

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of)	
	)	NOTICE OF INTENTION TO
	)	PROHIBIT FROM FURTHER
Paul Keith Andersen, Steven Buchanan, and Paul	)	PARTICIPATION, NOTICE OF
Scott Andersen, institution-affiliated parties of	)	ASSESSMENT OF CIVIL MONEY
	)	PENALTIES, FINDINGS OF FACT
Gunnison Valley Bank	)	AND CONCLUSIONS OF LAW,
Gunnison, Utah	)	ORDER TO PAY, NOTICE OF
	)	HEARING, and PRAYER FOR RELIEF
<i>Merged Into</i>)	
)	
State Bank of Southern Utah	)	FDIC-20-0160E
Cedar City, Utah	)	FDIC-20-0161K
	)	FDIC-20-0162E
(Insured State Nonmember Bank)	)	FDIC-20-0163E
	)	FDIC-20-0164K
Respondents' NMLS UI#s N/A	)	FDIC-20-0165K
)	

The Federal Deposit Insurance Corporation (“FDIC”) determined that Paul Keith Andersen, Steven Buchanan, and Paul Scott Andersen (collectively, “Respondents”) were institution-affiliated parties at Gunnison Valley Bank, Gunnison, Utah (“GVB” or the “Bank”). Respondents, directly or indirectly, committed violations of law, participated or engaged in reckless unsafe or unsound practices, and breached their fiduciary duties owed to the Bank between December 1, 2016, and February 8, 2019. Respondents’ violations of law, unsafe or unsound practices, and breaches of their fiduciary duties were part of a pattern of misconduct, caused the Bank to suffer more than minimal financial loss or other damage, and caused or could have caused prejudice to the Bank’s depositors. Respondents’ violations of law, unsafe or unsound practices, and breaches of their fiduciary duties also involved personal dishonesty and demonstrated Respondents’ willful and continuing disregard for the safety or soundness of the

Bank.

NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION

The FDIC issues this Notice of Intention To Prohibit From Further Participation and Findings of Fact and Conclusions of Law (collectively, “Notice of Charges”) under 12 U.S.C. § 1818(e) and the FDIC Rules of Practice and Procedure, 12 C.F.R. Part 308, subparts A and B. This proceeding will determine whether an order should be issued against Respondents under 12 U.S.C. § 1818(e) to prohibit Respondents 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 other appropriate Federal financial institutions regulatory agencies.

NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTIES

The FDIC further issues this Notice of Assessment of Civil Money Penalties, Findings of Fact and Conclusions of Law, and Order to Pay (collectively, “Notice of Assessment”) under 12 U.S.C. § 1818(i)(2) and the FDIC Rules of Practice and Procedure, 12 C.F.R. Part 308, subparts A and B. This proceeding assesses a \$250,000 civil money penalty against Respondent Paul Keith Andersen, a \$225,000 civil money penalty against Respondent Steven Buchanan, and a \$35,000 civil money penalty against Respondent Paul Scott Andersen under 12 U.S.C. § 1818(i)(2), unless each Respondent formally objects by timely requesting a hearing under 12 U.S.C. § 1818(i)(2)(H).

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The FDIC makes the following allegations against Respondents:

I. Jurisdiction

1. At all relevant times, the Bank was a corporation existing and doing business under the laws of the State of Utah with its principal place of business in Gunnison, Utah.

2. At all relevant times, the Bank was an insured State nonmember bank, subject to 12 U.S.C. §§ 1811-1831aa, 12 C.F.R. Chapter III, and the laws of the State of Utah. The Bank was a wholly-owned subsidiary of GV Bancorp, Inc., the Bank's holding company.

3. On February 8, 2019, GVB, after becoming critically undercapitalized and being close to failing, merged with State Bank of Southern Utah ("SBSU"), Cedar City, Utah.

4. At all relevant times, Respondent Paul Keith Andersen ("Paul Andersen") was President and Chairman of the Board at the Bank and the Bank's Senior Lender. Paul Andersen was the dominant official of the Bank. Paul Andersen owned approximately 20 percent of the holding company stock through various trusts and his share of the GV Bancorp Employee Stock Ownership Plan ("ESOP"), of which he served as trustee.

5. At all relevant times, Respondent Steven Buchanan ("Buchanan") was a Director and Officer of the Bank and owned approximately 10 percent of the holding company stock personally and through his share of the GV Bancorp ESOP. Buchanan was employed by the Bank in various capacities, including Chief Financial Officer, Bank Secrecy Act Officer, Compliance Officer, Security Officer, and Loan Officer.

6. At all relevant times, Respondent Paul Scott Andersen ("Scott Andersen") was a Loan Officer and Secretary of the Board at the Bank.

7. At all relevant times, each Respondent was an "institution-affiliated party" of the

Bank under 12 U.S.C. § 1813(u) and for purposes of 12 U.S.C. §§ 1818(e) and (i).

8. The FDIC has jurisdiction over the Bank, each Respondent, and the subject matter of this proceeding.

II. Gunnison Valley Bank

9. Prior to the merger with SBSU, GVB had total assets of approximately \$68 million and operated a single branch in Gunnison, Utah.

10. Prior to January 2017, the FDIC and the State of Utah Department of Financial Institutions (“UDFI”) had, on multiple occasions, criticized Bank management, and in turn Respondents Paul Andersen and Buchanan, for the large dollar volume of overdrafts at the Bank, the length of time that deposit accounts were overdrawn, and Bank management’s practice of providing loans to pay off overdrafts.

11. In January 2017, the FDIC and UDFI conducted an examination of the Bank (the “January 2017 examination”) and discovered loan deficiencies. However, the overdraft manipulations discussed below concealed the size and status of overdrafts at the Bank from the FDIC.

12. In November 2017, the FDIC and UDFI conducted a visitation of the Bank (the “November 2017 visitation”) and discovered continued loan deficiencies. Again, the overdraft manipulations discussed below concealed the size and status of overdrafts at the Bank from the FDIC.

13. A Joint FDIC and UDFI examination, dated March 26, 2018 (the “March 2018 examination”), found that the Bank’s overall condition was critically deficient due, in part, to

significant loan and overdraft losses. The March 2018 examination resulted in an increase in adversely classified assets from \$9.6 million at the January 2017 examination to \$23.78 million and a required provision expense of \$6.12 million to the Bank's Allowance for Loan and Lease Losses ("ALLL").

14. An ongoing FDIC and UDFI visitation that began in October 2018 found that additional loan losses had depleted capital, and on December 19, 2018, the Bank was downgraded to "Critically Undercapitalized" in accordance with 12 U.S.C. § 1831o.

15. At the time that GVB was "Critically Undercapitalized," the Bank had several depositors, including the local hospital, each with millions of dollars deposited in the Bank above the FDIC deposit-insurance limit. GVB's failure could have resulted in significant losses to those depositors.

