

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

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|----------------------------------------------|---|-------------|
| In the Matter of: |) | |
| |) | |
| |) | |
| David F. Verhotz, |) | |
| Senior Vice President for Global Treasury |) | AA-EC-07-01 |
| Management; Director, International Division |) | |
| |) | |
| KeyBank, N.A. |) | |
| Cleveland, Ohio |) | |
| |) | |

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate a prohibition proceeding against David F. Verhotz (“Respondent”) pursuant to 12 U.S.C. § 1818(e) on the basis of Respondent’s activities during the period of about October 15, 1997 through November 8, 2006, while he was a Senior Vice President for Global Treasury Management and a Director of the International Division at KeyBank, N.A., Cleveland, Ohio (“Bank”); 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 desires to enter into this Consent Order (“Order”) issued pursuant to 12 U.S.C. § 1818(e);

NOW, THEREFORE, in consideration of the above premises, it is stipulated by

and between the Comptroller, through his duly authorized representative, and Respondent that:

ARTICLE I

JURISDICTION

(1) KeyBank, N.A., Cleveland, Ohio (“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).

(2) Respondent was a Senior Vice President for Global Treasury Management and a Director of the International Division of the Bank and, at all relevant times, was 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. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain this prohibition proceeding against him pursuant to 12 U.S.C. § 1818(e).

ARTICLE II

COMPTROLLER'S FINDINGS

The Comptroller finds the following:

(1) During the period of about October 15, 1997, through about November 8, 2006, Respondent caused the Bank to make approximately 106 fraudulent trade advance loans ("fraudulent loans") in the names of foreign financial institutions. The fraudulent loans totaled more than \$40 million and were made for his personal benefit, including, in part, to pay back some of his previous fraudulent loans.

(2) Respondent created fictitious names and correspondence, and forged the name of at least one individual as part of his fraudulent scheme.

(3) Respondent frequently used the proceeds from new fraudulent loans to pay off prior fraudulent loans to conceal and continue his scheme.

(4) Respondent used a substantial portion of the proceeds from the fraudulent loans for personal expenditures including, but not limited to, the acquisition of real estate valued at approximately \$8.3 million and the acquisition of jewelry valued at approximately \$2.1million.

(5) The Bank was defrauded and sustained a loss totaling approximately \$18.61 million with such sum being reduced by the net value received by the United States upon the sale by the United States of Respondent's assets seized or otherwise identified.

(6) By reason of the foregoing conduct, Respondent engaged in unsafe and unsound practices, and breached his fiduciary duty to the Bank.

(7) By reason of the foregoing conduct, Respondent received personal financial gain, and caused the Bank to sustain losses of approximately \$18.61 million, reduced by the net value of certain of Respondent's assets as described in subparagraph (5) above.

(8) By reason of the foregoing conduct, Respondent engaged in personal dishonesty and willful and continuing disregard for the safety and soundness of the Bank.

(9) On January 25, 2007, Respondent pleaded guilty in the U.S. District Court for the Northern District of Ohio in case No. 1:06CR0557 to one count of bank fraud, in violation of 18 U.S.C. §1344, stemming from the activity described above, and has agreed to make restitution of the Bank's losses in the amount of \$18.61 million, reduced by the net value of certain of Respondent's assets as described in subparagraph (5) above.

Respondent is scheduled to be sentenced by the Court on April 18, 2007.

ARTICLE III

ORDER OF PROHIBITION

(1) With respect to the institutions and agencies set forth in paragraph (2) of this Article, Respondent hereby agrees that he shall not:

- (a) participate in any manner in the conduct of their affairs;
- (b) solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights;

(c) violate any voting agreement previously approved by the “appropriate Federal banking agency,” as defined in 12 U.S.C. § 1813(q) (as amended);
or

(d) vote for a director, or serve or act as an “institution-affiliated party,” as defined in 12 U.S.C. § 1813(u) (as amended).

(2) The prohibitions in paragraph (1) of this Article apply 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 depository institution under 12 U.S.C. §§ 1818(b)(3), (b)(4) or (b)(5), including, but not limited to, any subsidiary of such institution, or treated as a savings and loan holding company or subsidiary under 12 U.S.C. § 1818(b)(9) (as amended);

(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.

(3) The prohibitions of paragraphs (1) and (2) of this Article shall cease to apply with respect to a particular institution if Respondent obtains the prior written consent of both the Comptroller and the institution's “appropriate Federal financial institutions regulatory agency,” as defined in 12 U.S.C. § 1818(e)(7)(D) (as amended).

(4) 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(e), (i), (j), and (h) (as amended).

ARTICLE IV

WAIVERS

- (1) By executing this Order, Respondent waives:
- (a) the right to the issuance of Notice(s) under 12 U.S.C. § 1818(e);
 - (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(e) 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 prohibition proceeding contemplated by the Comptroller. The Comptroller agrees not to institute proceedings for the specific acts, omissions, or violations described in Article II herein, 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 subject to the terms and limitations or agreements reached between the United States and Respondent to resolve Case No. 1:06CR0557 pending in the United States District Court for the Northern District of Ohio.

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

/S/ _____
Grace E. Dailey
Deputy Comptroller
Large Bank Supervision

4/20/07

Date

/S/ _____
David F. Verhotz

4/13/07

Date