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Las Vegas, Nevada 89121
(702) 486-4120

**STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION**

1179 Fairview Drive, Suite 201
Carson City, Nevada 89701
(775) 687-5522

In Re:)
SUMMIT TRUST COMPANY,)
A Nevada Corporation,)
Respondent.)

CONSENT ORDER

The Commissioner of the Financial Institutions Division for the State of Nevada (“the Commissioner”) with the agreement of SUMMIT TRUST COMPANY (hereafter “Respondent”) and the Financial Institutions Division of the State of Nevada Department of Business and Industry (“Division”), finds, agrees and orders as follows:

JURISDICTION

1) The business of trust companies in the State of Nevada is governed by Chapter 669 of the Nevada Revised Statutes (NRS) and Chapter 669 of the Nevada Administrative Code (NAC). The Division has primary jurisdiction for the licensing and regulation of persons operating and/or engaging in trust company business. See generally NRS 669.090.

2) NRS 669 gives the Commissioner the power to regulate Respondent’s business activities. The parties hereby consent and agree, for settlement purposes only, as follows:

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STATEMENT OF FACTS

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2 3) On August 26, 2013, the Division conducted an onsite safety and soundness
3 examination of Respondent utilizing financial information and trust data as of June 30,
4 2013.

5 4) The results of that examination disclosed that the overall condition of
6 Respondent has considerably deteriorated to Critically Deficient, which threatens the
7 ongoing viability of the institution.

8 5) This evaluation was primarily attributed to several deficiencies and weaknesses
9 noted during the examination, including apparent violations of laws and regulations, and
10 repeated criticisms from the previous examination. In addition, risk management practices
11 are deemed unacceptable, largely due to weak policies and procedures, absence of
12 adequate internal and external audit programs, and ineffective management and Board of
13 Directors oversight. Furthermore, earnings are critically deficient to support operations
14 and the 6 percent quarterly dividend payments to its preferred stockholders.

15 6) Based upon the findings of that report and in order to avoid further
16 administrative action, the parties have agreed to resolve this matter.

17 7) The Consent Order shall memorialize the corrective action, which the
18 Respondent shall take in order to resolve any concerns by the Division related to the
19 Report of Examination dated August 26, 2013 ("Report").

STATEMENT OF LAW

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22 8) **NRS 669.100(2)** states that "A retail trust company shall maintain at least 25
23 percent of its required stockholders' equity in cash and at least an additional 25 percent of
24 its required stockholders' equity in cash or cash equivalents comprising certificates of
25 deposit, money market funds or other insured deposits."

26 9) **NRS 669.210(2)** states that "A retail trust company may not engage in any
27 banking business by accepting deposits or making loans."
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1 10) **NRS 669.280(1)** states that “The violation of any of the provisions of this chapter
2 by the officers or directors, or the managers or members acting in a managerial capacity,
3 of any trust company is sufficient cause for the Commissioner to close the trust company,
4 liquidate its business and revoke its license.”

5 11) **NRS 669.281(1)** states that “The Commissioner may require the immediate
6 removal from office of any officer, director, manager or employee of any retail trust
7 company doing business under this chapter who is found to be dishonest, incompetent or
8 reckless in the management of the affairs of the retail trust company, or who persistently
9 violates the laws of this State or the lawful orders, instructions and regulations issued by
10 the Commissioner.”

11 12) **NRS 669.2825(1)** states that “The Commissioner may institute disciplinary
12 action or forthwith initiate proceedings to take possession of the business and property of
13 any retail trust company when it appears that the retail trust company:

14 (a) Has violated its charter or any state or federal laws applicable to the business of
15 a trust company.

16 b) Is conducting its business in an unauthorized or unsafe manner.

17 (c) Is in an unsafe or unsound condition to transact its business.

18 (d) Has an impairment of its stockholders' equity.

19 (e) Has refused to pay or transfer account assets to its account holders as required
20 by the terms of the accounts' governing instruments.

21 (f) Has become insolvent.

22 (g) Has neglected or refused to comply with the terms of a lawful order of the
23 Commissioner.

24 (h) Has refused, upon proper demand, to submit its records, affairs and concerns
25 for inspection and examination of an appointed or authorized examiner of the
26 Commissioner.

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1 (i) Has made a voluntary assignment of its assets to receivers, conservators,
2 trustees or creditors without complying with NRS 669.230.

3 (j) Has failed to pay a tax as required pursuant to the provisions of chapter 363A of
4 NRS.

5 (k) Has materially and willfully breached its fiduciary duties to its customers.

6 (l) Has failed to properly disclose all fees, interest and other charges to its
7 customers.

8 (m) Has willfully engaged in material conflicts of interest regarding a customer's
9 account.

10 (n) Has made intentional material misrepresentations regarding any aspect of the
11 services performed or proposed to be performed by the retail trust company."

12 13) **NRS 669.2846(1)** states that "Whenever the Commissioner has reasonable
13 cause to believe that any person is violating or is threatening to or intends to violate any
14 provision of this chapter, the Commissioner may, in addition to all actions provided for in
15 this chapter and without prejudice thereto, enter an order requiring the person to desist or
16 to refrain from such violation."

17 **CONSENT ORDER**

18 14) Respondent agrees that to avoid further expense of an administrative hearing,
19 it further agrees to the following:

20 15) **Compliance Committee Formation** – Within thirty (30) days from the effective
21 date of this Order, the Board of Directors ("Board") shall appoint a Compliance Committee
22 of at least three (3) directors, of which no more than one (1) shall be an employee or
23 controlling shareholder of Respondent or any of its affiliates, or a family member of any
24 such person. Upon appointment, the names of the members of the Compliance
25 Committee and, in the event of a change of the membership, the name of any new
26 member shall be submitted in writing to the Commissioner.

