

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

<b>In the Matter of:</b>	)	
Clifford "Hugh" Bowden, Jr.	)	
Former Executive Vice President and Chief Loan	)	AA-EC-09-04
Officer (October 2000 – August 2005)	)	
Former President for the Gladewater, TX Region	)	
(August 2005 – May 2006)	)	
City National Bank	)	
Kilgore, TX	)	

**CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America ("Comptroller") intends to initiate prohibition proceedings against Clifford "Hugh" Bowden, Jr. ("Respondent") pursuant to 12 U.S.C. § 1818(e) on the basis of Respondent's activities while serving as a Chief Loan Officer and Executive Vice President at City National Bank, Kilgore, TX ("Bank" or "CNB") during October 2000 to August 2005, and Bank President for the Gladewater, TX Region during August 2005 through May 17, 2006, for unsafe or unsound banking practices, breaches of fiduciary duty, and violations of law; 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(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:

Initials: //S//HB  
Date: 4/9/09

## Article I

### JURISDICTION

(1) The Bank was formerly 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., at the time that Respondent was employed at the Bank. Accordingly, the Bank was an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2) during the relevant period covered by this Order. On February 19, 2008, the Bank was acquired by Austin Bank in Jacksonville, TX, a state bank.

(2) Respondent was a Chief Loan Officer and Executive Vice President of the Bank during October 2000 to August 2005, and a Bank President for the Gladewater, TX Region during August 2005 through May 17, 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 prohibition against him pursuant to 12 U.S.C. § 1818(e).

## Article II

### COMPTROLLER’S FINDINGS

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

(1) Respondent was an executive officer of the Bank during the entire period of his employment with the Bank. As an executive officer, Respondent was required to disclose his

business enterprises or related interests in accordance with 12 C.F.R. § 215.8. Bank policies also required Respondent to disclose his business ventures with Bank customers on Bank “Memorandum of Disclosure” forms (“MODs”). Contrary to the requirements of law and to Bank policies, from 2001 through 2006, Respondent completed and submitted to the Bank six Statement of Interest forms in which he failed to disclose any of his business enterprises or related interests.

(2) During 2001 through 2006, Respondent also originated, approved, or caused subordinate loan officers to originate a series of loans to (a) Respondent’s business partners and (b) parties engaging in business transactions with Respondent’s businesses or Respondent himself, from which he received a personal benefit. The amount of these loans totaled at least \$1,600,000. Respondent originated, approved, or caused to be originated the foregoing loans without disclosing his interest in the loans, without recusing himself from the loan origination or approval process, and without obtaining Bank board approval based on full disclosure of his interest in the loans. Furthermore, many of the borrowers were not credit worthy and the loans did not meet proper underwriting standards.

(3) As a result of the foregoing misconduct, the Bank suffered a significant loss.

(4) On January 5, 2009, Respondent signed a plea agreement, in a parallel criminal proceeding charging Respondent with a violation of 18 U.S.C. § 1005, making false entries in bank records. The agreement provides for the payment of \$301,516.06 in restitution. Respondent agreed that this amount represents the Bank’s currently un-reimbursed losses caused by his criminal violations.

(5) By reason of the foregoing misconduct, Respondent violated 18 U.S.C. § 1005 (false statements related to bank records), and caused the Bank to violate 12 C.F.R. § 215.8 (national bank disclosure requirements), engaged in unsafe or unsound practices in conducting the affairs of the Bank and/or breached his fiduciary duty to the Bank.

(6) Such violations, practices and/or breaches involved personal dishonesty by Respondent, demonstrated a willful and/or continuing disregard for the Bank's safety and soundness, and were part of a pattern of misconduct that caused actual loss or risk of loss to the Bank, and pecuniary gain or other benefit to Respondent.

### Article III

#### ORDER OF PROHIBITION

(1) With respect to the institutions and agencies set forth in paragraph (2) of this Article, Respondent hereby agrees and it is Ordered 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 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 the prohibition proceeding arising out of the specific acts, omissions, or violations described in the Comptroller's Findings 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.

(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) of this Article, 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 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.

(7) 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// Ronald G. Schneck

4/23/09

Initials: //S//HB

Date: 4/9/09

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Ronald G. Schneck  
Director for Special Supervision

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Date

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//S// Clifford "Hugh" Bowden, Jr.  
Clifford "Hugh" Bowden, Jr.

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4/23/09

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Date