

{{11-30-99 p.C-4088}}

[¶11,220] **In the Matter of Arthur Murray, Citizens State Bank of Milford, Milford, Ill., Docket No. FDIC-95-99b**

Respondent is ordered to cease and desist from such unsafe or unsound practices as violating laws and regulations and causing the bank to pay his personal, non-bank related expenses. *(This order was terminated by order of the FDIC dated 9-17-99; see ¶16,241.)*

- [.1] **Directors—Personal Expenses—Eliminate Reimbursement**
- [.2] **Directors—Compensation—Restrict**
- [.3] **Bank Property—Automobiles**
- [.4] **Accountants—Restrict Relationships**
- [.5] **Directors—Personal Legal Expenses—Reimburse Bank for Payments**
- [.6] **Directors—Indemnification—Restricted**
- [.7] **Directors—Conflict of Interest**
- [.8] **Cease and Desist Orders—Compliance—Progress Reports**

**In the Matter of
ARTHUR R. MURRAY,
individually, and as an
institution-affiliated party of
CITIZENS STATE BANK OF
MILFORD
MILFORD, ILLINOIS
(Insured State Nonmember Bank)
ORDER TO CEASE AND DESIST
FDIC-95-99b**

Arthur R. Murray ("Respondent"), individually, and as an institution-affiliated party of Citizens State Bank of Milford, Milford, Illinois ("Bank"), having been advised of his right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law and/or regulation alleged to have been committed by the Respondent, and of his right to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC"), dated August 24, 1995, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices and violations of law and/or regulation, the Respondent consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

The FDIC considered the matter and determined that it had reason to believe that the Respondent had engaged in unsafe or unsound banking practices and had violated laws and/or regulations. The FDIC, therefore,

{{11-30-95 p.C-4089}} accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Respondent cease and desist from the unsafe or unsound banking practices and violations of law and/or regulation listed below.

A. Violating laws and regulations, including:

1. section 23A and 23B of the Federal Reserve Act, 12 U.S.C. §§ 371c and 371c-1;
2. section 215.4(a)(1) of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 215.4(a)(1) and section 337.3(b) of the FDIC Rules and Regulations, 12 C.F.R. § 337.3(b).

B. Causing the Bank to pay on behalf of Respondent his personal, non-bank related expenses.

IT IS FURTHER ORDERED, that the Respondent take affirmative action as follows:

- [.1] 1. Following the effective date of this ORDER, the Respondent will not seek or accept any

monetary reimbursement from the Bank for any expenses incurred by him or his related interests. For purposes of this ORDER, the term "related interest" is defined pursuant to section 215.2(n) of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 215.2(n).

[.2] 2. (a) Following the effective date of this ORDER, Respondent will not seek or accept any compensation from the Bank other than standard director fees and benefits and a salary which is commensurate with his time spent at the Bank and with his responsibilities at the Bank. Respondent shall abstain from voting on or otherwise approving his salary, which shall continue to be determined by the Bank's board of directors.

(b) Additionally, Respondent may continue to accept one Bank paid country club membership provided it is made available to other Bank employees, officers, and directors.

(c) Respondent will not seek or accept any employee benefits from the Bank other than the following standard employee benefits: 1) medical benefits, 2) salary continuation plan, 3) retirement plan, and 4) life insurance.

[.3] 3. Following the effective date of this ORDER, Respondent will conform with the Bank's plan to reduce the number of Bank owned automobiles, and insure only Bank owned or leased automobiles, as follows: 1) by December 31, 1995, the Bank will own only two of the three automobiles owned as of the effective date of this ORDER, and 2) by December 31, 1996, the Bank will own only one automobile which Respondent will make available to all Bank employees, officers and directors for Bank related travel.

[.4] 4. Following the effective date of this ORDER, Respondent shall not re-establish any accounting relationship between the Bank and any certified public accounting firm which had been retained by the Bank to perform directors' examinations and/or tax preparation during the years 1990 through 1993.

[.5] 5. (a) Within 45 days from the effective date of this ORDER, Respondent shall provide to the Regional Director of the Chicago Regional Office of the FDIC ("Regional Director") an accounting of all legal expenses paid by the Bank from July 23, 1993 to the effective date of this ORDER to determine the amount of legal fees paid by the Bank for Respondent's personal legal representation.

(b) Any legal fees paid by the Bank to Respondent's personal attorney for legal work conducted on behalf of the Bank shall be verified in writing as Bank related expenses by Respondent's personal attorney.

(c) Within 55 days from the effective date of this ORDER, Respondent shall reimburse the Bank for all legal fees paid by the Bank for Respondent's personal legal representation as identified in paragraph 5(a) of this ORDER.

[.6] 6. Respondent agrees not to seek or accept indemnification from any FDIC insured depository institution for any expenses, including attorney fees and disbursement, incurred by him in connection with this matter.

[.7] 7. (a) Within 30 days from the effective date of this ORDER, Respondent shall terminate the Bank's computer lease with Respondent's wife, Phyllis Murray.

(b) Following the effective date of this ORDER, Respondent shall not cause the Bank to contract with a non-independent third party vendor for the purchase or lease [{{11-30-95 p.C-4090}}](#) of any computer equipment for the Bank. For purposes of this ORDER, an independent third party vendor shall be any firm or company where no partner or employee: 1) is an officer of the Bank or any of its affiliated organizations and owns more than five (5) percent of the outstanding shares of stock of the Bank or any of its affiliated organizations; or (2) is related by blood, marriage or common financial interest to an officer of the Bank or any of its affiliated organizations or to any stockholder owning more than five (5) percent of the outstanding shares of the Bank or any of its affiliated organizations; or (3) is indebted to the Bank, directly or indirectly (including the indebtedness of any entity in which any partner or employee has a financial interest), in an amount exceeding five (5) percent of the Bank's total equity capital and allowance for loan and lease losses.

[.8] 8. On every December 31 following the date of issuance of this ORDER, the Respondent shall furnish a written progress report to the Regional Director, signed by the Respondent, detailing the form and manner of any actions taken to secure compliance with this ORDER. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director has, in writing, released the Respondent from making further reports.

The effective date of this ORDER shall be 10 days after its issuance by the FDIC.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.

Dated: August 29, 1995.

Pursuant to delegated authority.

Last Updated 6/6/2003

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