

Order No. 2019-011

IN THE MATTER OF:	§	BEFORE THE BANKING
	§	
DAVID W. MANN A/K/A DAVID WAKE	§	
MANN, INDIVIDUALLY, WACO,	§	
TEXAS,	§	
	§	
IN HIS CAPACITY AS FORMER	§	
CHAIRMAN EMERITUS, FORMER	§	
CHAIRMAN OF THE BOARD OF	§	
DIRECTORS, FORMER DIRECTOR,	§	
FORMER CHIEF EXECUTIVE OFFICER	§	
OF CITIZENS STATE BANK,	§	
WOODVILLE, TEXAS,	§	COMMISSIONER OF TEXAS
	§	
IN HIS CAPACITY AS DIRECTOR,	§	
FORMER CHAIRMAN OF THE BOARD,	§	
FORMER DIRECTOR, AND FORMER	§	
CHIEF EXECUTIVE OFFICER OF	§	
SECURITY BANCSHARES, INC.,	§	
WACO, TEXAS, AND;	§	
	§	
IN HIS CAPACITY AS FORMER	§	
DIRECTOR, FORMER CHAIRMAN OF	§	
THE BOARD, FORMER PRESIDENT,	§	
AND FORMER CHIEF EXECUTIVE	§	
OFFICER OF SECURITY	§	
BANCSHARES SERVICE CORP.,	§	
WACO, TEXAS.	§	
	§	
IN HIS CAPACITY AS MAJORITY	§	
LIMITED PARTNER AND GENERAL	§	
PARTNER OF RAM SECURITIES	§	
HOLDING, LTD., WACO, TEXAS	§	
	§	
IN HIS CAPACITY AS SOLE OFFICER,	§	
DIRECTOR AND SHAREHOLDER OF	§	
RAM SECURITIES HOLDINGS, G.P.	§	
INC., WACO, TEXAS, AND	§	
	§	
IN HIS CAPACITY AS TRUSTEE OF	§	
THE CITIZEN STATE BANK 401K	§	
STOCK OWNERSHIP PLAN,	§	
WOODVILLE, TEXAS	§	AUSTIN, TRAVIS COUNTY, TEXAS

**CONSENT ORDER OF REMOVAL AND PROHIBITION, AWARDING
RESTITUTION, AND IMPOSING ADMINISTRATIVE PENALTIES**

On this day, the matter of David W. Mann a/k/a David Wake Mann, Waco, Texas, individually and in his capacities at Citizens State Bank, Woodville, Texas and its related entities as outlined in the above case style (“Mann” or “Respondent”) was submitted to me, Charles G. Cooper, Banking Commissioner of the State of Texas (“Commissioner”), for consideration and action.

1. Respondent is the former Chairman Emeritus, Chairman of the Board, Chief Executive Officer and director of Citizens State Bank based in Woodville, Texas (“Bank”). He is also currently a director, former Chairman of the Board, and former Chief Executive Officer, of the Bank’s holding company, Security Bancshares, Inc. (“Holding Company”). Respondent does not directly own any shares of stock in Holding Company, however he indirectly owns 50.90% of the outstanding shares of stock in Holding Company through his ownership interests in (a) RAM Security Holdings, Ltd. (“RAM Holdings” or “Mid-Tier Holding Company”), (b) JRPM Investments, Ltd. (“JRPM”), (c) MCRLT Group, Ltd. (“MCRLT”, together with RAM Holdings and JRPM, the “Mann Entities”) and (d) Holding Company’s Employee Stock Option Plan with 401k provisions (“Holding Company KSOP”).

