

{{7-31-03 p.C-5760}}

[¶12,048] **In the Matter of James E. Brown, and Citizens State Bank of Kelliher, Kelliher, Minnesota, Docket No. 02-083e (5-23-03).**

Respondent prohibited from participating in the conduct of affairs of, or exercising voting rights in, any insured institution without the prior written approval of the FDIC. Respondent agrees to pay civil money penalty assessed by the FDIC in the amount of \$5,000.

[.1] Prohibition, Removal or Suspension—Prohibition From—Participation in Conduct of Affairs

[.2] Prohibition, Removal or Suspension—Prohibition From—Voting Rights, Exercise of

**In the Matter of
JAMES E. BROWN,
individually and as a former institution-affiliated party of
CITIZENS STATE BANK OF KELLIHER
KELLIHER, MINNESOTA
(Insured State Nonmember Bank)
ORDER OF PROHIBITION FROM FURTHER PARTICIPATION**

FDIC-02-083e

James E. Brown ("Respondent") has been advised of his right to receive a NOTICE OF INTENT TO PROHIBIT FROM FURTHER PARTICIPATION ("NOTICE") issued by the Federal Deposit Insurance Corporation ("FDIC"), stating the violations of law and regulations, unsafe or unsound banking practices, and breaches of fiduciary duty for which an ORDER OF PROHIBITION FROM FURTHER PARTICIPATION ("ORDER") may be issued, and has been further advised of his right to a hearing on the charges under section 8(e) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. §1818(e), and the FDIC Rules of Practice and Procedure, 12 C.F.R. Part 308. Having waived his rights, Respondent entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER OF REMOVAL FROM OFFICE AND PROHIBITION FROM FURTHER PARTICIPATION AND AN ORDER TO PAY CIVIL MONEY PENALTY ("CONSENT AGREEMENT"), whereby solely for the purpose of this proceeding and without admitting or denying any violations of law and regulations, unsafe or unsound banking practices, or breaches of fiduciary duty, Respondent consented to the issuance of an ORDER by the FDIC.

Upon due consideration, the FDIC determined it had reason to believe that:

1. Respondent has engaged or participated in violations of law and regulations, unsafe or unsound banking practices, and breaches of fiduciary duty, as an institution-affiliated party of Citizens State Bank of Kelliher, Kelliher, Minnesota ("Bank").
2. By reason of such violations, practices, and breaches of fiduciary duty, (a) the Bank has suffered financial loss and other damage; (b) the interests of the Bank's depositors have been prejudiced; and (c) Respondent has received financial gain and other benefit.
3. Such violations, practices, and breaches of fiduciary duty involve personal dishonesty on the part of the Respondent, and demonstrate Respondent's willful and continuing disregard for the safety or soundness of the Bank.

The FDIC further determined that such violations, practices and breaches of fiduciary duty demonstrate Respondent's unfitness to serve as a director, officer, person participating in the conduct of the affairs, or as an institution-affiliated party of the Bank, of any other insured depository institution, or of any other agency or organization enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. §1818(e)(7)(A).

The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER OF PROHIBITION FROM FURTHER PARTICIPATION

1. Respondent is hereby, without the prior written approval of the FDIC and the appropriate Federal financial institution regulatory agency, as that term is defined in section 8(e)(7)(D) of the Act, 12 U.S.C. §1818(e)(7)(D), prohibited from:

[.1](a) participating in any manner in the conduct of the affairs of any financial institution or organization enumerated in [{{7-31-03 p.C-5761}}](#)

section 8(e)(7)(A) of the Act, 12 U.S.C. §1818(e)(7)(A);

[.2](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 financial institution enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. §1818(e)(7)(A);

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

(d) voting for a director, or serving or acting as an institution-affiliated party.

2. This ORDER will become effective upon its issuance. The provisions of this ORDER will remain effective and enforceable except to the extent that, and until such time as, any provision of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.

Pursuant to delegated authority.

Dated this 23rd day of May, 2003.