Banking and Finance Law Daily Wrap Up, ENFORCEMENT ACTIONS—FDIC assesses civil money penalties, (Oct. 1, 2013)

Banking and Finance Law Daily Wrap Up

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The Federal Deposit Insurance Corporation has announced 34 enforcement actions taken against state nonmember banks and individuals in August 2013. Of those enforcement actions, there were a number that imposed civil money penalties (CMPs) pursuant to Section 8 of the Federal Deposit Insurance Act (12 U.S.C. §1818).

ECOA violations. Peoples Bank, Tulsa, Okla., was ordered to pay a CMP of $20,000 after the FDIC determined that the bank violated the Equal Credit Opportunity Act, 15 U.S.C. §1691(a)(1) and its implementing regulation (Regulation B), 12 C.F.R. §1002.4(a), in that the bank charged Hispanic applicants higher interest rates than similarly situated non-Hispanic borrowers on automobile secured consumer loans originated in 2011.

Also, Legacy Bank, Wiley, Colo., was ordered to pay a CMP of $20,000 after the FDIC determined that the bank violated the Equal Credit Opportunity Act in that the bank charged Hispanic applicants higher interest rates than similarly situated non-Hispanic borrowers on automobile secured consumer loans originated in 2010 and 2011

West Texas State Bank, Odessa, Texas, was also ordered to pay a CMP of $20,000 after the FDIC determined that the bank violated the Equal Credit Opportunity Act in that the bank charged Hispanic applicants higher interest rates than similarly situated non-Hispanic borrowers on unsecured consumer loans originated between Feb. 8, 2011, and Feb. 2, 2012.

Unsafe or unsound banking practices. Pierce T. Neese, as an institution-affiliated party of United Security Bank, Sparta, Ga., was ordered to pay a CMP in the amount of $75,000, after the FDIC determined that the person directly or indirectly participated or engaged in unsafe or unsound banking practices and/or acts, omissions, or practices that constitute breaches of his fiduciary duty as an officer of the bank

Harry C. Calcutt III, William Green, and Richard Jackson, individually and as institution-affiliated parties of Northwestern Bank, Traverse City, Mich., were also ordered to pay CMPs in the amount of $125,000, $100,000, and $100,000, respectively, after the FDIC determined that each person directly or indirectly participated or engaged in unsafe or unsound banking practices and/or acts, omissions, or practices that constitute breaches of his fiduciary duty as an officer of the bank.

Flood Disaster Protection Act violations. Bank of Nevada, Las Vegas, Nev., was ordered to pay a CMP in the amount of $900 related to the violations of the Flood Disaster Protection Act of 1973 (42 U.S.C. § 4012a) and 12 C.F.R. Part 339, in that designated loans were originated without flood insurance coverage, loans secured by properties and contents located in a Special Flood Hazard Area (“SFHA”) did not include flood insurance coverage for the contents, and the bank did not provide the required SFHA notice when loans were extended.

Companies: Bank of Nevada; Legacy Bank; Northwestern Bank; Peoples Bank; West Texas State Bank; United Security Bank

LitigationEnforcement: BankingOperations DepositInsurance DirectorsOfficersEmployers EnforcementActions EqualCreditOpportunity FloodInsurance UDAAP

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