2. RAM Holdings, JRPM, MCRLT and the Holding Company KSOP collectively own 77.86%, or 574,643 shares, of Holding Company, and Respondent beneficially owns 65.37%, or 375,682, of such shares. RAM Holdings owns 59.89%, or 442,043 shares, of Holding Company and is deemed to be a top-tier holding company, and Respondent beneficially owns 69.50%, or 307,219, of such shares. The Mann Entities collectively own 64.31%, or 474,643 shares, of Holding Company, and Respondent beneficially owns 69.33%, or 329,070, of such shares. The

Holding Company KSOP owns 13.55%, or 100,000 shares, of Holding Company, and Respondent beneficially owns 46.61%, or 46,612, of such shares, as a participant in the Holding Company KSOP. Respondent is also individually the 0.5% general partner of the Mid-Tier Holding Company, as well as the president and sole shareholder of RAM Security Holdings GP, Inc. (Top-Tier Holding Co.) which serves as the other 0.5% general partner for the Mid-Tier Holding Company.

3. The Texas Department of Banking (“Department”) is the appropriate state banking agency to bring this enforcement action pursuant to Texas Finance Code §§ 35.002, 35.003, 35.009, 35.010, and 202.005, and the Commissioner has jurisdiction over the Respondent and the subject matter of this proceeding.

4. For purposes of this proceeding, Respondent waives:

- a. Service upon Respondent of this Order;
- b. receipt of a Proposed Order detailing specific charges;
- c. the right to present defenses to the allegations;
- d. a hearing to take evidence on the allegations;
- e. the filing of a Proposal for Decision by an Administrative Law Judge;
- f. the filing of exceptions and briefs for any Proposal for Decision;
- g. review by the Texas Finance Commission of the Removal Order; and
- h. judicial review of this Consent Order as provided by *Texas Government Code* § 2001.171 et seq., and any other challenge to the validity of the Consent Order.

5. Respondent has agreed to waive those rights and to enter into this Consent Order of Removal and Prohibition, Awarding Restitution and Imposing Administrative Penalties

(“Consent Order”) with the Department, and agrees to the disposition of this matter pursuant to the provisions of the Texas Government Code § 2001.056.

6. Respondent enters into this Consent Order solely for the purpose of this proceeding, and without admitting or denying any facts contained herein or any violations of law or regulation or unsafe or unsound banking practices and/or breaches of fiduciary duty, Respondent consents to the issuance of this Consent Order.

7. The events at issue in this proceeding took place from January 6, 2014 to March 31, 2018 (the “Relevant Time Period”).

I. FINDINGS OF FACT

8. During the Relevant Time Period, Respondent owned 100% of the Top Tier Holding Co. and 69.5% of the Mid-Tier Holding Co. In turn the Mid-Tier Holding Co. owned 59.89% of the Holding Co., which in turn owned 100% of the Bank.

9. Respondent thus exerted substantial ownership and control over the Bank, the Holding Co., and the Service Corp. during the Relevant Time Period at issue in this action.

10. In November 2017, the Texas Department of Banking (“Department”) and the Federal Deposit Insurance Corporation (“FDIC”) conducted a joint visitation of the Bank and issued a Visitation Report finding that Respondent received substantial reimbursements for inappropriate expenses from the Bank, the Service Corp. and the Mid-Tier Holding Company.

11. As a result of these findings, the Department investigated Respondent’s expenses and concluded that Respondent intentionally sought and obtained reimbursement from the Bank, the Service Corp. and the Mid-Tier Holding Company for substantial personal expenses that had little or no benefit to these entities.

12. The Department's investigation and its June 22, 2018 interview under oath of Respondent revealed numerous reimbursed personal expenses and excessive compensation. From at least January 7, 2014 to March 21, 2018 Respondent intentionally sought and obtained reimbursement from the Bank, the Service Corp. and the Mid-Tier Holding Company for hundreds of thousands of dollars in expenses that were either for his personal benefit and/or provided little to no benefit to the Bank, the Service Corp., or the Mid-Tier Holding Company, including for the following travel:

