

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of) NOTICE OF ASSESSMENT OF
PARK BANK,) CIVIL MONEY PENALTY
HOLMEN, WISCONSIN) FINDINGS OF FACT AND
(Insured State Nonmember Bank)) CONCLUSIONS OF LAW,
) ORDER TO PAY, AND
) NOTICE OF HEARING
) FDIC-19-0157k
_____)

NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY

The Federal Deposit Insurance Corporation ("FDIC") is of the opinion that Park Bank, Holmen, Wisconsin ("Respondent") has engaged in a pattern or practice of committing violations of Part 339 of the FDIC's Rules and Regulations, 12 C.F.R. Part 339, which implements the requirements of the National Flood Insurance Act of 1968 ("NFIA") and the Flood Disaster Protection Act of 1973 ("FDPA"), as amended, 42 U.S.C. §§ 4001-4129.

Wherefore, the FDIC hereby issues this NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY, FINDINGS OF FACT AND CONCLUSIONS OF LAW, ORDER TO PAY, AND NOTICE OF HEARING ("NOTICE OF ASSESSMENT"), pursuant to the provisions of 42 U.S.C. § 4012a(f), and section 8(i) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(i), and the FDIC's Rules of Practice and Procedure, 12 C.F.R. Part 308, for violations of the FDPA. In support thereof, the FDIC finds and concludes as follows:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. The Respondent is a corporation existing and doing business under the laws of the State of Wisconsin, having its principal place of business in Holmen, Wisconsin. Respondent is

and was, at all times pertinent to this proceeding, an insured State nonmember bank subject to the Act, 12 U.S.C. §§ 1811-1831aa.

2. At all times pertinent to this proceeding Respondent is and was an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c)(2).

3. At all times pertinent to this proceeding Respondent is and was a "regulated lending institution" as that term is defined in 42 U.S.C. § 4003(a)(10).

4. At all times pertinent to this proceeding the FDIC is and was the "appropriate Federal banking agency" to maintain this enforcement action pursuant to 12 U.S.C. § 1813(q)(2).

5. At all times pertinent to this proceeding the FDIC is and was the appropriate "Federal entity for lending regulation" for the purposes of enforcing 42 U.S.C. § 4012a, against state nonmember banks.

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

7. On or about April 6, 2018, Respondent made a loan to C.F. in the amount of \$86,250 ("C.F. Loan").

8. The C.F. Loan was and is secured by a building that is on land in a flood plain within a community having at least a one percent chance of flooding in any given year, as designated by the Director of the Federal Emergency Management agency ("FEMA") for which flood insurance is available under the NFIA (hereafter, "Designated Loan").

9. Respondent failed to obtain an adequate of flood insurance at the origination of the C.F. Loan, in violation of 12 C.F.R. § 339.3(a).

10. On or about November 2, 2018, Respondent became aware that the C.F. Loan was not sufficiently insured, but failed to provide the borrower with notice of the insufficiency and

follow the force-placement requirements, in violation of 12 C.F.R. § 339.7(a).

11. On or about August 1, 2012, Respondent made a loan to NG&S in the amount of \$312,700 (“NG&S Loan”).

12. NG&S Loan was and is a Designated Loan.

13. Respondent identified the NG&S Loan lacked an adequate amount of insurance in approximately January 2019, but failed to provide the borrower with notice of the insufficiency and follow the force-placement requirements, in violation of 12 C.F.R. § 339.7(a).

14. On or about January 3, 2017, Respondent made a loan to P4LI in the amount of \$750,000 (“P4LI Loan”).

15. P4LI Loan was not initially, but became, and is a Designated Loan.

16. On or about January 28, 2019, Respondent was notified the P4LI Loan was subject to a flood map change and placed in a flood hazard zone, but failed to force place the necessary insurance until on or about April 1, 2019, in violation of 12 C.F.R. § 339.7(a).

17. On or about May 5, 2018, Respondent made a loan to LT in the amount of \$85,000 (“LT Loan One”).

18. LT Loan One was and is a Designated Loan.

19. Respondent failed to provide written notice to LT stating whether or not flood insurance was available under the NFIA for the collateral securing LT Loan One in violation of 12 C.F.R. § 339.9(a).

20. On or about September 24, 2018, Respondent made a loan to LT in the amount of \$30,000 (“LT Loan Two”).

21. LT Loan Two was and is a Designated Loan.

22. Respondent failed to provide written notice to LT stating whether or not flood

insurance was available under the NFIA for the collateral securing LT Loan Two in violation of 12 C.F.R. § 339.9(a).

23. Respondent failed to obtain an adequate amount of flood insurance at origination of LT Loan Two in violation of 12 C.F.R. § 339.3(a).

24. In approximately late November or early December of 2018, Respondent determined LT Loan Two was not sufficiently insured, but failed to provide the borrower with notice of the insufficiency and follow the force-placement requirements, in violation of 12 C.F.R. § 339.7(a).