16. On January 31, 2019, the FDIC approved a proposed merger with SBSU. In connection with GVB's probable failure, the Board of Directors of the FDIC found that the FDIC must act immediately and, therefore, delegated the authority to dispense with the Bank Merger Act's public notice requirements and any waiting periods found in 12 U.S.C. § 1828(c)(6).

17. On February 8, 2019, GVB merged with SBSU, which paid only \$500,000 for the outstanding shares of GVB's holding company.

III. The Scheme to Manipulate Overdrafts at Gunnison Valley Bank

18. From December 1, 2016, to February 8, 2019, Respondents engaged in schemes to manipulate overdrafts, which reset the length of time that deposit accounts had been overdrawn and concealed the true overdraft status of the account relationships. The overdraft

manipulation schemes made overdrawn and non-bankable deposit accounts appear to be bankable assets when in fact they were not and were required to be charged-off. The manipulation schemes brought overdrawn accounts out of overdraft status (hereinafter referred to as “clear” or “clearing”). Respondents’ schemes to manipulate overdrafts are described below.

a. In the most common scheme, Respondents caused, brought about, participated in, or aided or abetted the transfer of funds to an overdrawn deposit account from another account – also often overdrawn – in the same banking relationship. The funds transfer brought the account out of overdraft status when in fact the transfer merely shifted the overdraft balance between accounts and did not reduce the relationship’s aggregate overdraft amount. Respondents then often caused, brought about, participated in, or aided or abetted the transfer of funds back out of the account making it become overdrawn again and re-setting the number of days the account was in overdraft status.

b. In some instances, Respondents caused, brought about, participated in, or aided or abetted the approval of new Bank loans from which all, or a portion of, the loan proceeds were used to clear an overdraft – often temporarily – without obtaining sufficient collateral or analyzing the borrower’s ability to repay the loans.

c. In one customer relationship, Respondents caused, brought about, participated in, or aided or abetted circular transactions between GVB and another bank. These transactions were designed to clear overdrafts temporarily in GVB deposit accounts by giving a check deposited at GVB immediate credit and then approving an overdraft to fund a check to transfer the funds back to the other bank.

d. Prior to the January 2017 examination and the November 2017 visitation, Respondents Paul Andersen and Buchanan caused, brought about, participated in, or aided or abetted short-term loans from a customer and shareholder of the Bank (“Shareholder”) to Bank customers to clear overdrafts.

19. The substantial majority of transactions to clear overdrafts occurred:

a. Just prior to the end of the Bank’s fiscal quarter when the Bank had to file Consolidated Reports of Condition and Income (“Call Reports”); or

b. Just prior to or during supervisory examinations or visitations scheduled for January 2017, November 2017, and March 2018.

20. During FDIC examinations and visitations, the FDIC evaluates, among other things, the quality of loans, including overdrafts, and determines whether they are bankable assets. The FDIC makes determinations on the necessity of a charge-off based on the prevailing state law, safety and soundness principles, and whether the overdraft is collectible.

21. For Call Report purposes, overdrafts are unsecured loans, and the Respondents’ manipulation of overdrafts resulted in multiple Call Report entries related to or affected by loan figures being materially false in contravention of 12 U.S.C. § 1817(a)(1). Because the Bank’s loan and overdraft balances were manipulated and not appropriately classified, there were several other Call Report fields affected, such as the Income, ALLL, and Tier 1 Capital.

22. The manipulation of overdrafts circumvented both Utah law and the Bank’s policy. Under Section 7-3-26 of the Utah Code, “[a]n overdraft of more than 90 days’ standing may not be allowed as an asset of a bank, unless amply secured and in the process of collection.”

In addition, the Bank's policy required that overdrafts outstanding for more than 60 days be charged-off.

23. The schemes to manipulate overdrafts caused the average number of days that the Bank's overdrafts were outstanding to decline prior to, or during, the January 2017 examination, the November 2017 visitation, and the March 2018 examination. Also, the aggregate dollar volume of overdrafts significantly declined prior to or during the November 2017 visitation and the March 2018 examination.

24. Respondents' schemes to manipulate overdrafts concealed the Bank's deteriorating financial condition from the FDIC, as follows:

a. In many instances, Respondents' actions resulted in the manipulated accounts failing to appear on monthly overdraft reports or reports provided to the FDIC during an examination or visitation. These monthly overdraft reports showed, among other things, the overdrawn deposit accounts, the continuous length of time overdrawn, and the amount overdrawn.

b. The overdraft manipulations resulted in the Bank filing materially false Call Reports.

c. Importantly, the overdraft manipulations concealed not only the overdrawn and non-bankable deposit accounts described in this Notice but also had the effect of reducing FDIC scrutiny of the Bank's other overdrawn deposit accounts and problems in its loan portfolio.

25. Through these schemes, Respondents concealed the Bank's true condition from

the FDIC. Specifically, the Respondents' manipulation of overdrafts to avoid charge-offs by decreasing both the amount of time that accounts were overdrawn and the aggregate amount of overdrafts prior to an examination or visitation concealed the depth of the Bank's overdraft issues and prevented the FDIC from understanding the severity of the Bank's deteriorating financial condition. Respondents' collective actions concealed overdrafts from the FDIC by hindering its ability to classify overdrawn deposit accounts adversely and corresponding nonperforming loans as non-bankable assets.

IV. The Respondents' Roles in the Manipulation Scheme

26. Respondents caused, brought about, participated in, or aided or abetted the manipulation of overdrafts through their respective roles at the Bank. Paul Andersen, Buchanan, and Scott Andersen each served as a loan officer for loans used to manipulate overdrafts. Also, in their respective roles as loan officers, each Respondent served as the functional equivalent of a relationship manager.

27. Paul Andersen and Buchanan reviewed the overdraft status of accounts with Bank customers, including consulting with customers on how overdrafts could be cleared.

28. In some cases, Buchanan and Scott Andersen filled out deposit and withdrawal tickets on behalf of customers in order to clear overdrafts that were outstanding for more than 90 days.

29. All overdrafts were approved on a daily basis by either Buchanan or Paul Andersen. The Bank created a daily insufficient funds transfer list (the "overdraft list") for all transactions with insufficient funds or transactions that created an overdraft. Buchanan was

responsible for reviewing the overdraft list and approving transactions. Paul Andersen also reviewed the overdraft list. In addition, when a transaction created or increased an overdraft by an amount greater than \$10,000, Buchanan and Paul Andersen were both required by Bank policy to approve the transaction.

30. The Bank internally tracked deposit account overdrafts through the generation and review of monthly overdraft reports. Both Bank management and the Bank's Board of Directors ("Board") reviewed the monthly overdraft reports. All three Respondents attended Board meetings during which the Board members received, reviewed, and discussed monthly overdraft reports. Also, all three Respondents attended the loan committee meetings during which the loan committee discussed both loan customers failing to make loan payments and customers appearing on the monthly overdraft reports.