- a) *California Trip from Feb. 2-13, 2016* – Respondent expensed \$10,094.58 for a ten (10) day trip to California with his wife, including flights, hotel, and meals. Respondent listed the business purpose of this trip as “general expenses.”
- b) *Las Vegas trip June 24-28, 2016* – Respondent expensed \$5,360.10 for a trip to Las Vegas with his wife, including flight, hotel, meals, and ground transportation. Respondent admitted under oath that certain statements on his expense report for this trip were not accurate. The reimbursement request stated that the business purpose for this trip was “general expenses.”
- c) *Denver trip October 23-25, 2016* – Respondent expensed \$4,701.38 for a trip to Denver with his wife and daughter, including first class airfare, hotel, meals, and transportation. The reimbursement request stated that the business purpose for this trip was “general expenses.”
- d) *Denver trip March 17-20, 2017* – Respondent expensed \$3,636.61 for a subsequent trip to Denver with his wife and daughter. The reimbursement request stated that the business purpose for this trip was “general expenses.”

13. In his interview under oath, Respondent admitted that certain statements on his expense reports were not accurate and that, with the benefit of hindsight, he agreed many expenses submitted for reimbursement were not reimbursable bank expenses. Specifically, Mann admitted to listing people as having attended dinners with him and his wife in California, Las Vegas and New York, when they were in fact dining alone.

14. Respondent also affirmed in his interview under oath that he caused the Bank to reimburse him \$3,300 for his contribution to a political action committee. Respondent repaid this reimbursement to the Bank.

15. The Department's investigation also found that many of the expense requests submitted by Respondent were improperly documented, in violation of the Bank's expense policy. Respondent often submitted expense reports for reimbursement with receipts that had an illegible dollar amount, a cut off total, and without a receipt signature. Respondent sometimes failed to submit appropriate receipts, and sometimes his expense reimbursement requests included only line items from credit card statements. Additionally, a substantial portion of the meal expense receipts submitted by Respondent for reimbursement were not accompanied by list of participants and business discussed and do not appear to be for business purposes.

16. The Bank's directors raised concerns regarding Respondent's expenses as early as 2014 and established an audit committee to review and approve his expenses. Respondent agreed to take the lead in addressing their concerns, but failed to do so and continued to seek and obtain reimbursement for expenses with little to no business purpose. When the Bank's directors again raised concerns in 2017 regarding his excessive reimbursed donations to Baylor, Respondent reimbursed the Bank for \$22,036.41. The very next day, Respondent requested and obtained reimbursement for this exact amount from the Service Corp. and the Mid-Tier Holding Company.

17. Due to the Visitation Report findings and the Department's investigation, the Department and the FDIC required the Bank to enter into a Memorandum of Understanding ("MOU"). The forensic audit required by the MOU was conducted by Briggs & Veselka Co., an independent certified public accountant and business advisor firm based in Houston, Texas ("Audit Firm"). The Audit Firm conducted a forensic audit of the expenses submitted by Mann and his family members to the Bank, Service Corp., and Mid-Tier Holding Co., from January 1, 2014 to March 31, 2018, in order to determine whether such expense reimbursement requests complied with the Bank's expense reimbursement policy ("Forensic Audit").

18. The Audit Firm's final report found that during the Relevant Time Period, Respondent received a total of \$641,869.64 in reimbursement for expenses from the Bank, Service Corp. and Mid-Tier Holding Company for expenses that the Audit Firm found were either not allowed or had no documented business purpose per the Bank's expense policy.

19. During the Relevant Time Period, the Bank had policies governing expense reimbursement and other relevant subjects. Respondent violated two policies when he sought reimbursement for personal expenses: (1) Expense Approval Policy and (2) Reimbursement of Employee Expenses--Travel, Business Entertainment, Automobile Usage and Other Business Expenses.

