

{{4-30-05 p.C-4944}}

[¶11,717] In the Matter of James R. Brown, Hardin County Savings Bank, Eldora, Iowa, Docket No. 00-029b (5-30-00)

A cease and desist order was issued, based on findings by the FDIC that it had reason to believe that respondent had engaged in unsafe and unsound practices. (This order was terminated by order of the FDIC dated 2-17-05; see ¶16,412.)

[.1] Lending Functions of Bank—Respondent Restricted from Participation

[.2] Violations of Law—Correction of Violations Required

[.3] Shareholders—Disclosure of Cease and Desist Order Required

**In the Matter of
JAMES R. BROWN,
individually and as an institution-affiliated party of
HARDIN COUNTY SAVINGS BANK
ELDORA, IOWA
(Insured State Nonmember Bank)**

**ORDER TO CEASE
AND DESIST**

FDIC-00-029b

James R. Brown ("Respondent"), individually and as an institution-affiliated party in his capacity as an officer, director and person participating in the conduct of the affairs of Hardin County Savings Bank, Eldora, Iowa ("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 regulations alleged to have been committed by Respondent and of his right to a hearing on such alleged 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 April 18, 2000, whereby solely for the purpose of this proceeding and without admitting or denying any unsafe or unsound banking practices or violations of law and/or regulations, 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 Respondent had engaged in unsafe or unsound banking practices and had violated laws and/or regulations. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Respondent and/or his agents cease and desist from:

A. committing any violation of insider related laws and regulations, such as section 337.3 of the FDIC Rules and Regulations, 12 C.F.R. § 337.3; and

B. engaging in any unsafe or unsound banking practice, including but not limited to, extending credit which is inadequately secured and without disclosing his personal financial interest in the borrower and the payment of

overdrafts without adequate controls.

IT IS FURTHER ORDERED, that Respondent and/or his agents take affirmative action as follows:

[.1] 1. (a) Effective the date of this OR-
{{10-31-01 p.C-4945}} DER, Respondent shall not participate in the Bank's lending function, which includes but is not limited to:

(i) approving, authorizing, recommending approval of, or making any extension of credit to any borrower; (ii) performing any collection duties; (iii) documenting loans; (iv) evaluating borrowers' creditworthiness; (v) performing collateral evaluations or appraisals; (vi) approving, authorizing, recommending approval of, or issuing letters of credit; and (vii) formulating and/or implementing the Bank's lending policies.

(b) Paragraph 1(a) of this ORDER is not applicable to Respondent's conduct when Respondent is serving or acting solely in the capacity of a director of the Bank.

(c) For purposes of this ORDER, "extension of credit" has the meaning ascribed to this term in section 215.3 of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 215.3.

[.2] 2. No more than 30 days from the effective date of this ORDER, Respondent shall take all steps possible to correct and/or eliminate all violations of law and regulations cited on pages 59 to 71 of the FDIC's July 23, 1999, Report of Examination of the Bank.

[.3] 3. Following the effective date of this ORDER, Respondent shall send, or cause the Bank to send, to the Bank's shareholders a description of this ORDER, (1) in conjunction with the Bank's next shareholder communication, and also (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Registration and Disclosure Section, 550 17th Street, N.W. (F-6043), Washington, D.C. 20429-9990, for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

This ORDER shall become effective 10 days from the date of its issuance.

The provisions of this ORDER shall be binding upon Respondent, his agents, successors, and assigns.

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.

Pursuant to delegated authority.

Dated this 30th day of May, 2000.