31. Scott Andersen directly participated in unauthorized transactions involving a \$297,000 official check, as described in paragraph 49 below, and, separately, participated in imprudent transactions while he served as a relationship manager in the [REDACTED] customer relationship, as described in paragraphs 53 through 61 below.

32. Paul Andersen, as President and Chief Executive Officer, affirmed Call Reports filed by GVB for the first quarter 2017, second quarter 2017, third quarter 2017, fourth quarter 2017, and first quarter 2018 pursuant to 12 U.S.C. § 1817(a)(3).

33. Paul Andersen and Scott Andersen invoked their Fifth Amendment rights against self-incrimination concerning their conduct at the Bank when questioned under oath by the FDIC in an investigation pursuant to 12 U.S.C. § 1820(c).

V. Examples of Overdraft Manipulations in Customers' Deposit Accounts

34. Respondents' scheme to manipulate overdrafts to conceal the true financial condition of the Bank included overdraft manipulations made with respect to the following customer relationships: [REDACTED]; [REDACTED]; [REDACTED]; [REDACTED]; [REDACTED]; [REDACTED]; and [REDACTED]. These overdraft manipulations are discussed in paragraphs 35 through 82 below.

A. [REDACTED]

35. [REDACTED] a Utah company, maintained a deposit account relationship at the Bank.

36. Prior to the January 2017 examination, on January 4, 2017, [REDACTED]'s deposit account at the Bank was overdrawn by more than \$110,000.

37. The Shareholder, through the actions of Respondents, extended [REDACTED] a short-term loan in the amount of \$400,000 to clear the overdraft prior to the January 2017 examination. The funds for the loan came from a \$400,000 official check drafted by GVB and made payable to the Shareholder, but held by Scott Andersen. The Shareholder permitted Scott Andersen to hold official checks for safekeeping in his desk at the Bank.

38. On January 5, 2017, Respondents redeemed the Shareholder's \$400,000 official check, without an endorsement. Buchanan drafted the unsigned deposit ticket allowing the transfer of the \$400,000 from the Shareholder's official check to the overdrawn [REDACTED] account.

39. On February 28, 2017, after the FDIC examination, Respondents withdrew \$404,438.35 from the [REDACTED] account. Of this withdrawal amount, \$4,438.35 was paid out in

cash, and \$400,000 was used to draft an official check made payable to the Shareholder.

Buchanan drafted the unsigned withdrawal ticket for \$404,438.35. Paul Andersen and Buchanan signed the \$400,000 official check made payable to the Shareholder.

40. The withdrawal of \$404,438.35 from the [REDACTED] account created a new overdraft of over \$376,000. Paul Andersen and Buchanan approved the \$404,438.35 withdrawal that placed the [REDACTED] account back into overdraft status by an amount greater than \$10,000.

41. Respondents, through these transactions, concealed the overdraft status of the [REDACTED] account from the FDIC during its examination of the Bank.

B. The [REDACTED] Banking Relationship

42. The [REDACTED] (“[REDACTED]”) relationship involved four trucking-related accounts in the names of [REDACTED] (“[REDACTED]”), [REDACTED] a dba of [REDACTED], [REDACTED], [REDACTED] (“[REDACTED]”), [REDACTED] (“[REDACTED]”), and [REDACTED], Inc. (“[REDACTED]”), with deposit accounts at GVB. [REDACTED] (“[REDACTED]”) was the nominal owner of [REDACTED], [REDACTED], and [REDACTED] while his ex-wife and business partner was the nominal owner of [REDACTED]. The deposit accounts for [REDACTED], [REDACTED], [REDACTED], and [REDACTED] were often overdrawn and often for more than 90 days without being charged-off.

43. Paul Andersen, Buchanan, and Scott Andersen caused, brought about, participated in, or aided or abetted transactions designed to clear the overdrafts in the deposit accounts temporarily, including the transactions set forth in paragraphs 44 through 52 below.

44. Before the January 2017 examination, on January 4, 2017, the [REDACTED], [REDACTED]

██████████, and ██████████ accounts were in overdraft status. On January 6, 2017, the Bank increased the overdraft balances in the ██████████ and ██████████ accounts by transferring \$15,000 and \$34,000, respectively, to the ██████████ account and cleared the ██████████ overdraft. Paul Andersen and Buchanan approved the \$15,000 transfer from the ██████████ account and the \$34,000 transfer from the ██████████ account, which increased the overdrafts in the accounts by an amount greater than \$10,000. These transactions did not appear to have any purpose other than to clear the ██████████ overdraft. In fact, these transactions did not reduce the aggregate overdraft amount in the three accounts; they merely shifted the overdraft balances among accounts.

45. On March 24, 2017, the ██████████, ██████████, and ██████████ accounts were all overdrawn and went through a series of manipulative transactions to clear overdrafts. The ██████████ account had been overdrawn for 94 days and was required to be charged-off under Utah law. Instead of charging off the overdraft in the ██████████ account, the Bank conducted transfers among all three accounts to clear overdrafts in the ██████████ and ██████████ accounts while increasing the overdraft in the ██████████ account, as follows:

a. On March 24, 2017, the Bank transferred \$70,000 from the ██████████ ██████████ account to the ██████████ account and cleared the overdraft. Buchanan's handwriting appeared on the deposit and withdrawal tickets.

b. On March 29, 2017, with the ██████████ account overdrawn again, the Bank transferred \$80,000 from the ██████████ account to the ██████████ account, which was overdrawn by approximately \$65,600, and cleared the ██████████ account overdraft.

Buchanan's handwriting appeared on the deposit and withdrawal tickets.

c. Paul Andersen and Buchanan approved the \$70,000 transfer from the [REDACTED] account and the \$80,000 transfer from the [REDACTED] account, which increased the amount of the overdrafts in both accounts by an amount greater than \$10,000.

d. These transactions did not appear to have any purpose other than to avoid charging off the [REDACTED] account overdraft. In fact, these transactions did not reduce the aggregate overdraft amount in the three accounts; they merely shifted the overdraft balances among accounts.

46. On May 25, 2017, the [REDACTED] and [REDACTED] accounts were overdrawn by approximately \$183,000 and \$56,000, respectively, and had been overdrawn since the end of March. The Bank transferred \$9,400 and \$25,000, respectively, from the [REDACTED] account and the [REDACTED] account to the [REDACTED] account. These deposits, along with deposits from third parties, cleared the overdraft in the [REDACTED] account. On the following day, the Bank transferred \$34,000 and \$25,000 from the [REDACTED] account to the [REDACTED] and [REDACTED] accounts, respectively, resulting in the [REDACTED] account becoming overdrawn again. Paul Andersen and Buchanan approved the \$34,000 and \$25,000 transfers from the [REDACTED] account, which placed the account back into overdraft status by an amount greater than \$10,000.

