

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

In the Matter of

T. MARK HUSTON, a former institution-  
affiliated party of

COLUMBUS JUNCTION STATE BANK,  
Columbus Junction, Iowa, a former state-  
member bank

Docket No. 16-014-E-I

Order of Prohibition Issued 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 (this “Order”) upon the consent of Respondent T. Mark Huston (“Huston”), a former employee and 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 Columbus Junction State Bank (“CJSB” or the “Bank”), a former state-member bank;

WHEREAS, between March 2011 and April 1, 2015 (the “Relevant Period”), while President and/or Chief Executive Officer of the Bank and Vice President of the Bank’s holding company, CJSB Bancorporation, Huston engaged or participated in a series of transactions in which:

1. Huston approved loans directly to a Bank officer in amounts that cumulatively exceeded lending limits under Regulation O, 12 C.F.R. Part 215, and applicable state law;

2. immediately before bank examinations, Huston approved loans to a third-party borrower, where the proceeds of such loans were intended solely for the benefit of, and were immediately transferred to, the Bank officer whose loans cumulatively exceeded legal lending limits (the “Nominee Loans”); and
3. the purpose of the Nominee Loans was to conceal from bank examiners the underlying violations of Regulation O, 12 C.F.R. Part 215, and other lending limits;

WHEREAS, during the Relevant Period, Huston received extensions of credit from the Bank in amounts that cumulatively exceeded \$100,000.00, and he failed to maintain documentation sufficient to show that the amounts of such extensions of credit were lawful under Regulation O, 12 C.F.R. Part 215, and other lending limits;

WHEREAS, during the Relevant Period, Huston concealed in the Bank’s records the affiliation between certain borrowers whose cumulative loans resulted in lending limit violations;

WHEREAS, during the Relevant Period, and immediately before bank examinations or call reports, Huston retroactively modified certain loan repayment schedules for borrowers, and participated in the approval of certain loans to borrowers, or to nominee borrowers where the proceeds of such loans were intended for the benefit of, and promptly transferred to, other bank customers, to conceal from bank examiners that such borrowers’ loans were past due;

WHEREAS, during the Relevant Period, Huston approved certain loans to borrowers, including loans to Bank officers, for the purpose of using the proceeds from such loans to pay off their outstanding loans, including all accrued interest thereon, without first obtaining required approval from the Bank’s Board of Directors or the Board’s Loan Committee;

WHEREAS, after the Bank’s Board of Directors terminated his lending authority effective as of July 1, 2014, Huston continued to approve certain loans to borrowers;

WHEREAS, Huston's conduct constituted violations of law or regulation, unsafe or unsound practices, or breaches of fiduciary duty; and

WHEREAS, by affixing his signature hereunder, Huston 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 taking of any testimony or adjudication of or finding on any issue of fact or law implied or set forth herein, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended litigation,

IT IS HEREBY ORDERED that:

1. Huston, 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; or
- 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. All communications regarding this Order shall be addressed to:

- a. Richard M. Ashton, Esq.  
Deputy General Counsel  
Patrick M. Bryan, Esq.  
Assistant General Counsel  
Board of Governors of the Federal Reserve System  
20th & C Streets, N.W.  
Washington, DC 20551
- b. T. Mark Huston  
[redacted]

with a copy to:

Robert A. Gamble  
Davis Brown Law Firm  
215 10<sup>th</sup> Street, Suite 1300  
Des Moines, IA 50309

3. Any violation of this Order shall separately subject Huston 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).

4. 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 Huston; provided, however, that the Board of Governors shall not take any further action against Huston 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.

5. 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 27<sup>th</sup> day of July, 2016.

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM

/s/ T. Mark Huston  
T. Mark Huston

By: /s/ Robert deV. Frierson  
Robert deV. Frierson  
Secretary of the Board