

Order No. 2018-015

IN THE MATTER OF:

§ **BEFORE THE BANKING**

§

LORI NAN DEAN

§

§ **COMMISSIONER OF TEXAS**

§

HOUSTON, TEXAS

§

§ **AUSTIN, TRAVIS COUNTY, TEXAS**

ORDER PROHIBITING FURTHER PARTICIPATION

On this day, the matter of LORI NAN DEAN, Houston, Texas, (Respondent or Dean) was submitted to me, Charles G. Cooper, Banking Commissioner of the State of Texas (Commissioner), for consideration and action.

I. Findings of Fact

A. Jurisdiction

1. Dean is a former officer of International Bank of Commerce (the Bank), Laredo, Texas, a bank that is chartered by the State of Texas.
2. The Texas Department of Banking (Department) is the appropriate state banking agency to bring this enforcement action pursuant to Texas Finance Code (Finance Code) § 35.003, and the Commissioner has jurisdiction over Dean and the subject matter of this proceeding.
3. The Bank, at all times pertinent to the allegations in this proceeding, was subject to the provisions of the Texas Banking Act, Texas Finance Code Title 3, Subtitle A.

B. General background

4. Dean began working at the Houston branch of the Bank in 2015. Dean held a bank officer position as Marketing Manager for the Houston Market.
5. Dean was terminated from her position with the Bank in August 2017.

C. Series of Thefts by the Misuse of General Ledger Tickets

6. During the period of January 4, 2016 to August 2, 2017, Dean committed a series of thefts from the Bank by misuse of general ledger tickets.
7. Dean falsified general ledger deposit slips and forged the name and information of another bank employee on the tickets before proceeding to the teller line. Dean would then get cash from the teller who would run the general ledger ticket along with the cash withdrawal ticket.

8. On at least one occasion, Dean altered a cash deposit ticket after it was signed and approved by a senior bank officer. Dean altered the date and amount on the approved cash deposit slip before depositing it in her checking account at the Bank.
9. In all, Dean conducted 198 fraudulent transactions. As a result, the Bank suffered a total loss of \$143,500.

D. Investigation by the Bank

10. In July 2017, a Bank employee (AC), reviewing monthly reports for the Marketing department, noticed several questionable debit tickets on general ledger accounts. The tickets purported to show that AC prepared them. When confronted by AC, Dean stated that she did this because she didn't want it to appear as a big expense on the Marketing Department credit card.
11. The issue was then brought to the attention of Bank management and a full internal audit investigation ensued and discovered the fraudulent activities detailed above.

E. Termination

12. On August 2, 2017, Bank officers met with Dean to discuss her termination based on the findings of the internal audit investigation.
13. Dean was asked to review the findings and state whether she agreed with the information. Dean reviewed the information and agreed that the findings were correct. Dean then gave a written statement confirming the findings and taking full responsibility for the actions described in the Bank's report and detailed above.
14. During the August 2, 2017 meeting, it was discovered that Dean had conducted another fraudulent transaction for \$800.00 that same day. Dean returned the \$800.00 during/following the meeting.

II. Conclusions of law

15. The Bank and Respondent are, and at all times pertinent to the allegations in this proceeding were, subject to the provisions of the Texas Banking Act, Texas Finance Code Title 3, Subtitle A.
16. The Commissioner has jurisdiction over Respondent and the subject matter of this proceeding pursuant to Texas Finance Code § 35.003.
17. As an officer of the Bank, Respondent owed fiduciary duties to the Bank, its creditors, depositors, and its shareholders.
18. Respondent intentionally violated applicable law, in particular the following federal laws: 18 U.S.C. § 656, by purloining moneys of the Bank; 18 U.S.C. § 1005, by receiving moneys

through transactions with the bank conducted with the intent to defraud the bank; and 18 U.S.C. § 1344 (2), bank fraud, by executing a scheme to defraud the Bank by obtaining funds of the Bank through fraudulent transactions.

19. These violations of law constitute a per se breach of Respondent's fiduciary duty as an officer and unsafe and unsound bank practices. Texas Finance Code § 35.003(a)(1)(A).
20. Respondent's acts as described in the Findings of Fact caused the Bank to suffer financial loss. Texas Finance Code § 35.003(a)(2)(A).
21. Respondent received financial gain or other benefit when she submitted fraudulent general ledger tickets and cash deposit slips for her benefit. Texas Finance Code § 35.003(a)(2)(C).
22. Respondent's acts as described in the Findings of Fact were personally dishonest and taken with continuing and willful disregard for the safety and soundness of the Bank. Texas Finance Code § 35.003(a)(3)(A) and (B).
23. The Commissioner has considered the matter and determines that, based upon bank examination and other credible evidence, Respondent's actions satisfy the statutory requirements for the issuance of a Prohibition Order as set forth in Texas Finance Code § 35.003.

In particular, the Commissioner determines that:

- (1) Respondent has intentionally committed or participated in violations of law or regulations, unsafe or unsound practices, and/or breaches of fiduciary duty with regard to the affairs of the Bank;
 - (2) because of these actions by Respondent, the Bank has suffered or will probably suffer financial loss or other damage and/or Respondent received financial gain or other benefit by reason of the actions; and
 - (3) such actions involve personal dishonesty on the part of Respondent or demonstrate Respondent's willful and/or continuing disregard for the safety and soundness of the Bank.
24. The Commissioner further determines that such violations of law or regulations, unsafe or unsound practices, and/or breaches of fiduciary duty demonstrate Respondent's unfitness to serve as a director, officer, or employee of a state bank, state bank holding company, or state trust company, among other positions to which this Prohibition Order applies, or to directly or indirectly participate in any manner in the management of such entity. Accordingly, the entry of this Prohibition Order appears to be necessary and in the best interest of the public.

III. Order of Prohibition

It is, therefore, ORDERED, ADJUDGED and DECREED that, pursuant to Texas Finance Code §§ 35.003 and 35.007, LORI NAN DEAN may not:

1. serve as a director, officer, or employee of a state bank, holding company of a state bank, or state trust company, or as a director, officer, or employee with financial responsibility of any other entity chartered, registered, permitted, or licensed by the Banking Commissioner under the laws of this state;
2. directly or indirectly participate in any manner in the management of such entity or in the conduct of their affairs;
3. directly or indirectly vote for a director of such an entity; or
4. solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to voting rights in such an entity.

IV. Effective Date

This Prohibition Order against Respondent LORI NAN DEAN is effective July 23, 2018, which is twenty-one days after mailing, unless Respondent requests a hearing in writing before that date. After taking effect, the Order will be final, nonappealable, and of perpetual duration. The provisions of this Order will remain effective and in force except in the event that, and until such time as, this Order shall have been modified, terminated, suspended, or set aside in accordance with Texas Finance Code § 35.0071.

It is so ORDERED.

Signed this 28th day of June 2018.

/s/ Charles G. Cooper
Charles G. Cooper
Banking Commissioner of the State of Texas

CERTIFICATE OF SERVICE

This Order Prohibiting Further Participation is served on LORI NAN DEAN as follows: by first-class mail and by certified mail, return receipt requested, sent on July 2, 2018, to Lori Dean, 7510 Fernbrook Lane, Houston, Texas, 77070-3719.

/s/ Marcus Adams
Marcus Adams
Assistant General Counsel,
Texas Department of Banking