47. On June 28, 2017, the [REDACTED], [REDACTED], and [REDACTED] accounts were all overdrawn by approximately 93, 105, and 33 days, respectively, and again went through a series of manipulative transactions to clear overdrafts. The overdrafts in the [REDACTED] and [REDACTED]

██████████ accounts were required to be charged-off under Utah law. Instead of charging-off the overdrafts in the ██████████ and ██████████ accounts, the Bank conducted transfers among the three accounts to clear overdrafts in the ██████████ and ██████████ accounts while increasing the overdraft in the ██████████ account, as follows:

a. On June 28, 2017, the Bank transferred \$102,000 from the ██████████ ██████████ account to the ██████████ account and cleared the approximately \$101,400 overdraft. This transaction left the ██████████ account overdrawn by approximately \$175,800.

b. On June 29, 2017, the Bank transferred \$205,000 from the ██████████ ██████████ account, with a balance of just over \$500, to the overdrawn ██████████ account and cleared the approximately \$195,800 overdraft.

c. Paul Andersen and Buchanan approved the \$102,000 transfer from the ██████████ account, which increased the overdraft by an amount greater than \$10,000, and the \$205,000 transfer from the ██████████ account, which placed the account back into overdraft status by an amount greater than \$10,000.

d. These transactions did not appear to have any purpose other than to avoid charging-off the overdrafts in the ██████████ and ██████████ accounts. In fact, these transactions did not reduce the aggregate overdraft amount in the three accounts; they merely shifted the overdraft balances among accounts.

48. On November 2, 2017, prior to the November 2017 visitation, the ██████████, ██████████ ██████████ and ██████████ accounts were all overdrawn by 99, 126, and 160 days, respectively, with an aggregate total of approximately \$531,000. The overdrafts in all three

deposit accounts were required to be charged-off under Utah law. Instead of charging off the overdrafts in the three accounts, the Bank conducted transfers among the accounts to clear the overdrafts in the [REDACTED] and [REDACTED] accounts while further increasing the overdraft in the [REDACTED] account, as follows:

a. On November 2, 2017, the Bank transferred \$207,134.83 from the [REDACTED] account to the [REDACTED] account and cleared the overdraft in the [REDACTED] account, bringing the account to a zero balance. Buchanan's handwriting appeared on the deposit and withdrawal tickets.

b. On November 3, 2017, the Bank transferred \$192,000 from the [REDACTED] account to the [REDACTED] account. This transfer, along with two other small deposits, cleared the [REDACTED] account overdraft.

c. Paul Andersen and Buchanan approved the \$207,134.83 transfer from the [REDACTED] account, which increased the overdraft by an amount greater than \$10,000, and the \$192,000 transfer from the [REDACTED] account, which placed the account back into overdraft status by an amount greater than \$10,000.

d. These transactions did not appear to have any purpose other than to avoid charging off the overdrafts in the [REDACTED] and [REDACTED] accounts. In fact, these transactions did not reduce the aggregate overdraft amount in the three accounts; they merely shifted the overdraft balances among accounts.

49. To clear the nearly \$334,000 overdraft in the [REDACTED] account prior to the November 2017 visitation, all three Respondents arranged for the Bank to extend a loan to

██████████ and also conducted an unauthorized funds transfer from the Shareholder, as follows:

a. On November 3, 2017, the Bank extended an \$183,000 loan to ██████████. The Bank deposited the loan proceeds into the ██████████ deposit account. Buchanan was the loan officer for this loan.

b. On November 7, 2017, Scott Andersen and Buchanan redeemed a GVB \$297,000 official check, without an endorsement, identifying the Shareholder as the remitter and the payee and used the proceeds to draft a new official check made payable to ██████████, which had both their signatures. Scott Andersen and Buchanan redeemed the new official check and transferred \$161,000 of these funds into the ██████████ account and the remaining \$136,000 into the ██████████ account, both of which were overdrawn.

c. The \$161,000 deposit into the ██████████ account, combined with the proceeds from the \$183,000 GVB loan, cleared the nearly \$334,000 overdraft in the ██████████ account.

d. Six days later on November 13, 2017, after the FDIC concluded the November 2017 visitation, the ██████████ and ██████████ accounts had become overdrawn again. Despite the accounts being overdrawn, the Bank withdrew \$161,000 and \$136,000 from the ██████████ and the ██████████ accounts, respectively, to create a new \$297,000 official check with the Shareholder as the remitter and the payee. Buchanan drafted the ██████████ and ██████████ withdrawal tickets. Scott Andersen and another Bank employee signed the new official check.

e. Paul Andersen and Buchanan approved the \$161,000 withdrawal from the [REDACTED] account and the \$136,000 withdrawal from the [REDACTED] account that increased the overdraft amount in each account by an amount greater than \$10,000.

f. The transfers of funds to and from [REDACTED]'s [REDACTED] and [REDACTED] accounts occurred without the knowledge or authorization of the Shareholder or [REDACTED].

g. Had the FDIC discovered the [REDACTED] overdrafts totaling approximately \$531,000 in the [REDACTED], [REDACTED], and [REDACTED] accounts on the Bank's books and records during the November 2017 visitation, the FDIC would have directed the Bank to charge-off the overdrafts.

50. On December 28, 2017, the [REDACTED] and the [REDACTED] accounts were again overdrawn by approximately \$210,000 and \$12,500, respectively. On December 28, 2017, the Bank transferred \$210,000 from the [REDACTED] account to the [REDACTED] account. Paul Andersen and Buchanan approved the \$210,000 transfer from the [REDACTED] account, which increased the overdraft amount by an amount greater than \$10,000.

51. On March 22, 2018, prior to the March 2018 examination, the [REDACTED], [REDACTED], [REDACTED], and [REDACTED] accounts were overdrawn by 72, 139, and 42 days, respectively, with an aggregate total of approximately \$544,000. The overdraft in the [REDACTED] deposit account was required to be charged-off under Utah law. The Bank, through the actions of Paul Andersen and Buchanan, manipulated [REDACTED]'s overdrafts with funds from two new loans and overdrawing a new deposit account to clear overdrafts in the [REDACTED] and [REDACTED] accounts, as follows:

a. To clear an approximately \$197,000 overdraft in the [REDACTED] account, the Bank provided [REDACTED] with funds from a new loan and from a new deposit account that he immediately overdrawn upon account opening, as follows:

i. On March 23, 2018, the Bank extended a \$100,000 loan to [REDACTED]. [REDACTED] deposited \$48,026.25 of the loan proceeds into the [REDACTED] deposit account. Buchanan's handwriting appeared on the deposit ticket.

ii. On March 26, 2018, the Bank opened a new deposit account for [REDACTED] with a zero balance, and transferred \$149,327.45 from the new deposit account to the [REDACTED] deposit account. This transfer, combined with the \$48,026.25 of loan proceeds, cleared the [REDACTED] overdraft. The funds transfer resulted in an overdraft of approximately \$149,327.45 in the new deposit account.

iii. Paul Andersen and Buchanan approved the \$149,327.45 transfer from the new deposit account, which placed the new deposit account into overdraft status by an amount greater than \$10,000.

b. Separately, on March 26, 2018, the Bank provided a new \$250,000 loan to [REDACTED], which combined with an \$18,000 transfer from the overdrawn [REDACTED] account and two other business deposits, cleared the [REDACTED] overdraft.

c. The Bank extended the new loans to [REDACTED] and [REDACTED] without obtaining sufficient collateral or analyzing the borrowers' ability to repay the loans. During the March 2018 examination, the FDIC classified the overdraft in the [REDACTED] account adversely and directed the Bank to charge-off the overdraft.

