein constitutes, nor shall Respondent contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

IN TESTIMONY WHEREOF, the undersigned have hereunto set their hands.

/s/  
Henry Fleming  
Director for Special Supervision

4-4-2011  
Date

/s/  
Brian Williams

3/25/2011  
Date

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