



STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
FINANCIAL INSTITUTIONS DIVISION

2735 E. Desert Inn Road, Suite 180
Las Vegas, Nevada 89121
(702) 486-4120

1179 Fairview Drive, Ste. 201
Carson City, Nevada 89701
(775) 689-5522

In Re:

ENTERPRISE TRUST COMPANY, a
Nevada Corporation,

Respondent.

ORDER FOR SUMMARY
SUSPENSION

ORDER FOR SUMMARY SUSPENSION

Nevada, Department of Business and Industry, Financial Institutions Division
(hereinafter "Division") hereby orders the SUMMARY SUSPENSION of the
ENTERPRISE TRUST COMPANY (hereafter "Respondents") license issued pursuant
to Nevada Revised Statutes (NRS) Chapter 669.

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 State of Nevada, Department of Business and
Industry, Financial Institutions Division (hereinafter "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. Pursuant to the authority vested by NRS Chp. 669, the Commissioner of
the Division hereby makes the following Findings of Fact, Conclusions of Law, and
Order.

1 **FINDINGS OF FACT**

2 3. ENTERPRISE TRUST COMPANY (Respondent) is a Nevada based
3 Corporation licensed as a trust company under NRS chapter 669.

4 4. Respondent reported to the Division that it maintained a physical address
5 at 1489 West Warm Springs Road, Ste. 110, Henderson Nevada 89014.

6 5. However, when the Division attempted to examine this institution, the
7 office was closed. Further, the Division was informed that all records were maintained
8 in the State of Illinois. Former Enterprise employee Chris Jones was contacted in Las
9 Vegas and indicated that he was terminated by Enterprise in December, 2007.

10 Enterprise failed to notify the Nevada FID of the closure of the Las Vegas office.

11 6. The Division conducted an examination of the Respondent's office located
12 at 600 Enterprise Avenue, Oakbrook, Illinois.

13 7. During the examination, documents generated by Respondent disclosed
14 its physical address as 600 Enterprise Avenue, Oakbrook, Illinois.

15 8. No request for a branch license in Illinois was ever submitted by
16 Respondents.

17 9. Based upon the examination which concluded on February 8, 2008,
18 completed by the Division, "The overall condition of the trust company is
19 unsatisfactory."

20 10. Such unsatisfactory activity includes, but is not limited to the following:

- 21 a. Oversight and management of trust activity;
 - 22 b. Compliance programs;
 - 23 c. Asset management practices;
 - 24 d. Operations, internal controls and audit practices;
 - 25 e. Earnings performance; and
 - 26 f. Staff training.
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2 11. Further, Respondent is engaging in unlicensed trust company activity by
3 opening a branch in Illinois without approval from the Division.

4 12. Respondent's account administration contains significant weaknesses,
5 including, but not limited to lack of reviews under Regulation 9, lack of client
6 questionnaire profiles in the client files, failure to conduct 60 day initial asset review,
7 and failure to develop a suspicious activity monitoring and reporting program pursuant
8 to the Bank Secrecy Act.

9 13. Respondent has also failed to create and implement a Customer
10 Identification Program (CIP) including but not limited to identity verification procedures
11 and customer notification procedures.
12

13 14. Asset Management is unsatisfactory.

14 15. The Report of Examination found, "There is no evidence of any level of
15 oversight by the Board or Trust Investment Committee over the selection of investable
16 assets, investment models, or asset allocations."
17

18 16. Client questionnaires were incomplete in the client files.

19 17. Client assets were used to purchase stock in de novo banks in Nevada
20 and Arizona where Mr. Lohmeier served on the Board of Directors. This creates a
21 conflict of interest.

22 18. Respondent has no management or board oversight. The Report
23 describes the situation as, "There are not minutes reflecting any review of the trust
24 related activity, open accounts, closed accounts, investment reviews, fee approvals,
25 approval of policies and procedures, budget, fee revenue, etc."
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1 that it is available to act as a fiduciary in this state and undertaking to act as a fiduciary
2 in the regular course of business.”

3 29. Respondent has breached its fiduciary duty by depositing money in
4 banking institutions which share a common owner with Respondent.

