

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

In the Matter of:)	
James A. Regas)	
Former Chairman of the Board)	AA-EC-12-81
Western Springs National Bank & Trust)	
Western Springs, Illinois)	

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate prohibition, restitution, and civil money penalty proceedings against James A. Regas (“Respondent”) pursuant to 12 U.S.C. §§ 1818(b), (e), and (i) on the basis of Respondent’s activities while serving as Chairman of the Board of Western Springs National Bank & Trust, Western Springs, Illinois (“Bank”) until his resignation from the Bank in November 2011;

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), (e), and (i);

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: JAR
Date: 2/25/13

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 is the former Chairman of the Board 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. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain prohibition, cease and desist, and civil money penalty actions against him pursuant to 12 U.S.C. §§ 1818(b), (e), and (i).

Article II

COMPTROLLER’S FINDINGS

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

(1) Respondent served as Chairman of the Board of the Bank until his resignation in November 2011.

(2) During the period February 2004 through June 2009, Respondent engaged in serious misconduct related to loans made to certain Bank customers with whom he had close financial connection.

(3) Respondent arranged for the Bank to make numerous loans for his benefit or the benefit of real estate investments that he controlled on behalf of his children in violation of 12 U.S.C. §§ 375a, 375b, 18 U.S.C § 1001, and 12 C.F.R. Part 215. Additionally, Bank policy required Respondent to disclose any financial connection he had with Bank borrowers to the Bank's Board of Directors. Respondent failed to make the required disclosures.

(4) Respondent caused or allowed the Bank to mishandle more than ten (10) checks from and for the benefit of those certain Bank customers that were returned non-sufficient funds ("NSF checks"). Respondent caused or allowed the Bank to apply uncollected funds from the NSF checks to loan payments owed by those certain loan customers and failed to ensure that such loan payments were reversed. Respondent's conduct related to the NSF checks caused the Bank to materially misreport certain loans on the Bank's Consolidated Reports of Income and Condition ("Call Reports") beginning with the third quarter 2007 Call Report and continuing through the first quarter 2009 Call Report in violation of 12 C.F.R. § 161.

(5) By reason of the foregoing conduct, Respondent engaged in violations of law, reckless unsafe or unsound practices, a pattern or practice of misconduct, breached his fiduciary duty to the Bank; demonstrated personal dishonesty and a reckless disregard for the law that resulted in gain to Respondent, risk of loss to the Bank's depositors, and substantial losses to the Bank.

Article III

ORDER OF PROHIBITION

Respondent consents to, and it is ORDERED that:

(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, bank holding companies and 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) and (h) (as amended).

Article IV

ORDER FOR CIVIL MONEY PENALTY

Respondent consents to, and it is ORDERED that:

(1) Respondent shall pay a civil money penalty in the amount of two hundred and fifty thousand dollars (\$250,000.00), which shall be paid in full by no later than February 21, 2016 and shall be paid according to the following payment schedule:

- (a) Payment of \$75,000 upon execution of this order;
- (b) Eleven (11) quarterly payments of \$15,000, with the first such payment due on or before May 21, 2013 and continuing quarterly thereafter (i.e. August 21, 2013, November 21, 2013, February 21, 2014, etc.); and
- (c) Payment of \$10,000 on or before February 21, 2016.

(2) Respondent shall make payment by certified check, wire, or money order, according to the payment schedule outlined above, made payable to the Treasurer of the United States and shall deliver the payment to: Comptroller of the Currency, P.O. Box 979012, St. Louis, Missouri 63197-9000. The docket number of this case (AA-EC-12-81) shall be entered on all checks.

(3) If Respondent fails to comply with any provision of this Order, then the entire balance of the civil money penalty amount described in this Article shall become immediately due and payable.

(4) Upon execution of this Order, Respondent shall notify the Director of the Enforcement & Compliance Division (“Enforcement Director”) of the address of his current place of residence, by completing the appropriate section of the form attached hereto as Appendix A and returning it with this Order.

(5) Until the \$250,000 civil money penalty is paid in full, upon each and every subsequent change in place of residence, if any, Respondent shall notify the Enforcement Director of his new address within seven (7) days of such change in address.

(6) 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 § 1818(i) and (h) (as amended).

Article V

ORDER FOR PAYMENT OF RESTITUTION

Respondent consents to, and it is ORDERED that:

(1) Respondent shall pay restitution to the Deposit Insurance Fund and the successor institution of the Bank in the amount and manner as required by Respondent’s plea agreement with Acting United States Attorney for the Northern District of Illinois dated July 11, 2012, which requires Respondent to make restitution in the amount of six-hundred-eighty-one-thousand-six-hundred-seventeen dollars (\$681,617.00).

(2) Within seven (7) days of payment, Respondent shall deliver a copy of proof of payment of restitution to Director, Enforcement & Compliance Division, Office of the

Comptroller of the Currency, 400 7th Street, S.W., Washington, D.C. 20219. The docket number of this case (AA-EC-12-81) shall be included with your correspondence.

(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 become final pursuant to 12 U.S.C. §§ 1818(b)(6) and (h) (as amended).

Article VI

BANKRUPTCY

(1) If Respondent files for bankruptcy protection prior to payment in full of the civil money penalty ordered in Article IV, Respondent shall notify the Enforcement Director within ten (10) days of the filing and shall provide a copy of the filing to the Enforcement Director.

(2) In any bankruptcy proceeding in which it is or may be contended that Respondent's obligation to pay a civil money penalty pursuant to this Order is subject to discharge, Respondent will in no manner contest the assertion of the Comptroller or any agent, officer or representative of the United States, pursuant to 11 U.S.C. § 523(a) or otherwise, that the civil money penalty in this Order arises out of acts which result in claims not dischargeable in bankruptcy.

Article VII

OTHER PROVISIONS

(1) By consenting to the issuance of this Order, Respondent waives:

- (a) the right to the issuance of a Notice of Intention to Prohibit Further Participation, Notice of Charges for Issuance of an Order to Cease and Desist, and Notice of Civil Money Penalty Assessment under 12 U.S.C. §§ 1818(b), (e), and (i);
- (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. §§ 1818(b), (e), and (i) 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 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 him to agree to consent to the issuance of this Order or to execute this Order

(3) This Order constitutes a settlement of prohibition, cease and desist, and civil money penalty proceedings arising out of the specific acts, omissions, or violations

described in the Comptroller's Findings (Article II of this Order). 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.

(4) This Order shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (3) 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.

(5) Nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and 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 has hereunto set his hand.

s/ James A. Regas

2/25/13

James A. Regas

Date

IT IS SO ORDERED.

s/Kristina B. Whitaker

March 13, 2013

Kristina B. Whitaker
Deputy Comptroller for Special Supervision

Date