

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

In the Matter of:

Ronald E. Strong
Former Cashier and Bank Secrecy Act Officer
First National Bank of South Padre Island
South Padre Island, Texas

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AA-EC-06-24

STIPULATION AND CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate this cease and desist proceeding against Ronald E. Strong (“Respondent”) pursuant to 12 U.S.C. § 1818(b) through the issuance of a Notice of Charges for unsafe and unsound banking practices relating to falsification of bank documents and misrepresentations to bank examiners; 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, Respondent, without admitting or denying any wrongdoing, desires to enter into this Consent Order (“Order”) issued pursuant to 12 U.S.C. § 1818(b);

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

Initial _____

Date _____

Article I

JURISDICTION

(1) The First National Bank of South Padre Island, South Padre Island, Texas (“Bank”) is a national banking association, chartered and examined by the Comptroller, pursuant to the National Bank Act of 1864, 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).

(2) Respondent was a Cashier and Bank Secrecy Act Officer 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)).

(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 of the Bank. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain this cease and desist proceeding against him pursuant to 12 U.S.C. § 1818(b).

Article II

COMPTROLLER’S FINDINGS

(1) Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby finds, and Respondent neither admits nor denies, that:

(2) Respondent created a false Currency Transaction Report (“CTR”) and made misrepresentations to national bank examiners during an examination of the Bank.

(3) Respondent's falsification and misrepresentations constituted a breach of Respondent's fiduciary duty to the Bank.

(4) Respondent's falsification and misrepresentations constituted an unsafe or unsound banking practice.

Article III

PERSONAL CEASE AND DESIST ORDER

Pursuant to the Federal Deposit Insurance Act, 12 U.S.C. § 1818, the Comptroller hereby orders, and Respondent hereby consents, that:

(1) Institutions and Agencies Covered. This Article III applies to the following institutions and agencies:

- (a) Any insured depository institution, as defined in 12 U.S.C. § 1813(c);
- (b) Any institution treated as an insured bank under 12 U.S.C. § 1818(b)(3), (b)(4), or as a savings association under 12 U.S.C. § 1818(b)(9);
- (c) Any insured credit union under the Federal Credit Union Act;
- (d) Any institution chartered under the Farm Credit Act of 1971;
- (e) Any appropriate Federal depository institution regulatory agency; and
- (f) The Federal Housing Finance Board and any Federal Home Loan Bank.

(2) During all times in which Respondent is an "institution-affiliated party" (as defined by 12 U.S.C. § 1813(u)) of any institution or agency specified in Paragraph (1) of this Article III, Respondent shall:

- (a) Comply fully with all laws and regulations applicable to any insured depository institution or agency which employs him;
- (b) Avoid engaging in any unsafe or unsound practices, as that term is used in Title 12 of the United States Code;
- (c) To the extent that Respondent participates directly or indirectly in any regulatory examination of any insured depository institution or agency with which he is affiliated, he shall, at all times, make full and truthful disclosure of any information requested by agency examiners or officials;
- (d) Avoid making any false entries in the records of any insured depository institution or agency with which he is or may become affiliated;
- (e) Uphold and not breach the fiduciary duties of loyalty and care owed to any insured depository institution or agency with which he is or may become affiliated and shall, at all times, avoid placing his own interests above those of the institution or agency;
- (f) Familiarize himself with and adhere to the written policies and procedures of any insured depository institution or agency with which he may become affiliated, or seek and receive written permission from appropriate authorized individuals to do otherwise. In the event that Respondent is affiliated with an insured depository institution or agency that has written policies and procedures that are more stringent than the provisions of this Order, the Respondent shall adhere to the written policies and procedures of such insured depository institution or agency; and

(g) Avoid signing any official documents to be filed with a regulatory agency, unless he has received prior and specific written authorization from a superior with respect to each document.

(3) Within ten (10) days of the effective date of this Order, Respondent shall provide a copy of the Order to the chief executive officer and board of directors of any institution or agency specified in Paragraph (1) of this Article III, to which Respondent is an “institution-affiliated party,” as defined in 12 U.S.C. § 1813(u). Moreover, Respondent shall provide a written certification of his compliance with this paragraph within ten (10) days of providing copies of the Order. Written certification should be provided to the Southern District Office, Office of the Comptroller of the Currency, 500 North Akard Street, Suite 1600, Dallas, Texas, Attention: District Legal.

(4) Prior to accepting any position or taking any action that would cause Respondent to become an employee of any agency, or an “institution-affiliated party” of any institution specified in Paragraph (1) of this Article III, Respondent shall provide the chief executive officer and board of directors of such institution or agency with a copy of the Order. Moreover, Respondent shall provide a written certification of his compliance with this paragraph, in the manner described in paragraph (3)(a) of this Article III, within ten (10) days of his acceptance of a position as an employee or institution-affiliated party with such institution or agency.

(5) 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(b).

Article IV

WAIVERS

(1) By executing this Order, Respondent waives:

- (a) the right to the issuance of a Notice of Charges under 12 U.S.C. § 1818(b);
- (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(b) 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; and
- (e) any and all claims for fees, costs or expenses against the Comptroller, or any of his 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.

(2) Respondent shall not cause, participate in or authorize the Bank (or any subsidiary or affiliate thereof) to incur, directly or indirectly, any legal (or other professional) expense relative to the negotiation and issuance of this Order except as permitted by 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 as permitted by 12 C.F.R. § 7.2014 and Part 359.

(3) 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, his agents or employees to cause or induce Respondent to agree to consent to the issuance of this Order and/or to execute this Order.

(4) It is hereby agreed that the provisions of this Order constitute a settlement of this cease and desist proceeding contemplated by the Comptroller. The Comptroller agrees not to institute proceedings for the specific acts, omissions, or violations referenced in Article II above, unless such acts, omissions, or violations reoccur.

(5) 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 in paragraph (4), shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting Respondent 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.

(6) 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.

(7) This Order shall become effective upon execution by the Comptroller or his designee and shall remain in effect until modified or terminated in writing by the Comptroller or his designee.

(8) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or arrangements, or negotiations between the parties, whether oral or written.

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

Signed

John W. Quill
Deputy Comptroller
Special Supervision Division

5/12/06

Date

/s/

Ronald E. Strong

5/4/06

Date