II. CONCLUSIONS OF LAW

A. Removal and Prohibition Framework

1. Statutory Grounds for Removal and Prohibition

20. Pursuant to Finance Code § 35.003, the Commissioner has the following authority to remove or prohibit a person from banking:

a. "The banking commissioner has grounds to remove or prohibit a present or former

officer, director, or employee of a state bank from office or employment in, or prohibit a controlling shareholder or other person participating in the affairs of a state bank from further participation in the affairs of, a state bank or any other entity chartered, registered, permitted, or licensed by the banking commissioner if the banking commissioner determines from examination or other credible evidence that:

- (1) the person:
 - (A) intentionally committed or participated in the commission of an act described by Section 35.002(a) [which include breach of trust or other fiduciary duty, and conducting business in an unsafe or unsound manner] with regard to the affairs of a financial institution, as defined by Section 201.101;
 - (...) or
 - (C) made, or caused to be made, false entries in the records of a financial institution;
- (2) because of this action by the person:
 - (A) the financial institution has suffered or will probably suffer financial loss or expense, or other damage;
 - (B) the interests of the depositors, creditors, or shareholders of the financial institution have been or could be prejudiced; or
 - (C) the person has received financial gain or other benefit by reason of the action, or likely would have if the action had not been discovered; and
- (3) the action:
 - (A) involves personal dishonesty on the part of the person; or
 - (B) demonstrates willful or continuing disregard for the safety or soundness of the

financial institution.” Tex. Fin. Code §35.003.

21. Finance Code § 202.005 authorizes the Commissioner to bring an enforcement proceeding against a bank holding company that controls a Texas bank to the same extent as if the bank holding company were a Texas state bank. The grounds, procedures, and effects of an enforcement proceeding brought under § 202.005 apply to a bank holding company, an officer, director, or employee of a bank holding company or a controlling shareholder or other person participating in the affairs of a bank holding company in the same manner as the grounds, procedures, and effects apply to a state bank, an officer, director, or employee of a state bank, or a controlling shareholder or other person participating in the affairs of a state bank.

22. Finance Code § 35.001 similarly extends the coverage of Chapter 35 to subsidiaries of state banks. By the application of the provisions of § 202.005, Chapter 35 extends to a subsidiary of a bank holding company that controls a Texas bank.

2. Respondent’s Violations of Law Require Removal and Prohibition

23. The Commissioner has considered the matter and believes that, based upon examination and other credible evidence, that with respect to the Bank, Holding Company, and Mid-Tier-Holding Company, Respondent’s actions satisfy the statutory requirements for the issuance of a Prohibition Order as set forth in Texas Finance Code § 35.003 and § 202.005. In particular, the Commissioner determines and has reason to believe Respondent has intentionally committed or participated in violations of law, unsafe or unsound practices, and/or breaches of fiduciary duty with regard to the affairs of the Bank, Holding Company and Top Tier Holding Company.

24. The Commissioner determines and has reason to believe Respondent intentionally violated applicable laws, breached his fiduciary duties, conducted unsafe and unsound banking

practices, and made false entries in the records of the Bank, the Service Corp. and the Mid-Tier Holding Company. The Commissioner further determines and has reason to believe that Respondent's actions and omissions demonstrate the following:

a) **False Entries into Bank Records:** Respondent violated Texas Finance Code §33.108(b)(1) and 18 U.S.C. §1005 by causing false records to be entered in the Bank's books.

b) **Misapplication of Bank Funds:** Respondent violated 18 U.S.C. § 656 by misapplying funds entrusted to the care of the Bank.

c) **Breach of fiduciary duty:** Respondent breached his fiduciary duty to the Bank; causing false records to be entered in the Bank's books and misapplying Bank funds constitute a per se breach of fiduciary duty. Additionally, he also breached his fiduciary duty by placing his own personal financial interests above those of the Bank.

d) **Unsafe and Unsound Conduct:** Respondent engaged in unsafe and unsound conduct by seeking and obtaining reimbursements for expenses that are either not allowed under the Bank policy, or have no business purpose.

