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

In the Matter of JAMES BURNS, A Former Institution-Affiliated Party of HERITAGE STATE BANK, Lawrenceville, Illinois A State Member Bank.	Docket No. 26-003-E-I Order of Prohibition Upon Consent Pursuant to Section 8(e) of the Federal Deposit Insurance Act, as Amended

WHEREAS, the Board of Governors of the Federal Reserve System (the "Board of Governors"), pursuant to section 8(e) of the Federal Deposit Insurance Act, as amended (the "FDI Act"), 12 U.S.C. § 1818(e), issues this Order of Prohibition (the "Order") upon the consent of Respondent James Burns ("Burns"), a former 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 Heritage State Bank (the "Bank"), which at all times relevant to this Order was a state member bank;

WHEREAS, Burns was the Bank's Chief Lending Officer from 1999 until the Bank merged with and into The First National Bank of Carmi, Carmi, Illinois ("FNBC"), on December 1, 2020, with FNBC as the surviving entity (the "Merger");

WHEREAS, at all relevant times, the Bank was required by regulation to verify appraisers and appraiser credentials in connection with all real property loans to third parties, and Burns was responsible for satisfying that requirement;

WHEREAS, in about 2016, Burns caused the Bank to approve at least four loans supported by appraisals that were altered to reflect higher property values than the values included in the original appraisal document transmitted to the Bank by the appraiser;

WHEREAS, on at least twenty-five other occasions prior to the Merger, Burns failed to ensure that loans and loan renewals were supported by appraisals conducted by appraisers that were currently licensed in the state where the appraisal was conducted, and ignored inconsistencies and irregularities in the appraisals that should have called into question their accuracy;

WHEREAS, for each of the twenty-five loans, the supporting appraisal valued the collateral at levels significantly higher than the values determined when those same properties were re-appraised by FNBC after the Merger;

WHEREAS, as a part of the Merger, FNBC acquired and assumed the Bank's assets and liabilities, including its loan portfolio;

WHEREAS, as a result of the foregoing conduct, following the Merger, FNBC foreclosed on certain of the loans referenced above and the sale of the collateral yielded substantially less than the original appraisal value, causing a loss to FNBC;

WHEREAS, Burns' conduct constituted violations of law or regulation, breaches of fiduciary duty, or unsafe or unsound banking practices, and involved his personal dishonesty or demonstrated his willful or continuing disregard for the Bank's safety and soundness; and

WHEREAS, by affixing his signature hereunder, Burns 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 C.F.R. Part 263, or otherwise: (a) to the issuance of a notice of intent to prohibit on any other 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, before the filing of any notices or adjudication of or finding on any issue of fact or law herein, and without Burns' admitting or denying any allegation made or implied by the Board of Governors herein, and solely for the purpose of settlement of this matter without filing a formal proceeding and without the necessity for protracted litigation or extended hearings,

IT IS HEREBY ORDERED that:

1. Burns, 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 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;

   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;

d. voting for a director, or serving or acting 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), such as an officer, director or employee, in any institution described in section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A).

2. Burns shall fully cooperate with and provide assistance to the Board of Governors, including but not limited to the provision of information, testimony, documents, records, and other tangible evidence, in connection with any pending or prospective enforcement action against other individuals who are or were institution-affiliated parties of the Bank.

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

a. Richard M. Ashton, Esq.
Deputy General Counsel
David Williams, Esq.
Senior Associate General Counsel
Board of Governors of the Federal Reserve System
20th & C Streets, NW
Washington, DC 20551

b. James Burns

with copies to

John J. Delionado, Esq.
Peter G. Weinstock, Esq.
Hunton Andrews Kurth LLP
2200 Pennsylvania Avenue, NW
Washington, DC 20037

4. Any violation of this Order shall separately subject Burns 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. 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 Burns; provided, however, that the Board of Governors shall not take any further action against Burns on any matters concerning or arising from the matters addressed by this Order based upon facts presently known by the Board of Governors. This release and discharge shall not preclude or affect (i) any right of the Board of Governors to determine and ensure compliance with this Order, or (ii) any proceedings brought by the Board of Governors to enforce the terms of this Order.

6. 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 9th day of July, 2026.

BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM

/s/ James Burns
James Burns

/s/ Michele Taylor Fennell
Michele Taylor Fennell
Associate Secretary of the Board