27 (a) The Compliance Committee shall be responsible for monitoring and
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1 coordinating the Respondent's adherence to the provisions of this Order.

2 (b) The Compliance Committee shall meet at least monthly.

3 (c) Within 30 days after each month, the Compliance Committee shall submit a
4 written progress report to the Board setting forth in detail:

5 *i)* a description of the action needed to achieve full compliance with each
6 provision of this Consent Order ("Order");

7 *ii)* actions taken to comply with each provision of this Order and the results
8 and status of those actions; and

9 *iii)* the Board shall forward a copy of the Compliance Committee's report, with
10 any additional Board comments, to the Commissioner within five (5) days
11 of receiving such report. Such report shall be accompanied by the
12 following documents: Board meeting minutes and other Board packets;
13 financial statements, including balance sheet; income statement); cash
14 flow statement; changes in stockholder's equity; and budget reports with
15 written explanations for any significant variances.

16 16) ***Matters Requiring Board Attention*** – The Board shall immediately take all
17 necessary steps to address all *Matters Requiring Board Attention* ("MRBA") and correct
18 each deficiency cited in the Report of Examination dated August 26, 2013 ("Report") or
19 any amendments or modifications of the MRBA. The monthly progress reports required
20 under provision #15(c) of this Order shall include the date and manner in which each
21 correction has been effected during that reporting period.

22 17) ***Violations of Law*** – The Board shall immediately take all necessary steps to
23 ensure that Respondent management corrects each violation of Federal/State law, rule or
24 regulation cited in the Report and in any subsequent Report of Examination. The monthly
25 progress reports required under provision #15(c) of this Order shall include the date and
26 manner in which each correction has been effected during that reporting period. In
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1 addition, the Respondent shall take all necessary steps to ensure future compliance with
2 applicable laws and regulations.

3 **18) External Auditors** – Within sixty (60) days from the effective date of this Order,
4 Respondent shall retain experienced and competent external accountants and auditors to
5 assist Respondent in its operations and to insure that its operations, books and records
6 adhere to generally accepted requirements.

7 **19) Strategic Plan and Budget** – Within sixty (60) days from the effective date of
8 this Order, the Respondent shall develop and implement a written three-year strategic
9 plan and budget covering the years 2014 through 2016. The plan and budget shall
10 include, at a minimum, the following:

11 a) Goals and strategies to ensure Respondent's profitability, including an
12 identification of the major areas in, and means by which, the Board will seek to improve
13 Respondent's operating performance. For each time frame, the plan shall include a
14 description of the operating assumptions that form the basis for, and adequately support,
15 major projected income and expense components.

16 b) Cash Flow Projection showing monthly sources and uses of cash for
17 operating expenses, debt service, and other purposes, including common and preferred
18 stock dividend payments for the next three years.

19 **20) Issuance of Preferred and Common Stocks** – During the duration of this
20 Order, the Respondent shall not issue any common or preferred stocks without the prior
21 written consent of the Commissioner.

22 **21) Bonuses** – During the duration of this Order, the Respondent shall not pay any
23 bonuses to any of its senior executive officers without the prior written consent of the
24 Commissioner.

25 **22) Severance Payments** – During the duration of this Order, the Respondent
26 shall not pay severance payments for the termination, separation, or resignation of any
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1 executive officer of the trust company without the prior written consent of the
2 Commissioner.

3 **23) Dividend Payments** – During the duration of this Order, the Respondent shall
4 not declare or pay any dividends without the prior written consent of the Commissioner.

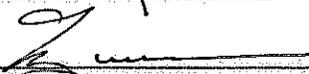
5 **24) Waiver of Fines and Sanctions Against Respondent** – Upon completion of
6 this Order, the Division shall waive any and all fines and/or any other disciplinary action
7 related to the Report. Each party shall bear their own fees, costs and expenses related to
8 this Order.

9 **25) Compliance with the Order** – If Respondent fails to comply with this Order;
10 Respondent is subject to disciplinary action for violation of the Order and NRS 669 as
11 stated in the Report, which may result in an order of summary suspension or such other
12 remedies allowed by law.

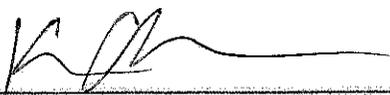
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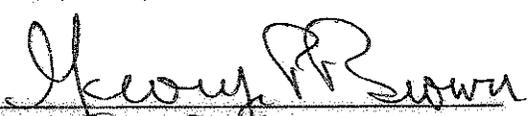
1 IN WITNESS WHEREOF, we have each executed this Order as of the date set
2 forth below.

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4 SO ORDERED THIS 21st day of May 2014.

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6 _____
7 George E. Burns
8 Commissioner
9 Nevada Financial Institutions Division

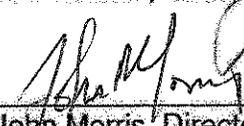
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11 CONSENTED TO this 25th day of April 2014.

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13 _____
14 Kevin Brown, Chairman

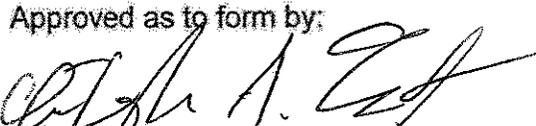
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16 _____
17 George Brown, Secretary

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19 _____
20 Paul R. Tyndall, Director

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22 _____
23 Les Revzon, Director

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25 _____
26 John Morris, Director

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28 CATHERINE CORTEZ MASTO
Attorney General

Approved as to form by:


Christopher A. Eccles
Deputy Attorney General