

STATE OF ILLINOIS
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING
SPRINGFIELD, ILLINOIS

_____)
In the Matter of:)

Richard A. Block)

CONSENT ORDER OF
PROHIBITION
FROM FURTHER
SERVICE

2014-DB-26

CONSENT ORDER

Richard A. Block, former Senior Vice President and Trust Officer of Devon Bank, Chicago, Illinois ("Block"), having been advised of the right to notice and opportunity for hearing under applicable law, and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER OF PROHIBITION FROM FURTHER SERVICE ("Stipulation") with a representative of the Illinois Department of Financial and Professional Regulation, Division of Banking ("Division"), dated January 8, 2014, ²⁰¹⁴ ~~2014~~, whereby, Block consents to the issuance of this CONSENT ORDER OF PROHIBITION FROM FURTHER SERVICE ("Order") by the Division pursuant to the provisions of Section 48(7) of the Illinois Banking Act [205 ILCS 5/48(7)] and pursuant to Section 5-6 of the Corporate Fiduciary Act [205 ILCS 620/5-6].

FINDINGS OF FACT

The Department makes the findings of fact as follows:

1. Devon Bank, Chicago, Illinois ("Devon") is a state chartered bank subject to examination and regulation by the Department pursuant to the Illinois Banking Act and

the Corporate Fiduciary Act [205 ILCS 5 and 205 ILCS 620, respectively];

2. Devon operates a Trust Department subject to the examination and regulation by the Department pursuant to the Illinois Banking Act and the Corporate Fiduciary Act;
3. Section 2 of the Illinois Banking Act provides that, when used in the Act, "Secretary" means the Secretary of Financial and Professional Regulation, or a person authorized by the Secretary or by this Act to act in the Secretary's stead;
4. The Secretary has authorized the Director of the Division of Banking to act in the Secretary's stead in all matters concerning the Illinois Bank Act, including the present matter;
5. Section 1-5.09a of the Corporate Fiduciary Act provides that, when used in the Act, "Secretary" means the Secretary of Financial and Professional Regulation, or a person authorized by the Secretary or by this Act to act in the Secretary's stead;
6. The Secretary has authorized the Director of the Division of Banking to act in the Secretary's stead in all matters concerning the Corporate Fiduciary Act, including the present matter;
7. Under Section 48(7) of the Illinois Banking Act, whenever the Department finds that any former officer, employee, or agent of a State bank, prior to the termination of his or her service with that bank or any subsidiary or bank holding company of the bank, violated any law, rule, or order relating to that State bank, obstructed or impeded any examination or investigation by the Department, engaged in an unsafe or unsound practice in conducting the business of that bank, or violated any law or engaged or participated in any unsafe or unsound practice in connection with any financial institution or other business entity such that the character and fitness of the officer, employee, or agent would not have assured reasonable promise of safe and sound operation of the State bank, the Department may issue an order prohibiting that person from further service with a bank or any subsidiary or bank holding company of the bank as a director, officer, employee, or agent;

8. Under Section 48(7) of the Illinois Banking Act, any person who has been the subject of an order of removal or an order of prohibition issued under the Section 48(7) may not thereafter serve as director, officer, employee, or agent of any State bank or of any branch of any out-of-state bank, or of any corporate fiduciary, as defined in Section 1-5.05 of the Corporate Fiduciary Act, or of any other entity that is subject to licensure or regulation by the Division of Banking without the Department's prior approval in writing;
9. Section 1-5.05 of the Corporate Fiduciary Act defines "corporate fiduciary" to include a trust department of a state bank;
10. Under Section 5-6 of the Corporate Fiduciary Act, if in the opinion of the Department, any former officer, employee, or agent of a corporate fiduciary, prior to the termination of his or her service with the corporate fiduciary, violated any law, rule, or order relating to the corporate fiduciary or engaged in an unsafe or unsound practice in conducting the business of the corporate fiduciary or violated any law or engaged or participated in any unsafe or unsound practice in connection with any financial institution or other business entity such that the character and fitness of the officer, employee, or agent would not have assured reasonable promise of safe and sound operation of the corporate fiduciary, the Department may issue an order prohibiting that person from further service with a corporate fiduciary or subsidiary or corporate parent of the corporate fiduciary as a director, officer, employee, or agent;
11. Section 5-6 of the Corporate Fiduciary Act further provides that any person who has been removed or prohibited by an order under this Section or subsection (7) of Section 48 of the Illinois Banking Act may not thereafter serve as director, officer, employee, or agent of any State bank or corporate fiduciary, or of any other entity that is subject to licensure or regulation by the Division of Banking without the Department's prior approval in writing;
12. At all times relevant to the events described in this Order, Block was an officer, employee or agent of Devon

