



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551

DIVISION OF  
SUPERVISION AND REGULATION

July 15, 2020

VIA ELECTRONIC MAIL

Chet A. Fenimore, Esq.  
Fenimore, Kay, Harrison, & Ford, LLP  
812 San Antonio Street, Suite 600  
Austin, Texas 78701

Re: FDIC-19-0093e and FDIC-20-0091e&j

Dear Mr. Fenimore:

The Board of Governors of the Federal Reserve System (the “Board”) is in receipt of your letter, dated June 16, 2020, requesting the Board’s approval to permit your client David W. Mann to: (a) vote the shares of Security Bancshares, Inc. (“SBI”), the parent holding company for Citizens State Bank, Woodville, Texas (the “Bank”), that he controls in favor of the re-election of the current SBI directors; or (b) give his proxy to director Mary Hyden Hunter to vote 100 percent of his shares in favor of the re-election of the current SBI directors, in connection with the 2020 annual meeting of shareholders of SBI (the “Request”).

Mr. Mann is subject to an Order of Prohibition From Further Participation, issued by the Federal Deposit Insurance Corporation (the “FDIC”), on January 30, 2020 (the “Order”). On May 28, 2020, the FDIC issued an Order Modifying Order of Prohibition From Further Participation (the “Modification Order”) with respect to the voting of Mr. Mann’s shares of SBI stock.

The Request represents that SBI is a Delaware corporation and that Delaware General Corporation Law (“DGCL”) and SBI’s bylaws require SBI to hold an annual meeting of shareholders. The Request states that the shares Mr. Mann controls, which total approximately 64.3 percent of the issued and outstanding shares of SBI, must be voted for SBI to establish a quorum and convene its 2020 annual shareholders meeting.

According to the Request, Mr. Mann is seeking the Board's written consent to enable SBI to lawfully convene its 2020 annual meeting, where the only item for consideration will be the election of directors to serve until the 2021 annual meeting, and avoid any potential costs and expenses associated with shareholder litigation to enforce the DGCL requirements related to holding an annual meeting. The Request also represents that Mr. Mann: (1) will take no other action relating to SBI's 2020 annual shareholder meeting or voting of the shares he controls that would require prior approval of the Board and will not provide a proxy in connection with any matter other than the election of directors; and (2) will not use his vote and/or proxy in connection with the 2020 meeting to exert any controlling influence over SBI or the Bank.

Based on the facts and representations in your letter, and on behalf of the Board, I approve Mr. Mann's request to vote his shares of SBI stock at SBI's 2020 annual meeting of shareholders solely in favor of the re-election of the current SBI directors, or to giving his proxy to director Mary Hyden Hunter to vote 100 percent of Mr. Mann's shares solely in favor of the re-election of the current SBI directors at this meeting of shareholders. Please note, however, that this consent is limited as described above, and does not otherwise affect the terms set forth in the Order, as modified by the Modification Order, which remains in full force and effect.

Sincerely,

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*Todd Vermilyea*

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Todd Vermilyea  
Senior Associate Director

Cc: Legal Division

Federal Reserve Bank of Dallas

Federal Deposit Insurance Corporation