

**UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

In the Matter of

**CHRISTOPHER SANGSTER,**  
Former Branch Manager

South Central Bank, N.A.  
Chicago, Illinois

Docket No.: AA-CE-2019-58

**ORDER NO. 2: ORDER OF DEFAULT AND  
RECOMMENDED DECISION TO PROHIBIT FURTHER PARTICIPATION,  
REQUIRE RESTITUTION, AND ASSESS A CIVIL MONEY PENALTY**

On January 7, 2021, Enforcement Counsel for the Office of the Comptroller of the Currency (“OCC”) filed a Motion for Entry of an Order of Default (“Default Motion”) pursuant to 12 C.F.R. § 19.19(c)(1) and (c)(2). The Default Motion is based on the failure of Respondent Christopher Sangster (“Respondent”) to file an answer in response to the OCC’s Notice of Charges for an Order of Prohibition and Restitution, and Assessment of a Civil Money Penalty (“Notice”), issued pursuant to section 8(b), (e), and (i) of the Federal Deposit Insurance Act, 12 U.S.C. § 1818(b), (e), and (i). Respondent also failed to request a hearing on the civil money penalty assessment, issued pursuant to 12 U.S.C. § 1818(i).

Enforcement Counsel served the Notice on Respondent by overnight delivery on February 7, 2020, at the address Respondent provided in his sworn testimony, and again by personal service on October 11, 2020. Respondent was required to file an answer to the Notice and request a hearing on the civil money penalty assessment by February 28, 2020. *See* 12 C.F.R. §§ 19.19(a) and 19.12(c). To date, Respondent has failed to file an answer or request a hearing on the civil money penalty assessment.

On January 7, 2021, Enforcement Counsel filed its Default Motion against Respondent pursuant to 12 C.F.R. § 19.19(c)(1) for failure to file an answer to the Notice and 12 C.F.R. § 19.19(c)(2) for failure to request a hearing on the civil money penalty assessment. Respondent failed to file a response to the Default Motion.

The undersigned finds that Respondent was properly served with the Notice pursuant to OCC Rules of Practice and Procedure, 12 C.F.R. §§ 19.11(b) and 19.18(a), but has failed to file an answer to the Notice pursuant to 12 C.F.R. § 19.19(a). The undersigned further finds that, pursuant to 12 C.F.R. § 19.19(c)(1), Respondent has waived his right to appear and contest the allegations in the Notice, and that no good cause has been shown for Respondent's failure to file a timely answer. Finally, the undersigned finds that Respondent failed to request a hearing on the OCC's civil money penalty assessment, and pursuant to 12 C.F.R. § 19.19(c)(2), the assessment constitutes a final and unappealable order. Respondent has had ample opportunity to file an answer and has not shown good cause for his failure to do so.

Accordingly, Enforcement Counsel's Default Motion is GRANTED. The undersigned recommends that the Comptroller enter an order containing the findings and the relief sought in the Notice, namely that Respondent be permanently prohibited from further industry participation pursuant to 12 U.S.C. § 1818(e); that Respondent be ordered to pay restitution in the amount of one hundred forty-one thousand four hundred and seventy-one dollars (\$141,471) in the manner outlined in the Notice pursuant to 12 U.S.C. § 1818(b)(6); and that Respondent be ordered to pay a thirty-five thousand dollar (\$35,000) civil money penalty pursuant to 12 U.S.C. § 1818(i).

#### **I. Findings of Fact**

In support of the Notice and by virtue of Respondent's failure to answer the Notice, he

has waived his right to appear and contest the following:

**A. Jurisdiction**

At all times relevant to the findings set forth below:

(1) South Central Bank, N.A., Chicago, Illinois (“Bank”) was an “insured depository institution” as defined in 12 U.S.C. § 1813(c)(2).

(2) Respondent was an employee of the Bank, and was an “institution-affiliated party” of the Bank as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years from the date hereof (*see* 12 U.S.C. § 1818(i)(3)).

(3) The Bank was a national banking association within the meaning of 12 U.S.C. § 1813(q)(1)(A).

(4) Accordingly, the OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this prohibition, restitution, and civil money penalty action against Respondent pursuant to 12 U.S.C. § 1818(b), (e), and (i).

**B. Uncontested Facts**

(5) Respondent was employed by the Bank from approximately July 2014 through his resignation in June 2018.

(6) At all relevant times, Respondent served as a branch manager at the Bank’s main office in Chicago.

(7) Respondent’s duties as branch manager included supervising the branch’s day-to-day operations, overseeing the teller department, and opening and closing the branch.

(8) Respondent’s duties also required him to support tellers by processing deposit transactions as needed.

(9) The Bank assigned each employee with teller responsibilities, including Respondent, a unique teller number.

(10) A Bank customer, dba Rothschild Liquors, owns or controls a chain of stores in the Chicago area.

(11) Rothschild Liquors established six separate legal identities (*collectively*, “the Businesses”) to conduct business.

(12) Each of the six Businesses has a separate deposit account at the Bank.

(13) At all relevant times, an armored courier service (“Courier Service”) collected cash envelopes from the Businesses and delivered those envelopes to the Bank for deposit.