and is subject to all State statutes and rules applicable to an officer, employee or agent of a State Bank including, but not limited to, the Illinois Banking Act and the Corporate Fiduciary Act;

13. At all times relevant regarding the events described in this Order, Block was an officer, employee or agent of Devon serving Devon as a Senior Vice President and Trust Officer of Devon;
14. At all times relevant regarding the events described in this Order, Block, as Senior Vice President and Trust Officer, served as the manager of the Trust Department of Devon;
15. The Department received information that Devon placed Block on administrative leave on or about September 16, 2013, and Block ceased his employment on or about January 8, 2014;
16. At all times relevant to events described in this Order, and during which Block was serving Devon as an officer, employee or agent of Devon conducting business of Devon's Trust Department, Block was Trustee under an individual's trust agreement (such individual herein to be identified as "RMS"), the RMS Declaration of Trust;
17. At all times relevant to events described in this Order, RMS held three mutual fund accounts with T. Rowe Price, an investment firm headquartered in Baltimore, Maryland.
18. At all times relevant to events described in this Order, RMS was a client and account holder of Devon;
19. On or about August 13, 2013, Block telephoned T. Rowe Price, and, during that telephone call, Block stated to a representative of T. Rowe Price that he (Block) was a nephew of RMS.
20. During the same telephone call on or about August 13, 2013, a Devon employee under Block's supervision stated that she was RMS and gave a T. Rowe Price representative permission to speak to her "nephew" (Block) regarding her accounts;

21. During the same telephone call on or about August 13, 2013, the "nephew" (Block) sought, and did obtain, online access to T. Rowe Price accounts of RMS;
22. On or about August 14, 2013, an aggregate of \$200,000 was redeemed by means of online access from two RMS accounts at T. Rowe Price, which proceeds, payable to RMS, were to be sent to Devon;
23. On or about August 14 or 15, 2013, T. Rowe Price regarded these redemption transactions suspicious and canceled them and suspended online access to the relevant accounts;
24. On or about August 16, 2013, in a telephone call to T. Rowe Price, Block identified himself as Block, but the same Devon employee under Block's supervision continued to state that she was RMS;
25. During the same call on or about August 16, 2013, to a representative of T. Rowe Price, Block sought to re-establish online access to the RMS accounts and again sought to execute the \$200,000 redemption from RMS accounts at T. Rowe Price, stating that the purpose of the transaction was to transfer the accounts to Devon, as RMS' Trustee;
26. In response to T. Rowe Price's inquiry, on or about August 20, 2013, RMS informed T. Rowe Price that she was not aware of, and did not request, Block to undertake any transactions in her T. Rowe Price accounts, including but not limited to the \$200,000 redemption transactions from her accounts;
27. Block is not a nephew, or other relative, of RMS;
28. The aforementioned Devon employee under Block's supervision who stated that she was RMS is not RMS;
29. On or about September 14, 2006, in a telephone call to a representative of T. Rowe Price, Block stated he was "JS," calling on behalf of his Aunt, RMS, who was a Devon customer and had an account with T. Rowe Price;
30. During the same telephone call on or about September 14, 2006, Block, in the guise of JS, requested the

distribution of all shares from the account of RMS and confirmed the address of Devon as the address of RMS;

31. Block is not JS;
32. On or about September 16, 2013, in an interview with examiners of the Division, the Federal Deposit Insurance Corporation and the Illinois Secretary of State Securities Department, Block confirmed the truth of the matters described in the above-stated findings;
33. On or about September 16, 2013, in an interview with examiners of the Division, the Federal Deposit Insurance Corporation and the Illinois Secretary of State Securities Department, Block confirmed that while he was an officer, employee or agent of Devon conducting the business of Devon, he falsely stated he himself was a Devon customer on at least ten other occasions;
34. Each of Block's actions, as described in this Order, constitutes an unsafe and unsound practice in conducting the business of Devon; and
35. Each of Block's actions, as described in this Order, is not appropriate or warranted under authoritative or accepted industry standard, practice or guidelines.

