

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

In the Matter of:)
Charles J. Runde, Chief Executive Officer)
First National Bank of Platteville)
Platteville, Wisconsin)
_____)

AA-EC-09-37

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America ("Comptroller" or "OCC") intends to initiate this cease and desist and civil money penalty proceeding against Charles J. Runde ("Respondent") pursuant to 12 U.S.C. §§ 1818(b) and (i) on the basis of Respondent's activities during the 2005-2007 period while serving as President, Chief Executive Officer, and a Director of the First National Bank of Platteville ("Bank") in Platteville, Wisconsin;

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");

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 and 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) During the 2005-2007 period, Respondent was the President, Chief Executive Officer, and a Director 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 these cease and desist and civil money penalty proceedings against him pursuant to 12 U.S.C. §§ 1818(b) and (i).

Article II

COMPTROLLER’S FINDINGS

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

(1) In August 2005, the OCC provided written notification to the Bank that an accounts receivable factoring arrangement with one of its customers ("Customer A"),

which the Bank believed to be a purchase of third-party receivables, was actually a loan to Customer A that exceeded the Bank's legal lending limit and therefore violated 12 CFR Part 32. The Bank agreed to cure the violation by participating out the loan, but the loan was never participated out. At the time of this notification, the outstanding balance of loans to Customer A was \$3.773 million versus the Bank's legal lending limit of \$2.424 million.

(2) In September 2005, the Bank disbursed another \$240,000 to Customer A for the purpose of paying premiums on insurance coverage for collateral that Customer A had pledged to the Bank. This constituted an additional loan in violation of 12 CFR Part 32.

(3) Beginning December 12, 2005 through March 22, 2006, the Bank disbursed additional credit to Customer A in the form of overdrafts, the total balance of which reached \$789,880.36 by March 23, 2006. This constituted additional violations of 12 CFR Part 32.

(4) From August 2005 to January 2006, the Bank disbursed additional credit to Customer A in the form of accounts receivable ("A/R") purchases with recourse. During this period, the A/R balance went from \$3.451 million to \$4.156 million by mid-November. This constituted additional violations of 12 CFR Part 32.

(5) As President, Chief Executive Officer, and a Director of the Bank, Respondent was well positioned and had an obligation to (i) properly administer the foregoing credits to Customer A, (ii) keep the board informed as to those credits and related efforts to cure the lending limit violation; and (iii) properly supervise those under him regarding, *inter*

alia, those credits, but Respondent failed to do so, and thereby contributed to the Bank's law violations and engaged in unsafe or unsound practices.

(6) In June 2007, the Bank wrote off the entire amount of the outstanding balance to Customer A, which was approximately \$3.676 million.

Article III

PERSONAL CEASE AND DESIST ORDER

Respondent consents to, and it is ORDERED that:

(1) 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 board of directors of such institution.

(2) 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 board of directors; or (ii) the chief executive officer or other senior management official of such institution, provided that such official has been approved in writing by the OCC for this purpose.

(3) Within ten (10) days of satisfying the requirements of paragraphs 1 and/or 2, Respondent shall provide a written certification of his compliance to the Director, Enforcement and Compliance Division, 250 E Street, SW, Washington, DC 20219.

(4) 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 care and loyalty 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;
- (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) Not engage in any lending activities, to include serving on the loan committee, supervising lending personnel, or conducting any other loan origination or servicing activities; provided, however, subject to the approval of the Bank's board, Respondent shall not be prohibited from
 - (i) attending meetings of the Bank's officers' or Director loan committees and providing information he deems relevant to loans under consideration, and
 - (ii) participating in collection efforts on any loan or guarantee.

Article IV

CIVIL MONEY PENALTY

Respondent consents to, and it is ORDERED that:

(1) Respondent shall pay a civil money penalty in the amount of thirty-five thousand dollars (\$35,000), which shall be paid upon execution of this Order.

(2) Respondent shall make the payment by certified check or money order 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-09-37) shall be entered on the check.

(4) Respondent shall notify the Director of the Enforcement & Compliance Division (“Enforcement Director”) of his social security number and the address of his current place of residence by completing and returning the form attached hereto as Appendix A upon execution of this Order.

(5) 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 V

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
- (f) 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 VI

OTHER PROVISIONS

(1) 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.

(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 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.

(3) 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.

(4) 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 (3), 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) 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.

(6) 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.

(7) 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.

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

/s/Ronald G. Schneck

9/28/09

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

Date

/s/Charles J. Runde

9/21/09

Charles J. Runde

Date