

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

| | | |
|---------------------------|---|---------------------------|
| In the Matter of |) | Docket No. 03-014-B-I |
| |) | |
| ROBERT C. ARNESON |) | Cease and Desist Order |
| |) | Issued Upon Consent |
| An Institution-Affiliated |) | Pursuant to the |
| Party of |) | Federal Deposit Insurance |
| Ridgedale State Bank |) | Act, As Amended |
| Minnetonka, Minnesota |) | |
| |) | |

WHEREAS, pursuant to section 8(b)(1) of the Federal Deposit Insurance Act, as amended, (12 U.S.C. 1818(b)(1)) (the “FDI Act”), the Board of Governors of the Federal Reserve System (the “Board of Governors”) issues this Cease and Desist Order (the “Order”) against Robert C. Arneson (“Arneson”), the President and a Director, and an institution-affiliated party, as defined in section 3(u) of the FDI Act (12 U.S.C. 1813(u)), of the Ridgedale State Bank, Minnetonka, Minnesota (“Ridgedale”), a state chartered bank that is a member of the Federal Reserve System, based on Arneson’s alleged unsafe and unsound practices in connection with his receipt of loans from Ridgedale in apparent violation of Regulation O of the Board of Governors (12 C.F.R. Part 215); and

WHEREAS, by affixing his signature hereunder Arneson has consented to the issuance of this Order by the Board of Governors and has:

- (1) Consented to comply with each and every provision of this Order;
- (2) waived a hearing for the purpose of taking evidence on any matter set forth in this Order;

- (3) waived any and all rights to contest the issuance of a cease and desist order by the Board of Governors pursuant to 12 U.S.C. 1818 and 12 C.F.R. Part 263;
- (4) waived any and all rights to judicial review of this Order; and
- (5) waived any and all rights to challenge or contest the validity of the provisions of this Order.

NOW, THEREFORE, before the taking of any testimony or adjudication of or finding on any issue of fact or law herein; without this Order constituting an admission of any allegation made or implied by the Board of Governors in connection with this proceeding; and solely for the purpose of settlement of this proceeding without protracted or extended hearings or testimony:

IT IS HEREBY ORDERED, pursuant to section 8(b)(1) of the FDI Act, that:

1. At all times that Arneson is an institution-affiliated party of Ridgedale or any other institution or agency specified in 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 bank holding company, Arneson shall take such actions as are necessary and consistent with his responsibilities as an institution-affiliated party to ensure that he will (a) comply with all policies and procedures of his employer as they pertain to his responsibilities; (b) engage only in activities that are consistent with his fiduciary duty and with safe and sound banking practices; (c) comply fully with all applicable laws and regulations pertinent to his responsibilities as an institution-affiliated party; and (d) accept for his personal benefit only those extensions of credit that are consistent with Regulation O of the Board of Governors.

2. This Order shall remain fully effective and enforceable until expressly stayed, modified, terminated or suspended in writing by the Board of Governors.

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

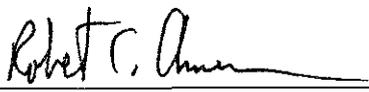
(a) Mr. Neil Willardson
Vice President
Federal Reserve Bank of Minneapolis
Minneapolis, Minnesota

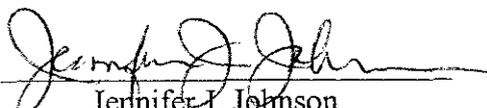
(b) Mr. Robert C. Arneson
Ridgedale State Bank
1730 Plymouth Road
Minnetonka, Minnesota

4. 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 Ridgedale or any of its current or former institution-affiliated parties.

By order of the Board of Governors effective this 28th day of August, 2003.

Board of Governors of the
Federal Reserve System


Robert C. Arneson

By: 
Jennifer J. Johnson
Secretary of the Board