CONCLUSIONS OF LAW

Based on the above FINDINGS OF FACT, the Department is of the opinion and concludes as follows:

1. At all times relevant regarding the events described in this Order, Block, as Trustee or otherwise, owed a fiduciary duty to RMS;
2. Block knowingly and falsely represented himself as JS, a nephew of RMS;
3. Block knew or should have known that falsely representing himself as a nephew of RMS breached his fiduciary duty to RMS and was an unsafe and unsound practice in conducting the business of the Trust Department of Devon;

4. Block knew or should have known that causing a Devon employee to falsely represent herself as RMS breached his fiduciary duty to RMS and was an unsafe and unsound practice in conducting the business of the Trust Department of Devon;
5. Block knew or should have known that falsely representing himself as JS was an unsafe and unsound practice in conducting the business of the Trust Department of Devon;
6. Section 48(7) of the Illinois Banking Act relates to Block and Devon;
7. Section 5-6 of the Corporate Fiduciary Act relates to Block and Devon;
8. Block engaged in activities that breached his fiduciary duty to RMS;
9. Block engaged in unsafe and unsound practices in conducting the business of Devon;
10. The Trust Department of Devon is a corporate fiduciary under the Corporate Fiduciary Act;
11. Block engaged in unsafe and unsound practices in conducting the business of the Trust Department of Devon;
12. Each above-described act of Block standing alone constitutes a violation of each of the above-described laws, administrative rules, duties or standards of practice;
13. Each of the above-described violations, breaches, or unsafe and unsound practices standing alone constitutes sufficient grounds for this Order; and
14. This Order is authorized and warranted under the provisions of Section 48(7) of the Illinois Banking Act and under Section 5-6 of the Corporate Fiduciary Act, with each Act standing alone providing sufficient authority for this Order.

ORDER

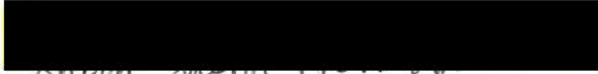
NOW THEREFORE IT IS HEREBY ORDERED:

Pursuant to authority granted under Sections 48(7) of the Illinois Banking Act and Section 5-6 of the Corporate Fiduciary Act, and based upon the above-stated FINDINGS and CONCLUSIONS OF LAW, IT IS HEREBY ORDERED:

1. Richard A. Block is prohibited from and may not serve as director, officer, employee or agent of any State bank or any subsidiary or holding company of a State bank without the Department's prior approval in writing;
2. Richard A. Block is prohibited from and may not serve as a director, officer, employee or agent of any branch of any out-of-state bank or any corporate fiduciary, as defined by Section 1-5.05 of the Corporate Fiduciary Act, without the Department's prior approval in writing;
3. Richard A. Block is prohibited from and may not serve as a director, officer, employee or agent of any other entity that is subject to licensure or regulation by the Department of Financial and Professional Regulation, Division of Banking without the Department's prior approval in writing;
4. This Order shall be effective on the date it is signed and the provisions of this Order shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this Order shall have been modified, terminated, suspended or set aside by the Department or a court of competent jurisdiction;
5. The Department retains jurisdiction in this matter to enforce the provisions of this Order, and Richard A. Block is hereby notified that any violation of this Order shall separately subject him, Richard A. Block, to civil penalties authorized by Section 48 of the Illinois Banking Act and Section 5-1(g) of the Corporate Fiduciary Act; and
6. This Order, and each and every provision hereof, shall not bar, estop, or otherwise prevent the Department of Financial and Professional Regulation or any other state or federal agency or department from taking any other action affecting Richard A. Block or any other person.

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL
REGULATION, DIVISION OF BANKING

Dated: January 14, ~~2014~~ 2015.



Sheila Saegh Henretta
Acting Director
Division of Banking