(14) At all relevant times, Bank tellers created a cash-in ticket for each associated cash deposit.

(15) On occasion, Bank tellers identified out-of-balance deposits for the Businesses’ deposits where the amount reported by the customer on the deposit slip differed from the Bank’s count.

(16) At all relevant times, it was standard Bank practice for Bank employees who identified an out-of-balance deposit to credit the deposit slip amount as reported and reflect any overage or shortage on a separate cash-in ticket.

(17) At all relevant times, Bank practice prohibited the modification or alteration of the amount written by any customer on a deposit slip.

(18) Under Bank practice, employees were required to notify a customer by telephone if they identified an out-of-balance deposit.

(19) Between January 2018 and June 2018, Respondent misappropriated at least one hundred forty-one thousand four hundred and seventy-one dollars (\$141,471) from the Businesses' cash deposits delivered to the Bank.

(20) Respondent attempted to conceal the misappropriation by altering at least one hundred and sixty (160) deposit slips created by the stores and falsifying at least one hundred and sixty (160) cash-in tickets associated with those cash deposits.

(21) In sworn testimony before the OCC, Respondent asserted his Fifth Amendment right against self-incrimination and refused to answer all substantive questions related to the misappropriation of cash from the Businesses' deposit accounts and the alterations of Bank records.

(22) Between January 2018 and June 2018, Respondent routinely volunteered to count and process the Businesses' cash deposits delivered by the Courier Service.

(23) Respondent did not create any separate cash-in tickets related to the one hundred and sixty (160) transactions with alterations, as would have been required under Bank practice if Respondent had identified an out-of-balance deposit.

(24) Between January 2018 and June 2018, Rothschild Liquors never received any notifications from Respondent regarding out-of-balance deposits.

(25) Between January 2018 and June 2018, Respondent altered at least one hundred and sixty (160) of the Businesses' deposit slips using a variety of techniques, which resulted in a reduction in the amount deposited into the Businesses' accounts.

(26) The following are illustrative examples of Respondent's alterations:

- (a) Store employees created a deposit slip, dated January 15, 2018, to deposit two thousand three hundred and forty-two dollars (\$2,342) into deposit account

XXXX90 where the currency and total lines read “2342.00.” On January 17, 2018, Respondent crossed out the total line and wrote “\$1442” below. Respondent then credited only one thousand four hundred and forty-two dollars (\$1,442), a difference of nine hundred dollars (\$900).

(b) Store employees created a deposit slip, dated May 18, 2018, to deposit two thousand four hundred and forty-four dollars (\$2,444) into deposit account XXXX80. On May 21, 2018, Respondent wrote over the original currency line, changing the first “4” to a “0,” to make it appear that two thousand and forty-four dollars (\$2,044) was being deposited. Respondent wrote “2044” below the total line. Respondent then credited only two thousand and forty-four dollars (\$2,044), a difference of four hundred dollars (\$400).

(c) Store employees created a deposit slip, dated February 23, 2018, to deposit four thousand two hundred and seventy-nine dollars (\$4,279) into deposit account XXXX90 where the currency and total lines read “4,279.00.” On February 26, 2018, Respondent wrote “\$3780” below the total line. Respondent then credited only three thousand seven hundred and eighty dollars (\$3,780), a difference of four hundred and ninety-nine dollars (\$499).

(d) Store employees created a deposit slip, dated June 16, 2018, to deposit five thousand one hundred and eighty-seven dollars (\$5,187) into deposit account XXXX82. Respondent altered the deposit slip’s currency and total lines with white-out or other similar substance. Respondent wrote three thousand five hundred and twenty-three dollars (\$3,523) in both the currency and total lines. On June 19, 2018, Respondent credited only three thousand five hundred and

twenty-three dollars (\$3,523), a difference of one thousand six hundred and sixty-four dollars (\$1,664).

(27) Respondent's alterations of deposit slips in a single day ranged from a total of four hundred and thirty dollars (\$430) to eight thousand four hundred and forty-one dollars (\$8,441).

(28) Such out-of-balance deposits were well outside what Bank employees considered normal activity for the Businesses.

(29) The transaction stamp on each of the falsified cash-in tickets contained Respondent's teller number.

(30) At all relevant times, Respondent maintained a personal deposit account at another bank.

(31) From January 9, 2018, the date of the first known alteration, through June 2018, Respondent deposited one hundred and fifty-seven thousand five hundred and ten dollars (\$157,510) in cash, in addition to his payroll deposits from the Bank, into his deposit account at this other bank.

(32) In sworn testimony before the OCC, Respondent asserted his Fifth Amendment right and refused to answer questions related to the source of this cash.

(33) During the 2017 calendar year, prior to the start of the misappropriation, Respondent's deposit account balance was generally less than two thousand dollars (\$2,000) and, at times, had a negative balance.

(34) At the time of his resignation at the end of June 2018, Respondent's deposit account balance had ballooned to more than one hundred thousand dollars (\$100,000).

(35) Between January 2018 and June 2018, Respondent made at least one cash deposit into his deposit account on ninety-four percent (94%) of the days on which deposit slips were altered.

