

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of

CHRISTOPHER WATKINS,

A Former Institution-Affiliated Party of

CENTRAL STATE BANK, (now known as CBI
BANK & TRUST), Muscatine, Iowa

Docket Nos. 16-016-B-I;
16-016-CMP-I

Order to Cease and Desist and
Order for Assessment of Civil
Money Penalty Issued Upon
Consent

WHEREAS, pursuant to sections 8(b) and (i)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”), 12 U.S.C. §§ 1818(b) and (i)(3), the Board of Governors of the Federal Reserve System (the “Board of Governors”) issues this Order to Cease and Desist and Assessment of Civil Money Penalty (the “Order”) upon the consent of Christopher Watkins (“Watkins”), a former employee and institution-affiliated party, as defined in sections 3(u) and 8(b)(3) of the FDI Act, 12 U.S.C. §§ 1813(u) and 1818(b)(3), of Central State Bank, (now known as CBI Bank & Trust), Muscatine, Iowa (the “Bank”), a state member bank;

WHEREAS, Watkins, while employed as vice-president and senior loan officer at the Bank, engaged in unsafe or unsound banking practices in connection with the Bank’s administration of commercial agriculture loans from 2009 to 2010, including, inter alia, by representing past due loans as current to obtain loan committee approval of renewals or extensions of those loans and failing to apply loan proceeds appropriately in contravention of the Bank’s loan policy;

WHEREAS, Watkins was terminated from his position at the Bank, but was subsequently employed by another depository institution; and

WHEREAS, by affixing his signature hereunder, Watkins has consented to the issuance of this Order by the Board of Governors and has agreed to comply with each and every provision of this Order, and has waived any and all rights he might have pursuant to 12 U.S.C. § 1818, 12 CFR Part 263, or otherwise: (a) to the issuance of a cease-and-desist order on any matter implied or set forth in this Order; (b) to a hearing for the purpose of taking evidence with respect to any matter implied or set forth in this Order; (c) to obtain judicial review of this Order or any provision hereof; and (d) to challenge or contest in any manner the basis, issuance, terms, validity, effectiveness, or enforceability of this Order or any provision hereof.

NOW THEREFORE, prior to the taking of any testimony or adjudication of or finding on any issue of fact or law implied or set forth herein, and solely for the purpose of settling this proceeding without protracted or extended hearings or testimony:

IT IS HEREBY ORDERED,

Cease and Desist

1. Pursuant to section 8(b) of the FDI Act, 12 U.S.C. § 1818(b), that prior to accepting any position that would cause Watkins to become an institution-affiliated party, or upon execution of this Order if Watkins is currently an institution-affiliated party, as defined in sections 3(u) and 8(b)(3) of the FDI Act, 12 U.S.C. §§ 1813(u) and 1818(b)(3), of any institution or agency described in section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A), including, but not limited to, any insured depository institution or any holding company of an insured depository institution, or any subsidiary of such holding company, or any foreign bank or

company to which subsection (a) of 12 U.S.C. § 3106 applies and any subsidiary of such foreign bank or company, as defined herein, Watkins shall:

(a) provide the chief executive officer and the board of directors of the institution with a copy of this Order;

(b) fully familiarize himself with the policies and procedures of the institution that pertain to his duties and responsibilities, including, but not limited to, the policies and procedures concerning extension of credit; and

(c) within ten (10) days after his acceptance of any position, or execution of this Order, as described in this paragraph, provide written notice to the Vice President, Supervision and Regulation Division, Federal Reserve Bank of Chicago, 230 La Salle Street, Chicago, Illinois, 60604, along with a written certification of his compliance with each provision of this paragraph.

2. In connection with Watkins's status as an institution-affiliated party, as defined in sections 3(u) and 8(b)(3) of the FDI Act, 12 U.S.C. §§ 1813(u) and 1818(b)(3), Watkins shall:

(a) fully comply with all applicable laws, rules, regulations, policies, and procedures;

(b) not engage in any unsafe or unsound practice; and

(c) fully observe his fiduciary duties.

Assessment of Civil Money Penalty

3. The Board of Governors hereby imposes a civil money penalty on Watkins in the amount of \$37,500 that shall be remitted at the time of the execution of this Order by transfer of immediately available funds to the Federal Reserve Bank of Richmond, ABA No. 1000033, beneficiary, Board of Governors of the Federal Reserve System. This penalty is a penalty paid to

a government agency for a violation of law for purposes of 26 U.S.C. § 162(f) and 26 C.F.R. § 1.162-21. The Federal Reserve Bank of Richmond, on behalf of the Board of Governors, shall distribute this sum to the U.S. Department of the Treasury, pursuant to section 8(i) of the FDI Act, 12 U.S.C. § 1818(i).

4. All communications regarding this Order shall be addressed to:

(a) Richard M. Ashton, Esq.
Deputy General Counsel
Patrick M. Bryan, Esq.
Assistant General Counsel
Board of Governors of
the Federal Reserve System
20th & C Streets NW
Washington, DC 20551

(b) Christopher Watkins

Chariton, Iowa

With a copy to:

Stephen H. Locher, Esq.
Belin McCormick
666 Walnut Street, Suite 2000
Des Moines, IA 50309

5. Any violation of this Order shall separately subject Watkins to appropriate civil penalties under section 8(i) of the FDI Act, 12 U.S.C § 1818(i).

6. Watkins acknowledges that no promise or representation has been made by the Board of Governors or any member, officer, employee, agent, or representative of the Board of Governors with regard to any criminal liability that may have arisen or may arise from the facts underlying this Order or immunity from any such criminal liability.

7. The provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, or any other Federal or state agency or department, from taking any other action affecting Watkins; provided, however, that the Board of Governors shall not take any further

action against Watkins relating to the matters addressed by this Order based upon facts presently known by the Board of Governors except as otherwise provided in paragraph 5 of this Order.

8. Each provision of this Order shall remain fully effective and enforceable until expressly stayed, modified, terminated, or suspended in writing by the Board of Governors.

9. Nothing in this Order, express or implied, shall give to any person or entity, other than the parties hereto and their successors hereunder, any legal or equitable right, remedy, or claim under this Order.

By order of the Board of Governors of the Federal Reserve System, effective this 19th day of August, 2016.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

/s/ Christopher Watkins
Christopher Watkins

By: /s/ Robert deV. Frierson
Robert deV. Frierson
Secretary of the Board