52. The loss due to overdraft and loan manipulations in the [REDACTED] relationship in 2017 and 2018 was at least \$299,000. The Bank sustained approximately \$1,489,000 in total overdraft and loan losses from the [REDACTED] relationship.

C. The [REDACTED] Banking Relationship

53. [REDACTED] (“[REDACTED]”) operated two chain pizza restaurants that went out of business in the fall of 2017 and also operated two construction-related businesses. At GVB, [REDACTED] maintained a deposit account in the name of [REDACTED] (“[REDACTED]”) for the restaurants, commercial loans for each restaurant, and two construction-related deposit accounts in the names of [REDACTED] (“[REDACTED]”) and [REDACTED]. Paul Andersen and Scott Andersen handled the [REDACTED] banking relationship. All three Respondents caused, brought about, participated in, or aided or abetted transactions designed to conceal the overdrawn status of the deposit accounts, including the transactions set forth in paragraphs 54 through 61 below.

54. At the end of the first quarter 2017, [REDACTED] owed approximately \$408,000 in principal and interest on the two commercial loans. [REDACTED] had been making the commercial restaurant loan payments with transfers from the [REDACTED] account, which itself was overdrawn by approximately \$114,000 and had been overdrawn since December 2016. As a result, the [REDACTED] account, under Utah law, was due to be charged-off on or about March 28, 2017.

55. Instead of charging off the [REDACTED] account, the Bank, through the actions of all three Respondents, refinanced [REDACTED]’s two commercial loans for \$300,000 each, providing [REDACTED] with \$600,000 in loan proceeds. [REDACTED] used approximately \$408,000 of the loan proceeds to pay

off the existing commercial loan for each restaurant and transferred approximately \$192,000 of the loan proceeds to clear the overdraft in the [REDACTED] account.

56. The Bank refinanced [REDACTED]'s two commercial loans and increased the aggregate loan amount from \$408,000 to \$600,000 without obtaining sufficient collateral – or any additional collateral – or analyzing [REDACTED]'s ability to repay the loans.

57. Each Respondent played a role in the refinancing. Paul Andersen and Scott Andersen arranged the refinancing. Paul Andersen and Buchanan also approved the loans as members of the Board.

58. Toward the end of the third-quarter 2017, as [REDACTED]'s restaurants were failing, [REDACTED]'s [REDACTED] account had been overdrawn since April 2017 and was overdrawn by approximately \$109,000. In addition, despite its already overdrawn status, [REDACTED] continued to use the [REDACTED] account to make payments on the refinanced loans, which made them performing assets while further overdrawing the [REDACTED] account. Respondents knew or should have known that the loans were only performing due to the automatic payments being made from the overdrawn [REDACTED] account.

59. On September 13, 2017, the [REDACTED] account was overdrawn by approximately \$109,000 and had been overdrawn for approximately 141 days. The overdraft was required to be charged-off under Utah law. Instead of charging off the overdraft in the [REDACTED] account, the Bank conducted transfers between the [REDACTED] account and the [REDACTED] account to clear the overdraft, as follows:

- a. The [REDACTED] account had a balance of less than \$2,000. The Bank transferred

\$110,000 from the [REDACTED] account to the [REDACTED] account, which created an overdraft of approximately \$108,000 in the [REDACTED] account. On information and belief, Scott Andersen created the withdrawal and deposit tickets associated with this transfer of funds.

b. Five days later, the Bank transferred \$110,000 back to the [REDACTED] account, returning the [REDACTED] account to overdraft status. On information and belief, Scott Andersen created the deposit and withdrawal tickets associated with this transfer of funds.

c. Paul Andersen and Buchanan approved the \$110,000 transfer from the [REDACTED] account and the \$110,000 transfer from the [REDACTED] account five days later, both of which placed the accounts into overdraft status by an amount greater than \$10,000.

d. These transactions did not appear to have any purpose other than to avoid charging off the overdraft in the [REDACTED] account. In fact, these transactions did not reduce the aggregate overdraft amount in the accounts; they merely shifted the overdraft balances between accounts.

60. On December 29, 2017, [REDACTED]'s [REDACTED] account had been overdrawn since September 18, 2017, as discussed in paragraph 59 above. The overdraft of approximately \$135,000 in the [REDACTED] account was required to be charged-off under Utah law. Instead of charging off the overdraft in the [REDACTED] account, the Bank conducted a transfer between the [REDACTED] account and the [REDACTED] account to clear the overdraft, as follows:

a. The Bank transferred \$136,000 from the [REDACTED] account, with a balance of approximately \$20, to [REDACTED]'s [REDACTED] account. On information and

belief, Scott Andersen created the deposit and withdrawal tickets associated with this transfer of funds.

b. The transfer cleared the overdraft in the [REDACTED] account, but created an overdraft in the [REDACTED] account of approximately \$136,000.

c. [REDACTED] had no knowledge of, and did not authorize, this transaction.

d. Paul Andersen and Buchanan approved the \$136,000 transfer, which placed the [REDACTED] account into overdraft status by an amount greater than \$10,000.

e. The transaction did not appear to have any purpose other than to avoid charging off the overdraft in the [REDACTED] account. In fact, the transaction did not reduce the aggregate overdraft amount in the two accounts; the transaction merely shifted the overdraft balances between accounts.

61. The loss due to overdraft and loan manipulations in the [REDACTED] relationship in 2017 and 2018 was at least \$310,000. The Bank sustained approximately \$786,000 in total overdraft and loan losses from the [REDACTED] relationship.

D. The [REDACTED] Banking Relationship

62. At all relevant times, [REDACTED] (“[REDACTED]”) operated a cattle ranch in Gunnison, Utah, and his banking relationship with GVB involved deposit accounts held in the names of [REDACTED] and [REDACTED] (“[REDACTED]”) along with a deposit account held by his son’s entity, [REDACTED] (“[REDACTED]”) (collectively referred to as the [REDACTED] accounts”). [REDACTED] exercised control over these accounts and also deposited

checks from his account at another bank to clear overdrafts temporarily. Buchanan served as the loan officer for the [REDACTED] relationship.