3. Respondent's Actions Resulted in his Personal Gain and Loss to the Bank

25. The Commissioner has considered the matter and believes that, based upon examination and other credible evidence, Respondent's actions caused the Bank, Service Corp., Holding Company and Top Tier Holding Company to suffer, or will probably cause to suffer, financial loss or expense or other damage; the interests of the Bank's creditors or shareholders have been or could be prejudiced; and/or Respondent received financial gain or other benefit by reasons of these actions

26. Namely, the Commissioner determines and has reason to believe that due to Respondent's conduct, the Bank, the Service Corp. and the Mid-Tier Holding Company suffered a

loss and expense of at least \$641,869.64 through reimbursement of personal expenses that were of little to no value to these entities (“Improper and/or Insufficiently Documented Expenses”). Additionally, the Bank lost \$26,460 as its share of the Forensic Audit fee; the Service Corp. lost \$12,620 as its share of the Forensic Audit fee; the Holding Company lost \$500 as its share of the Forensic Audit fee; and the Mid-Tier Holding Company lost \$5,620 as its share of the Forensic Audit fee, for a total of \$45,200. In total, these entities suffered a loss of at least \$687,069.64.

4. Respondent’s Actions Demonstrate Personal Dishonesty and Continuous Disregard for Safety and Soundness

27. The Commissioner has considered the matter and believes that, based upon examination and other credible evidence, Respondent’s actions and omissions involve personal dishonesty on the part of the Respondent or demonstrate Respondent’s willful and/or continuing disregard for the safety and soundness of the Bank, Holding Company and Top Tier Holding Company.

5. Statutory Requirements for Removal and Prohibition Are Met

28. The Commissioner further determines that such violations of law, 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 bank top tier holding company, among other positions to which this order applies, or to directly or indirectly participate in any manner in the management of such entity. Accordingly, the entry of this Removal and Prohibition Order appears to be necessary as in the best interest of the public.

B. Cease and Desist Findings and Conclusions of Law Warrant Restitution

29. The Commissioner has considered the matter and believes that, based upon examination and other credible evidence, that with respect to a state bank, state bank holding

company, and top-tier holding company, Respondent's actions satisfy the statutory requirements for the issuance of a Cease and Desist Order as set forth in Texas Finance Code § 35.002, and the issuance of an award of restitution to the Bank, Service Corp. and Mid-Tier Holding Company. In particular, the Commissioner determines and has reason to believe the following:

- a. Respondent has violated the Chapter 35 of the Texas Finance Code or another applicable law;
- b. Respondent engaged in a breach of trust or other fiduciary duty; or,
- c. Respondent conducted business in an unsafe or unsound manner.

30. The Commissioner further determines that such violations of law, breaches of fiduciary duty, and unsafe or unsound conduct require the Respondent to take affirmative action to correct the damages suffered by the Bank, Service Corp, Holding Company, and Mid-Tier Holding Company by paying total restitution in the amount of \$687,069.64.

H. Administrative Penalty Findings and Conclusions of Law

31. The Commissioner has considered the matter and believes that, based upon examination and other credible evidence, that with respect to a state bank, state bank holding company, and top-tier holding company, Respondent's actions satisfy the statutory requirements for the assessment of administrative penalties as set forth in Texas Finance Code § 35.009. In particular, the Commissioner determines and has reason to believe the following:

- a. Respondent violated Chapter 35 of the Texas Finance Code or rules enacted under Chapter 35 and, as a result of that violation, exposed or could have exposed the bank or the bank's depositors, creditors, or shareholders to harm; or,

- b. Respondent violated other applicable law of this state and, as a result of that violation, exposed or could have exposed the bank or the bank's depositors, creditors, or shareholders to harm.

32. The Commissioner further determines that such violations of law, demonstrate the need to impose an administrative penalty against Respondent, in accordance with Texas Finance Code §35.009 and §35.010. Based upon Texas Finance Code §35.010(b) factors (which including the Respondent's financial resources, the lack of good faith and corrective action, the gravity of the violations of law, and the history of prior violations) the appropriate administrative penalty amount that should be imposed against Respondent is \$250,000.

