

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

<b>In the Matter of:</b> Lester Johnson, former President Douglass National Bank Kansas City, Missouri	) ) ) ) ) )	AA-EC-08-44
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**CONSENT ORDER**

**WHEREAS**, the Comptroller of the Currency of the United States of America ("Comptroller" or "OCC") intends to initiate this cease and desist proceeding, pursuant to 12 U.S.C. § 1818(b) against Lester Johnson ("Respondent"), former President of Douglass National Bank ("Bank"), Kansas City, Missouri.

**WHEREAS**, the basis for such a proceeding is the Respondent's role in approving Bank loans and disbursements without proper authority as outlined in Article II.

**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:

## Article I

### JURISDICTION

(1) The Bank was 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 President of the Bank during December 2002 to January 20, 2006 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. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain these cease and desist proceeding against him pursuant to 12 U.S.C. § 1818(b).

## Article II

### COMPTROLLER’S FINDINGS

The Comptroller finds, and the Respondent neither admits nor denies, the following:

(4) From June 24, 2003 to October 31, 2005, Respondent was authorized to make loans up to \$100,000 on behalf of the Bank. As outlined below, Respondent exceeded his loan authority on numerous occasions during this period.

(5) On May 31, 2005, Respondent approved a loan to Borrower A for \$115,000. On June 30, 2005, Respondent approved a loan to Borrower A for \$260,000. Respondent did not have authority to approve those loans. The Bank sustained a loss on loans made to Borrower A of \$275,324.

(6) On April 22, 2005, Respondent approved a loan to Borrower B for \$775,052. The April 2005 loan consolidated all of Borrower B's outstanding indebtedness to the Bank (\$475,558) and included \$299,494 of "new" money. On June 10, 2005, Respondent approved a \$1.2 million line of credit to Borrower B. Respondent did not have authority to approve the April 2005 loan or the June 2005 line of credit to Borrower B. The Bank sustained a loss on loans made to Borrower B of \$300,000.

(7) By reason of the foregoing conduct, Respondent engaged in unsafe or unsound practices.

### Article III

#### PERSONAL CEASE AND DESIST ORDER

Pursuant to the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), Respondent hereby consents to, and it is ordered, that:

(8) In the event Respondent currently is employed at any institution or agency specified in 12 U.S.C. § 1818(e)(7)(A) (hereinafter "insured depository institution"),

Respondent shall, within ten (10) days of the execution of this Order, provide a copy of the Order to the Chairman of the Board of Directors of such institution.

(9) Prior to accepting any position that would cause Respondent to become an “institution-affiliated party” within the meaning of 12 U.S.C. § 1813(u), Respondent shall provide a copy of this Order to: (i) the Chairman of the Board of Directors of the insured depository institution; or (ii) a senior management official of the insured depository institution, provided that such official has been approved by the OCC for this purpose.

(10) Within ten (10) days of satisfying the requirements of paragraphs 8 and/or 9, Respondent shall provide a written certification of his compliance to the Director, Enforcement and Compliance Division, 250 E Street, SW, Washington, DC 20219.

(11) In connection with any existing or future employment subject to this Article, Respondent shall:

(a) Not engage in any unsafe or unsound practices, as that term is used in Title 12 of the United States Code;

(b) Fully observe his fiduciary duties of loyalty or care owed to any institution with which he is or may become affiliated and, at all times, shall not place his own interests above those of the institution;

(c) Comply fully with all laws and regulations applicable to any insured depository institution which employs him and, consistent with his responsibilities and duties, be diligent to ensure that appropriate controls are established and implemented by the institution for compliance with such laws and regulations.

- (d) Fully adhere to the written policies and procedures of the institution to which he may become affiliated or seek and receive written permission from appropriate authorized individuals to do otherwise.
- (e) When engaged in lending activities, including (but not limited to) approving new loans, loan renewals or consolidations, and disbursements of any kind, act within the written authority granted him by the insured depository institution's Board and, if applicable, loan committee.

## Article VI

### WAIVERS

- (12) 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.

## Article VII

### OTHER PROVISIONS

(13) Respondent shall not cause, participate in, or authorize an insured depository institution (or any subsidiary or affiliate thereof) to incur, directly or indirectly, any expense incurred 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 any insured depository institution (or any subsidiary or affiliate thereof) with respect to such amounts except as permitted by 12 C.F.R. § 7.2014 and Part 359.

(14) 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 or 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.

(15) It is hereby agreed that the provisions of this Order constitute a settlement of these enforcement proceedings arising out of the specific acts, omissions, or violations described in Article II. However, the specific acts, omissions, or violations described in Article II may be used by the OCC in future enforcement actions to establish a pattern or practice of misconduct or the continuation of a pattern or practice of misconduct.

(16) 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 (15), 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.

(17) Respondent further agrees not to take any action or to make or permit to be made any public statement denying, directly or indirectly, the specific acts, omissions, or violations referenced in this Order, or otherwise creating the impression that this Order is without factual basis. If Respondent violates this provision, the OCC may set aside this settlement and commence administrative proceedings on the actions alleged herein. Nothing in this paragraph shall affect Respondent's testimonial obligations.

(18) The invalidity or unenforceability of any provision of this Order shall not affect the validity or enforceability of any other provisions of this Order, which shall remain in full force and effect.

(19) 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.

(20) This Order shall be enforceable to the same extent and in the same manner as a final order issued pursuant to 12 U.S.C. §§ 1818(b) and (h) (as amended).

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

/s/Ronald G. Schneck

08/14/2008

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Ronald G. Schneck  
Director for Special Supervision  
Office of the Comptroller of the Currency

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Date

/s/ Lester Johnson

08/07/2008

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Lester Johnson

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Date