63. Respondents Paul Andersen and Buchanan caused, brought about, participated in, or aided or abetted transactions designed to manipulate overdrafts in the [REDACTED] accounts, including the transactions set forth in paragraphs 64 through 71 below.

64. On January 9, 2017, the [REDACTED], [REDACTED], and [REDACTED] deposit accounts were all overdrawn. The Bank, through the actions of Paul Andersen and Buchanan, extended an \$83,000 loan to [REDACTED]. Paul Andersen and Buchanan then allowed [REDACTED] to clear overdrafts temporarily in two accounts prior to the January 2017 examination with a funds transfer from an overdrawn account and the loan proceeds, as follows:

a. On January 9, 2017, the Bank extended an \$83,000 loan to [REDACTED].

Buchanan was the loan officer noted in the loan documents.

b. On January 10, 2017, the Bank transferred \$40,000 of the loan proceeds to the [REDACTED] account, clearing the [REDACTED] overdraft.

c. On January 10, 2017, the Bank also transferred \$43,000 of the loan proceeds to the [REDACTED] account. The Bank further transferred \$21,000 from the [REDACTED] account to the [REDACTED] account. These two transfers cleared the [REDACTED] account overdraft.

d. Paul Andersen and Buchanan approved the \$83,000 loan, the two loan transfers, and the \$21,000 transfer from the overdrawn [REDACTED] account, which increased the amount of the [REDACTED] account overdraft by an amount greater than \$10,000.

65. At the end of the first-quarter 2017, on March 29, 2017, the [REDACTED] and [REDACTED] accounts were overdrawn. [REDACTED] engineered a series of transactions to clear overdrafts in these accounts involving deposits from checks drawn on an account [REDACTED] held at another bank. After clearing the overdrafts, [REDACTED] immediately moved the deposited funds back to his account at the other bank, as follows:

a. On March 30, 2017, [REDACTED] deposited a \$21,000 check from the other bank to clear the overdraft in the [REDACTED] account.

b. On March 31, 2017, [REDACTED] deposited a \$66,000 check from the other bank to clear the overdraft in the [REDACTED] account.

c. Buchanan confirmed that the account at the other bank had sufficient funds and authorized GVB to give immediate credit to the deposited checks from the other bank without the checks having cleared.

d. On April 3, 2017, [REDACTED] transferred \$66,000 from the [REDACTED] [REDACTED] account to the [REDACTED] account and then \$66,000 from the [REDACTED] account back to the account at the other bank.

e. Paul Andersen and Buchanan approved both the \$66,000 transfer from the [REDACTED] account and the \$66,000 transfer from the [REDACTED] account, which placed both accounts back into overdraft status by an amount greater than \$10,000.

66. At the end of the second-quarter 2017, [REDACTED]'s [REDACTED] account had been overdrawn since April 3, 2017, as a result of the series of transactions described in paragraph 65. [REDACTED] again deposited a check drawn on his account at the other bank into

the [REDACTED] account at GVB to clear the overdraft temporarily. [REDACTED] then immediately transferred the deposited funds back to the other bank, as follows:

a. On June 30, 2017, [REDACTED] deposited a \$68,500 check from the other bank into the [REDACTED] account.

b. Also on June 30, 2017, a \$68,500 check from the [REDACTED] account, rather than [REDACTED] account, was deposited at the other bank.

c. On July 6, 2017, [REDACTED] transferred \$68,500 from the [REDACTED] account to the [REDACTED] account.

d. Paul Andersen and Buchanan approved the \$68,500 transfer from the [REDACTED] account, which placed the account back into overdraft status by an amount greater than \$10,000.

67. Prior to the November 2017 visitation, the [REDACTED] and [REDACTED] accounts were both overdrawn. On October 30, 2017, the [REDACTED] account had been overdrawn for 171 days, and the overdraft was thus required to be charged-off under Utah law. Respondents Paul Andersen and Buchanan failed to charge-off the overdraft. Instead, [REDACTED] transferred funds from the other bank to clear the overdrafts in both accounts and again immediately transferred the funds back to the other bank creating a new overdraft, as follows:

a. On October 30, 2017, [REDACTED] deposited a \$46,700 check from the other bank into the [REDACTED] account to clear the overdraft.

b. On November 3, 2017, [REDACTED] transferred \$46,700 from the [REDACTED] account to the [REDACTED] account, which at the time had a positive balance, and

then transferred \$47,000 back to his account at the other bank.

c. Paul Andersen and Buchanan approved the \$46,700 transfer from the [REDACTED] account, which placed the account back into overdraft status by an amount greater than \$10,000.

d. These transactions did not appear to have any purpose other than to avoid charging off the overdraft in the [REDACTED] account. In fact, these transactions did not reduce the aggregate overdraft amount in the [REDACTED] account.

e. Had the FDIC discovered the 171-day-old overdraft in the [REDACTED] account, the FDIC would have required the Bank to charge-off the approximately \$45,000 overdraft in the [REDACTED] account.

68. At the end of 2017, [REDACTED]'s [REDACTED] and [REDACTED] accounts had been overdrawn since November 2017, and [REDACTED] deposited two checks drawn on his account at the other bank into the [REDACTED] and [REDACTED] accounts at GVB to clear overdrafts temporarily, and again, immediately moved the deposited funds back to the other bank, as follows:

a. On December 29, 2017, [REDACTED] deposited a \$175,500 check from the other bank into the [REDACTED] account and cleared the overdraft.

b. On December 29, 2017, [REDACTED] deposited a \$68,224.99 check from the other bank into the [REDACTED] account and cleared the overdraft.

c. On January 2, 2018, the [REDACTED] account became overdrawn again after transferring \$68,224.99 to the [REDACTED] account.

d. On January 3, 2018, the [REDACTED] account became overdrawn again after transferring \$125,000 to the other bank.

e. Paul Andersen and Buchanan approved both the \$68,224.99 transfer from the [REDACTED] account and the \$125,000 transfer from the [REDACTED] account, which placed both accounts back into overdraft status by an amount greater than \$10,000.

69. On February 13, 2018, the [REDACTED] account was overdrawn by approximately \$84,000 and had been overdrawn since January 2, 2018. GVB, through the actions of Paul Andersen and Buchanan, extended a loan in the amount of \$85,000 to [REDACTED] and used the loan proceeds to clear the overdraft. Buchanan also served as the loan officer for this loan. Paul Andersen and Buchanan made this loan without obtaining sufficient collateral or analyzing the borrower's ability to repay. Later, GVB charged-off almost the entire amount after findings made by the FDIC.

