

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of	)	
	)	
CODY A. JARROTT, an institution-affiliated party of	)	
	)	
CITIZENS STATE BANK	)	ORDER TO PAY
WOODVILLE, TEXAS	)	FDIC-20-0101k
	)	
(INSURED STATE NONMEMBER BANK)	)	
	)	
Respondent's NMLS UI# N/A	)	
	)	

CODY A. JARROTT (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 September 18, 2020, whereby Respondent, solely for the purpose of this proceeding and without admitting or denying any 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 CITIZENS STATE BANK, WOODVILLE, TEXAS, Respondent served as a Bank director and chairman of the Bank's audit committee, between at least 2015 and 2018, and, as chairman of the audit committee, was responsible for reviewing the expense reports of the Bank's then president. During the time period at issue, (i) Respondent failed to perform due diligence on expenses submitted by the Bank's president to ensure those expenses were in compliance with the Bank's expense policy and (ii) Respondent improperly authorized

reimbursements for expenses that were barred in express terms by the Bank's expense policies and were for the personal benefit of the Bank's president and his family members.

After taking into account the CONSENT AGREEMENT, the appropriateness of the penalty with respect to the financial resources 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 breaches of fiduciary duty set forth above, a penalty of \$7,500 is assessed against CODY A. JARROTT. Respondent shall pay the civil money penalty to the Treasury of the United States.

IT IS FURTHER ORDERED that Respondent is prohibited from seeking or accepting indemnification from any insured depository institution for the civil money penalty assessed and paid in this matter.

Nothing herein shall preclude any proceedings brought by the FDIC to enforce the terms of the ORDER TO PAY issued pursuant to this CONSENT AGREEMENT, and that nothing herein constitutes a waiver of any right, power, or authority of the FDIC (except as stated in the Consent Agreement) or any other Federal or state agency or department from taking any other action against Respondent, the Bank, or any of the Bank's current or former institution-affiliated parties, as that term is defined in 12 U.S.C. §1813(u).

This Order to Pay shall be effective upon issuance.

Pursuant to delegated authority.

Dated this 1<sup>st</sup> day of February 2021.

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Patricia A. Colohan  
Associate Director  
Division of Risk Management Supervision