

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of	)	NOTICE OF INTENTION
	)	TO PROHIBIT FROM FURTHER
BRYAN K. STARNER,	)	PARTICIPATION, NOTICE OF
	)	ASSESSMENT OF CIVIL
individually, and as an	)	MONEY PENALTY,
institution-affiliated party of	)	FINDINGS OF FACT,
	)	CONCLUSIONS OF LAW,
THE CITIZENS BANK OF LOGAN, OHIO	)	ORDER TO PAY, AND NOTICE
LOGAN, OHIO	)	OF HEARING
)	
(Insured State Nonmember Bank)	)	FDIC-14-0137e
	)	FDIC-14-0323k
_____)	

The Federal Deposit Insurance Corporation ("FDIC") determined that Bryan K. Starnier ("Respondent"), individually and as an institution-affiliated party of The Citizens Bank of Logan, Ohio, Logan, Ohio ("Bank"), has directly or indirectly violated law or regulation, participated or engaged in unsafe or unsound banking practices and breaches of his fiduciary duties; that as a result of the violations, unsafe or unsound practices and breaches of fiduciary duties the Respondent's actions were part of a pattern of misconduct; that the Bank suffered material losses and that such violations, practices and breaches of fiduciary duty evidence the Respondent's personal dishonesty and demonstrate his willful or continuing disregard for the safety or soundness of the Bank.

The FDIC, therefore, institutes this proceeding for the purpose of determining whether appropriate orders should be issued against Respondent under the provisions of 12 U.S.C. §§

1818(e) & 1818(i)(2), ordering the Respondent to pay civil money penalties and prohibiting him from further participation in the conduct of the affairs of the Bank and any other insured depository institution or organization listed in 12 U.S.C. § 1818(e)(7)(A), without the prior written approval of the FDIC and such other appropriate Federal financial institutions regulatory agency, as that term is defined in 12 U.S.C. § 1818(e)(7)(D).

The FDIC hereby issues this NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION, pursuant to 12 U.S.C. § 1818(e) and the FDIC's Rules of Practice and Procedure ("FDIC's Rules"), 12 C.F.R. Part 308; and NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY, FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER TO PAY, pursuant to 12 U.S.C. § 1818(i)(2)(B), and the FDIC's Rules, 12 C.F.R. Part 308.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

I. JURISDICTION AND BACKGROUND

1. At all times pertinent to this proceeding, the Bank was state chartered existing and doing business under the laws of the State of Ohio, having its principal place of business in Logan, Ohio. The Bank was, at all times pertinent to this proceeding, an insured State nonmember bank, subject to the Federal Deposit Insurance Act, 12 U.S.C. §§ 1811-1831aa, the Rules and Regulations of the FDIC, 12 C.F.R. Chapter III; and the laws of the State of Ohio. At all times pertinent to this proceeding, the Bank was subject to the State of Ohio lending limit regulation, Ohio Rev. Code § 1109.22(B)(1) ("Ohio Lending Limit").

2. At all times pertinent to this proceeding, Respondent was employed by the Bank as its President, Chief Executive Officer, and a loan officer.

3. At all times pertinent to this proceeding, the Respondent was a member of Bank's Board of Directors ("Board") and Executive Committee.

4. At all times pertinent to this proceeding, the Respondent was the President, Chief Executive Officer and a member of the Board of the Bank's holding company, Citizens Independent Bancorp, Inc., Logan, Ohio ("CIB"), a member of the Federal Reserve System.

5. At all times pertinent to this proceeding, Respondent was an "institution-affiliated party" ("IAP") as that term is defined in 12 U.S.C. § 1813(u), and for purposes of 12 U.S.C. §§ 1818(e)(7), 1818(i) and 1818(j).

6. The FDIC has jurisdiction over the Respondent and the subject matter of this proceeding.

II. ACROPOLIS OF ATHENS, LTD. TRANSACTIONS

7. On September 18, 2009 the Bank made a loan to Resolution Lending of Athens Ltd., ("RLA"), in the amount of \$2,075,000.00.

8. On September 18, 2009 the Bank made a loan to Resolution Lending of Columbus Ltd., ("RLC"), in the identical amount of \$2,075,000.00.

9. Respondent was the Bank loan officer for the RLA and RLC loans.

10. The loans to RLA and RLC were guaranteed by Acropolis of Athens Ltd., ("Acropolis").

11. At all times pertinent to this proceeding Acropolis, RLA, and RLC were Ohio limited liability companies with common membership.