70. Prior to the March 2018 examination, on March 23, 2018, [REDACTED] temporarily cleared a nearly \$14,000 overdraft in the [REDACTED] account, which had been overdrawn for 59 days, as follows:

a. On March 23, 2018, [REDACTED] deposited a \$14,000 check into the [REDACTED] account from the other bank clearing the overdraft.

b. Also, on the same day, [REDACTED] deposited a \$14,000 check at the other bank from the [REDACTED] account.

c. Paul Andersen and Buchanan approved the \$14,000 transfer from the [REDACTED] account, which placed the [REDACTED] account back into overdraft status

by an amount greater than \$10,000.

d. These transactions did not appear to have any purpose other than to clear the overdraft temporarily in the [REDACTED] account. In fact, these transactions did not reduce the aggregate overdraft amount in the [REDACTED] account.

71. The loss due to overdraft and loan manipulations in the [REDACTED] relationship in 2017 and 2018 was at least \$119,000. The Bank sustained approximately \$330,000 in total overdraft and loan losses from the [REDACTED] relationship.

E. The [REDACTED] Banking Relationship

72. [REDACTED] (“[REDACTED]”) operated a painting company after retiring from government service. His deposit account relationship with the Bank involved his [REDACTED] account and an account held by his wife (collectively referred to as the “[REDACTED] accounts”). Buchanan was the loan officer for the [REDACTED] relationship. The [REDACTED] accounts were often overdrawn. Respondent Buchanan caused, brought about, participated in, or aided or abetted transactions to clear overdrafts in the [REDACTED] accounts toward the end of various quarters, as described in paragraphs 73 through 76 below.

73. On March 28, 2017, the Bank, through the actions of Buchanan, extended a \$10,300 unsecured loan to [REDACTED] and his wife without analyzing their ability to repay the loan. The Bank applied \$3,600 of the loan proceeds to pay off the overdraft in [REDACTED]’s wife’s account and the remaining \$6,700 in loan proceeds to pay off the overdraft in the [REDACTED] account.

74. On June 30, 2017, the Bank, through the actions of Buchanan, extended a \$6,100 loan to [REDACTED]’s wife without analyzing her ability to repay the loan, deposited \$1,800 of the

proceeds into her overdrawn account, and deposited \$4,300 of the proceeds into the overdrawn [REDACTED] account. The [REDACTED] account had been used to make payments on three other loans at the Bank, excluding the previously mentioned \$10,300 loan in paragraph 73. These loan payments had caused a portion of the overdraft in the [REDACTED] account. Thus, the \$6,100 loan paid-off overdrafts that, in turn, had been used to make loan payments.

75. On September 22, 2017, the Bank, through the actions of Buchanan, extended [REDACTED] and his wife an unsecured loan in the amount of \$22,500 without analyzing their ability to repay the loan. The Bank deposited \$6,388.86 of the proceeds into the overdrawn [REDACTED] account to clear the overdraft. The remainder was then used to pay off another Bank loan.

76. The loss due to overdraft and loan manipulations in the [REDACTED] relationship in 2017 and 2018 was at least \$2,000. The Bank sustained approximately \$98,000 in total loan losses from the [REDACTED] relationship.

F. The [REDACTED] Banking Relationship

77. The [REDACTED] (“[REDACTED]”) relationship involved deposit accounts in both the names of [REDACTED] and [REDACTED]. Starting in March of 2017, both accounts were often in overdraft status. Also in March 2017, the [REDACTED] relationship consisted of eight loans with the Bank totaling approximately \$1,700,000. Respondents Paul Andersen, Buchanan, and Scott Andersen caused, brought about, participated in, or aided or abetted transactions designed to mask the overdraft status of the deposit accounts and the deterioration in the borrowers’ loans at the Bank, including the transactions set forth in paragraphs 78 through 82 below.

78. The overdrafts in the [REDACTED] and [REDACTED] accounts resulted from the withdrawal of funds to make loan payments to GVB.

79. On March 31, 2017, the Bank transferred \$108,147.96 from the [REDACTED] account, when the account was overdrawn by almost \$20, to make loan payments on all eight loans. As a result, the [REDACTED] account became overdrawn by over \$108,000. Paul Andersen and Buchanan approved the \$108,147.96 withdrawal from the [REDACTED] account, which increased the overdraft in the [REDACTED] account by an amount greater than \$10,000.

80. Prior to the November 2017 visitation, on November 3, 2017, both [REDACTED] deposit accounts were overdrawn for seven months with an aggregate overdraft amount of approximately \$177,000. Instead of charging-off the overdrafts as required by Utah law, Respondents conducted a series of transactions to clear the overdrafts temporarily, as follows:

a. On November 3, 2017, the Bank, through the actions of Respondents Paul Andersen and Buchanan, extended a loan for \$173,250 to [REDACTED]'s wife without analyzing her ability to repay the loan. The purpose of the loan, as stated in the loan documents, was to purchase water stock. Of the loan proceeds, \$120,510.03 were used to clear the overdraft in the [REDACTED] account. The remainder, \$52,739.97, was deposited into the [REDACTED] account.

b. Also, on November 3, 2017, the Shareholder, through the actions of Respondents Paul Andersen, Buchanan, and Scott Andersen, extended a \$100,000 loan to [REDACTED]. The Bank redeemed an official check for \$100,000, without an endorsement,

identifying the Shareholder as the remitter and [REDACTED] as the payee. Paul Andersen and Buchanan signed the \$100,000 official check and deposited the loan proceeds into the [REDACTED] account. On information and belief, Scott Andersen created the associated deposit ticket. As part of the transaction, Scott Andersen also created and signed a cash ticket in the amount of \$8,500.

c. The \$100,000 in funds from the Shareholder, combined with the \$52,739.97 from the loan to [REDACTED]'s wife, cleared the nearly \$57,000 overdraft in the [REDACTED] account that had been overdrawn for 247 days and then funded \$77,803.91 in loan payments to five separate loans in the [REDACTED] relationship.

d. These overdraft manipulations concealed the overdraft in the [REDACTED] account and the nonperforming loans from the FDIC.

e. Had the FDIC discovered the [REDACTED] overdrafts totaling approximately \$177,000 on the Bank's books and records during the November 2017 visitation, the FDIC would have directed the Bank to charge-off the overdrafts.

