

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

In the Matter of:)
John Richards)
President)
Stewardson National Bank)
Stewardson, Illinois)

STIPULATION AND CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate this civil money penalty proceeding against John Richards (“Respondent”) pursuant to 12 U.S.C. § 1818(i) (as amended) for activities detailed in a letter dated May 24, 2004; and

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to the above matter, the Comptroller and Respondent desire to enter into this Stipulation and Consent Order (“Order”);

NOW, THEREFORE, in consideration of the above premises, it is stipulated by and between the Comptroller, through her duly authorized representative, and Respondent that:

Article I

JURISDICTION

Stewardson National Bank (“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. Accordingly, the Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

Respondent was President of the Bank and is an “institution-affiliated party” of the Bank as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years from the date hereof (see 12 U.S.C. § 1818(i)(3)).

Pursuant to 12 U.S.C. § 1813(q), the Comptroller is the “appropriate Federal banking agency” to maintain an enforcement proceeding against institution-affiliated parties. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain this civil money penalty proceeding against him pursuant to 12 U.S.C. § 1818(i).

Article II

FINDINGS OF FACT

(1) Contrary to safe and sound banking practices, the Respondent caused, brought about, participated in, counseled or aided or abetted violations of law when Respondent engaged in problem activity. The facts supporting these violations are described below.

(2) Twelve C.F.R. § 34.45(b)(1) requires that if an appraisal is prepared by a fee appraiser, the appraiser shall be engaged directly by the regulated institution or its agent, and have no direct or indirect interest, financial or otherwise, in the property or the transaction.

(3) The bank originated a \$565,000 real estate mortgage loan (#18223) to Charles and Kathleen Mulvaney on May 3, 2003. The loan is secured by residential real estate and farmland. The borrower provided the bank with appraisals for the properties dated February 5 and 6, 2003, respectively. These appraisals were prepared for the borrowers and the bank utilized them in the loan underwriting process. The bank did not engage the services of the appraiser as required by this regulation.

(4) Management is aware that they are required to utilize appraisals prepared by appraisers that are engaged by the bank and not by the borrower. Management decided not to require the borrowers to pay for a bank-ordered appraisal and accepted the borrowers appraisals.

(5) The bank had been cited for similar appraisal and evaluation related violations in the reports of examination dated January 21, 2003, January 22, 2002, and February 20, 2001.

Article III

CIVIL MONEY PENALTY

Without admitting or denying any wrongdoing, Respondent hereby consents to the payment of a civil money penalty in the amount of five thousand dollars (\$ 5000.00), which shall be paid upon execution of this Order. Respondent shall make payment in full by check made payable to the Treasurer of the United States and shall deliver the payment to: Comptroller of the Currency, P.O. Box 73150, Chicago, Illinois 60673-7150. Respondent shall also mail a copy of the check to Giovanna Cavallo, Senior Attorney, Comptroller of the Currency, 440 S. LaSalle St., Suite 2700, Chicago, IL 60605.

This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. §§ 1818(h) and (i) (as amended).

Article IV

WAIVERS

By executing this Order, Respondent waives:

- (a) the right to the issuance of a Notice under 12 U.S.C. § 1818(i);
- (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i) and 12 C.F.R. Part 19;
- (c) all rights to seek judicial review of this Order;
- (d) all rights in any way to contest the validity of this Order;
- (e) any and all claims for fees, costs or expenses against the Comptroller, or any of her agents or employees, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412; and
- (f) all rights to assert a “double jeopardy” claim in the event of a criminal prosecution brought by the Department of Justice for the acts which form the basis for issuance of this Order.

Respondent shall not cause, participate in or authorize the Bank (or any subsidiary or affiliate thereof) to incur, directly or indirectly, any expense for the payment of the civil money penalty under this Order, or any legal (or other professional) expense relative to the negotiation and issuance of this Order except in accordance with 12 C.F.R. § 7.2014 and Part 359; and Respondent shall not, directly or indirectly, obtain or accept any indemnification (or other

reimbursement) from the Bank (or any subsidiary or affiliate thereof) with respect to such amounts except in accordance with 12 C.F.R. § 7.2014 and Part 359.

Respondent acknowledges that he has read and understands the premises and obligations of this Order and declares that no separate promise or inducement of any kind has been made by the Comptroller, her agents or employees to cause or induce the Respondent to agree to consent to the issuance of this Order and/or to execute this Order.

It is hereby agreed that the provisions of this Order constitute a settlement of this civil money penalty proceeding contemplated by the Comptroller. The Comptroller agrees not to institute proceedings for the specific acts, omissions, or violations contained in the letter dated May 24, 2004, unless such acts, omissions, or violations reoccur.

It is further agreed that the provisions of this Order shall not be construed as an adjudication on the merits and, except as set forth above, shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting the Respondent if, at any time, she deems it appropriate to do so to fulfill the responsibilities placed upon her by the several laws of the United States of America.

Respondent understands that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and that nothing herein constitutes, nor shall Respondent contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

IN TESTIMONY WHEREOF, the undersigned have hereunto set their hands.

/s/ Bert A. Otto

11-18-04

Bert A. Otto
Deputy Comptroller
Central District

Date

Signed
John Richards

12-14-04

Date