12. The loans to RLA and RLC totaled \$4,150,000.00, which exceeded the Bank's legal lending limit under Ohio law.

13. The loans to RLA and RLC matured on March 18, 2010. They were not repaid at that time.

14. From at least on or about June 18, 2010, the Bank's attorneys had advised the Respondent that the Bank could not renew the loans to RLA and RLC in an amount in excess of the Bank's legal lending limit without the sale of any portion in excess of the limit to a participant.

15. On June 21, 2010, the Respondent was advised that a majority of the members of the Bank's Board of Directors would not approve renewal of the loans to RLA and RLC as they would exceed the Bank's legal lending limit under Ohio law.

16. On or about July 7, 2010, Respondent approved two new loans to RLC and RLA in the amounts of \$2,803,186.75 and 2,803,186.76, respectively.

17. Proceeds from the two new loans were used to repay the delinquent RLA and RLC loans, while an additional \$1,206,831.43 was advanced to RLA and RLC.

18. The two new loans to RLA and RLC were guaranteed by Acropolis.

19. The two new loans to RLA and RLC, which totaled \$5,606,373.51 exceeded the Bank's legal lending limit under Ohio law.

20. Under the Bank's Loan Policy, the two new loans to RLA and RLC required approval by the Bank's Executive Committee and subsequent ratification by its Board of Directors.

21. Respondent failed to obtain the necessary Executive Committee and Board of Directors approvals for the two new loans to RLA and RLC, and the Respondent failed to

disclose that he made the new loans to RLA and RLC at the time the loans were granted and funds extended.

22. Respondent caused the Bank to renew the existing RLA and RLC loans and advance an additional \$1,206,831.75 to RLA and RLC without the necessary documents to perfect the Bank's collateral. The documents were received by the Bank on September 8, 2010, approximately 63 days after the funds were disbursed.

23. RLA and RLC failed to make the interest payments due on their respective loans, which matured on September 30, 2010, and they were not repaid at that time.

24. On November 3, 2010, RLA and RLC allowed a confession of judgment to be entered and Acropolis issued a quitclaim deed to the Bank for the real property which served as collateral for the RLA and RLC loans.

25. From inception on July 7, 2010, through the confession of judgment on November 3, 2010, with the knowledge and consent of the Respondent, the RLA and RLC loans were never placed upon the Bank's books and records. The loans remained "in process" during this time frame.

26. While the RLA and RLC loans remained "in process", the Bank, with the knowledge and consent of Respondent, failed to accrue interest and failed to recognize any impairment. From inception on July 7, 2010, through November 3, 2010, the Bank failed to collect interest totaling \$102,911.51.

27. After the confession of judgment, the Bank, with the knowledge and consent of Respondent, failed to record the property as "other real estate owned" on its books and records.

28. On or about December 30, 2010 the Bank sold the real property obtained from Acropolis as security for the RLA and RLC loans for \$5,606,373.51 to its holding company CIB.

IV. VIOLATIONS, BREACHES OF FIDUCIARY DUTY AND UNSAFE OR UNSOUND PRACTICES

29. By reason of Respondent's acts, omissions and practices described in paragraphs 7 through 28 above, Respondent caused the Bank to violate the Ohio Lending Limit, specifically, Ohio Rev. Code § 1109.22(B)(1).

30. By reason of Respondent's acts, omissions, and practices described in paragraphs 7 through 28 above, Respondent has breached his fiduciary duties to the Bank and recklessly engaged in unsafe or unsound practices.

31. Respondent's violations, breaches of fiduciary duty and unsafe or unsound practices were part of a pattern of misconduct.

32. By reason of Respondent's violations, breaches of fiduciary duty and unsafe or unsound practices the Bank suffered financial loss.

33. The violations, unsafe or unsound practices and breaches of fiduciary duties committed by Respondent involve personal dishonesty and demonstrate a willful or continuing disregard for the safety and soundness of the Bank.

**NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTIES, FINDINGS OF FACT
AND CONCLUSIONS OF LAW; ORDER TO PAY; AND NOTICE OF HEARING**

NOTICE OF ASSESSMENT

34. The FDIC incorporates the allegations of paragraphs 7 through 33 as FINDINGS OF FACT AND CONCLUSIONS OF LAW for purposes of this NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTIES ("NOTICE OF ASSESSMENT") as fully set out herein.