(36) Respondent's actions caused the Bank to hire counsel and a private investigator to investigate the loss.

(37) The total confirmed loss associated with Respondent's misappropriation is at least one hundred forty-one thousand four hundred and seventy-one dollars (\$141,471).

## **II. Conclusions of Law**

(38) As described herein, in 2018, Respondent recklessly engaged in unsafe or unsound practices, breached his fiduciary duty, and violated the law, including 18 U.S.C. §§ 656, 1005, and 1344, when he misappropriated cash deposits from the Businesses and the Bank, and attempted to conceal the misappropriation by creating false Bank records.

(39) With respect to a prohibition pursuant to 12 U.S.C. § 1818(e)(1), by reason of the foregoing misconduct:

- (a) Respondent engaged in unsafe or unsound practices in connection with the Bank, breached his fiduciary duty, and violated the law, including 18 U.S.C. §§ 656, 1005, and 1344;
- (b) The Bank suffered or was likely to suffer financial loss, Bank depositors were prejudiced, and Respondent received financial gain; and
- (c) Respondent's misconduct involved personal dishonesty and demonstrated a willful or continuing disregard on his part for the safety or soundness of the Bank.



(40) With respect to restitution pursuant to 12 U.S.C. § 1818(b)(6), by reason of the foregoing misconduct:

- (a) Respondent engaged in unsafe or unsound practices in connection with the Bank, and violated the law, including 18 U.S.C. §§ 656, 1005, and 1344; and
- (b) Respondent's unsafe or unsound practices and violations involved reckless disregard for the law, and resulted in Respondent's unjust enrichment.

(41) With respect the civil money penalty pursuant to 12 U.S.C. § 1818(i)(2)(A), by reason of the foregoing misconduct, Respondent violated the law, including 18 U.S.C. §§ 656, 1005, and 1344.

(42) With respect the civil money penalty pursuant to 12 U.S.C. § 1818(i)(2)(B), by reason of the foregoing misconduct:

- (a) Respondent recklessly engaged in unsafe or unsound practices in connection with the Bank, breached his fiduciary duty, and violated the law, including 18 U.S.C. §§ 656, 1005, and 1344; and
- (b) Respondent's practices, breaches, and violations were part of a pattern of misconduct, caused or were likely to cause more than a minimal loss to the Bank, and resulted in pecuniary gain or other benefit to Respondent.

### **III. Recommended Order to Prohibit Further Participation, Require Restitution, and Assess a Civil Money Penalty**

As of this date, Respondent has not filed an answer to the OCC's Notice or requested a hearing on the OCC's civil money penalty assessment. Accordingly, Respondent failed to file a timely answer to the Notice pursuant to 12 C.F.R. § 19.19(a). A respondent's failure to file an answer within the time provided constitutes a waiver of the respondent's right to appear and contest the allegations in the Notice. 12 C.F.R. § 19.19(c)(1). Respondent's failure to request a

hearing on the civil money penalty assessment within the time provided caused the notice of assessment to constitute a final and unappealable order. 12 C.F.R. § 19.19(c)(2).

Based on the foregoing findings of fact and conclusions of law, it is recommended that Respondent be:

- (a) prohibited from further participation in any manner in the conduct of the affairs of any federally insured depository institution and any other institution, credit union, agency and entity referred to in 12 U.S.C. § 1818(e), as amended, pursuant to 12 U.S.C. § 1818(e)(1); and
- (b) required to make restitution totaling one hundred forty-one thousand four hundred and seventy-one dollars (\$141,471), pursuant to 12 U.S.C. § 1818(b)(6), payable to the Bank's successor in interest, Verve, a credit union;<sup>1</sup> and
- (c) required to pay a civil money penalty in the amount of thirty-five thousand dollars (\$35,000), pursuant to 12 U.S.C. § 1818(i).

The record in this matter is hereby filed and certified for decision. The Orders for Prohibition, Restitution, and a Civil Money Penalty Assessment are certified to the Comptroller of the Currency.

**SO ORDERED.**



Issued: January 28, 2021

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Jennifer Whang  
Administrative Law Judge  
Office of Financial Institution Adjudication

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<sup>1</sup> Since filing the Notice, Verve notified the OCC that it provided additional compensation to Rothschild Liquors, making the total compensation to Rothschild Liquors one-hundred and forty-seven thousand and seventy-eight dollars and fifty cents (\$147,078.50) related to Respondent's misconduct, including one-hundred and four thousand dollars (\$104,000) between September 2018 and December 2019 and forty-three thousand and seventy-eight dollars and fifty cents (\$43,078.50) in April 2020.

## CERTIFICATE OF SERVICE

On January 28, 2021, I served a copy of the foregoing **Order** upon the following individuals:

Via email:

Hearing Clerk  
Office of the Comptroller of the Currency  
400 7th Street, SW  
Washington, DC 20219  
hearingclerk@occ.treas.gov

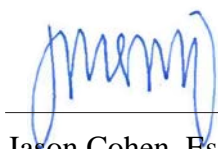
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Via Certified Mail:

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