

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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In the Matter of )	
JAMES R. BUNN, individually, and as an )	ORDER TO CEASE
institution-affiliated party of )	AND DESIST
VALLEY BANK )	
MOLINE, ILLINOIS )	FDIC-15-0072b
(INSURED STATE NONMEMBER BANK) )	
_____ )	

James R. Bunn ("Respondent") and a representative of the Legal Division of the Federal Deposit Insurance Corporation ("FDIC") executed a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST AND ORDER AMENDING ORDER TO PAY CIVIL MONEY PENALTY ("CONSENT AGREEMENT") dated March 14, 2016, whereby, solely for the purpose of this proceeding and without admitting or denying any unsafe or unsound practices, Respondent consented to the issuance of this Order to Cease and Desist ("ORDER") issued pursuant to the Federal Deposit Insurance Act, 12 U.S.C. § 1818(b).

The FDIC considered the matter and determined it had reason to believe that:

1. Respondent engaged or participated in unsafe or unsound practices as an institution-affiliated party of Valley Bank, Moline, Illinois ("Bank");
2. In relation to two appraisals obtained on other real estate ("ORE") parcels, Respondent directed a loan officer not to place the appraisals in their respective files and not to use the updated appraised values to determine the ORE balances for the Bank's records. The appraisals

were not disclosed to examiners despite examination reports calling for updated valuations on the ORE parcels in question.

The FDIC, therefore, accepts the CONSENT AGREEMENT and issues the following:

ORDER TO CEASE AND DESIST

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) have been satisfied, Respondent is hereby ORDERED TO CEASE AND DESIST FROM and take affirmative action, as follows:

1. Whenever Respondent is employed by, or is offered employment at, any institution or agency specified in 12 U.S.C. § 1818(e)(7)(A) (hereinafter “insured depository institution”) or otherwise becomes an institution-affiliated party within the meaning of 12 U.S.C.

§ 1813(u), Respondent shall:

- a. Not commit or participate in any unsafe or unsound practices, as that term is used in Title 12 of the United States Code.
- b. Comply fully with all laws, regulations, and policies applicable to any insured depository institution with which he is or may become affiliated.
- c. Familiarize himself with, and adhere to, the written policies and procedures of any insured depository institution with which he is or may become affiliated. In the event that Respondent is affiliated with an insured depository institution with written policies and procedures that are more stringent than the provisions of this ORDER, Respondent shall adhere to the written policies and procedures of such insured depository institution.

2. In the event Respondent’s duties as an employee of an insured depository institution involve calculating the institution’s ALLL, Respondent shall:

- a. Ensure the calculation is based upon accurate information and such calculations must be reviewed by at least one executive officer of the insured depository institution.
- b. Familiarize himself with, and adhere to, FDIC's Policy Statement on Allowance for Loan and Lease Losses Methodologies and Documentation for Banks and Savings Institutions, and the Interagency Policy Statement on the Allowance for Loan and Lease Losses.

3. In the event Respondent's duties as an employee of an insured depository institution involve the preparation of any aspect of the institution's Reports of Condition and Income (otherwise known as "Call Reports"), Respondent shall ensure the information used to file the Call Reports is accurate.

4. In the event Respondent's duties as an employee of an insured depository institution involve the administration of the institution's appraisal program or the review or processing of appraisals, Respondent shall:

- a. Refrain from hiding appraisals or instructing others to hide appraisals, particularly from regulators, auditors, management, or the bank's Board of Directors.
- b. Complete appraisal training through The Appraisal Foundation's Equivalent Uniform Standards of Professional Appraisal Practice Distance Education Program or a comparable program prior to employment by an insured depository institution.
- c. Familiarize himself with, and adhere to, the FDIC Rules and Regulations, 12 C.F.R. Part 323 and the Interagency Appraisal and Evaluation Guidelines.

5. Respondent shall, within ten (10) days of the effective date of this ORDER, provide a copy of this ORDER to the Chairman of the Board of Directors of any insured depository institution of which Respondent is an institution-affiliated party.

6. Prior to accepting any position that would cause Respondent to become an institution-affiliated party, Respondent shall provide a copy of this ORDER to: (i) the Chairman of the Board of Directors of the insured depository institution; and (ii) a senior executive manager of the insured depository institution who has hiring authority in regard to Respondent's employment or who is expected to have supervisory authority over Respondent.

7. Within ten (10) days of satisfying the requirements of paragraphs 5 and 6, Respondent shall provide a written certification of his compliance to the Regional Director, FDIC, Chicago Regional Office, 300 S. Riverside Plaza, Suite 1700, Chicago, Illinois 60606.

This ORDER shall be effective upon its issuance. The provisions of this ORDER shall remain effective and enforceable for a period of five (5) years from the effective date of this ORDER, except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC.

Pursuant to delegated authority.

Dated this 22<sup>nd</sup> day of April, 2016.

/s/  
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Christopher J. Newbury  
Associate Director  
Division of Risk Management Supervision