25. On or about May 16, 2011, Respondent made a loan to KM and DM in the amount of \$70,900 (“KDM Loan One”).

26. KDM Loan One was and is a Designated Loan.

27. On or about March 11, 2013, Respondent made a loan to KM and DM in the amount of \$35,000 (“KDM Loan Two”).

28. KDM Loan Two was and is a Designated Loan.

29. On or about May 1, 2019, Respondent made a loan to KM and DM in the amount of \$80,000 (“KDM Loan Three”).

30. KDM Loan Three was and is a Designated Loan.

31. Respondent failed to provide written notice to KDM stating whether or not flood insurance was available under the NFIA for the collateral securing KDM Loan Three in violation of 12 C.F.R. § 339.9(a).

32. On or about August 15, 2018, Respondent was notified the insurance policy securing KDM Loan One, KDM Loan Two, and KDM Loan Three had expired and failed to provide the borrowers with notice of the expiration and follow the force-placement requirements,

in violation of 12 C.F.R. § 339.7(a).

33. The violations of Part 339 of the FDIC's Rules and Regulations set forth above constitute a pattern or practice of committing violations by Respondent pursuant to section 102 of the FDPA, 42 U.S.C. § 4012a(f)(2)(A).

34. By virtue of the facts stated above in Paragraphs 1 through 33 inclusive, the FDIC concludes that Respondent has engaged in a pattern or practice of violating 12 C.F.R. §§ 339.3(a), 339.7, and 339.9(a), and a civil money penalty should be assessed against the Respondent pursuant to 12 U.S.C. § 1818(i).

ORDER TO PAY

By reason of the violations set forth in the NOTICE OF ASSESSMENT, the FDIC has concluded that a civil money penalty should be assessed against the Respondent pursuant to 42 U.S.C. § 4012a and 12 U.S.C. § 1818(i). After taking into account the appropriateness of the penalties with respect to the size of financial resources and the good faith of the Respondent, the gravity of the violations, 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 Paragraphs 1 through 32 hereof, a penalty of \$12,841.50 be, and hereby is, assessed against Respondent pursuant to section 42 U.S.C. § 4012, and 12 U.S.C. § 1818(i).

FURTHER ORDERED, that the effective date of the ORDER TO PAY is stayed until twenty (20) calendar days after the date of service of the NOTICE OF ASSESSMENT and ORDER TO PAY.

**ACTION REQUIRED BY THE RESPONDENT TO CONTEST THE
NOTICE OF ASSESSMENT AND ORDER TO PAY**

Under 12 U.S.C. § 1818(i)(2)(H) and 12 C.F.R. § 308.19, if a Respondent wants to contest the NOTICE OF ASSESSMENT and ORDER TO PAY, within twenty (20) calendar days of service of this NOTICE OF ASSESSMENT and ORDER TO PAY, that Respondent must file **both**:

- (1) a Request for Hearing on the NOTICE OF ASSESSMENT; **and**
- (2) an Answer to the allegations in the NOTICE OF ASSESSMENT.

Filing an Answer to the allegations in the NOTICE OF ASSESSMENT, without filing a clear and unambiguous Request for a Hearing on the NOTICE OF ASSESSMENT, WILL NOT preserve such Respondent's right to contest the NOTICE OF ASSESSMENT and ORDER TO PAY.

If a Respondent fails to file a Request for Hearing on the NOTICE OF ASSESSMENT within twenty (20) calendar days of service, the penalty assessed against that Respondent pursuant to the ORDER TO PAY will be final and unappealable under 12 U.S.C. § 1818(i)(2)(E)(ii) and 12 C.F.R. § 308.19(c)(2), and shall be paid within sixty (60) calendar days of the date of service of the NOTICE OF ASSESSMENT.

PLACE AND MANNER OF FILING

All documents filed in these proceedings must be filed with the Office of Financial Institution Adjudication (OFIA), ofia@fdic.gov, 3501 N. Fairfax Drive, Suite VS-D8116, Arlington, VA 22226-3500, in the manner specified under 12 C.F.R. § 308.10. Also, copies of all documents filed in these proceedings shall be served upon: the Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street, NW, Room F-1058, Washington, DC 20429; Seth P. Rosebrock, Assistant General Counsel, and Marguerite Sagatelian, Senior Counsel,

Consumer Section, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429; and Monica M. Tynan, Regional Counsel, Federal Deposit Insurance Corporation, 300 S. Riverside Plaza, Suite 1700, Chicago, IL 60606.

OPPORTUNITY FOR HEARING

Any hearing requested will be held before an Administrative Law Judge assigned by OFIA under 5 U.S.C. § 3105. The hearing will be open to the public, unless the FDIC shall determine that an open hearing would be contrary to the public interest, and in all respects will be conducted in compliance with the provisions 12 U.S.C. §§ 1811-1831aa and 12 C.F.R. Part 308. The hearing will be held in Madison, Wisconsin within sixty (60) calendar days from the date of service of this NOTICE OF ASSESSMENT, or at such time, date or place designated by the Administrative Law Judge appointed to hear this matter.

If Respondent timely files (1) a Request for Hearing on the NOTICE OF ASSESSMENT and (2) an Answer to the allegations in the NOTICE OF ASSESSMENT, evidence on the allegations shall also be taken at the hearing to determine whether the ORDER TO PAY assessed against Respondent should be sustained.

Pursuant to delegated authority.

Dated at Chicago, Illinois, this 5th day of October, 2020.

Teresa M. Sabanty
Deputy Regional Director