ORDER TO PAY

35. By reason of the violations of law set forth in the NOTICE OF ASSESSMENT, the FDIC concluded that a civil money penalty should be assessed against the Respondent pursuant to 12 U.S.C. § 1818(i)(2). After taking into account the appropriateness of the penalties with respect to the size of the financial resources and good faith of the Respondent, the gravity of the violation, the history of previous violations, and such other matters as justice may require, it is:

ORDERED that by reason of the violations set forth in the NOTICE OF ASSESSMENT, a penalty of \$105,000.00 be, and hereby is, assessed against the Respondent pursuant to 12 U.S.C. § 1818(i)(2);

FURTHER ORDERED, that the effective date of this ORDER TO PAY be, and hereby is, stayed until twenty (20) days after the date of service of the NOTICE OF ASSESSMENT, during which time the Respondent may file an answer and request a hearing pursuant to 12 U.S.C. § 1818(i)(2)(h), and 12 C.F.R. § 308.19.

36. The Respondent may request a hearing regarding this NOTICE OF ASSESSMENT and ORDER TO PAY. Such a request for a hearing must be made within twenty (20) days of service of the NOTICE OF ASSESSMENT, pursuant to 12 U.S.C. §

1818(i)(2)(h), and 12 C.F.R. § 308.19. If the Respondent fails to request a hearing within twenty (20) days of service of this NOTICE OF ASSESSMENT, the penalty assessed against the Respondent pursuant to the ORDER TO PAY will be final and unappealable and shall be paid within sixty (60) days after the date of service of this NOTICE OF ASSESSMENT.

37. In the event the Respondent requests a hearing, the Respondent shall also file an answer to the charges in the NOTICE OF ASSESSMENT within twenty (20) days of service of the NOTICE OF ASSESSMENT, in accordance with 12 C.F.R. § 308.19.

NOTICE OF HEARING

38. Regardless of whether the Respondent requests a hearing on the NOTICE OF ASSESSMENT and ORDER TO PAY, notice is hereby given that a hearing will be held in Columbus, Ohio, commencing sixty (60) days from the date of service of the NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION, or on such date and at such place as may be set by the Administrative Law Judge appointed to hear the matter, for the purpose of taking evidence on the charges specified in the NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION and to determine whether an appropriate order should be issued under the Act.

39. If the Respondent requests a hearing with respect to the charges specified in the NOTICE OF ASSESSMENT and ORDER TO PAY, evidence shall also be taken on the charges specified therein at the same time and place for the purpose of determining whether the Respondent shall be ordered to forfeit and pay a civil money penalty in accordance with 12 U.S.C. § 1818(i)(2).

40. The hearing will be held before an Administrative Law Judge to be appointed by the Office of Financial Institution Adjudication pursuant to 5 U.S.C. § 3105. The hearing will be public, and in all respects will be conducted in compliance with the Federal Deposit Insurance Act, the Administrative Procedures Act, 5 U.S.C. §§ 551 - 559, and the FDIC Rules of Practice and Procedure, 12 C.F.R. Part 308.

41. The Respondent is directed to file an answer to the NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION within twenty (20) days from the date of service, as provided in 12 C.F.R. § 308.19.

42. All papers to be filed or served in this proceeding shall be filed with the Office of Financial Institution Adjudication, 3501 N. Fairfax Drive, Suite VS-D8113, Arlington, VA 22226-3500, pursuant to 12 C.F.R. § 308.10. Respondent is encouraged to file any answer electronically with the Office of Financial Institution Adjudication at ofia@fdic.gov.

43. Copies of all papers filed or served in this proceeding shall be served upon the Office of the Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429-9990; A.T. Dill, Assistant General Counsel, Enforcement Section, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429-9990; and Timothy E. Divis, Regional Counsel, Federal Deposit Insurance Corporation, 300 S. Riverside Drive, Suite 1700, Chicago, Illinois 60606.

PRAYER FOR RELIEF

44. The FDIC prays for relief in the form of the issuance of an ORDER OF PROHIBITION pursuant to 12 U.S.C. § 1818(e) against the Respondent and an ORDER TO PAY CIVIL MONEY PENALTY pursuant to 12 U.S.C. § 1818(i) in the amount of \$105,000.00 against the Respondent.

Pursuant to delegated authority.

Dated at Washington, D.C., this 15th day of April, 2015.

/s/

Christopher J. Newbury
Associate Director