UNited States of America
Before the
Board of Governors of the Federal Reserve System
Washington, D.C.

In the Matter of

Michelle A. Kennedy,
A former Institution-Affiliated Party of

Hinsdale Bank & Trust,
Hinsdale, Illinois, a state member-bank

Docket No. 18-026-E-1

Order of Prohibition Issued Upon Consent Pursuant to Section 8(e) of the Federal Deposit Insurance Act, as Amended

Whereas, the Board of Governors of the Federal Reserve System (the “Board of Governors”), pursuant to sections 8(e) and 8(i)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”), 12 U.S.C. §§ 1818(e) and 1818(i)(3), issues this Order of Prohibition (this “Order”) upon the consent of Respondent Michelle A. Kennedy (“Kennedy”), a former employee and institution-affiliated party, as defined in sections 3(u) and 8(b)(3) of the FDI Act, 12 U.S.C. §§ 1813(u) and 1818(b)(3), of Hinsdale Bank & Trust (“Hinsdale” or the “Bank”), a state-member bank;

Whereas, between February 1, 2014 and March 1, 2015 (the “Relevant Period”), while employed as the Chief Financial Officer of Hinsdale, Kennedy engaged in improper accounting practices to conceal an unreconciled balance of approximately $2.7 million;

Whereas, the improper accounting practices by Kennedy caused a loss to Hinsdale, and resulted in false entries in the Bank’s records;
WHEREAS, engaging in improper accounting practices to conceal the unreconciled balance of approximately $2.7 million constituted an unsafe or unsound banking practice by Kennedy;

WHEREAS, Kennedy was terminated from her position at Hinsdale; and

WHEREAS, by affixing her signature hereunder, Kennedy has consented to the issuance of this Order by the Board of Governors and has agreed to comply with each and every provision of this Order, and has waived any and all rights she might have pursuant to 12 U.S.C. § 1818, 12 C.F.R. Part 263, or otherwise: (a) to the issuance of a notice of intent to prohibit on any other matter implied or set forth in this Order; (b) to a hearing for the purpose of taking evidence with respect to any matter implied or set forth in this Order; (c) to obtain judicial review of this Order or any provision hereof; and (d) to challenge or contest in any manner the basis, issuance, terms, validity, effectiveness, or enforceability of this Order or any provision hereof.

NOW THEREFORE, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issue of fact or law implied or set forth herein, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended litigation,

IT IS HEREBY ORDERED that:

1. Kennedy, without the prior written approval of the Board of Governors and, where necessary pursuant to section 8(e)(7)(B) of the FDI Act, 12 U.S.C. § 1818(e)(7)(B), another Federal financial institutions regulatory agency, is hereby and henceforth prohibited from:

   a. participating in any manner in the conduct of the affairs of any institution or agency specified in section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A), including, but not limited to, any insured depository
institution or any holding company of an insured depository institution, or an
any subsidiary of such holding company, or any foreign bank or company
to which subsection (a) of 12 U.S.C. § 3106 applies and any subsidiary of
such foreign bank or company;

b. soliciting, procuring, transferring, attempting to transfer, voting or
attempting to vote any proxy, consent, or authorization with respect to any
voting rights in any institution described in section 8(e)(7)(A) of the FDI
Act, 12 U.S.C. § 1818(e)(7)(A);

c. violating any voting agreement previously approved by any Federal
banking agency; or

d. voting for a director, or serving or acting as an institution-affiliated party,
as defined in sections 3(u) and 8(b)(3) of the FDI Act, 12 U.S.C.
§§ 1813(u) and 1818(b)(3), such as an officer, director or employee, in
any institution described in section 8(e)(7)(A) of the FDI Act, 12 U.S.C.
§ 1818(e)(7)(A).

2. All communications regarding this Order shall be addressed to:

(a) Richard Ashton, Esq.
   Deputy General Counsel
   Patrick M. Bryan, Esq.
   Assistant General Counsel
   Board of Governors of the Federal Reserve System
   20th & C Streets, N.W.
   Washington, DC 20551

(b) Michelle A. Kennedy

with a copy to:
   Anthony J. Sassan, Esq.
   161 N. Clark Street
   Suite 1600
   Chicago, IL 60601
3. Any violation of this Order shall separately subject Kennedy to appropriate civil or criminal penalties, or both, under sections 8(i) and (j) of the FDI Act, 12 U.S.C §§ 1818(i) and (j).

4. The provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, or any other Federal or state agency or department, from taking any other action affecting Kennedy; provided, however, that the Board of Governors shall not take any further action against Kennedy on any matters concerning or arising from the matters addressed by this Order based upon facts presently known by the Board of Governors. This release and discharge shall not preclude or affect (i) any right of the Board of Governors to determine and enforce compliance with this Order, or (ii) any proceedings brought by the Board of Governors to enforce the terms of this Order.

5. Each provision of this Order shall remain fully effective and enforceable until expressly stayed, modified, terminated, or suspended in writing by the Board of Governors.
By order of the Board of Governors of the Federal Reserve System, effective this 10th day of July, 2018.

/s/ Michelle A. Kennedy

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

By: /s/ Ann E. Misback
Secretary of the Board