

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

In the Matter of

MAX GRUNHOF

A former Institution-Affiliated Party of

First Priority Bank,
Pryor, Oklahoma

Docket Nos. 11-057-E-1
11-057-CMP-1

Order of Prohibition
Issued upon Consent Pursuant to
Section 8(e) of the Federal Deposit
Insurance Act, as Amended, and
Dismissal of Assessment of a Civil
Money Penalty Pursuant to
FDI Act Section 8(i)(2)

WHEREAS, pursuant to sections 8(e), 8(i)(2) and 8(i)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”), 12 U.S.C. §§ 1818(e), (i)(2) and (i)(2), the Board of Governors of the Federal Reserve System (the “Board of Governors”) issues this Order of Prohibition Issued upon Consent Pursuant to Section 8(e) of the Federal Deposit Insurance Act, as Amended, and Dismissal of Assessment of a Civil Money Penalty Pursuant to FDI Act Section 8(i)(2) (the “Order”) against Max Grunhof (“Grunhof”), a former employee and institution-affiliated party, as defined in section 3(u) of the FDI Act, 12 U.S.C. § 1813(u), First Priority Bank, Pryor, Oklahoma, a state member bank (the “Bank”).

WHEREAS, the Board of Governors, on April 21, 2011, issued a combined Notice of Intent to Prohibit and Notice of Assessment of a Civil Money Penalty against Grunhof (the “April 21, 2011 Notice”). The April 21, 2011 Notice alleged that Grunhof had engaged in violations of law and unsafe and unsound banking practices, and breached his fiduciary duties in connection with the Bank’s issuance of commercial real estate and other loans. Grunhof has denied the allegations of the April 21, 2011 Notice.

WHEREAS, subsequent to the filing of the April 21, 2011 Notice, Grunhof provided information representing that his financial resources would be a mitigating factor pursuant to 12 U.S.C. § 1818(i)((2)(G) with respect to the civil money penalty assessed in the April 21, 2011 Notice.

WHEREAS, by affixing his signature hereunder, Grunhof has consented to the issuance of this Order by the Board of Governors; 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, including: (a) to a hearing for the purpose of taking evidence with respect to any matter implied or set forth in the April 21, 2011 Notice; (b) to obtain judicial review of this Order or any provision hereof; and (c) 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 without this Order constituting an admission by Grunhof 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 sections 8(e) and (i)(3) of the FDI Act, 12 U.S.C. §§ 1818(e) and (i)(3), that:

1. Grunhof, without the prior written approval of the Board of Governors and, where necessary pursuant to section 8(e)(7)(B) of the FDI Act, 12 U.S.C. § 1818(e)(7)(B), another Federal financial institutions regulatory agency, is hereby and henceforth prohibited from:

(a) participating in any manner in the conduct of the affairs of any institution or agency specified 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, any holding company of an insured depository institution, any subsidiary of such holding company, any foreign bank, or any Edge corporation organized under Section 25A of the Federal Reserve Act (12 U.S.C. § 611 et seq.);

(b) soliciting, procuring, transferring, attempting to transfer, voting or attempting to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A);

(c) violating any voting agreement previously approved by any Federal banking agency; or

(d) voting for a director, or serving or acting as an institution-affiliated party, as defined in section 3(u) of the FDI Act, 12 U.S.C. § 1813(u), such as an officer, director or employee, in any institution described in section 8(e)(7)(A) of the FDI Act.

IT IS HEREBY FURTHER ORDERED, pursuant to sections 8(i)(2) and (i)(3) of the FDI Act, 12 U.S.C. §§ 1818(i)(2) and (i)(3), that:

2. Based on financial information provided by Grunhof, the civil money penalty assessment in the April 21, 2011 Notice is hereby dismissed.

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

- (a) Richard M. Ashton, Esq.
Deputy General Counsel
Board of Governors of
the Federal Reserve System
20th & C Streets NW
Washington, DC 20551
- (b) Mr. Max Grunhof
[REDACTED]
Broken Arrow, Oklahoma 74011

With a copy to:

Charles L. Richardson, Esq.
Richardson Richardson Boudreaux Keesling
6450 South Lewis Avenue
Suite 300
Tulsa, Oklahoma 74136

4. Any violation of this Order shall separately subject Grunhof to appropriate civil or criminal penalties, or both, under sections 8(i) and (j) of the FDI Act, 12 U.S.C §§ 1818(i) and (j).

5. By executing this Order, Grunhof waives any and all claims for fees, costs, damages, or expenses against the Board of Governors, or its agents or employees, related in any way to the Notices 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.

6. 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 Grunhof; provided, however, that the Board of Governors shall not take any further action against Grunhof relating to the matters set forth in the April 21, 2011 Notice.

7. 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.

By order of the Board of Governors of the Federal Reserve System, effective this 27th day of September, 2011.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM



Max Grunhof



B
Jennifer J. Johnson
Secretary of the Board