5 30. Further, Respondent violated its fiduciary duty by failing to disclose the
6 fact that it was investing client funds in de novo banks where Mr. Lohmeier served as a
7 director.
8

9 31. NRS 669.160(1)(a)(1) requires that the directors and officers of trust
10 company “have a good reputation for honesty, trustworthiness and integrity and display
11 competence to transact the business of a trust company in a manner which safeguards
12 the interests of the general public.”
13

14 32. NRS 669.280(1) states, “The violation of any of the provisions of this
15 chapter by the officers or directors or the managers or members acting in a managerial
16 capacity of any trust company is sufficient cause for the Commissioner to close the trust
17 company, liquidate its business, and revoke its license.”
18

19 33. Respondent violated NRS 669.090 by engaging in trust company
20 business in the State of Illinois without first obtaining permission to do so by the
21 Commissioner.

22 34. NRS 669.150(3) states, “A trust company maintain offices this and other
23 states. For every branch location of a trust company organized under the laws of this
24 State and every branch location in this State of a foreign trust company authorized to
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1 do business in this State a request for approval and licensing must be filed with the
2 Commissioner on such forms as he prescribes.”

3 35. NRS Chapter 669 also permits the imposition of additional fines.

4 **NRS 669.290 Willful neglect to perform duties imposed**
5 **by law or failure to conform to material lawful**
6 **requirement made by Commissioner unlawful; penalty.**

7 Each officer, director, manager, member, employee or
8 agent of a trust company who knowingly or willfully neglects
9 to perform any duty required by this chapter **or other**
10 **applicable law**, or who knowingly or willfully fails to conform
11 to any material lawful requirement made by the
12 Commissioner, is subject to removal upon order of the
13 Commissioner, and is guilty of a category D felony and shall
14 be punished as provided in NRS 193.130.

15 *Id.* (emphasis added).

16 36. Further, for any violation of this chapter, the Commissioner may impose
17 an administrative fine of not more than \$10,000.00.

18 37. Respondent has created a risk to public safety and soundness based
19 upon its unsatisfactory and inadequate activities including, but is not limited to the
20 following:

- 21 a. Oversight and management of trust activity;
- 22 b. Compliance programs;
- 23 c. Asset management practices;
- 24 d. Operations, internal controls and audit practices;
- 25 e. Earnings performance; and
- 26 f. Staff training.

1 38. As a result of the above-described violations, the Division orders as
2 follows:

3 **ORDER**

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5 IT IS HEREBY ORDERED that the license of ENTERPRISE TRUST COMPANY,
6 a Nevada corporation, to act as a trust company pursuant to NRS Chapter 669 in the
7 State of Nevada is hereby immediately **SUMMARILY SUSPENDED**.

8 THE SUMMARY SUSPENSION HEREBY ORDERED is effective upon the
9 Commissioner's execution of this Order.

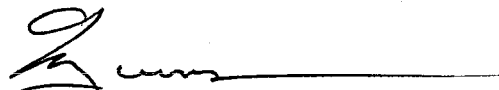
10 IT IS FURTHER ORDERED that this Summary Suspension will remain in effect
11 until further Order of the Commissioner or a Hearing Officer appointed by the Director
12 of the Department of Business & Industry.

13 IT IS FURTHER ORDERED that Respondents pay to the Division an
14 administrative fine in the amount of \$30,000.00.

15 DATED this 7th day of March 2008.

16 STATE OF NEVADA
17 DEPARTMENT OF
18 BUSINESS AND INDUSTRY
19 FINANCIAL INSTITUTIONS DIVISION

20 By:

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22 _____
23 GEORGE E. BURNS,
24 Commissioner

1 **CERTIFICATE OF SERVICE**

2 I certify that I am an employee of the State of Nevada, Department of Business
3 and Industry, Financial Institutions Division, and that on ____ day of _____,
4 2008, I deposited in the U.S. mail, postage prepaid, via First Class Mail and Certified
5 Return Receipt Requested, a true and correct copy of the foregoing **ORDER FOR**
6 **SUMMARY SUSPENSION** addressed as follows:
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9 DATED this ____ day of _____, 2008
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12 By: _____
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