III. ORDER

A. Removal Order

33. It is, therefore, ORDERED, ADJUDGED and DECREED that, pursuant to Texas Finance Code §§ 35.003, 35.007, and 202.005, Respondent is hereby removed from serving as a director of the Holding Company, and, subject to the time period set forth below in Section III(B), the Respondent shall further be removed as the president and director of Top-Tier Holding Co.

B. Prohibition Order

34. It is, therefore, ORDERED, ADJUDGED and DECREED that, pursuant to Texas Finance Code §§ 35.003, 35.007, and 202.005, and except as otherwise provided by law, without the prior approval of the Banking Commissioner, with respect to a state bank, state trust company, holding company of a state bank, top tier holding company of a state bank, or any other entity chartered, registered, permitted, or licensed by the Banking Commissioner under the laws of this state:

Except as specifically provided for herein in Subsection (e) below, Respondent is perpetually prohibited from:

a. Serving as a director, officer, or employee of a state bank, state trust company, holding company of a state bank, top tier holding company of a state bank, 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;

b. Directly or indirectly participating in any manner in the management of any such entity;

c. Directly or indirectly voting for a director or officer of any such entity (except as permitted below); and

d. Soliciting, procuring, transferring, attempting to transfer, voting, or attempting to vote any proxy, consent, or authorization with respect to voting rights in any such entity.

e. Voting Exceptions. Notwithstanding the foregoing or anything else herein to the contrary in this Consent Order, and only for a period of twelve (12) months following the signing of this Order by the Banking Commissioner, at any annual or special meeting of the shareholders of Holding Company or in connection with any action by written consent of the shareholders of Holding Company, Respondent shall be entitled to vote, or direct the vote of, any shares that he indirectly owns in Holding Company through any of the Mann Entities or the Holding Company KSOP:

(i) with respect to any proposed merger, acquisition, interest exchange, conversion or similar transaction involving Holding Company or the sale of all or substantially all of Holding Company's assets ("Holding Company Sale Vote");

(ii) in favor of the election of any directors or officers of Holding Company, that has been recommended by at least two-thirds of the then-existing board of directors of Holding Company; and

(iii) in favor of any proposed amendment to the certificate of formation or bylaws of Holding Company that has been recommend by at least two-thirds of the then-existing board of directors of Holding Company.

Moreover, for a period of twelve (12) months following the signing of this Order by the Banking Commissioner, notwithstanding Texas Finance Code § 35.007(c), all shares of stock in Holding Company that Respondent indirectly owns or controls through any of the Mann Entities or the Holding Company KSOP shall be considered to be authorized, issued and outstanding for purposes of determining the procedures for and results of any of the foregoing voting matters. Nothing herein shall be construed to preclude or prohibit:

(iv) Respondent from serving as a director, officer or other similar role of any of the Mann Entities for the limited purposes of exercising the specific voting rights in accordance with this Exceptions subsection of the Consent Order; and/or

(v) the ability of the Respondent or any of the Mann Entities from selling, gifting, transferring, or otherwise disposing of any shares, or ownership interests in any of the Mann Entities or the Holding Company, provided that prior to such sale or transfer any required change in bank control (or similar) approvals have been obtained from the appropriate federal or state banking regulatory agencies having jurisdiction over such transaction.

f. Service Exception at Top-Tier Holding Co. Notwithstanding the foregoing or anything else herein to the contrary in this Consent Order, and only for a period of twelve (12) months following the signing of this Consent Order by the Commissioner, Respondent may

continue to serve as the president and director of the Top-Tier Holding Co. solely for purposes of taking ministerial corporate actions and performing all such acts and other necessary steps as may be required under the applicable certificate of formation or bylaws of such company relating to the ongoing operations of the Top-Tier Holding Co., including without limitation: (a) keeping of records of all transactions; (b) filing of Federal, state or local tax returns; (c) filing of any required reports or notices with any governmental agencies; (d) preparing any financial statements or other financial reports that may be required or necessary; (e) engaging third party advisors to assist with such duties and responsibilities, and (f) otherwise exercising such powers and duties as from time to time may be required to carry out the ongoing operations of the Top-Tier Holding Co.

g. Respondent may request an extension of the time periods for Subsections (e) and (f) above. Any such extension shall be solely in the Commissioner's discretion.