81. During the March 2018 examination, on March 29, 2018, the [REDACTED] and [REDACTED] accounts were overdrawn by about \$1,800 and \$59,500, respectively, and had been overdrawn for 84 and 91 days, respectively. Instead of charging-off the overdraft in the [REDACTED] account as required by Utah law, [REDACTED] and Respondents Paul Andersen and Buchanan conducted a series of transactions to clear the overdrafts in both accounts, as follows:

a. On March 29, 2018, [REDACTED] deposited a \$12,500 check at GVB drawn on another bank.

b. On March 29, 2018, GVB transferred \$1,900 of the \$12,500 check into the [REDACTED] account and cleared the overdraft.

c. On March 29, 2018, GVB transferred \$10,600 of the \$12,500 check into the [REDACTED] account; however, the account was still overdrawn by almost \$49,000.

d. On March 30, 2018, GVB, through the actions of [REDACTED] and Respondents Paul Andersen and Buchanan, transferred \$49,000 from the [REDACTED] account to the [REDACTED] account and cleared the overdraft. Paul Andersen and Buchanan approved the \$49,000 transfer from the [REDACTED] account, which placed the account back into overdraft status by an amount greater than \$10,000.

e. These transactions did not appear to have any purpose other than to avoid charging off the overdraft in the [REDACTED] account.

f. These overdraft manipulations concealed the overdraft in the [REDACTED] account from the FDIC.

82. The loss due to overdraft manipulations in the [REDACTED] relationship in 2017 and 2018 was approximately \$61,000, which also represents the total overdraft losses sustained by the Bank.

VI. Conclusions of Law

83. Based on the misconduct described above, Respondents violated or caused the Bank to violate Section 7-3-26 of the Utah Code under 12 U.S.C. §§ 1818(e) and (i)(2).

84. Based on the misconduct described above, Respondents violated or caused the Bank to violate 12 U.S.C. § 1817(a)(1) under 12 U.S.C. §§ 1818(e) and (i)(2).

85. Based on the misconduct described above, Respondent Paul Andersen violated or caused the Bank to violate 12 U.S.C. § 1817(a)(3) under 12 U.S.C. §§ 1818(e) and (i)(2).

86. Based on the misconduct described above, Respondents engaged or participated in reckless unsafe or unsound practices in connection with the Bank under 12 U.S.C. §§ 1818(e) and (i)(2).

87. The conduct and practices of Paul Andersen and Buchanan described above were breaches of their fiduciary duties as officers and directors of the Bank under 12 U.S.C. §§ 1818(e) and (i)(2).

88. Respondents' violations of law, practices, and breaches described above resulted in financial loss or other damage to the Bank under 12 U.S.C. §§ 1818(e) and (i)(2).

89. Respondents' violations of law, practices, and breaches described above prejudiced or could have prejudiced the interests of the Bank's depositors under 12 U.S.C. § 1818(e).

90. Respondents' violations of law, practices, and breaches described above demonstrate Respondents' personal dishonesty under 12 U.S.C. § 1818(e).

91. Respondents' violations of law, practices, and breaches described above demonstrate Respondents' willful and continuing disregard for the safety or soundness of the Bank under 12 U.S.C. § 1818(e).

92. Respondents' violations of law, practices, and breaches described above were part of a pattern of misconduct under 12 U.S.C. § 1818(i)(2).

ORDER TO PAY

Based on the above Findings of Fact and Conclusions of Law, the FDIC determined that Respondents' violations of law, practices, and breaches merit civil money penalties. After taking into account the appropriateness of the penalties with respect to the following mitigating factors under 12 U.S.C. § 1818(i)(2)(G): size of the Respondents' financial resources and good faith, the gravity of the violation(s), the history of previous violation(s), and such other matters as justice may require, it is:

ORDERED that by reason of Respondents' violations of law, practices, and breaches listed above, a \$250,000 penalty is assessed against Respondent Paul Keith Andersen, a \$225,000 civil money penalty is assessed against Respondent Steven Buchanan, and a \$35,000 civil money penalty is assessed against Respondent Paul Scott Andersen under 12 U.S.C. § 1818(i)(2).

FURTHER ORDERED that the Order to Pay is stayed until 20 days after the date of service of this Notice of Assessment to allow Respondents time to object to the Order to Pay.

If Respondents want to object to the Order to Pay, **each** Respondent must formally request a hearing in writing within 20 calendar days after service of this Notice of Assessment, as explained at 12 U.S.C. § 1818(i)(2)(H). Respondents may object to the Order to Pay by requesting a hearing in the required formal Answer, as specified in 12 C.F.R. § 308.19. **If Respondents fail to request a hearing when objecting to the Order to Pay within 20 calendar days from the date of service of this Notice of Assessment, the penalties assessed against Respondents will be final and unappealable under 12 U.S.C. § 1818(i)(E)(ii) and 12**

C.F.R. § 308.19(c)(2) and must be paid within 60 calendar days after the date of service of this Notice of Assessment.

NOTICE OF HEARING

Each Respondent must file an Answer to object to the Notice of Charges and Notice of Assessment within 20 days from the date of service under 12 C.F.R. § 308.19. Each Respondent may file one document containing both the Answer to the Notice of Charges and Notice of Assessment and a request for hearing on the Order to Pay. The hearing, potentially involving all three Respondents, will be held before an Administrative Law Judge (“ALJ”) assigned by the Office of Financial Institution Adjudication (“OFIA”) under 5 U.S.C. § 3105. The hearing will begin on a date set by the ALJ in Salt Lake City, Utah or in another location set by the ALJ. The hearing will be public and conducted in accordance with 12 U.S.C. §§ 1811-1831aa, the Administrative Procedure Act, 5 U.S.C. §§ 551-559, and 12 C.F.R. Part 308, subparts A and B.

An original and one copy of all papers filed in this proceeding must be served upon OFIA, 3501 N. Fairfax Drive, Suite VS-D8116, Arlington, VA 22226-3500, in the manner specified at 12 C.F.R. § 308.10. Also, copies of all papers filed in this proceeding must be served upon the following: FDIC Administrative Officer, 550 17th Street, N.W., Washington, D.C. 20429; Seth P. Rosebrock, Assistant General Counsel, Enforcement Section, Legal Division, FDIC, 550 17th Street, N.W., Washington, D. C. 20429; and Regional Counsel Joseph J. Sano and Deputy Regional Counsel JoAnna A. Gekas, FDIC, San Francisco Regional Office, 25 Jessie Street, San Francisco, CA 94105. Each Respondent is encouraged to file any subsequent documents electronically with OFIA at ofia@fdic.gov.

PRAYER FOR RELIEF

The FDIC prays that an Order of Removal and Prohibition from Further Participation under 12 U.S.C. § 1818(e) be issued for each Respondent, an Order to Pay in the amount of \$250,000 and assessed under 12 U.S.C. § 1818(i)(2) be issued against Paul Keith Andersen, an Order to Pay in the amount of \$225,000 and assessed under 12 U.S.C. § 1818(i)(2) be issued against Steven Buchanan, and an Order to Pay in the amount of \$35,000 and assessed under 12 U.S.C. § 1818(i)(2) be issued against Paul Scott Andersen.

Issued under delegated authority.

Dated: December 29, 2021.

/s/ _____
Doreen R. Eberley
Director
Division of Risk Management Supervision