

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

_____ )	
In the Matter of )	
JOHN B. PTAK, )	ORDER TO PAY
Individually, and as an )	
institution-affiliated party of )	FDIC-16-0022k
EDGEBROOK BANK )	
CHICAGO, ILLINOIS )	
(Insured State Nonmember Bank) )	
_____ )	

John B. Ptak (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 Pay (CONSENT AGREEMENT) dated November 13, 2017, whereby Respondent, solely for the purpose of this proceeding and without admitting or denying any violation(s) of law, and/or reckless unsafe or unsound practices and breaches of fiduciary duty for which civil money penalties may be assessed, consented and agreed to pay civil money penalties in the amount specified below to the Treasury of the United States.

The FDIC has determined, and Respondent neither admits nor denies, that, as an institution affiliated party of Edgebrook Bank, Chicago, Illinois, that Respondent, while the President, Chief Financial Officer, and member of the Board of Directors (“Board”), engaged in conduct designed to mask the reporting of lending losses, to the detriment of the Bank’s depositors. Between March 16, 2012 and April 27, 2015, Respondent perpetrated a scheme to obscure the financial condition of the Bank through the masking of lending losses. Without the knowledge or permission of the Board, Respondent approved, and caused the Bank to pay, post-

possession expenses of borrowers who purchased OREO properties and real estate previously owned by delinquent borrowers, including real estate taxes, utility bills, repair, and renovation costs. Respondent violated an FDIC Cease and Desist Order, issued May 31, 2012, by engaging in lending practices after being prohibited from doing so. Additionally, the Respondent engaged in a series of unsafe and unsound practices with relating to a \$1,800,000 loan in April of 2014 and a second loan in the amount of \$280,000 to the same guarantor in October 2014, who misappropriated \$475,000 in loan proceeds for his personal use. Those two loans violated the Bank's legal lending limit under Section 32 of the Illinois Banking Act. Respondent repeatedly violated the terms of a Consent Order issued by the FDIC on May 31, 2012 by engaging in lending activity despite being Ordered not to do so. Respondent facilitated the falsification of a loan commitment and facilitated the approval, closing and funding of a \$1,000,000 that was in violation of a March 18, 2015 FDIC Temporary Cease and Desist Order. Respondent recklessly engaged in unsafe and unsound conduct and practices, repeatedly breached his fiduciary duty as an executive officer and director of the Bank, and violated final cease and desist orders. Respondent's pattern of misconduct resulted in more than minimal loss to the Bank.

After taking into account the CONSENT AGREEMENT, the appropriateness of the penalty with respect to the financial resources, in particular, and good faith of Respondent, the gravity of the violation by Respondent, the history of previous violations by Respondent, and such other matters as justice may require, the FDIC accepts the CONSENT AGREEMENT and issues the following:

ORDER TO PAY

IT IS HEREBY ORDERED that by reason of the violations, and reckless and unsafe or unsound practices, and breaches of fiduciary duty set forth above, a penalty of \$5,000 is assessed

