

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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In the Matter of )  
STEPHEN LANGE RANZINI, ) STIPULATION AND CONSENT  
Individually, and as an ) TO THE ISSUANCE OF AN  
institution-affiliated party of ) ORDER TO PAY  
UNIVERSITY BANK, )  
ANN ARBOR, MICHIGAN ) FDIC-14-0282k  
(Insured State Nonmember Bank) )  
\_\_\_\_\_)

Subject to the acceptance of this STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO PAY ("STIPULATION") by the Federal Deposit Insurance Corporation ("FDIC"), it is hereby stipulated and agreed by and between a representative of the Legal Division of the FDIC and Stephen Lange Ranzini ("Respondent"), as follows:

1. Respondent has been advised of the right to receive a NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY, FINDINGS OF FACT, AND CONCLUSIONS OF LAW ("NOTICE OF ASSESSMENT") detailing the alleged unsafe and unsound activities, violations of law, rule, or regulation, or breaches of fiduciary duty for which an ORDER TO PAY a civil money penalty may be issued. Respondent has been further advised of the right to a hearing on the charges under section 8(i) of the Federal Deposit Insurance Act ("Act"), 12

U.S.C. § 1818(i), and the FDIC's Rules of Practice and Procedure, 12 C.F.R. Part 308.

2. The FDIC has reason to believe that beginning on or about April 2009 through July 2012: Respondent caused the Bank to support several of his affiliated business by paying legal and licensing fees, as well as software and domain costs; Respondent caused the Bank to support his interests by allowing an affiliated-owned computer to be maintained and supported on the Bank's premises by the Bank's information system employees; Respondent instructed, assisted, and authorized Bank employees to perform bookkeeping services for two of his related interests, services which were performed at the Bank, during the employees' business hours and for which the employees were not compensated by Respondent or his related interests. The FDIC has reason to believe that Respondent received pecuniary gain and other benefit as a result of his conduct and also that the Bank sustained a loss. Respondent did repay the Bank for the advanced expenses, some of which were paid immediately but some of which were not repaid until December 2012, more than 1000 days after having been incurred. The conduct as described were unsafe and unsound practices, a breach of Respondent's fiduciary duty as an executive officer and director of the Bank, as well

as a violation of Section 23A and 23B of the Banking Affiliates Act.

3. Respondent, solely for the purpose of this proceeding and without admitting or denying the unsafe and unsound practices, violations, or breaches of fiduciary duty set forth in paragraph 2 of this STIPULATION, hereby consents and agrees to the issuance of an ORDER TO PAY by the FDIC, and further consents and agrees to pay a civil money penalty of \$105,000.00. The penalty shall be paid to the Treasury of the United States pursuant to the provisions of section 8(i)(2) of the Act, 12 U.S.C. § 1818(i)(2). Respondent further stipulates and agrees that such ORDER TO PAY shall be final and fully enforceable by the FDIC pursuant to the provisions of section 8(i)(2)(I) of the Act, 12 U.S.C. § 1818(i)(2)(I).

4. Respondent further agrees to pay the civil money penalty assessed by delivering to the FDIC a check in the amount of \$105,000.00, made payable to the Treasury of the United States.

5. In the event the FDIC accepts this STIPULATION and issues the ORDER TO PAY, it is agreed that no action will be taken by the FDIC to initiate any additional enforcement actions under Section 8 of the Act, 12 U.S.C. § 1818, for the unsafe and

unsound practices, breaches of fiduciary duty or violations set forth in paragraph 2 of this STIPULATION.

6. In the event the FDIC accepts this STIPULATION and issues the ORDER TO PAY, Respondent agrees not to seek or accept indemnification from any insured depository institution for the civil money penalty assessed and paid in this matter.

7. Respondent hereby waives for purposes of this proceeding:

- (a) the receipt of a NOTICE OF ASSESSMENT;
- (b) the right to present defenses to the allegations to be set forth in the NOTICE OF ASSESSMENT;
- (c) a hearing for the purpose of taking evidence on the allegations to be set forth in the NOTICE OF ASSESSMENT;
- (d) the filing of proposed findings of fact and conclusions of law;
- (e) a recommended decision of an administrative law judge;
- (f) exceptions and briefs with respect to such recommended decision; and
- (g) judicial review of the ORDER TO PAY as provided by 12 U.S.C. § 1818(h), or any other challenge to the validity of the ORDER TO PAY.

Dated this 11<sup>th</sup> day of September, 2014.

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FEDERAL DEPOSIT INSURANCE  
CORPORATION, LEGAL DIVISION

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RESPONDENT

Stephen Lange Ranzini  
Respondent

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