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{{5-31-02 p.C-4691}}

[11,599] **In the Matter of Glen Garrett, First State Bank of Purdy, Purdy, Missouri, Docket No. 94-141k, 99-032b (3-5-99)**

An order was executed between Respondent and the FDIC which dismisses allegations with prejudice charged against Respondent and terminates an {{5-31-02 p.C-4692}}administrative hearing pertaining to such charges. This order was issued in the interest of avoiding further adversarial proceedings.

Further, Respondent is ordered to notify the Board of the Directors of the Bank of any economic interest, directly or indirectly, in the proceeds of any loan or other extension of credit approved or made by the Bank. (*This order was terminated by order of the FDIC dated 3-20-02; see ¶16,306.*)

**In the Matter of
GLEN GARRETT,
individually and as an
institution-affiliated party of
FIRST STATE BANK OF PURDY
PURDY, MISSOURI
(Insured State Nonmember Bank)
ORDER
FDIC-94-141k
FDIC-99-032B**

The Federal Deposit Insurance Corporation ("FDIC") conducted an examination of the First State Bank of Purdy, Purdy, Missouri ("Bank") in September of 1991 ("1991 FDIC Examination"). Based upon the findings of the 1991 FDIC Examination and certain alleged misconduct by Glen Garrett ("Respondent"), individually, and in his capacity as an institution-affiliated party of the Bank, the FDIC issued formal charges against Respondent in 1995 and 1996 pursuant to section 8(i) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. §1818(i), for the assessment of a civil money penalty in the amount of Twenty Five Thousand Dollars (\$25,000).

On September 8, 1995, the FDIC issued a Notice of Assessment of a Civil Money Penalty ("Notice of Assessment") for the assessment of a "First Tier" civil money penalty. The Notice of Assessment alleged, *inter alia*, that Respondent had engaged in dishonest banking activities involving making a false statement in an Officer's Questionnaire submitted as part of an official examination of the Bank, and other improper activities involving concealment and circumvention, all of which related to alleged violations of Regulation O, 12 C.F.R. Part 215.

On April 8, 1996, the FDIC issued an Amended Notice of Assessment of Civil Money Penalty ("Amended Notice of Assessment") for the assessment of a "Second Tier" civil money penalty. The Amended Notice of Assessment charged that the same alleged activities recited in the Notice of Assessment, namely, the dishonest false statement, concealment and circumvention, also constituted: (1) unsafe or unsound banking practices recklessly engaged in by Respondent, (2) breaches of Respondent's fiduciary duties, and (3) a pattern of misconduct, which resulted in pecuniary gain or other benefit to Respondent.

Respondent denied all of the allegations in the Notice of Assessment and Amended Notice of Assessment, raised certain affirmative defenses charging that the FDIC had engaged in regulatory misconduct, and requested a formal administrative hearing regarding such charges. Such administrative hearing was conducted intermittently in 1996, 1997, and 1998 before an administrative law judge and has been in adjournment since April of 1998.

In the interest of avoiding the conduct of further adversarial proceedings, Respondent and a representative of the FDIC Legal Division executed a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER ("CONSENT AGREEMENT") whereby:

(a) Respondent, solely for the purpose of concluding this proceeding and without admitting or denying the alleged misconduct in the formal charges issued against him by FDIC, agreed to treat the allegations in the Notice of Assessment and Amended Notice of Assessment as charges made pursuant to section 8(b) of the Act, 12 U.S.C. §1818(b), and consented to the issuance of an ORDER by the FDIC pursuant to section 8(b) of the Act; and

(b) FDIC, having denied the allegations of regulatory misconduct made by Respondent, solely for the purpose of concluding this proceeding and without a determination of such allegations on the merits, agreed to treat the allegations in the Notice of Assessment and Amended Notice of Assessment as

charges made pursuant to section 8(b) of the Act, 12 U.S.C. §1818(b), agreed to withdraw and dismiss with prejudice all allegations charged against Respondent in the Notice of Assessment and Amended Notice of Assessment pursuant to section 8(i) of the Act, 12 U.S.C. §1818(i), and agreed to terminate the administrative hearing pertaining to such charges currently in adjournment.

{{12-31-99 p.C-4693}}

After taking into account the foregoing circumstances and such other matters as justice requires, the FDIC accepts the CONSENT AGREEMENT and issues the following:

ORDER

It is HEREBY ORDERED that Respondent, for so long as he is an institution-affiliated party of the First State Bank of Purdy, Purdy, Missouri ("Bank"), shall notify the Board of Directors of the Bank promptly of any information which shows that Respondent or any of his related interests (as such term is defined in Regulation O, 12 C.F.R Part 215) has an economic interest, directly or indirectly, in the proceeds of any loan or other extension of credit approved or made by the Bank. Any notification required by this ORDER shall be recorded in the minute records of the Board of Directors of the Bank.

IT IS FURTHER ORDERED that all allegations charged against Respondent in the Notice of Assessment and Amended Notice of Assessment pursuant to section 8(i) of the Act, 12 U.S.C. §1818(i), shall be and hereby are withdrawn and dismissed with prejudice, and the administrative hearing pertaining to such charges currently in adjournment shall be and hereby is terminated.

This ORDER shall become effective, final, and fully enforceable upon issuance.

Pursuant to delegated authority in Washington, D.C. on this 5th day of March, 1999.