

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

<b>In the Matter of:</b> David Havel  Baraboo National Bank, Baraboo, Wisconsin (successor-in-interest to Northwoods State Bank)	) ) ) ) ) ) ) )	AA-EC-11-45
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**CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate personal cease and desist proceedings pursuant to 12 U.S.C. § 1818(b) for unsafe or unsound banking practices against David Havel (“Respondent”), former Senior Vice President of Northwoods National Bank, a branch of Baraboo National Bank, Baraboo, Wisconsin (“Baraboo”), successor-in-interest to Northwoods State Bank (“Northwoods”) (collectively, “Bank”) where Respondent served as Chief Executive Officer, President, and Director; 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:

## Article I

### JURISDICTION

(1) The 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 Senior Vice President of Northwoods National Bank, a branch of Baraboo National Bank, and was Chief Executive Officer, President, and Director of Baraboo National Bank’s predecessor, Northwoods State Bank (collectively “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 an “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 personal cease and desist proceedings against him pursuant to 12 U.S.C. § 1818.

## Article II

### COMPTROLLER’S FINDINGS

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

(1) During the period from August 1999 to March 11, 2005, Respondent served as Chief Executive Officer, President, and Director of Northwoods State Bank, a state-chartered institution in Rhinelander, Wisconsin. Northwoods merged into the Baraboo National Bank on

March 11, 2005, and Respondent served as Senior Vice President of Northwoods National Bank, a branch of Baraboo National Bank, until his resignation on April 30, 2005.

(2) During the period from 2001 to 2004, Respondent engaged in unsafe or unsound conduct at the Bank, including, but not limited to, the following:

- (a) Respondent failed to comply with the Bank's internal, lending policies and procedures, including the requirements that loans and loan renewals be presented to the Bank's loan committee; that loans include independent valuations of property and assignment of collateral; and that loans not exceed Respondent's individual lending authority.
  - (b) Respondent originated and administered commercial loans in an unsafe or unsound manner, including loans with inappropriate underwriting, excessive loan-to-value ratios, and insufficient financial analysis.
  - (c) Respondent failed to secure Bank collateral, and released collateral without receiving corresponding pay-downs on outstanding loan balances or obtaining substitution of collateral.
  - (d) Respondent ordered the disbursement of loan proceeds directly to a borrower instead of to the dealer in loan secured by a new vehicle purchase.
- (3) The Bank suffered losses as a result of Respondent's unsafe or unsound conduct.

### Article III

#### PERSONAL CEASE AND DESIST ORDER

(1) Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that, whenever Respondent is employed by, or is offered employment at, an insured depository institution (as defined in 12 U.S.C. § 1813(c)(2)) or otherwise becomes an institution-affiliated party (“IAP”) within the meaning of 12 U.S.C. § 1813(u), Respondent shall:

- (a) Comply fully with all laws, regulations, and regulatory guidance applicable to any insured depository institution with which he is or may become affiliated;
- (b) Avoid engaging in any unsafe or unsound practices, as that term is used in Title 12 of the United States Code;
- (c) Fulfill the fiduciary duties of loyalty and care owed to any insured depository institution with which he is or may become affiliated and shall, at all times, avoid placing his own interests above those of the institution;
- (d) Familiarize himself with, and adhere to, the written policies and procedures of any insured depository institution or agency with which he is or may become affiliated, including any provisions defining the Respondent’s individual lending authority.
- (e) For any extension of credit that he originates, approves or renews on behalf of any insured depository institution or agency to which he is or may become affiliated, ensure that:

- (i) the extension of credit is properly underwritten and secured, and that any liens are properly perfected, in accordance with such depository institution's policies procedures and safe and sound banking practices; and
  - (ii) the extension of credit is administered, monitored, and collected in accordance with such depository institution's policies and procedures and in accordance with safe and sound banking practices;
  - (iii) any release of collateral is safe and sound, and in accordance with bank policy for any insured depository institution with which he is or may become affiliated; and
- (f) For each transaction, obtain prior written approval from the board of the depository institution, of which Respondent is an IAP, to engage in personal business with any customer, borrower, or applicant of the depository institution, and disclose any personal interests that Respondent has in any Bank transactions to the Board of Directors (or a committee thereof).

(2) With respect to any future employment, prior to accepting any offer of a position that causes Respondent to become an IAP of an insured depository institution, Respondent shall provide the President or Chief Executive Officer of the insured depository institution with a copy of this Order. Respondent shall provide written notice of such acceptance to the Director, Enforcement and Compliance Division, Office of the Comptroller of the Currency, 250 E St.,

SW, Washington, D.C. 20219, along with a written certification of his compliance with this paragraph within ten (10) days after acceptance of such position.

(3) 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.

#### 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) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818 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 any insured depository institution (as defined in 12 U.S.C. § 1813(c)(2)), or any subsidiary or affiliate thereof, to incur, directly or indirectly, any expense for 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 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.

(3) Any failure by Respondent to comply with this Order shall be subject to enforcement for the longer of (a) the period allowed by the applicable statute of limitations, or (b) five (5) years following the failure to comply.

(4) Respondent 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 or to execute this Order.

(5) This Order constitutes a settlement of the personal cease and desist proceedings contemplated by the Comptroller and arising out of the specific acts, omissions, or violations described in Article II of this Order. However, the specific acts, omissions, or violations described in Article II of this Order may be used by the Comptroller in future enforcement actions to establish a pattern or practice of misconduct or the continuation of a pattern or practice of misconduct.

(6) The provisions of this Order shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (5), 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.

(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 to bring other actions deemed appropriate.

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

/s/Henry Fleming  
Henry Fleming  
Director for Special Supervision  
Office of the Comptroller of the Currency

4-25-2011  
Date

/s/David Havel  
David Havel

4-18-11  
Date