

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

In the Matter of:)
)
Chester Ward)
Former Chief Executive Officer and Director)
)
CenTrust Bank, N.A.)
Northbrook, Illinois)

AA-EC-2016-59

CONSENT ORDER

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) intends to initiate cease and desist proceedings against Chester Ward (“Respondent”) pursuant to 12 U.S.C. § 1818(b) on the basis of Respondent’s activities while serving as Chief Executive Officer and a Director of CenTrust Bank, N.A. of Northbrook, Illinois (“Bank”);

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 consent to the issuance of this Consent Order (“Order”) issued pursuant to 12 U.S.C. § 1818(b);

NOW, THEREFORE, it is stipulated by and between the OCC, through the duly authorized representative of the Comptroller of the Currency (“Comptroller”), and Respondent that:

ARTICLE I

JURISDICTION

(1) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

Initials: CW
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(2) Respondent was a director, officer, and employee of the Bank and 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 of this Order. *See* 12 U.S.C. § 1818(i)(3).

(3) The Bank is a national banking association within the meaning of 12 U.S.C. § 1813(q)(1)(A), and is chartered and examined by the OCC. *See* 12 U.S.C. § 1 *et seq.*

(4) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this cease and desist action against Respondent pursuant to 12 U.S.C. § 1818(b).

ARTICLE II

COMPTROLLER’S FINDINGS

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

(1) In June 2011, the Bank made a commercial real estate loan to Customer A. Respondent negotiated commitment letters with Customer A on behalf of the Bank, served as the loan officer for Customer A, and presented the loan to the Bank’s Directors Loan Committee (“DLC”).

(2) In his presentations to the DLC, Respondent failed to disclose that he had an outside business relationship with one of Customer A’s principals.

(3) In a DLC loan presentation, Respondent failed to disclose material derogatory information about the collateral securing Customer A’s loan. He also failed to disclose material derogatory information about Customer A’s prior loan relationship with another lender, including the past due status and potential foreclosure of the loan Customer A sought to refinance through the Bank.

(4) The DLC approved the loan subject to the condition that all real estate taxes be paid current prior to loan closing.

(5) Respondent attended the loan closing in June 2011 and closed the loan on behalf of the Bank despite the fact that the taxes were not paid current.

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

ARTICLE III

PERSONAL AND DESIST ORDER

Respondent consents to, and it is ORDERED that:

(1) Whenever Respondent is employed by an insured depository institution (as defined in 12 U.S.C. § 1813(c)(2)) or becomes an institution-affiliated party within the meaning of 12 U.S.C. § 1813(u), Respondent shall:

- (a) Comply fully with all laws, regulations, and policies applicable to that insured depository institution;
- (b) Avoid engaging in any unsafe or unsound practices, as that term is used in Title 12 of the United States Code;
- (c) Not waive any conditions placed upon a loan by the insured depository institution unless the decision is reviewed and approved in advance by his supervisor, the board of directors, or a committee of the board of directors that includes at least one senior executive officer. For the purposes of this paragraph, the term “supervisor” shall mean a senior executive officer of the institution who oversees the Respondent.

- (d) Make certain that any disbursement of funds by the insured depository institution complies with such insured depository institution's policies, procedures, and approved loan terms, and is in accordance with safe and sound banking practices (to the extent Respondent oversees or has responsibility for the loan disbursement function of an insured depository institution);
- (e) Avoid conflicts of interest and disclose to the senior management and Board of Directors any personal interests in the business of a borrower, an applicant, or other customer of the insured depository institution of which Respondent is an institution-affiliated party;
- (f) Abstain from engaging in, participating in, or seeking to influence any lending-related activity for any extension of credit, including extensions or renewals, to any customer with whom he has an outside business relationship. "Lending-related activity" includes, but is not limited to, supervising lending personnel, loan document preparation, loan underwriting, loan approval, credit administration, and conducting any other loan origination or servicing activities; provided, however, Respondent shall not be prohibited from soliciting loan business from such current or prospective customers on behalf of the institution;
- (g) Abstain from all discussions of the merits of the matter and recuse himself from all votes and decisions on any matter before the Board of Directors if Respondent may experience a direct or indirect benefit in connection with the matter, apart from the benefit experienced by directors, employees, or

stockholders generally of the institution, and take all reasonable steps to ensure that his disclosure, abstention and recusal are reflected in the Board of Directors meeting minutes of the insured depository institution;

- (h) Obtain prior written approval from the Board of Directors of the insured depository institution of which Respondent is an institution-affiliated party to engage in personal business with any customer, borrower, or applicant of the insured depository institution for each such transaction;
- (i) Prior to accepting employment at an insured depository institution or becoming an institution-affiliated party, 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, 400 7th Street, SW, Washington, DC 20219, along with a written certification of his compliance with this paragraph within ten (10) days after acceptance of such position.

(2) If, at any time, Respondent is uncertain whether a situation implicates paragraph (1) of this Article, or if Respondent is uncertain about his duties arising from that paragraph, he shall obtain, at his own expense, and abide by the written advice of counsel regarding his duties and responsibilities with respect to the matter. To comply with this paragraph, Respondent shall engage counsel who is in no way affiliated with the institution; and who has never been subject to any formal sanctions by any Federal banking agency, either by agency order or consent, as disclosed on the banking agencies' websites.

(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

CLOSING

- (1) By executing this Order, Respondent waives:
 - (a) the right to a Notice of Charges for Issuance of an Order to Cease and Desist 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 United States, the OCC, or any officer, employee, or agent of the OCC, 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 of the Bank) to incur, directly or indirectly, any expense relative to the negotiation and issuance of this Order except as permitted by 12 C.F.R. § 7.2014 and Part 359. In addition, Respondent shall not, directly or indirectly, obtain or accept any indemnification (or other reimbursement) from the Bank (or any subsidiary or affiliate of the Bank) 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 OCC or any officer, employee, or agent of the OCC to cause or induce Respondent to agree to consent to the issuance of this Order and/or to execute this Order.

(4) This Order constitutes a settlement of any proceedings arising out of the facts, omissions, or violations described in the Comptroller's Findings (Article II of this Order). The OCC agrees not to institute the proceedings referenced in the first whereas clause of this Order for the specific acts, omissions, or violations described in Article II of this Order unless such acts, omissions, or violations reoccur. 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 of misconduct or the continuation of a pattern of misconduct.

(5) This Order shall not be construed as an adjudication on the merits and, except as set forth in paragraph (4) above, shall not inhibit, estop, bar, or otherwise prevent the OCC from taking any action affecting Respondent if, at any time, the OCC deems it appropriate to do so to fulfill the responsibilities placed upon the OCC by the several laws of the United States.

(6) Nothing in this Order shall preclude any proceedings brought by the OCC to enforce the terms of this Order, and nothing in this Order 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.

(7) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding on the United States, the OCC, or any officer, employee, or agent of the

OCC. Respondent expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the United States Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of those entities, to a contract affecting the OCC's exercise of its supervisory responsibilities.

(8) This Order is "issued with the consent of . . . the institution-affiliated party concerned," pursuant to 12 U.S.C. § 1818(h)(2).

(9) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

(10) The provisions of this Order are effective upon issuance by the OCC, through the Comptroller's duly authorized representative, whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller's duly authorized representative.

IN TESTIMONY WHEREOF, the undersigned has hereunto set his hand.

//s//Chester Ward

8/24/16

Chester Ward

Date

IT IS SO ORDERED.

//s//Michael R. Brickman

9/19/16

Michael R. Brickman
Deputy Comptroller for Special Supervision

Date