

#2001-111

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

In the Matter of:)
First National Bank of Sumner)
Sumner, Illinois)

CONSENT ORDER

The Comptroller of the Currency of the United States of America (Comptroller), through his National Bank Examiner, has commenced an examination of First National Bank of Sumner, Sumner, Illinois (Bank).

The Bank, by and through its duly elected and acting Board of Directors (Board), has executed a "Stipulation and Consent to the Issuance of a Consent Order," dated May 17, 2001, that is accepted by the Comptroller. By this Stipulation and Consent, that is incorporated by reference, the Bank has consented to the issuance of this Consent Order (Order) by the Comptroller.

Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

LENDING PROHIBITION

(1) Effective immediately, the Bank shall not extend, endorse, guarantee, or in any manner provide any extension of credit whatsoever, to or for, any of the following:

- (a) auto rental or auto leasing companies;
- (b) commercial sea vessels, including fishing boats, cargo boats, and barges;

(2) Notwithstanding the prohibition contained in paragraph (1) above, the Bank may advance funds or make an additional extension of credit to or for one of the entities listed in paragraph (1) for the purpose of protecting its interests with respect to an existing loan or asset. In order to qualify as a permissible advance or extension of credit under this paragraph (2), the advance or extension must be approved by a majority of the Board:

- (a) not involved in the origination or management of the underlying loan or asset; and
- (b) with respect to advances or extensions of credit involving commercial sea vessels, only upon the recommendation of the loan workout specialist described in Article III, below.

ARTICLE II

BOOKS AND RECORDS

(1) Until authorized by the OCC, the Bank shall suspend the operation of any document destruction program it may have. The Bank is expressly prohibited from destroying, altering, or removing any of its records (including, but not limited to, general ledger tickets, proof tapes, all documentation of outstanding and paid off loans, and documentation of all transactions in all deposit accounts), government records, OCC documents or communications in either tangible or electronic form.

ARTICLE III

LOAN WORKOUTS

(1) Within sixty (60) days from the date of this Order, the Board shall identify and employ or contract with an individual with demonstrated experience and skills in managing a bank loan workout program to manage the restoration, reclamation, and disposition of assets, including loans charged off within the past 12 months, involving commercial sea vessels, including fishing boats, cargo boats, and barges, consistent with OCC Banking Circular 255. This individual shall report to the Board, and shall be independent of the Bank's credit origination function.

(2) The qualifications of any loan workout specialist considered for employment in this position shall be submitted to the Assistant Deputy Comptroller for review and the opportunity to express supervisory objections to the employment of the individual. Failure to express supervisory objections shall not constitute an approval or endorsement of the individual employed.

(3) Within ninety (90) days from the date of this Order, the Board, in consultation with the loan workout specialist, shall take all steps necessary to improve the operation of the Bank's commercial sea vessel loan workout function, including drafting a written action plan for each loan in this portfolio. Each action plan should include, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;
- (d) the proposed action to eliminate the basis of criticism, if any; and
- (e) a time frame for accomplishment of the above items (a) through (d).

(4) Within ninety (90) days from the date of this Order, the Board, in consultation with the loan workout specialist, shall develop a written action plan to further the collection and recovery for all commercial sea vessel loans charged off within the past 12 months.

(5) The Board shall ensure that the loan workout specialist receives staffing and funding support necessary to maintain a sound operation.

(6) The President of the Bank shall cooperate with the loan workout specialist regarding the commercial sea vessel loans. All decisions regarding the loan workout program shall be approved by a disinterested committee of the Board.

(7) The Board, or a designated committee, shall conduct a review, on at least a monthly basis, to determine:

- (a) management's adherence to the action plans adopted pursuant to this Article;
- (b) the status and effectiveness of the written action plans; and
- (c) the need to revise the plans or take alternative action.

(8) A copy of each initial action plan and each monthly review shall be forwarded to the Assistant Deputy Comptroller on a monthly basis.

ARTICLE IV

PARTICIPATIONS PURCHASED

(1) The Bank may not grant, purchase, assume or acquire in any manner, directly or indirectly, or as a fiduciary or nominee, any loan, loan participation, loan obligation or other asset from any insider of the Bank.

ARTICLE V
CAPITAL PLAN

(1) Within sixty (60) days from the date of this Order, the Board shall develop, implement, and thereafter ensure Bank adherence to a three year capital program. The program shall include:

- (a) specific plans for the maintenance of adequate capital;
- (b) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (c) projections of the source(s) and timing of additional capital to meet the Bank's current and future needs;
- (d) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs;
- (e) contingency plans that identify alternative methods should the primary source(s) under (d) above not be available; and
- (f) a dividend policy that permits the declaration of a dividend only:
 - (i) when the Bank is in compliance with its approved capital program;
 - (ii) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and

(iii) with the prior written approval of the Assistant Deputy Comptroller, which such approval shall not be unreasonably withheld.

(2) Upon completion, the Bank's capital program shall be submitted to the Assistant Deputy Comptroller for approval. Upon approval by the Assistant Deputy Comptroller, the Bank shall implement and adhere to the capital program. The Board shall review and update the Bank's capital program on an annual basis, or more frequently if necessary. Copies of the reviews and updates shall be submitted to the Assistant Deputy Comptroller.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

ARTICLE VI

CLOSING

(1) Although the Board is by this Order required to submit certain proposed actions and programs for the review or approval of the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Order shall begin to run from the effective date of this Order. Such time limitations may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

IT IS SO ORDERED, this 17th day of May, 2001.

Carolyn G. DuChene
Assistant Deputy Comptroller
Evansville Field Office

Date

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

In the Matter of:)
First National Bank of Sumner)
Sumner, Illinois)

**STIPULATION AND CONSENT TO THE ISSUANCE
OF A CONSENT ORDER**

The Comptroller of the Currency of the United States of America (Comptroller) has initiated cease and desist proceedings against First National Bank of Sumner, Sumner, Illinois (Bank) pursuant to 12 U.S.C. § 1818(b).

The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated May 17, 2001 (Order).

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

Jurisdiction

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

(2) The Comptroller is “the appropriate Federal banking agency” regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1818(b)(1).

ARTICLE II

Agreement

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller. The Bank further agrees that said Order shall be deemed an “order issued with the consent of the depository institution” as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i).

ARTICLE III

Waivers

(1) The Bank, by signing this Stipulation and Consent, hereby waives: the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b); any and all procedural rights available in connection with the issuance of the Order; all rights to seek any type of administrative or judicial review of the Order; and any and all rights to challenge or contest the validity of the Order.

ARTICLE IV

Other Action

(1) The Bank agrees that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