C. Order Awarding Restitution

35. It is therefore, ORDERED, ADJUDGED and DECREED that, pursuant to Texas Finance Code §35.009 and §35.010, Respondent shall pay total restitution of \$687,069.64 as follows:

- a. **Bank – total of \$369,655.60** (composed of \$343,195.62 for Improper and/or Insufficiently Documented Expenses, and \$26,460 for share of the Forensic Audit fee);
- b. **Service Corp. – total of \$188,148.20** (composed of \$175,528.21 for Improper and/or Insufficiently Documented Expenses and \$12,620 for share of the Forensic Audit fee);
- c. **Holding Company – total of \$500** for share of the Forensic Audit fee; and,
- d. **Mid-Tier Holding Company – total of \$128,765.80** (composed of \$123,145.80 for Improper and/or Insufficiently Documented Expenses, and \$5,620 for share of the Forensic Audit fee).

D. Administrative Penalty Order

36. It is therefore, ORDERED, ADJUDGED and DECREED that, pursuant to Texas Finance Code §35.009 and §35.010, Respondent shall pay administrative penalties to the Department in the amount of \$250,000.

IV. Effective Date

37. Section III (A) and (B) of this Consent Order against Respondent are effective as of the date this Consent Order is signed by the Commissioner below, and pursuant to Texas Finance Code §35.003(c,) this Consent Order is final and nonappealable as of that date. The provisions of this Order will remain in effect 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.

38. Section III (C) and (D) of this Consent Order shall be effective twelve (12) months after this Consent Order is signed or when any merger, acquisition, interest exchange, conversion or similar transaction involving the Holding Company or the sale of all or substantially all of Holding Company's assets takes place, whichever occurs first.

39. The Improper and/or Insufficiently Documented Expenses portion of the restitution amount in Section III (C) may be reduced by the amount of any payments made by Respondent or any other person or entity prior to the date of this Order to the Bank, Service Corp., or Mid-Tier Holding Company in repayment of such Improper and/or Insufficiently Documented Expenses. Respondent may provide evidence of such prior repayments to the Commissioner, who shall determine in his sole discretion the amount of any reduction in Respondent's restitution obligations under Section III (C) as a result of such repayments. Upon signature by the Commissioner, this Consent Order shall be final and nonappealable.

It is so ORDERED. Signed this 21st day of March, 2019.

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

AGREED AS TO FORM AND SUBSTANCE:

/s/ David Wake Mann
David Wake Mann
Respondent

State of Texas §
 §
County of McLennan §

Sworn to and subscribed before me on the 20 day of March, 2019, by David Wake Mann.

/s/ Tyler Steven Hambrick
Notary Public, State of Texas
My Commission expires: October 25, 2022

(S E A L)

APPROVED AS TO FORM:

/s/ Chet A. Fenimore
Chet A. Fenimore
Fenimore Kay Harrison Ford
812 San Antonio Street, Suite 600
Austin, Texas 78701
ATTORNEY FOR RESPONDENT

Dated: March 20, 2019

/s/ Manuel Berrelez
Manuel Berrelez
Margaret Terwey
Stephanie Jackson
Vinson & Elkins, LLP
2001 Ross Avenue, Suite 3900
Dallas, Texas 75201
ATTORNEY FOR THE RESPONDENT

Dated: March 20, 2019

/s/ Cristina M. Nahidi
Deputy General Counsel
Texas Department of Banking
ATTORNEY FOR THE DEPARTMENT

Dated: March 21, 2019